



برلمانيون عرب ضد الفساد

Parliamentary Revenue Oversight Project مشروع الرقابة البرلمانية للايرادات

Scope:

- Revenues as a line in the budget,
- Budget is understood in broad terms to include all documents that are part of the budget law
- Revenues are all government proceeds that should be part of the budget according to best international practice. (need for revenue definition, also need for a public finance lexicon addressing variations in terminologies across countries)

Arguments:

- The right of parliament to authorize spending requires revenue oversight
- Focus on revenues as part of budgeting provides for continuity with activities in that area

Goals:

- Continuous and regular parliamentary oversight. Extending revenue oversight beyond the annual cycle in both directions (medium term and intra-year)
- Ensuring parliamentary capacity to monitor revenues in a way that ensures: 1) comprehensiveness and transparency, 2) credibility 3) consistency with declared government policies 4) predictability and control 5) effective auditing 6) external review

Means:

- Developing a set of tools to assist parliamentary oversight
- Building parliamentary capacity including institutions and training
- Proposing policies for improved parliamentary oversight and transparency
- Working in cooperation with Government and Civil society to guarantee the flow of information in a quality that promotes efficiency and accountability

Work-Plan

- July – Complete recruitment of research teams, Modify general outline on a country by country basis and commence research
- July- September – Desk and field research
- End of September (also Ramadan) - First drafts of country reports
- Early October – Task force meeting to review drafts in coordination with the World Bank Institute review of their Parliamentary Budgeting Guide
- October – National work-shops to review reports and develop recommendations
- Early November – Finalize report and review by ARPAC Board
- November 17-20 – GOPAC meeting in Kuwait to present report.

Key Resources and Partners:

- Budget Department at the Ministry of Finance
- Treasury
- Tax and Customs Authorities



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- Supreme Board of Audit
- Ministry of Planning
- Main Revenue Generating Ministries
- Main Revenue Generating State Owned including Independent Entities
- Main Donors
- Universities and Research Centers NGO's specializing in public financ

Generic Table of Contents and Research Outline

I. Introduction

- The purpose of the report
- The process of production, parties involved, evaluating the degree of participation of parliament, government, private sector and civil society
- Main challenges identified

Institutional Context

- The state of the parliamentary life in the context of democratic transformations
- The main challenges in the interaction between parliament and government
- Reforms underway affecting economic governance and public finances
- Degree of commitment to reforms, public support, political momentum, technical capacities and constraints

Economic Context

- General Economic Data for the past three years: GDP per capita, growth, poverty, unemployment and inflation rates.
- General structure of the economy: Main sectors, the role of the state, economic openness,
- Key economic challenges

Revenues

- Revenues for the past three years and as % of GDP
- Revenue realization and deviations from budget
- Classification of revenues by source, sector, institution, kind, other used classification, tax and non-tax revenues
- Key challenges in revenue management

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II. Legal and Institutional Context

Constitutional and Legal Basis:

- What are the Constitutional provisions for Parliamentary oversight over public finances?
- What are the laws, regulations, instructions, decrees and orders governing government revenues – Laws on Budget, Tax, Customs, Oil (other extractives), Public Audit, State Property Management, Privatization, Freedom of Information, laws on the management of Sovereign Wealth Funds and other savings and investment vehicles, laws governing revenue generating state owned enterprises and independent entities .
- What international treaties and obligations are in force in this area? What are the commitments to the IMF/WB and other donors on revenue management and transparency?

(All texts need to be cataloged and analyzed from the perspective of disclosure, supervision and audit of government revenue information)

Institutions

- Which government agencies are concerned with revenue collection and management at the central and regional level (only in relation to central government revenues)? - Ministries of Finance, Planning, Oil, Industry, Agriculture, Tourism, Central Bank, Tax and Customs authorities, Local Governments (when authorized to collect revenues on behalf of the central Government.)
- Which state owned entities including independent entities produce revenues: Oil and Mining companies, State Owned Banks, Other producing entities, Savings and Investment Funds, Sovereign Wealth Funds, State Property Funds
- Who are the external players with impact on government revenues?: International Oil and Mining Companies, Main importers, Donors, Diaspora
- What are the parliamentary committees and institutions mandated with monitoring revenues?: Finance committee, Budget Committee, Audit committee, Oil and Gas Committee, Parliamentary Research Service?
- What are the public audit and oversight bodies in responsible for monitoring revenues? Supreme Board of Audit, Inspectors General, Public Integrity Committees, Tenders Committee..
- Has the Government been evaluated by credit rating agencies? Which agencies? Are there reports available?
- Has there been a Public Expenditure and Financial Accountability Review by IMF/WB? Is the report available?
- What are the academic, civil society and media institutions concerned with government revenues?

(The entities need to be cataloged with an overview of their rights and responsibilities in relation to revenues, and an overview of their capacities and resources in this respect. Representatives of key entities need to be interviewed)

Interactions between institutions

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- What are the responsibilities of the Ministry of Finance and its departments in terms of collection, management and reporting on revenues?
- What are the responsibilities of the sector (line) ministries and local governments (if authorized to collect and manage central government revenues)
- What are the responsibilities of the state owned productive entities including independent entities? What is the nature, quality and transparency of financial reports submitted by these entities and to whom are they presented?
- What are the obligations of foreign companies and donors in terms of declaring payments to government?
- What are the procedures for the design and approval of tax and customs policies?
- What are the procedures for the design and approval of strategies for key revenue generating sectors?
- What are the procedures for the design and approval of investment strategies including strategies for privatization and state asset management?
- What are the procedures for revenue generating auctions and tenders including privatization and sale of state owned assets?
- What are the responsibilities of the public audit and monitoring institutions in relation to the above?
- What are the rules for approving the revenue line in the budget and the final accounts?

