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HAROLD PUPKEWITZ GRADUATE SCHOOL OF BUSINESS

**Legislative oversight and economic governance in Namibia: An evaluation of the role of
parliament in the budget process**

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and Change Management in the Harold Pupkewitz Graduate School of Business at the
Polytechnic of Namibia

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Declaration

I, **Sheuneni Kurasha**, hereby declare that the work contained in the thesis, title **Legislative Oversight and Economic Governance in Namibia: An Evaluation of the Role of Parliament in the Budget Process**, is my own original work and that I have not previously submitted it, in its entirety or in partially at any institution for the award of a degree.

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Abbreviations

ACN	– Action Christian National
AIDS	– Acquired Immune Deficiency Syndrome
BoN	– Bank of Namibia
CoD	– Congress for Democrats
CPCR	– Commonwealth Parliamentary Conference Report
DFID	– Department for International Development
DTA	– Democratic Turnhalle Alliance
EPAs	– Economic Policy Advisory Services
FCN	– Federal Convention of Namibia
IPPR	– Institute for Public Policy Research
IPU	– Inter-Parliamentary Union
MoF	– Ministry of Finance
MTEF	– Mid-Term Expenditure Framework
NDI	– National Democratic Institute
NFP	– Namibia Patriotic Front
NNCCI	– Namibia National Chamber of Commerce and Industry
NNF	– Namibia National Front
NPCS	– National Planning Commission Secretariat
OECD	– Organisation for Economic Cooperation and Development
PAC	– Public Accounts Committee
PEM	– Public Expenditure Management
PSM	– Public Service Management
RDP	– Rally for Democracy and Progress
SADC	– Southern Africa Development Community
SADC PF	– Southern Africa Development Community Parliamentary Forum
SWAPO	– South West African People’s Organisation
UDF	– United Democratic Front

UK – United Kingdom

UNDP – United Nations Development Programme

UNECA – United Nations Economic Commission for Africa

USA – United States of America

USC – United States Congress

WBI – World Bank Institute

Abstract

The research focused on legislative oversight and economic governance in Namibia by evaluating the role of Parliament in the budget process, namely consultations, formulation, debate and approval, implementation and auditing and assessment. The research therefore examined the work of Parliament and its Standing Committees in the budget process and established the problems that were being encountered in particular since 1995 when Parliament adopted a report on the Agenda for Change was adopted which made several recommendations on the reforms that Parliament needed to undertake in order to become more effective. The research looked at the internal and external factors that affected Parliament's role in the budget process. Thus specific questions related to the role of Parliament in the budget process were answered. These were related to whether Parliamentarians have the relevant skills, capacity and necessary support services to enable them to play an important role in the budget process; whether the Ministry of Finance and other Government Ministries and Departments were providing Parliament and its Standing Committees with comprehensive, accurate, appropriate and timely information on budget related issues and whether the legal framework in Namibia adequately empowered and facilitated Parliament to exercise oversight in the budget process.

CHAPTER 1: INTRODUCTION

1.1 Introduction

Widely held norms of good economic governance view the budget process, that is, consultation, formulation, debate and approval, implementation and audit and reporting, as a critical opportunity for legislative oversight which guarantees transparent, efficient and effective use of public resources in line with the principles of democratic accountability.

As Isalam (2008) observes, effective legislatures are essential to promoting good governance and are a critical component in a country's overall governance framework. He thus argues that there is a direct correlation between governance goals of greater accountability, transparency and participation and the constitutional mandates of parliaments which are fulfilled through their three core functions of representation, lawmaking and oversight. Legislative oversight for instance, seeks to ensure that the executive and its agencies, or those to whom authority is delegated, remain responsive and accountable in line with the tenets of good governance.

Generally, how governance affects the well-being of the general population depends on tax levels, expenditure patterns, the impact of government policies on investment and on interest rates, and how domestic priorities and choices relate with international economic and financial trends (Stapenhurst, 2008). In most democratic countries, Parliament or the legislature is mandated by the constitution as the institution through which governments are held accountable to the electorate. This is the oversight role of Parliament. In undertaking this role, Parliament uses several methods ranging from summoning senior government officials including ministers for questioning, reviewing and confirming Executive appointments, question time, establishment of Parliamentary committees, establishment of commissions of enquiry, as well as impeachment and the power to pass a vote of no confidence in the government (Pelizzo and Stapenhurst, 2008).

Dubrow (2001) argues that the accountability mechanism available to each Parliament and the effectiveness thereof is dependent on the following factors:

- i) the constitutional and other legal provisions regarding the specific powers of the legislature;

- ii) the institutional arrangements between the different branches of Government, also called separation of powers; and
- iii) the division of authority between national, regional and local government.

Oversight is an important function of a Parliament. In fact it has been argued that of the three functions of Parliament which include law making, representation and oversight, the latter is by far the most important. The arguments advanced for this proposition include the fact that generally the legislative agenda of Parliament is largely dominated and influenced by the Executive, with very few private members bills being brought before Parliament. On another hand, individual Parliamentarians and their political parties have vested interests in ensuring that they remain visible to the electorate, particularly their constituencies, within the context of representation, as that affects their chances of being voted back during future elections.

However, the oversight role has to be driven by Parliament itself and it is through the oversight function that the legislature can influence policy, ensure compliance and effectiveness in public policy implementation, hence the centrality of the oversight function of Parliament. If indeed oversight is the most important function of Parliament, there is no doubt that budget oversight is by far the most important cog in that oversight engine. Through budget oversight, Parliament is able to demand transparency and accountability from the Executive arm in terms of not just the allocation and expenditure of resources, but also the following up on the audit reports by the Auditor General through the Public Accounts Committee (PAC).

Pursuant to the above, most constitutions make it obligatory for Parliament to approve all appropriations and taxation measures before they can become effective. In this regard, the Parliament is required to scrutinise and authorise all revenue raising measures and public expenditure appropriations and to ensure that the budget is properly implemented (Inter Parliamentary Unions [IPU], 2003). In most Parliaments budgetary oversight is a core function of Departmental (also called standing, sessional, permanent, portfolio) Committees, since most government programmes require and therefore entail a budget for their implementation. The budget law which is authorised by Parliament or its appendices, indicates how much money is allocated to each of the policy goals to be attained by one or more

government programmes. Budgetary oversight therefore becomes the key tool with which Parliament and its Standing Committees assess government programmes.

Wehner and Byanyima (2004) observe that the nature and effect of legislative engagement in the budget process vary. For instance, some legislatures such as the Congress of the United States of America are extensively involved, including writing the budget, while others only approve Executive proposals without changes. Examples of Parliaments in the latter category include Britain, Australia, New Zealand and a number of South-West Asian and Anglophone African countries. This group is primarily comprised of typically Westminster type of Parliamentary system where any attempts to amend the budget is considered to be tantamount to a vote of no confidence in the Government. In some legislatures such as the Norway Parliament, most of the debate on the budget is done on the floor of the house. This contrasts with the German Parliament where such debate is undertaken in legislative committees.

The declining influence of national legislatures on budget policy, particularly in many industrialised countries has been noted by various scholars (Waldavsky and Caiden, 2000; Wehner and Byanyima, 2004), who attribute the trend to the emergence of disciplined political parties in the 19th century, among other factors. Echoing similar sentiments, Pier Ferdinando Casini, the former President of the IPU, cited by Beetham (2006) thus argues,

“The paradox of our times is that we hail the victory of democracy while lamenting the fact that in many countries, the central institution of democracy is facing a crisis of legitimacy. The Executive branch dominates the agenda, international cooperation and globalisation have led to decision making that lacks democratic control, and people question whether current political processes are really able to produce Parliaments that can represent their interests in all their diversity” (p.vii).

The United Nations Economic Commission for Africa [UNECA], (2002) observes the same trend in Africa, noting that in most cases the Executive branch dominates the legislature for various reasons including its control of resources, cabinet appointments, diplomatic posts, and the flow and quality of information, and, more often than not, the lack of capability and ineptness of the opposition members of Parliament. It also blames the loyalties of members of Parliament to political parties or leaders which far outweigh concerns for the legislature as an institution. Thus UNECA concludes, “Under such

circumstances, for the most part, African Parliaments act as “rubber stamp” legislatures of cabinet decisions and, thereby, negate their role with respect to scrutiny and oversight” (p.10).

The same trend where Parliament is too weak to assert its counterbalance role has also been observed in the *Benchmarks for Democratic Legislatures in Southern Africa* (2010), that were developed by SADC Parliamentary Forum (SADC PF), which highlights that Parliament is constantly under the domineering shadow of the overbearing Executive arm of Government:

“In southern Africa, the Executive generally dominates Parliament including even setting its agenda, appointing Parliamentary staff, and determining its calendar. In some cases, the large dual membership of ministers to the Executive and legislative branches of government as well as their proportionately large number, have resulted in decreased Parliamentary oversight capacity. Invariably, the Executive produces most of the bills, with private members’ bills remaining a rare phenomenon and expensive to draft. In many instances, Parliament is primarily a reactive institution rather than proactive one, largely unable to respond sufficiently to emerging challenges, opportunities and national emergencies. The Westminster-inspired systems of government that are prevalent in most countries of southern Africa tend to compromise the principle of separation of powers. Under these systems, ministers are most often drawn from members of the legislature, which, ironically, should oversee their performance. While there are benefits to this feature, this may limit the oversight functions of Parliament on the Executive” (p.2).

In spite of the various challenges that Parliaments all over the world face, Parliamentary oversight remains important as it contributes to both political and economic governance and thus the overall governance performance in any country. Thus as the inside informant advised the reporters investigating wrongdoing by the Nixon Administration in the USA, “follow the money”, public scholars agree that the best way to trace what is happening during implementation is to track the trail of resources (Nakamura, 2008). Effective Parliaments contribute to good governance by performing important functions necessary to sustain democracy. Accordingly, many legislatures are now rethinking their role in the budget process and reasserting themselves as more active players. There is also growing demand for transparency and accountability in the nature, structures and processes of governance by the citizens globally. This has

placed Parliaments, as supreme representative institutions, in the spotlight, resulting in them introspecting and embarking on reforms to become more responsive and effective in such crucial functions as the budget process.

The German, British, South African, Canadian and Indian, legislatures, to mention but a few, have reformed their parliamentary systems in order to meet the challenges of the times. The most systematic method for oversight of the Executive is through functional parliamentary committees which track the work of the individual government ministry or departments and other statutory agencies. In fact, parliamentary development specialists are unanimous about the fact that parliamentary committees are the “engine rooms” of Parliament’s oversight and legislative work (Parliament of South Africa, n.d.). Many Parliaments have therefore, reformed or are in the process of reforming their systems, structures and processes to enable them to effectively oversee the work of government ministries, departments and statutory bodies.