Tendering (detail)

- Are tenders competitive? public? Are there published pre-qualification criteria? What is the thresholds for various tendering mechanisms?
- Which are the institutions responsible for tendering and how are the responsibilities shared/delineated between them? NOC, Ministry, Petroleum Council, Special regulatory body
- What is the contracting policy for revenue generating sectors? Are there model contracts?
- What is the review and approval process for revenue generating contracts? Which authority approved contracts? (Parliament, Petroleum Council)
- What is the level of disclosure of contracts. Are they published in full? or only main financial parameters, technical parameters? Are contracts published before or after approval?
- Which are the agencies involved in the monitoring and supervision of contracts? Who do they report to on fulfillment of contract obligations by third parties?

Audit (Detail)

- What are the main bodies responsible for auditing government revenues including revenue generating units and state owned enterprises? Supreme Board of Audit, Private contractors?
- What are the roles and responsibilities of the various bodies in the audit process: Supreme Board of Audit, Parliament, Ministries
- What is the scope/breadth/detail of audits? Are there performance audit in addition to financial audits?
- How soon after the reference period are the audit reports produced?
- What are the follow up mechanisms? written statements, announced remedial measures? Are reports available in time for meaningful analysis and reaction?

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Tax Collection (Detail)

- What are the main tax categories? What is the tax base for each category? What are the challenges in measuring the tax base?
- How are taxes collected? What is the collection rate for each category? What are the measures undertaken to improve the efficiency in tax collection?
- Is there a transition plan from direct to indirect taxes? Are their economic studies of the impact of various tax plans? Are there cost benefit analysis including socio-economic impact of various tax regimes?
- What plans and policies are underway to transition from direct income (resource revenues, aid) to taxes?

Resource (Oil) Revenue Detail

Exploration	Production	Contract term
<ul style="list-style-type: none"> - Signature bonus - Surface rents - Fees for contract extension 	<ul style="list-style-type: none"> - Production bonus - Royalties - Government share of profit oil/gas - Free associated gas - Gas flare penalty - Abandonment fund - Income tax of investor - In case of participation of National Oil Company: <ul style="list-style-type: none"> -Dividends from NOC and income tax of NOC. 	<ul style="list-style-type: none"> - Remuneration for services rendered - Fees for approval of transfers - Funds for training - Custom duties - Income tax on sub-contractors & expatriates - Fines & penalties - Non industry-specific taxes & contributions

EITI Reporting Table

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III. Quality and Quantity of Information Available to Parliament

- What is the information available to parliament on revenues and how comprehensive is it? (Starting with revenue line in budget, catalog revenue data submitted to parliament or available upon request or in the public domain)
- How detailed is the information? How is it classified and categorized? Is classification consistent in a way that allows comparison and analysis? Is it compatible with GFS/COFOG?
- Are supporting documents available with the revenue information? e.g. contracts to support bonus payments or audit reports for state owned revenue generating entities?
- When is the data available? How timely? How regular?
- How, in what format and through which medium is the information presented? Is it accessible to Parliamentarians and the general public?
- How consistent is revenue information internally and with other budget data?
- What revenues remain outside the budget? What is their share of total revenues?
- What is the quality and timeliness of audit reports?

Sample of Information Covered:

Flows:

- Revenues by activity, institution and kind
- Extractive revenues including bonuses, royalties, fees, taxes, sales proceeds, profits of state owned entities and other payments
- Taxes, duties, fees by tax base/kind
- Privatization proceeds and proceeds from the sale of state property and land
- Revenues and profits of other state entities after deduction of internal transactions.
- Fees collected from citizens by state entities/ministries e.g. health
- Returns on investment of state assets including Central Bank Reserves
- Grant, gifts etc.

(Where possible identify multiple sources of information i.e. payee and recipient.)

Stocks:

- Central Bank Reserves, Assets of Sovereign Wealth Funds and other Savings and Investment vehicles. State property (is there an inventory/evaluation of state assets?)

Qualitative Information:

- Financial plans and policies for the medium term (Medium Term Financing Framework)
- Economic analysis and forecasts by sector (Export prices, Exchange rates, Tax base)
- National Development Strategy including Strategic Plans for key sectors
- In kind information e.g. Oil and gas reserves, output, export volumes
- Investment strategies of Sovereign Wealth Funds, Central Bank and other State asset holders
- Sovereign Credit Rating Reports
- Public Expenditure and Financial Accountability Review Reports



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- IMF Chapter IV Reports etc.

IV Main Challenges and Opportunities

Challenges and Bottlenecks

- Laws, regulations and instructions
- Institutions including government and parliament
- Mechanisms and procedures of interaction between institutions
- Technical capacities and human resources

Benchmarks

- IMF Guide on Extractive Revenue Transparency
- RWI Guides Drilling Down and Follow the Money
- World Bank Handbook on Parliamentary Budgeting
- UNDP/POGAR Materials
- NDI Materials
- Regular Reports by International Financial Institutions
- GFS/COFOG

Proposed Solutions on the Basis of Benchmarks adjusted for Local Context

- Parliamentary Guide for Revenue Oversight
- Training Modules for Members of Parliament and their Staff
- Joint Sessions with Parliamentarians and Government Counterparts on Revenues Issues
- Proposals for regulatory and procedurals amendments and new legislation
- Proposals for new institutions such as Parliamentary Budget Offices, NGO watchdogs, Public Finance Think Tanks
- Public Outreach Policies