1.2 Background to the Problem

In 1995 Namibian Parliamentarians from the two houses undertook study visits to Parliaments in Caribbean, Western Europe, Africa and India. The findings and recommendations from the study tours were compiled and published in a Report titled *Agenda for Change: Consolidating Parliamentary Democracy in Namibia*, hereinafter *Agenda for Change*. The Report which was adopted by the Parliament in 1998, concluded that:

“We have not yet established Parliament effectively at the heart of democracy in this country...A prime aspect of Parliament is that it is, above all, the transparent pillar of government and its work can be improved only in the context of transparency, which requires autonomy. The autonomy of Parliament is provided for in the constitution, but in practical terms such autonomy is yet to be realised” (p.1).

The study also identified other factors affecting the operational efficiency of Parliament in Namibia such as the presence of the executive in larger numbers and the proportional representation electoral system and the fact that Namibia has a “dominant party system” with the ruling party, SWAPO,

having such electoral popularity that it dominates other political parties. While this feature is not unique to Namibia, the national party list system in the country:

“...reinforces the centralising effects of a dominant political party in Namibia as it gives central party headquarters of all parties the power to appoint members to the top of their list and to ensure their loyalty to the party in the National Assembly through the additional power to remove them from their place in Parliament by expelling them from the party. Moreover, it means that Assembly members are under no regional, constituency/local party electoral pressures which counterbalance national party pressure” (p.11).

Concurring with the above observation, Sherbourne (2008) indicates that “the ruling Swapo Party of Namibia has always had a sizeable majority in both houses of Parliament and this has undermined the role the institution has played in budgetary scrutiny and accountability” (p.18).

1.3 Statement of the Problem

The Agenda for Change Report observes that for Parliament to operate effectively, there was need for minimal administrative and operational independence, which independence was currently absent. Accordingly, the study group put forward a number of proposals to strengthen the institution of Parliament in Namibia, thereby consolidating and deepening democracy in the country. For instance, the autonomy of Parliament is provided for in the Constitution, “but in practical terms such autonomy is yet to be realised” (p. 1). Other changes proposed included the need for an independent parliamentary staff under the scrutiny of a Parliamentary Service Commission; an effective committee structure in both chambers; improved conditions of service for MPs; a clear definition of the roles and responsibilities of both chambers and their Members; and the establishment of a proactive information and research centre for Parliament. As late as 2007, the question as to whether the Namibian Parliament should be given independence, full, or limited autonomy, “is still unresolved despite the expressed sentiments and wide acceptance of the principle” (Mutonga, 2007. p. 20).

In recognition of the relationship between Parliament and the Public Service, in particular the former’s oversight role, the Agenda for Change Report notes that as a result of the public service’s past

during the apartheid era in pre-independence Namibia, there seem to be partial survival of an exclusionary culture of disrespect for ordinary citizens and their Parliamentary representatives. The insubordinate role of Parliament since independence was also attributed to have reinforced this culture of disrespect:

“It may be glimpsed, for example, in the way that senior public servants, according to some reports, have missed appointments with the Public Accounts Committee (PAC) or refused to answer MPs’ questions satisfactorily. They have also failed to appreciate the democratic significance of the near universal practice of such committees being chaired by minority party members. Thus, the PAC has been wrongly dismissed as an “opposition body” of no account, rather than a wholly representative Parliamentary body – and Parliament’s most important body at that!” (p. 16).

1.4 Research Objectives

In view of the foregoing, this research sought to:

- i) Establish whether Parliament has become more effective in carrying out its functions, in particular budget oversight, in view of the adoption of the recommendations in the Agenda for Change Report in 1995;
- ii) Examine the work of Parliament and its Committees in the budget process since 1995 and find out what problems have been encountered; and
- iii) Finally, suggest some recommendations as to how Parliament and its Committees can be more effective in the budget process, and in turn enhance not just its oversight role over the Executive but also ensure good economic governance in Namibia.

1.5 Research Questions

The research sought to answer such questions as:

- i) Do Parliamentarians have the relevant skills, capacity and necessary support services to enable them to play an important role in the budget process?

- ii) Does the Ministry of Finance and other Government Ministries and Departments provide Parliament and its Committees with comprehensive, accurate, appropriate and timely information on budget related issues?
- iii) Is the legal framework in Namibia conducive to allow the legislature the space and scope to sufficiently exercise oversight in the budget process?
- iv) Are Standing Committees given sufficient powers and time to assess budgets for line Ministries and Departments?

1.6 Delimitations and Limitations

In any study, the research has to start somewhere and end somewhere in terms of time and area of coverage. This is referred to as the delimitations or scope of the study. There are also constraints or problems such as the capacity of the researcher, time, financial resources and methodological problems, which militate against smooth undertaking of the study. These are referred to as limitations. As such the delimitations and limitations of this study are outlined below.

1.6.1 Delimitations

The research focuses on the period from 1 April 2011 to 31 March 2013, that is, two full financial years under the current 5th Parliament whose Members took oath on 19 March 2010 following elections in November 2009. This period is strategic in that it corresponds with the 21st anniversary of Namibia's independence, which means in the African parlance that Namibia has become an "adult" in terms of managing its affairs. It is also significant as it coincides with the start of the new Parliament, and that the financial year for the Government of Namibia runs from 1 April to 31 March of the following year. The research focuses on the role of mainly the National Assembly and its Standing Committees since the constitution vests financial oversight in the National Assembly and the National Council's role in the budget process is largely ceremonial.

There are currently seven oversight Standing Committees that are assigned to oversee government ministries and departments during the 5th Parliament. These are:

- i) Standing Committee on Public Accounts
- ii) Standing Committee on Economics, Natural Resources and Public Administration
- iii) Standing Committee on Foreign Affairs, Defence and Security
- iv) Standing Committee on Human Resources, Social and Community Development
- v) Standing Committee on Information, Communication and Technology
- vi) Standing Committee on Women and Gender
- vii) Standing Committee on Constitutional and Legal Affairs

The sample for this research is the Committee of the Whole House, as well as four of the Standing Committees above, namely,

- i) Committee on Public Accounts;
- ii) Committee on Economics, Natural Resources and Public Administration;
- iii) Committee on Foreign Affairs, Defence and Security; and
- iv) Committee on Human Resources, Social and Community Development.

This sample is deemed representative enough although reference is made, of other Committees as and when necessary. The Committees were selected through the non-probability, purposive sampling technique. The selected Committees best meet the requirements of the study as it includes Standing Committees that deal with the pre and post-audits of the budget, the economic, security and social sectors of the economy.

1.6.2 Limitations

There are currently seven oversight Standing Committees in the National Assembly but the researcher focuses on the work of four Committees, in addition to the Committee of the whole House, which were chosen through judgmental sampling method. The method is criticised for being subjective and as such generalisation of findings may be compromised.

1.7 Conclusion

This research covers the background, problem area, research questions, explanation of significance, research approach, limitations and assumptions and contributions made by the research. It also

provides a critical and comprehensive survey of prior research, provides lineage to research conceptual framework. The research methodology covering research design and a detailed account of how hypothesis was tested and the research questions answered. The findings drawn from the data and implication for theory are laid bare before concluding with recommendations summarising the contribution made by the results and suggestions for further research.

1.8 Structure of Thesis

The research is structured as follows:

- Chapter 1:** Introduction of the research covering the background, problem area, research questions, explanation of significance, research approach, limitations and assumptions and contributions made by the research.
- Chapter 2:** Critical and comprehensive survey of prior research and provides lineage to research conceptual framework.
- Chapter 3:** Research design and methodology, covering research design and a detailed account of how hypothesis was tested and the research questions answered.
- Chapter 4:** Findings focusing on data presentation.
- Chapter 5:** Discussion on findings drawn from the data and implication for theory.
- Chapter 6:** Conclusions and Recommendations summarising the contribution made by the results and suggestions for further research.

CHAPTER 2: LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

2.1 Introduction

2.1.1 The Importance of Literature Review

Dooley (1990, p. 303) observed that multiple studies on the same question or issue seldom lead to the same conclusion and therefore, a research area that produces conflicting findings invites a literature review in order to identify any facts that can be agreed upon and suggesting new explanations that can reconcile the conflict. Another reason for undertaking literature review is to determine what findings are most prevalent or credible for the question chosen for study.

For this study, there is considerable corpus of literature on Parliaments and their oversight role including budgetary oversight powers. In fact, Roumeen Islam, the Manager for Poverty Reduction and Economic Management Division of the World Bank Institute (cited in Santiso 2005), notes that substantial data on the centrality of parliaments as institutions of fiscal governance and accountability has emerged since the late 1990s. This observation has gained the support of other researchers, with Santiso (2005), for instance, pointing out that “There is renewed interest in the contribution of parliaments to the governance of the budget and the oversight of public finances, prompted, in part, by calls for greater transparency and accountability in governmental financial management” (p.4).

However, while a lot has been documented on the role of the legislatures in economic governance in general and the budgetary oversight particularly in developed countries, there is by contrast, limited information on the same subject in developing countries such as Namibia. This research is therefore vital since it will serve to fill up the knowledge gap in this regard. Since the institution of parliament is found in almost every country the world over, in one form or another, there is a corresponding variety of literature about the area under research for the researcher to be acquainted with what other authors have hypothesised and written about regarding the same subject matter.

The following specific aspects have been included in the assessment for purposes of setting the context for this research:

- i) Introduction covering definition of key concepts, the role of parliament in democratic governance, Parliament and fiscal/economic governance, and the budget as a tool of accountability.
- ii) Parliamentary systems, namely Presidential and Parliamentary systems of government and how they affect the relationship between the legislature and the executive arms of government and how this ultimately impact on fiscal control and economic governance in a country.
- iii) Legislative budgetary powers, that is the powers that the law vests in Parliament to scrutinise the budget throughout the different stages of the budget cycle.; and
- iv) Internal and external determinants that affect Parliament's effectiveness ensuring budget scrutiny process;
- v) An overview of parliamentary democracy in Namibia in the pre-independence and post independence era and how effective it has been in undertaking oversight on the national budget from formulation, approval, implementation to auditing and reporting.

2.1.2 Definition of key concepts

Accountability requires that decision-makers be held responsible for the exercise of authority invested in them. Budget officials and line ministries must answer for the use of funds, and also face consequences for any misuse of funds.

Appropriation is the budget as approved by the Legislature by line item of spending. The budget law gives the Executive branch the authority to incur obligations, which become due during the budget year, up to a specified amount for specified purposes within a financial year (usually one fiscal year).

Budget is defined as a quantified, planned course of action over a definitive time period that seeks to provide a resource allocation system and taxation focused on achieving the country's development goals for the coming year.

Budget preparation is the stage of budget process involving the submission and negotiation of ministry expenditure bids. The process concludes with parliamentary review and legislative approval.

Budget process is the vehicle by which the government sets its overall budget plans and within which decisions are made on the allocation of funds.

Economic Governance exists in those economies where the institutions of government have the capacity to manage resources efficiently; formulate, implement, and enforce sound policies and regulations; can be monitored and be held accountable; in which there is respect for the rules and norms of economic interaction; and in which economic activity is unimpeded by corruption and other activities inconsistent with the public trust. The key elements contributing to an environment of good economic governance are transparency, accountability, an enabling environment for private sector development and growth, and institutional development and effectiveness (UNDP 2000).

Estimates refers to forecasts of revenue and vote ministers' requests for authority from parliament to incur expenditure and liabilities; i.e. the 'estimate' of what revenue will be raised and expenditure incurred during the coming fiscal year.

Fiscal discipline means maintaining spending within limited created by the ability to raise revenue and maintain debt at levels that are inexpensive to service (DFID 2000).

Fiscal policy refers to government policies with respect to taxes, spending, and debt management that affect macroeconomic outcomes, particularly with respect to employment, the size of the economy, price level stability, and equilibrium in balance of payments. The budget process is a major vehicle for determining and implementing fiscal policy.

Fiscal year is the government's accounting period and is often referred to by the year in which it ends.

Good Governance refers to a societal state epitomised by predictable, open, and enlightened policy-making; a bureaucracy imbued with a professional ethos; a strong civil society participating in public affairs; adherence to the rule of law, respect for basic human rights and freedoms, and judicial independence; consistent traditions and predictable institutions that determine how authority is exercised in a given nation-state (UNECA 2005).

Legislature/Parliament refers to elected representatives who have responsibility for: (a) passing legislation, including the appropriation act, which gives the executive authority to make expenditure according to the budget; (b) conducting oversight of the executive; and (c) representing the views and concerns of the electorate (DFID 2004).

Medium-term Expenditure Framework (MTEF): There are three key components to an MTEF: a statement of fiscal policy objectives and a set of integrated medium term macroeconomic and fiscal projections; medium term budget estimates for individual spending agencies based on sectoral objectives and priorities and elements of activity and output budgeting. Many budgetary approaches that exclude this element are still referred to as MTEFs.

Oversight is one of parliament's functions that entail monitoring and reviewing the actions of the executive organs of government; and assessing whether actions are legal, whether they conform to government policy, and whether they benefit the intended sections of the population (DFID 2004).

Public expenditure management (PEM) refers to the way in which public money is allocated to alternative uses and in which these decisions are implemented. It is broader than the traditional budget process through its focus on the link between expenditures and policy and its recognition of the importance of a broad range of institutional and management arrangements.

2.1.3 The Role of Parliament in Democratic Governance

According to the IPU (2005, p. 5), the early years of the twenty-first century have witnessed an acute paradox, with democracy, both as an ideal and as a set of political institutions and practices, triumphing in most countries of the world. In those countries where democracy has not yet triumphed, democracy forms the centrality of the aspirations of many of their citizens. However, there has been a widespread disillusionment shared by citizens of both the 'old' democracies the 'new and emergent' ones, which have resulted from how democracy is practiced. The disillusionment has emanated from what Italian political theorist Norberto Bobbio (1984) has termed democracy's 'broken promises' – the 'contrast between what was promised and what has actually come about' – regarding security, economies, livelihoods and well-being of citizens. Parliaments as the central pillars of democracy embody the will of the people and carry all their expectations that democracy will be truly responsive to their needs and help solve the most pressing problems confronting them daily. Parliaments therefore, have a central role to play in addressing this paradox. Part of this responsibility for parliament as the body entrusted with the oversight of government, is to ensure that governments are fully accountable to the people.

Hudson and Wren (2007) underscore that parliaments are an important component of national governance systems by virtue of their key functions of legislation, oversight and representation, added that by playing these roles effectively, parliaments can contribute to the elements of effective governance, which are **state capability, accountability and responsiveness**. Based on this observation, Hudson and Wren (Ibid) developed a matrix on the roles of parliaments which are linked to the elements of good governance, and in the process demonstrate how parliaments can contribute to the delivery of good governance in any democracy as shown below:

Figure 1: Governance and Parliaments: Elements and Roles

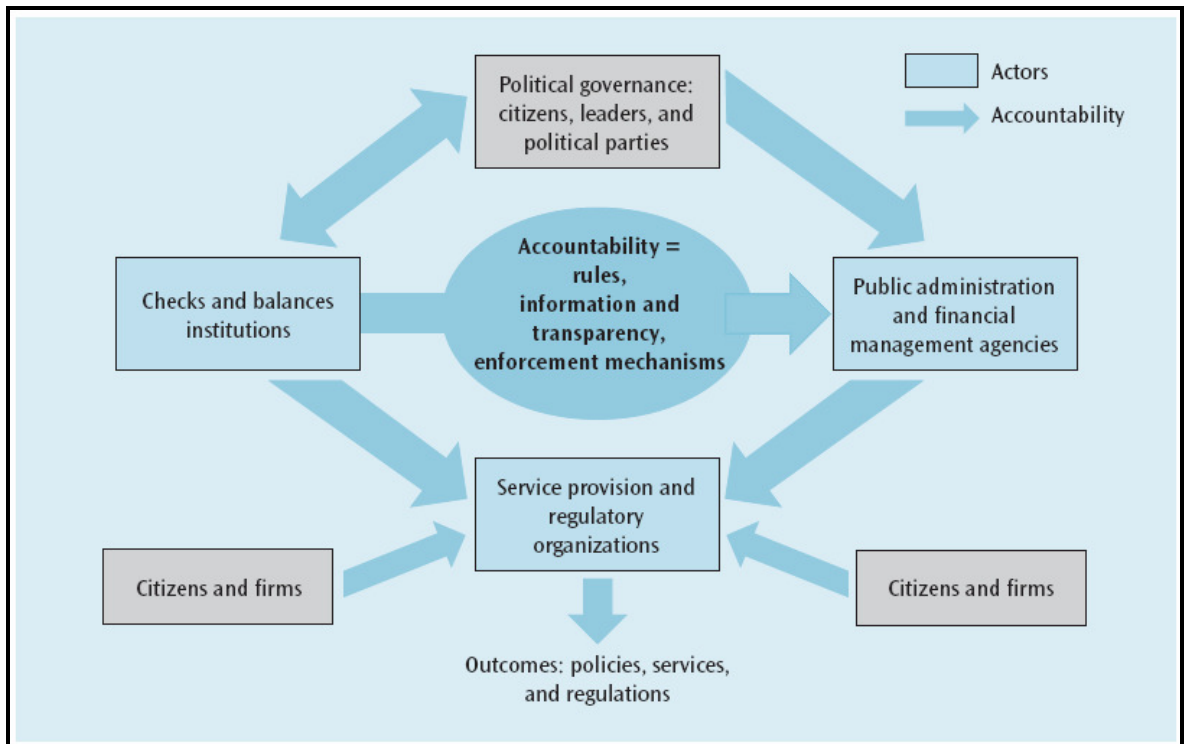
Elements and roles of Effective Governance	Parliamentary Roles
State capability	Legislation
Accountability	Oversight
Responsiveness	Representation

Source: Adapted from Hudson and Wren (2007)

From the above table, the law-making function of parliament is therefore, very crucial in enabling states to formulate and implement policies and in so doing it enhances state capability. Parliamentary oversight on the other hand serves to ensure that the relationship between the state and its citizens is characterised by accountability, while representation facilitates the state's responsiveness by making sure that political decision-makers are responsive to citizens' views. Although there is more to good governance than parliamentary representation, legislation and oversight, in the absence of a parliament which can perform these roles effectively, good governance will be elusive.

In an attempt to measure governance and identify the sorts of policies which might improve it, the World Bank (2006) has introduced the idea of "national governance systems" which are made up of a range of actors which play different roles which are linked together in accountable relationships as shown below:

Figure 2: National Governance Systems



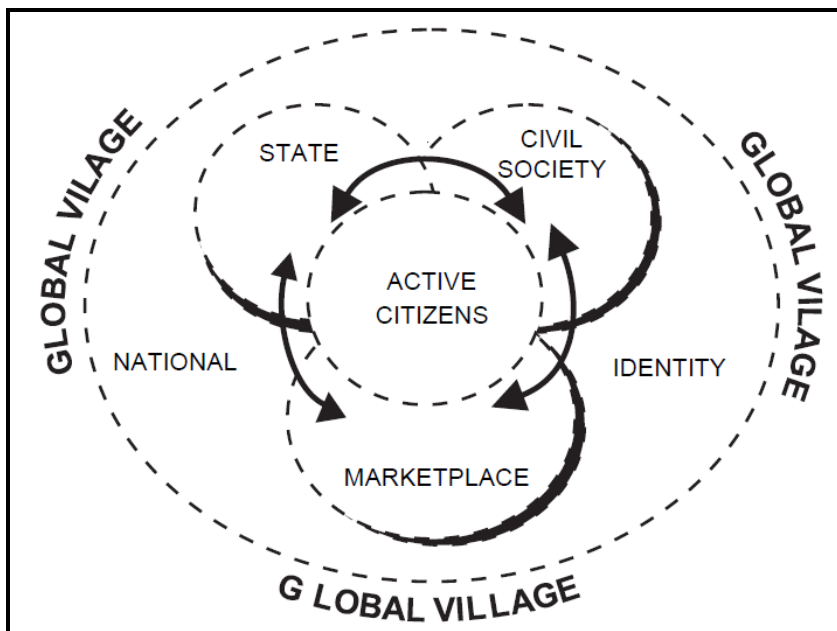
Source: Adapted from the World Bank Report (2006)

According to the national governance systems, at the apex of the system of accountability is political governance, that is, the citizens, leaders and political parties. Parliaments are one of the key “checks and balances institutions,” along with supreme audit institutions such as auditor general, ombudsmen, anti-corruption commissions, the judiciary, a free press and democratically accountable local institutions. According to the World Bank, checks and balances institutions play three key roles: **they establish the rules of the game for political competition; they provide the rules of the game for the broader working of civil society and the operation of the market economy; and, they limit the influence of politicians on the bureaucracy** (World Bank, 2006).

This analysis is informative as it does not only appreciate the role of parliaments in promoting democratic governance, but also highlights the fact that parliaments are one component of a wider governance system, what has been described as an “ecology of governance” (Robert Miller, 2005). The ecology of governance includes the nature of the constitution, electoral systems, political parties, the

judiciary, supreme audit institutions, the civil service bureaucracy, the executive, civil society organisations, the media, the private sector and others.

Figure 3: The Ecology of Governance



Source: Robert Miller (2005)

In practice however, as UNECA observes in its African Governance Report for 2005, parliaments in many developing countries are still ineffective. The report thus observes, “In terms of enacting laws, debating national issues, checking the activities of the government and in general promoting the welfare of the people, these duties and obligations are rarely performed with efficiency and effectiveness in many African parliaments” (p.127). UNECA gives various reasons for poor parliamentary performance ranging from parliamentarians lacking the knowledge and skills to do their jobs effectively and being more concerned with retaining their seats in parliament and therefore, seeing themselves as members of their political first and foremost, than with holding the executive to account. Parliaments themselves often lack the institutional capacity and requisite resources to execute their mandate effectively. Parliamentary performance is also shaped by context, in particular the political systems, including electoral system, constitutions and the nature of political parties which may stifle strong parliaments. A combination of these

factors often results in parliaments that are dominated by the executive. Another important factor which is serving to marginalise Parliaments in recent times is the donors' aid relationships with developing countries which are often conducted on an executive-to-executive basis without little or no role for Parliaments.

SADC Parliamentary Forum, in its Benchmarks for Democratic Legislatures in Southern Africa (2010) observes that in southern Africa, the executive generally dominates parliament, including even setting its agenda, appointing its staff, and determining its calendar. It further postulates that in some cases, the large dual membership of ministers to the executive and legislative branches of government as well as their proportionately large number, have resulted in decreased parliamentary oversight capacity. This is mostly the case in Westminster-inspired systems of government that are prevalent in most countries of southern Africa which tend to compromise the principle of separation of powers. Under these systems, ministers are most often drawn from members of the legislature, which, ironically, should oversee their performance. In countries where the parliament is small in number such as Namibia, often after executive appointments there are more members of parliament who are ministers than the backbenchers. This skews the balance of power in parliament, resulting in limited parliamentary oversight capacity.

2.1.4 Parliament and Fiscal/Economic Governance

According to the Central Bank of the Republic of Turkey (2007, p. 2), economic governance is defined as the nature and practice of economic management, regulation and development; or the institutional environment that constraints and coordinates economic action. The analytic evaluation of governance shows that it has four very important sets of pillars, which are effectual in the design of an economy, namely **transparency, accountability, rule of law** and **participation** (United Nations Economic and Social Commission for Asia and the Pacific, 2003).

Transparency means that the needed and necessary information is freely available and directly accessible to those who would be affected by decisions and their enforcement. Accountability on the other hand is a mirror image of the responsibility and liability of an organisation or institution for its decisions and actions to those who will be affected. In other words, accountability is the price that an institution pays for its independence and in democracies, every independent institution or organisation is accountable to the public and to its institutional stakeholders. The third pillar is the participation principle which ensures that

every person in the system, in one way or the other, has a voice in the decision-making process. The fourth pillar requires a fair legal framework and impartial enforcement of this legal system that protects property and individual rights and constitutes a strong base for prudent policy-making. This legal structure assigns the principle of the rule of law.

Reid (1966) and Harris (1975) stress the central role of parliament in economic and fiscal governance, observing that the struggle over parliamentary participation in financial decisions has defined key moments in the evolution and rise of modern democratic governance. Wehner (2004) concurs with the above assertion and further notes that, “As the budget is the key economic policy tool of the government, and constitutes arguably its most comprehensive statement of priorities, one would expect that once gained, powers over financial decisions would be jealously guarded by the national legislature” (p. 6). A more balanced relationship between the executive and the legislature in budgetary matters is therefore important as it allows the latter to be more effective and responsible in the oversight of the budget, thereby enhancing transparency and accountability in the management of public finance.

In democratic systems of government, parliaments as the supreme representative institutions, perform key accountability functions which are entrenched in their representative, legislative and oversight responsibilities. As Santiso (2005) observes, “A more efficacious role of parliaments in the budget process reinforces public scrutiny and open debate on the objectives and performance of government in the management of public funds and, therefore, helps create the conditions for greater government accountability” (p.1).

In acknowledging the vital role of parliament in promoting economic governance, Santiso (2005) argues that parliaments help strengthen government accountability by approving budget allocations, overseeing budget execution and controlling budget performance. It therefore, follows that the contribution of parliaments in public budgeting can best be assessed along the four main phases of the budget cycle: *ex ante* which covers **formulation and adoption**, concurrent covering **execution** and *ex ante* which involves **control and audit**. The whole budget process must be viewed as a continuous process, with at least three budget cycles overlapping at any point in time: the preparation of next year’s budget, the execution of current year’s budget, and the control of last year’s budget. It has accordingly been argued that the budget is more than a law, rather, it is a continuous policy process hence the use the concept of the *governance of*

the budget to capture the dynamic aspect of budgetary cycles, the institutional dimensions of public budgeting and the political economy of public finance management.

Wehner (2004, 2001) underscores that the fundamental challenge of the governance of the budget in emerging economies is how to retain the advantages of strong executive authority which is required to ensure fiscal discipline and political stability, while providing the institutional checks and balances that guarantee effective accountability. Finding the most adequate balance between executive prerogatives and legislative influence in the budget process therefore, represents an intricate dilemma for consolidating democracies seeking to strengthen political accountability while enhancing fiscal responsibility.

UNECA (2002) reiterates the importance of good economic governance in enhancing the capacity of the state to deliver on its economic mandate and the central role of parliament in ensuring fiscal discipline and accountability through the oversight function. In practice however, parliaments' role in fostering fiscal governance through budgetary oversight remains largely subdued owing to a number of factors that are internal and external to the legislature. These include executive predominance, capacity constraints and structural factors. UNECA (Ibid) observes that some of the deficiencies facing legislatures in Africa include lack of an appropriate institutional framework to guide economic policy-making and execution; a weak civil society unable to hold government accountable for its actions; a similarly weak or uninterested parliament; and the lack of consultative mechanisms for engaging the private commercial interests for inputs into sectoral planning or other national economic decision-making processes. In view of the challenges highlighted above, reforming budgetary institutions including parliament should therefore remain a top priority, particularly for emerging economies that are seeking to strengthen economic governance, enhance government accountability and curb corruption.

The governance of the budget encompasses the interests and incentives of individuals and institutions governing the formulation, approval, execution and oversight of the budget. This approach to the budget process is broader than traditional understandings to budgetary institutions and it places at the centre, the role of parliamentary institutions in the supervision, oversight and control of the budget *after* it has been approved and executed.

2.1.5 The Concept of Accountability

According to McMenemy (1999:1), accountability is the requirement that an individual or group explain and accept responsibility before another individual or group for actions taken by them and those under their supervision. Bhardwaj and Vijayakrishnan (1998, p.74) defines accountability as an obligation both to report on those action and usually their consequences and to accept responsibility for those actions and their consequences. Since parliament is the representative body of the electorate in any democracy, government is thus obliged to give account of their actions to parliament.

The tools of executive accountability at parliament's disposal generally fall into two categories namely: those that are exercised by the investigative departmental or standing committees and those by the House as a whole. The House can use its power to reject budget prepared by the executive and pass a vote of no confidence in government in parliamentary systems or impeach the president in presidential systems. The investigative committees review annual budget for the government departments falling under their mandate, initiate studies into the functioning of government departments, review existing legislation, departmental objectives, expenditure plans and other matters relating to the departments they oversee. As Marleau et al (2000, p. 20) observe, although recommendations by parliamentary committees are not binding, they give parliamentarians an opportunity to voice their views on the executive and offer citizens a chance to express their concerns by testifying at committee hearings. In view of the important role that investigative committees play in the work of parliament, it is befitting that they are often referred to as the engine room of the new politics (Irvine, 2000). In terms of membership, committees usually reflect the political and gender composition of the legislature and as such tend to deal with issues on merit instead of fighting every battle on party lines (ibid).

Wiljesky and Reynolds (1999, p. 6) note that accountability by parliamentary committees in most countries has left much to be desired due to the election of members who have no parliamentary experience and little or no preparation for their work in parliament. Thus for committees to effectively hold the executive accountable, there is need for adequate, skilled and experienced support staff to assist MPs. They further argue that the lack of informed and enlightened MPs means that bureaucracy could manipulate the committees by being giving them inaccurate information or no information at all. As Bhardwaj and Vijayakrishnan (1998) note:

“The prime interest of the bureaucracy is power, in facing parliament, bureaucracy, out of a power instinct, fights every attempt of the parliament to gain knowledge by means of its own experts or interest groups. Bureaucracy welcomes a poorly informed and hence powerless parliament, at least in so far as ignorance somehow agrees with the bureaucracy’s interests” (p.74).

In a case such as the one described above, the committees of parliament become nothing but tools in the hands of the bureaucracy.

Thakur Sen Negi, the Speaker for the Indian Legislature, quoted in the Commonwealth Parliamentary Conference Report (CPCR) (1984, p.48), observes that in practice, the budget is presented to the House as “a readymade garment.” It might be oversized or undersized, but ultimately the House has to wear it. This is particularly so in the Westminster parliamentary system where any changes or adjustments to the budget will be regarded as a vote of no-confidence in the government. However, Wehner and Byanyima (2004, p.75) argue that focusing on amending powers is probably not sufficient or desirable, adding that if the legislature is effective in making its voice heard in the determination of budget priorities, the need for amendments to the annual budget may diminish.

The challenges highlighted above notwithstanding, legislatures in democratic systems play a critical role through their committees in securing accountability by the executive when they exercise oversight on government on behalf of citizens. They have the task of making sure that the executive is implementing agreed policies and spending money raised through taxes in a transparent and accountable manner. However, committees need accurate information, skilled and experienced support staff and sufficient powers for them to be effective in holding the executive accountable for its programmes, policies and actions.

2.1.6 The Budget as a Tool of Accountability

According to the CPCR (1984, p.44), financial control and executive accountability are the essence of parliamentary democracy. It is based on the proverbial principle that “there can be no taxation without the people’s authority.” In other words, no tax can be levied without parliament’s consent and no expenditure can be incurred without its authority. Thus, while policies including economic and fiscal, are

formulated by the executive, the complementary function of the scrutiny of such policies has to be performed by parliament. The IMF (2010) summarises the role of parliament in the budget process as follows:

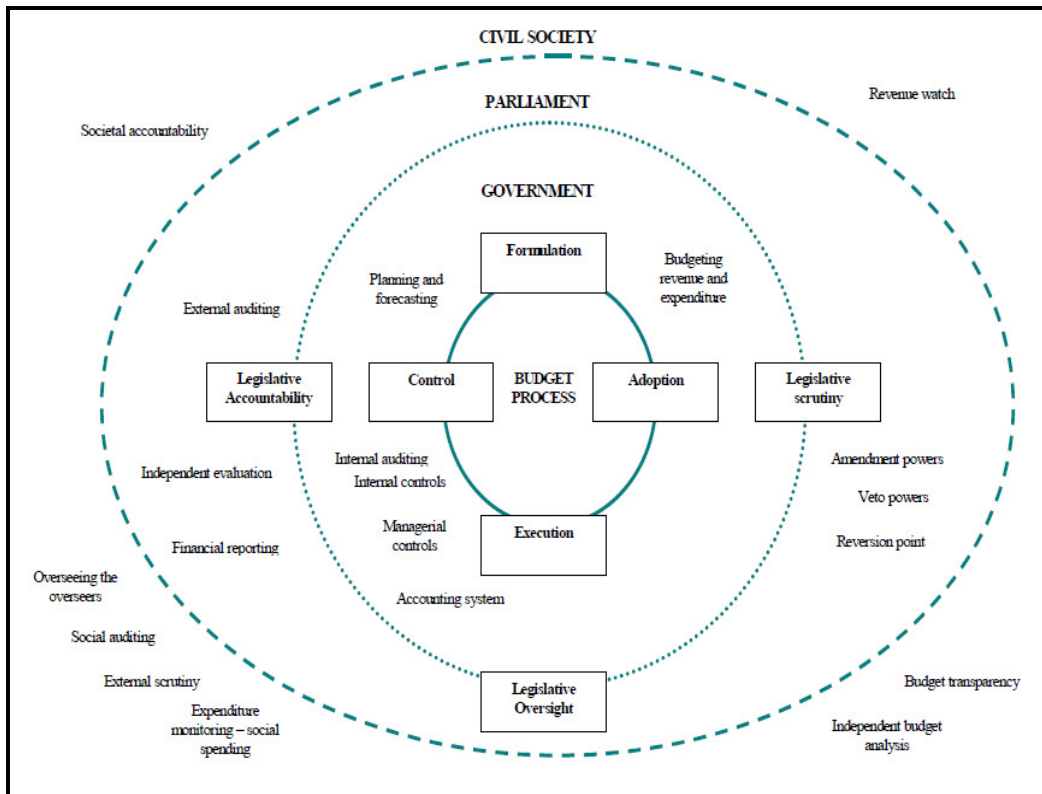
“Parliament’s main roles are to review and debate the government’s draft ex ante budget (including its revenue estimates and its spending plans) and to authorise spending to implement the annual budget plan. Parliament also reviews budget execution and, in some countries, it formally approves and discharges the government after annual budget implementation. Other steps in which parliament may be involved include: pre-budget debates; review of the government’s medium-term budget strategy; approval of supplementary budgets that modify the initial budget adopted by the legislature; and examination of the report of the external auditor” (p.2).

Parliaments therefore have a key role to play to improve budget transparency and problems of lack of transparency by either setting standards or benchmarks to be followed, such as procedural fiscal rules and hard budget constraints or by establishing independent agencies which provide a check on the accuracy of the budget such as the auditor general’s office (Alesina and Perotti 1996, p. 8). Legislative oversight helps to increase budget scrutiny and in the process assist in redressing the information asymmetries between the state and society and open up the budget to public debate including on facts and analysis underlying policy choices and budgetary allocations.

Legislative oversight also helps enforce political accountability. Together with other external oversight agencies such as general audit offices, parliaments help ensure that the government is held to account for the manner in which it administers public finances (Pelizzo and Stapenhurst 2004). Given their involvement in the budget cycle as articulated by the IMF above, parliaments thus, help enforce government accountability along the different phases of the budget process.

Santos (2005) developed an accountability cycle of the budget process which depicts the contribution of parliaments to public finance accountability and control. The accountability cycle is as outlined below:

Figure 4: Accountability Cycle of the Budget



Source: Carlos Santiso (2005)

As can be seen from the above accountability cycle of the budget, the legislature plays a central role in fostering various dimensions of accountability throughout the different stages of the budget process as follows:

- i) *Ex ante accountability*, ensuring that budget allocations adequately reflect policy priorities;
- ii) *Concurrent accountability*, improving the oversight of the execution of the budget by the executive; and
- iii) *Ex post accountability*, holding government to account for performance and results.

2.2 Parliamentary Systems (Presidential and Parliamentary) and Fiscal Control

The nature of the state has fundamental fiscal implications. For instance, differences in the relative budgetary influence of the legislature vis-à-vis the executive is to a large extent a function of the system of

government in place. It is therefore imperative to analyse how the different systems of government impact on the operational independence of parliament and in the process see how the system in Namibia promote or hinder effective parliamentary scrutiny on the budget.

2.2.1 Presidential or Congressional System

Under the presidential system, the formal powers of the different branches of government are clearly defined by a written constitution. The constitution is based on two important principles: a separation of powers between the different branches of national government and supplemented by an elaborate system of checks and balances among these branches. The members of the executive do not belong to the legislature; members of executive and the legislature are elected independent of each other (CPCR 1982, p.287).

According to Beetham (2006, p.127), in situations where the legislature is controlled by a different party from the presidency, parliamentary oversight may be rigorous and the legislature acts as a weightier check on the executive. In Latin America, elected presidents have been unable to effect their legislative programmes because of their inability to sustain majorities in Congress. Ayantuga, a Member of Parliament for Nigeria, in his contribution in the CPCR (1982, p.291), argues that, in Nigeria, the National Assembly has tremendous powers particularly on the budget. It can reduce or increase votes and many ministers dread the time when they are called upon by respective committees to defend their budget proposals. Parliament also has impeachment powers over the executive. He however, describes ministers as 'law unto themselves' as they have all the powers of patronage as they award contracts and give all kinds of jobs. In cases where parliament is weak the executive has dominant powers which are often used to disadvantage and even undermine legislatures.

However, legislative committees under the congressional system of government are regarded as having greater impact on the budget when compared to those under the Westminster system. As such, Lindblom (1968, p.83) argues that committees in the United States Congress (USC) can be viewed as a group of independent "little legislatures." He further regarded the Appropriation, Rules and Ways of Means Committees as the most powerful. The House and the Senate usually follow their recommendations. Wehner and Byanyima (2004, p.37) observe that the USC determines its own budget policy, and within this

framework, determines spending and taxation measures. Thus, it has the powers to amend or reject the budget proposals from the executive, formulate and substitute a budget of their own. They however, regarded such enormous influence on the budget to be exceptional to the USC.

2.2.2 Parliamentary or Westminster System

Chuula in the CPR (1982, p.286) observes that under the Westminster system, there is no ultimate separation of powers between the executive and the legislature and no written constitution exists to define their powers relative to each other. This has been linked to the struggle between the Crown and the House of Commons, dating back to the 16th and 17th centuries, which was finally resolved by the Crown drawing its ministers from the House of Commons who, by virtue of their majority, could guarantee the executive both its funds and laws.

According to Mackenzie, the member of parliament for the United Kingdom in his contribution in the CPR (1980, p.290), the British Parliament, which is modelled along the Westminster parliamentary system, has the ultimate control over the executive in as far as it has powers to dismiss the government by a vote of no confidence, but this rarely happens. Uhr (2003), while writing on reform initiatives in the House of Commons in Canada, observes that the Canadian government recognised that theirs is “an executive centred political system where the legislature is a reactive and deliberative institution in which the mechanisms of a disciplined majority party ensures that all significant government sponsored legislation passes” (p.11).

Thus, because of the blurred separation of powers between the executive and the legislature, the legislative committees under the Westminster system of government have very little or no budgetary effect on the budget (Wehner and Byanyima 2004, p.38). Accordingly, the draft budget tabled by the executive is generally approved by parliament without changes as any successful amendment to the budget is considered a vote of no confidence in the government. Lindblom (1968, p.87) argues that in Westminster system, policy-making has been delegated to one committee rather than to many and that one committee, the cabinet, has come to play a combination of legislative and executive roles. Within that committee, a great deal of decision-making has been delegated to its chairperson, the Prime Minister. Members of cabinet are MPs who have been selected by the Prime Minister to take collective responsibility for policy

and administration. In view of the blurred relationship between the executive and the legislature under the Westminster system, the impact of the legislature and its committees on policies and budget matters is often undermined and therefore minimal.

2.2.3 The Relationship between the Legislature and the Executive Arms of Government

The form of the relationship between the legislature and the executive vary from one country to another depending on among other things, the constitution adopted, that is, whether it is the presidential, semi-presidential or parliamentary/Westminster system of government.

As the then Minister of State for Decentralisation of Zambia, Honourable Chuula, postulates, it is a contemporary view that the power of the executive is constantly increasing, while the power of the legislature is constantly diminishing (CPCR 1983, p.286). This has been attributed to the considerable expansion in the range and complexity of governmental activities while many parliaments are failing to keep pace and have reached a point where they have a limited ability to obtain background facts and understanding essential concepts critical for detailed criticism of administration or any informed discussion on government policy.

Senator Oba-Femi, a Member of Parliament from Nigeria, also observes that, in theory, parliament is sovereign under the Constitution of Nigeria, it has absolute control over the executive; it is magnified; it is the grand inquest of the nation; influencing, supervising and controlling the actions of the executive. Yet, in practice it does not seem to reflect the working of the modern legislature (CPCR, 1983, p.286). Another MP, Honourable Penner, Member of Parliament from Canada, argues that power and responsibility are becoming concentrated in the executive. The executive has practically taken over. Some people have gone so far as to describe this as 'cabinet dictatorship' or even 'executive despotism' (CPCR, p.292).

Evidently, there has been a steady erosion of parliament's authority over the executive. Swanson (1983, p.2) has argued that representative bodies in the 20th century found themselves in an institutional "identity crisis"; they are boxed in a position where their functions are passive. On one hand the legislature could defend its autonomy only by refusing to legislate, that is, by saying "no" to the executive. With this course of action it risks being accused of "obstructionist" tactics. On the other hand, the legislature could actually legislate only by surrendering its autonomy, that is, by affirming the executive's legislative

requests. The legislature, which followed this course of action, simply subordinated itself to the executive branch and become a “rubber stamp”. Thus, Beetham (2006, p.115) argues that parliaments have to strike a balance between cooperation with, and oversight over an elected executive as sheer obstructionism rarely serves the public.

There are however, notable differences between the presidential and the parliamentary system in that the former has a more clearly demarcated separation of powers between the executive and the legislature and the judiciary which tends to promote horizontal accountability through checks and balances.

2.3 Legislative Budgetary Powers (the Legal Framework)

The legal framework for legislative budgetary powers is defined primarily by the constitution, the organic budget law and parliaments’ own internal rules. Legislative budgeting can be defined by the scope of budget authority and the effectiveness of budget oversight. However, researchers have long noted the existence of substantive gaps between the *formal powers* and *actual role* of parliaments in public budgeting and thus underscoring the fact that legal framework can only partly explain the actual performance of legislatures.

2.3.1 Overview of legislative budget powers

The role of parliaments in public budgeting varies along the four main phases of the budget cycle, namely (i) its **formulation**, (ii) its **adoption**, (iii) its **execution**, and (iv) its **control** (Santiso 2005, p. 18). Whereas parliaments are usually devoid of powers in the formulation of the budget, which tends to be the exclusive prerogative of the executive, they are entrusted with its adoption for the budget to become law and overseeing its execution. Henceforth, their power to influence the budget largely rests on the scope of their legal powers. Legislative budget oversight is also contingent on the institutional capacities and political incentives of parliaments to do so. Parliaments are also responsible for ensuring that governments are held to account for their compliance with the authorised budget and the performance of public expenditure programmes.

Santiso (2005) identifies four sets of variables that affect parliaments’ ability to effectively engage with the budget process: (i) whether parliament is *legally empowered* to intervene in budgeting; (ii) whether

it is endowed with the required *technical capacities*, (iii) whether it possesses the *necessary political incentives*, and (iv) whether the *governance environment* is favourable. Meyers (2000) on the other hand, singles out five key institutional features that determine the effectiveness of legislative involvement in budgeting: (i) the extent of legislative involvement in fiscal planning, (ii) the timing and duration of the budget adoption process, (iii) the extent of legislative direction in the budget and the means of legislative oversight of budget implementation, (iv) the expansion of budgetary expertise within the parliament, and (v) the internal coordination of legislative budgeting between committees.

The legal framework in Namibia is relatively comprehensive and therefore goes a long way in promoting and supporting transparency and accountability in the budget process (NDI 2003). The key provisions relating to the management of public resources derive from the Constitution and the State Finance Act of 1991. The legal framework clearly sets out the relevant powers and duties of the various government role-players in the budget process, including those of the Ministry of Finance, the National Assembly, the Treasury, Accounting Officers and the Auditor General. The budget drafting process in Namibia is strongly informed by the National Development Plan, a constitutionally mandated policy framework that is drawn up every 5 years. The legal framework is further strengthened by two additional policy tools, which were adopted by Cabinet in 1996. These are the Medium Term Expenditure Framework (MTEF), which is the main budget document that indicates the estimates of revenue and expenditure for the financial year and also future projects, as well as the Performance Effectiveness Management Programme (PEMP), which is a measurement indicator of the budget. The first MTEF and the PEMP were published at the beginning of the 2001/02 financial year and together, these policy tools are expected to further enhance transparency in the budget process.

2.3.2 Legislative Powers along the Budget Cycle

2.3.2.1 Budget Formulation and Drafting

Generally the executive has a predominant role in the formulation of the budget and the drafting of the budget bill presented to parliament for review and adoption. The central budget offices of ministries of finance are responsible for coordinating the budget drafting process within the executive and overseeing its execution by spending agencies. Access to and control over governmental financial information gives them

an undisputed advantage both over the legislature and the other ministries and executing agencies within government (Santiso 2005).

In Namibia, the Parliament has no role in the budget formulation and drafting process as this role is assigned exclusively to the Ministry of Finance (MoF)'s Economic Policy Advisory Services (EPAS), in consultation with Department of Public Service Management (PSM) of the Prime Minister's Office, the National Planning Commission Secretariat (NPCS), and, the Bank of Namibia (BoN). This practice however, differs with what obtains in some countries such as South Africa and Zimbabwe, where the Parliament holds pre-budget consultations with various stakeholders to identify sector priorities for inclusion in the budget (Chemhere 2005).

2.3.2.2 Budget Review and Approval

Once agreed within government, the draft budget bill is submitted to parliament for consideration, review and approval. As is the case with any piece of legislation, the executive's budget proposal must be approved by parliament to become law. The budget approval process is influenced by the distribution of budgetary powers between the executive and parliament. Santiso (2005) identifies five key institutional variables that determine executive-legislative relations in the budget approval stage: (i) the amendment powers of parliament, (ii) the veto powers of the president (package and line item veto powers), (iii) the override powers of parliament, (iv) the location of the reversion point, and (v) legislative process and structures, which include internal rules and legislative capacities, and especially the timing and sequencing of the budgetary process.

The time allocated for budget review greatly varies across countries, with parliaments in Latin America for instance taking an average of 90 days to review and approve the executive's budget proposal. According to the Organisation for Economic Cooperation and Development (OECD) and World Bank Budget Database, a survey of budget practices and procedures in Latin America, in 28.2 percent of the cases, the executive presents its budget proposal to the legislature up to two months before the beginning of fiscal year and in 56.2 percent of the cases, between two to four months.

The ability of parliament to modify the executive's budget proposal is critically determined by the scope of legislative amendment powers. Parliaments of South Africa and Argentina, for instance, have

unrestricted powers to amend the budget, while such parliaments as Brazil and Mexico have restricted amendment powers. Generally parliaments cannot propose amendments that would increase the deficit or spending, except as it pertains to their own budget. For example, since 1992, the Argentinean parliament can increase spending only if it also increases revenues.

The Namibian Constitution gives the Parliament broad powers to increase and decrease the government's budget and to initiate new areas of spending. Article 126(7) of the Constitution of the Republic requires the finance minister to submit annual budgets to the parliament which, in turn, is mandated to "consider such estimates and pass pursuant thereto such Appropriation Acts as are in its opinion necessary to meet the financial requirements of the State from time to time." In spite of these unfettered powers, Wehner (2000) observes that to date the budget has received limited review as Parliament has not fully used these powers and has in fact made very few changes to the government's annual budget proposal. He further notes that the ineffectiveness of parliamentary scrutiny of the budget in Namibia has been so extreme that errors identified by Parliament in the government's budget documents have not been corrected. Concurring with the above observation, the NDI (2003) highlights the following as the trend in Namibia with regards to Parliament's role in the budget:

"One impediment to careful review is the short timeframe afforded to the parliament. The government has presented the budget as late as March, less than one month before the beginning of the fiscal year. National Assembly committees are also limited in the role that they play in considering the budget. The estimates for the various ministries have been reviewed by the Committee of the Whole House during the second reading of the bill, which lasts about 15 days. Much of this debate involves broad policy issues rather than the specific spending proposals outlined in the budget. Most members lack the background, access to information, or staff resources to assess the government's proposals and formulate amendments...Parliamentarians may also have less political motivation to carefully scrutinise the budget. Members are elected through a party list system, which rewards party discipline. Perhaps more important, a substantial percentage of parliamentarians are ministers or deputy ministers. Although these individuals presumably have some level of involvement in budget formulation, they have little incentive to amend the budget after introduction. The second chamber, the National Council, plays a role in the

approval of all legislation, but a lesser role in budgeting. The Council must report money bills back to the Assembly within 30 days or it is deemed to have confirmed them. If the Council reports back a money bill with proposed amendments, the Assembly may adopt or reject the changes and forwards the bill directly to the president” (p.9).

According to Morgenstern and Nacif (2002), the rules and procedures governing the amendment process constitute another set of determining factors of amendment outcomes. They also recognise the central role played by the budget and finance committee in the legislative budget process since it is the main forum in which the budget bill and its amendments are discussed, negotiated and ultimately agreed. The capacity of parliament to effectively engage with the public and other stakeholders thus often depends on the internal organisation, technical capacities and political incentives of the budget and finance committee. Low re-election rates amongst legislators and high rotation rates amongst those legislators sitting in the investigative committees of parliament tend to weaken the finance and budget committee’s capacity to effectively engage with the budget process.

The National Assembly of Namibia however, does not have the budget and finance committee. Instead it has a standing committee whose mandate is very broad and goes far beyond budget and finance, the Standing Committee on Economics, Natural Resources and Public Administration. In addition, the other Standing Committees of the National Assembly do not have a specific mandate to oversee budget performance by those ministries and departments they shadow, although there is nothing to prevent them from doing so if they so decide. The absence of a finance and budget committee does not only mean that the National Assembly of Namibia does not meet a benchmark relating to this matter in the SADC PF’s Benchmarks for Democratic Legislatures in the Southern Region for which Namibia is a member. It also means that it is lagging behind other Parliaments in the SADC Region such as South Africa, Zambia and Zimbabwe, to name just a few, that have budget and finance committees that are responsible for reviewing the draft annual budget (or estimates) and report to parliament accordingly. Thus the NDI (2001) observes that some of the major weaknesses of the legislative institution in Namibia include the absence of streamlined Standing Committees to efficiently check the executive and the very presence of the executive in Parliament in larger numbers.

2.3.2.3 Budget Oversight and Control

Constitutions give parliaments an important role in the oversight of the execution of the budget, the scrutiny of budget re-allocations, and the *ex post* review of public accounts. In practice, however, legislative oversight of budget execution is still embryonic, undermining its contribution to concurrent budget accountability. Legislatures exercise only a limited monitoring of the government's compliance with formal budget rules and procedures as set in the budget law. They are even more ill-equipped to monitor the performance of public spending and enforce results-based budgeting.

Parliament possesses another potentially powerful instrument to control budget execution and enforce *ex post* accountability: the annual certification of public accounts. However, this tool has seldom been used effectively. Institutional and technical constraints partly explain the ineffectiveness of the legislative review of public accounts, in most cases performed by a specialised legislative committee (the public accounts committee) or a sub-committee of the budget and finance committee. Based on the audit of public accounts performed by the general audit office, the public accounts committee emits an opinion to the plenary, which decides whether to discharge government for having purposefully accomplished the mandate contained in the approved budget. Santos (2005) notes that in practice, unless if allegations of fraud and corruption are sufficiently strong to warrant the establishment of a special commission of inquiry, Latin American public accounts committees have seldom refused to discharge governments, or threatened to do so. Furthermore, the likely consequences of doing so are often unclear. Moreover, the political incentives of legislators is to bargain over the terms of the following year's budget in order to obtain benefits for their constituency, rather than assess the performance of past years' budgets.

In Namibia, the Public Accounts Committee is well defined in principle and in practice. The PAC is chaired by a member of the opposition party and remains one of the most visible committees of Parliament (NDI, 2003). However, it is vital to note the PAC in Namibia is established by a resolution of the National Assembly and not by law as the case is with most countries particularly those using the Westminster type of government such as Zimbabwe. In other countries, the law goes as far as designating the official opposition party to chair the Committee as a way of ensuring checks and balances. In Namibia the PAC is made up of members of the National Assembly who have been drawn from different parties by

the Speaker and PAC Members elect their own chairperson (Sherbourne, 2008, p. 19). As a result, there have been calls for the State Finances Act to be amended in order to, among other things, strengthen the scope for accountability by establishing and defining the mandate of the PAC. For instance, the former opposition lawmaker who once served as Chairperson of the PAC, Johan de Waal, points out that the committee (PAC) “will remain a toothless bulldog unless the Act (State Finance) is amended to give the committee powers to subpoena public officials and to administer oath as a way of verifying statements made at public hearings” (*Southern Times* of 4 February 2013).

In further strengthening budget oversight and control, Article 127 of the Constitution of Namibia provides for the appointment of the Auditor-General and guarantees his/her independence by providing that his/her appointment by the President, on the recommendation of the Public Service Commission, must be approved by the National Assembly. The Auditor General is required by the Constitution to report annually to the National Assembly and cannot be removed from office except with the approval of two-thirds majority of all the members of the National Assembly **only on the ground of mental incapacity or gross misconduct**. The Auditor-General is not a member of the public service. All this ensures the Auditor General remains independent.

However, section 27 of the State Finance Act in particular sub-section (1) requires the Auditor-General to transmit accounts, certificate and a report of audits to the minister of finance and sub-section (4) requires the minister to, within 30 days after receipt of the accounts, certificate and report, present these to the National Assembly if it is in session or within 14 days after its resumption of sitting. Further, sub-section (5) provides that in the event that the minister fails to present the accounts, certificate and report from the Auditor-General in terms of sub-section (4), the Auditor-General should send copies of the same to the Speaker of the National Assembly who shall lay it before the House. The above provisions have potential not only to undermine the independence of the Auditor-General but also to violate Article 127 (2) of the Constitution which provides that “The Auditor-General shall audit the State Revenue Fund and shall perform all other functions assigned to him or her by the Government or by Act of Parliament and **shall report annually to the National Assembly thereon**.”

2.4 Determinants of Parliamentary Effectiveness in the Budget Process

Wehner (2004) observes that it is possible to distinguish a number of variables that interact to define the ability of parliament to engage with budget issues. Santiso (2005) further notes that these variables are internal and external to the legislature and they include legislature's constitutionally intended role, as well as its legal, party political and technical capacity to deal with budgets. A critical number of enabling conditions must therefore be in place for the legislature to effectively participate in the budget process. However, as Krafchik and Wehner (1998) argue, no single variable is sufficient on its own, and the significance of and interaction between different variables may differ from case to case. Based on extensive literature review undertaken for this research, the following determinants were considered to be cardinal in so far as they affect the effectiveness of Parliament in the budget process. These determinants were therefore examined in detail including how they apply to the National Assembly of Namibia's role in the budget process:

- **Internal Determinants** – legislative technical advisory capacity, legislative research capacity, and legislative Committees as the 'engine room' for financial scrutiny.
- **External Determinants** – System of government (Presidential vs. Parliamentary), legislative authority to amend the budget, executive-legislature relations, political governance and party political dynamics, timely access to relevant information, and time for scrutiny and the timing of the budget process.

2.4.1 Internal Determinants

2.4.1.1 Legislative technical advisory capacity

Improving the quantity and quality of technical advice available to the finance and budget as well as the public accounts committees and their members is likely to enhance their oversight capacity. In Namibia, as is the case in most African parliaments, the quality of technical advisory capacity is largely inadequate to allow legislatures to effectively engage in increasingly complex budgetary processes. Standing Committees in Namibia are assigned one committee clerk on a permanent basis and tend to rely on external input for technical advice. This differs with the situation in countries such as South Africa,

Zambia and Zimbabwe where each committee is serviced by a committee clerk and a researcher on a permanent basis.

Commenting on the technical advisory capacity of the National Assembly on the budget, the Institute for Public Policy Research (IPPR) (2004), which is based in Windhoek, notes that there is general shortage of adequately trained technical staff to undertake budget planning and auditing in Namibia. Thus the Parliament, together with the Ministry of Finance and the Office of the Auditor-General have registered their need for enhanced human resource capacity in this respect. IPPR also observes that there are various systems weaknesses in the budgeting process, resulting in overspending, and therefore made a call for improved monitoring and internal control mechanisms in order to address the above problems.

2.4.1.2 Legislative research capacity

Legislators have to understand the contents of the budget if they are to play a meaningful role in the process (Wehner 2004). Even when they have the legal and political space to shape budgets, technical capacity is necessary to optimally use this opportunity. Access to independent budget analysis can support legislators in assessing the integrity of the figures in the draft budget, deciding whether changes might be desirable, and evaluating the budgetary implications of proposed amendments.

Most of the more robust legislatures in budgetary oversight have substantial own budget research capacity. The Congressional Budget Office in the United States, for instance, has about 245 highly trained staff, the Congressional Planning and Budget Office of the Philippines employees almost 50 staff while in Uganda, the 2001 Budget Act has led to the establishment of a Parliamentary Budget Office staffed with 13 economists. Some parliaments have smaller research units that specialise in budget analysis, for example in Poland while others have general research units that can deliver some budget related analysis when needed, such as the German *Bundestag* and the Parliament of Zimbabwe. Legislative research capacity can be supplemented with input from independent think tanks, academics and private sector economists.

In many African countries such as Namibia, parliamentarians often complain that their access to budget research capacity is negligible or nonexistent. There are, for instance, no specialised budget researchers attached to the parliaments due to lack of resources or prerequisite skills or both. Career prospects and pecuniary benefits might not be sufficient to attract high calibre parliamentary support staff.

In other cases, legislatures themselves are perhaps to blame for their insufficient research capacity due to improper structures that do not prioritise the employment of qualified staff to service key financial scrutiny committees while other areas that are not core to the functions of parliament are getting priority. Thus Wehner (2004) concludes, “It would seem that substantial improvements in legislative budget research capacity could be achieved in a number of cases if parliaments themselves prioritised their own budgets accordingly.”

The Windhoek based IPPR (2004, p.2) notes the following regarding the research capacity of the legislature in Namibia to undertake budget oversight more effectively, “The legislature require capacity building to engage more critically with the budget process, as well as more time to study budget proposals and reports.”

2.4.1.3 Legislative Committees as the ‘engine room’ for financial scrutiny

Committees are the ‘engine room’ of the legislature (Mattson & Strøm 1995). Many legislatures have recognised the importance of effective committees, and committee involvement in the budget process by virtue of the in-depth and technical debate takes place, away from the political grandstanding that often characterises proceedings in the chamber. Where discussion takes place mainly on the floor of the house, the budgetary influence of the legislature tends to be weak (Krafchik & Wehner 1998). A number of factors make for strong committees, such as sufficient time for deliberation, resources in terms of support staff, and the length of average membership.

Gile Radice, a member of the House of Commons in the UK (quoted in Barnhart 1999, p.7), remarks that Committees are not an end in themselves but a means to a greater surveillance of government and policy: “The present committee system has for the most part been developed in response to the need to relieve the pressure of business on the floor of the House or in response to new obligations or demands for the House to perform new functions involving detailed investigation, which are unsuited to a large assembly.”

In most countries, the task of the executive will be to draw up the detailed annual budget proposals for the raising and expenditure of revenue. According to Beetham (2006), in the Westminster system the tradition has been for the budget to be presented for parliament scrutiny on an appointed day as a complete

package with little room for parliament to make substantive policy changes. Thus, “the Chancellor of the Exchequer or equivalent might receive submissions from various social and economic interests during the budget formulation but parliament itself would not be consulted or informed of the contents prior to the presentation of the budget on budget day” (p. 140). As a result, Parliament’s role would be to debate the broad terms of the budget proposals in the plenary session and identify potential inconsistencies and possible savings. According to Wehner and Byanyima (2004, p.46), at times large parts of these debates do not even focus on the budget. The government might use the occasion to advertise its policies while the opposition has an opportunity to point out perceived shortcomings and highlights its alternatives. Detailed discussions of budget figures thus usually become possible in a small forum, for instance, a committee, away from the political limelight.

Wehner and Byanyima (2004:73) observe that there are emerging trends in legislatures to strengthen the budgetary role and political processes by opening up to citizens for greater engagement on the same. As such, Swanson (1983, p.40) observes that the scope and complexity of the subject matter which confront a legislature today, make it impossible for every legislator to study and evaluate independently all legislation that is proposed. Specialisation, therefore, goes a long way in assisting legislatures to keep pace with demands made upon it. The most efficient way to meet the requirements of specialisation is to divide the legislature into the number of committees according to specific subject matter. In a system of checks and balances, one of the major functions of such specialised committees would be to assist the legislature with its role of overseeing the executive arm of government.

Internationally, committee involvement in the budget process seems to be growing with the Australian Senate, for instance, introducing a departmental committee stage for the approval process in 1970, India in 1994, and the Parliaments of Ugandan, Zambian and Zimbabwean having recently created new committees to consider budget issues. Although these initiatives have been implemented with varying degrees of success, nevertheless they give a clear indication that legislatures globally are appreciating the value of committee involvement in the budget process. Crain and Muris (1995) observe that the exact structure of committee involvement differs across countries but in many cases a budget or finance committee has overall responsibility for the approval process. In some legislatures, it has sole responsibility

to consider the draft budget, in others it acts as a coordinating body for the work of sectoral committees on departmental budgets (OECD 2002).

For Namibia, as already pointed out, the National Assembly does not have a budget and finance committee but rather has a Standing Committee whose mandate is a much broader mandate beyond budget and finance. The establishment of a budget and finance committee was one of the key recommendations in the *Agenda for Change Report* (1995) which was adopted by Parliament in 1998. The establishment of the budget committee is also one of the benchmarks identified as a standard for democratic parliaments in southern Africa by SADC PF, to which the Parliament of Namibia is a member.

In order to satisfy itself that the budget it approved is implemented fully, efficiently and effectively, the legislature also requires committee capacity for the *ex post* scrutiny of audit findings supplied by the supreme audit institution. The arguably most effective legislative vehicle for this purpose is a dedicated Public Accounts Committee (McGee 2002, Wehner 2003). Namibia has a Public Accounts Committee which is well defined in principle and in practice but is however, not established by law as is the case in most SADC countries and stakeholders view this as a major structural weakness which stifles its effectiveness.

2.4.2 External Determinants

2.4.2.1 The system of government (Presidential vs. Parliamentary)

The nature of the state has fundamental fiscal implications and the differences in budgetary influence of the legislature vis-à-vis the executive is to a large extent a reflection of the system of government. Wehner (2004) remarks that parliamentary systems tend to be, by virtue of their design, conducive to cooperative legislative-executive relations since the government is directly dependent on majority support in the legislature. Accordingly, the composition of parliament and the executive are inherently intertwined, emanating from electoral outcomes. This however, has a downside where parliament cannot fundamentally rewrite the entire executive budget proposal or this would be viewed as passing a vote of no confidence in the government.

On the other hand, the separation of powers in presidential systems can lead to great antagonism in executive-legislative relations. The legislature is likely to be more critical of budgets and policy proposals

tabled by an executive with whom it may have little in common. Some of the most bitterly fought budget wars have occurred in countries with presidential systems of government, such as the United States (Williams & Jubb 1996) and Nigeria (Aiyede & Isumonah 2002, Wehner 2002). Haggard & McCubbins (2001) postulate that the separation of powers does not automatically lead to high levels of legislative-executive conflict but has a built-in propensity to do so when it is complemented with a 'separation of purpose,' for instance, during times of divided government or when the party political 'glue' between the president and the legislature is weak.

Namibia uses a fused type of Westminster of government where the President is directly elected while ministers are concurrently members of Parliament. The presence of the executive in parliament in larger numbers, together with the proportional representation and its attendant party-list in the election of members of the National Assembly has often been cited as some of the challenges facing the parliament in Namibia.

2.4.2.2 Legislative authority to amend the budget

Another very important variable that affects the effectiveness of parliament in the budget process is the nature of the legislature's powers to amend the budget. Usually amendment powers are contained in a country's constitution, but they can also be based on convention, determined by ordinary legislation, or spelled out in parliamentary rules. The more amendment powers are circumscribed, the more control over budget outcomes is centralised in the executive (Wehner 2004). Many legislatures have unfettered powers provided for in the constitution, to shape budgets, including those in Scandinavia, much of continental Europe, and the United States (Chemhere 2005). On the contrary, 'reductions only' restrictions are mostly found in the Westminster tradition, where parliament may only reduce existing items but it may not include new ones or increase existing ones. This practice is traceable to early days of the House of Commons, when it met to consider demands for subsidies made by the Crown and had to decide whether and to what extent it would comply with the demand and within what limits and by what means. A third set of amendment provisions constrain the legislature's powers to modify budgets so as to promote the maintenance of the deficit or to protect aggregate totals proposed by the executive. Variations of this approach are used in some Francophone and Latin American countries.

The IPU has categorised countries into five groups on the bases of their powers and rights to amend the budget as follows:

Figure 5: Powers and Rights of Legislatures to amend the budget

Category	Rights
1	Unlimited powers to amend the budget
2	Reductions of existing items only
3	May reduce expenditure, but increase only with permission of government
4	Increases must be balanced with commensurate cuts elsewhere
5	Rights not specified

Source: Adapted from IPU (1986)

Unfettered powers allow legislatures, in theory, to rewrite the entire budget proposed by the executive, as is the case in the USA. Wehner (2004) observes that more constraining are deficit neutral amendment powers that ‘lock in’ the fiscal policy of the executive, but still allow substantial space for legislatures to shape budgets by reprioritising expenditures within given aggregates. The Westminster tradition on the other hand precludes a creative role for parliament in budget policy through the amendment process. Any amount from an expenditure item that is cut cannot be shifted to increase spending on a different item elsewhere in the budget.

The Constitution in Namibia gives the National Assembly broad powers to increase and decrease the government’s budget and to initiate new areas of spending. Article 126 (7) of the Constitution in particular requires the finance minister to submit annual budgets to the parliament which, in turn, is mandated to “consider such estimates and pass pursuant thereto such Appropriation Acts as are in its opinion necessary to meet the financial requirements of the State from time to time.” However, in spite of these broad powers, Sherbourne (2008) observes that “Since independence, neither the National Assembly nor the National Council has ever rejected a Main or Revised Budget” (p. 18).

2.4.2.3 Executive-Legislature Relations

Parliaments are the supreme representative institutions and therefore have a mandate to act as a counterbalance to executive power and to hold the executive branch of government accountable through oversight of government and other statutory bodies (UNECA 2002). However, a clear trend has been observed worldwide in the twentieth century in parliamentary systems of government, where there is a steady decline in the power of most legislative assemblies as they lack independent impact on the affairs of the state. Even in cases where the opposition has strong presence by way of number of seats held, the overall assessment of the relationship between the executive and the legislature shows the dominance of the former.

The reasons why legislatures are dominated by the executive in Africa are varied, ranging from the former's control of resources, cabinet and diplomatic posts appointments, asymmetrical flow of information and general ineptness of backbenchers including the opposition. This has resulted in parliaments acting as "rubber stamp" legislatures of cabinet decisions and laws passing through parliament rather than being passed by parliament. Ineffective parliaments undermine good governance by negating important functions that are necessary to sustain democracy, especially where there is a dominant majority government.

The larger size of the executive in the National Assembly in Namibia often means that there are no adequate numbers of backbenchers to deploy to the investigative committees of Parliament to make them robust oversight instruments. Although the Parliament in Namibia has broad powers in terms of the constitution, to amend the budget, there have been very few cases when it has used these powers. This could mean that Parliament does not have the capacity or willingness to exercise these powers due to the political dynamics of strong dominant ruling political parties such as SWAPO. Moreover, the Parliament draws its staff from the public service and this limits the human resources that are at Parliament's disposal which severely limit the capacity of Parliament and its committees to exercise its constitutionally mandated functions.

2.4.2.4 Political governance and party political dynamics

Since budgeting takes place in a broader political context, it is inevitably an expression of the power relations of political actors that participate in the process. How much influence parliament actually

has, the *de facto* rather than theoretical extent of its budgetary action space, is to a large extent determined by party politics (Wehner 2004). While legal frameworks and the constraints they establish tend to be relatively long lasting, party political dynamics can be far more fluent, in particular party political majorities and party cohesion.

Party political majorities have been shown to have an important effect on the role of parliament in the budget process (Leston-Bandeira 1999; Young 1999). In essence, stable majorities ensure the predictability of voting outcomes. If the legislature features several parties without one of them having an outright majority of seats, the executive will have to enlist the support of a number of these political parties to have its budget passed. The attendant negotiations and concessions which the executive must enter into often result in significant changes on the original budget.

The issue of political party cohesion or party discipline is particularly dominant where voting is usually along party lines even against the individual legislator's conscience and preferences (Von Hagen 1992, p.34). Party majorities only ensure the predictability of legislative behaviour when matched with tight party discipline, which is not always the case. Bowles (1998, p.170) notes that in the United States, for instance, over the past three decades, the extent to which members of each party vote with their party colleagues has been as low as 66 percent in the case of Senate Republicans. Resultantly, low levels of party cohesion are usually associated with candidate centred electoral systems, where party affiliation is not a strong factor in the election of candidates. This contrasts with legislatures where the electoral fate of members are highly correlated with party affiliation, as is the case in proportional representation, where party headquarters have a strong voice in choosing candidates who get priority on the party list, and the electorate chooses mainly or exclusively according to party preference. In such cases, party loyalty takes precedence and only a handful of prominent maverick individuals can afford rebellious behaviour as parliamentarians are aware that refusal to tow the party line is risky and career limiting. Since Namibia uses the party list under its proportional representation electoral system in electing members of the National Assembly and also has a dominant ruling party, party discipline is likely to influence the behaviour of parliamentarians including their voting patterns on issues before Parliament.

2.4.2.5 Timely access to relevant information

Parliamentary decision making needs to be based on comprehensive, accurate, appropriate and timely information supplied by the executive and the audit institution in line with international benchmarks. The OECD for instance, has come up with benchmarks on documents that must be availed to parliamentarians together with the budget as shown in the table below:

Figure 6: OECD Best Practice for Budget Documentation

OECD best practices for budget documentation
<p>The OECD has developed Best Practices for Budget Transparency that deal with the availability of budget information, specific disclosure requirements, and integrity and accountability fundamentals. The OECD recommends the following types of budget documentation:</p> <p>A comprehensive budget encompasses all government revenue and expenditure, and includes performance data and medium term projections.</p> <p>A pre-budget report states explicitly the government's long term economic and fiscal policy objectives, and its economic assumptions and fiscal policy intentions for the medium term.</p> <p>Monthly reports show progress in implementing the budget, including explanations of any differences between actual and forecast amounts.</p> <p>A mid-year report provides a comprehensive update on the implementation of the budget, including an updated forecast of the budget outcome for the medium term.</p> <p>A year-end report should be audited by the supreme audit institution and released within six months of the end of the fiscal year.</p> <p>A pre-election report illuminates the general state of government finances immediately before an election.</p> <p>A long term report assesses the long term sustainability of current government policies.</p> <p><i>Source: Summarized from OECD (2002a).</i></p>

From the above figure, it is apparent that the amount of supporting documentation that accompanies the budget figures is therefore of utmost importance since in most cases the budget document itself contains little narrative that outlines the policies underlying tax and spending proposals other than the budget speech. In the absence of a full policy context it is difficult for legislators and their staff to understand and evaluate whether the budget adequately reflects stated government policy.

Comprehensiveness of budget information is a major issue. Accordingly, it has been argued that in developing countries all aid financed spending should be included in budgets since aid funds constitute as

much as more than half of all expenditures and the exclusion of aid funds from the budget thus makes it difficult to identify priorities only on a proportion of public spending. Furthermore, budget information is often presented in a sophisticated format which requires seasoned practitioners of budgeting to fully understand what is being proposed. User-friendly formats that allow for effective communication of content must be adopted.

In-year actual spending information and thorough audit reports must be availed timely so that legislatures can scrutinise the implementation of the budget. The latter is a crucial issue in many developing countries where unauthorised expenditures and budget variance, that is the difference between approved and actual numbers, often run into double percentage figures. Budgetary decisions should be made in the knowledge of actual spending information, as much as possible, rather than on the basis of budgeted figures that might be little more than fiction.

The provision of relevant audit information is reflective of the quality of institutional linkages between the legislature and the audit institution. While the legislature depends on high quality audit reporting to be effective, the auditor in turn requires an effective legislature to ensure that departments take audit outcomes seriously. To ensure optimal coordination, some audit institutions have legislative liaison offices and accompany the scrutiny of audit findings by the legislature on an ongoing basis; others are directly attached to the legislature (Stapenhurst & Titsworth 2001).

2.4.2.6 Time for scrutiny and the timing of the budget process

Legislatures require both sufficient time as well as a properly timed budget calendar to participate effectively in decision making. International experience suggests that a minimum of three to four months is required for the approval of the budget on the basis of meaningful analysis and scrutiny. However, sufficient time by itself is not enough. The budget should also be tabled sufficiently in advance of the fiscal year to which it relates. This is because interim spending, for instances through ‘votes on account’, continuing resolutions or interim executive spending authority based on constitutional or legal formulas too often distort budget priorities (Wehner 2004).

Historically, the British Parliament devised a tactic of voting appropriations near the end of the Session as a means of forcing the Crown to utilise its own resources before relying on tax revenue raised

from the public (Schick 2002, p.18). In a modern context, this centuries old tradition weakens an approval process that should aim at advance scrutiny. Regrettably, many countries in the Commonwealth have copied this poor practice, for instance in much of Anglophone Africa. Elsewhere, most budget processes are geared to ensure timely passage under normal circumstances.

For Namibia, NDI (2003) observes that one impediment to the careful review of the budget is the short timeframe afforded to the parliament, with the Ministry of Finance presenting the budget as late as March, effectively giving the Parliament less than one month to debate and approve the budget before the beginning of the fiscal year which starts in April. National Assembly committees are also limited in the role that they play in considering the budget. The estimates for the various ministries are often reviewed by the Committee of the Whole House during the second reading of the bill, which lasts about 15 days. Much of this debate involves broad policy issues rather than the specific spending proposals outlined in the budget. Most members lack the background, access to information, or staff resources to assess the government's proposals and formulate amendments.

2.5 Parliamentary Democracy in Namibia and the Role of Parliament in Budget Oversight

2.5.1 Historical Overview of Executive Oversight in Namibia

2.5.1.1 Pre-Independence

Namibia is one of Africa's youngest democracies, gaining independence from the South Africa apartheid regime on 21 March 1990 when the Constitution of the Republic of Namibia came into force, marking the birth of a sovereign, secular, democratic, and unitary Namibian state. Prior to independence, Namibia was for a long period, that is, 1884 to 1915 and 1915 to 1990, under the colonial control of Germany and South Africa respectively. During these dark days of oppression, subjugation and exploitation, Namibians did not make their own laws neither were they accorded opportunity to participate in the legislative processes.

South West Africa People's Organization (SWAPO)'s armed liberation struggle, launched in the mid-60s, contributed greatly to the decolonisation of Namibia. The country's independence coincided with the end of the cold war and was as a result of a negotiated settlement which culminated in a United Nations

(UN) resolution. The resolution was implemented by the United Nations Transitional Assistance Group (UNTAG) under UN Security Council Resolution 435 (1978) and which among other things, provided for the supervision of free and fair general elections for a Constitutive Assembly which was participated by all political parties registered under the transitional government. Seven of the ten political parties that contested the 1989 elections gained enough votes to share the 72 seats in the Constituent Assembly. The parties represented were SWAPO (41 seats), Democratic Turnhalle Alliance (DTA) (21 seats), United Democratic Front (UDF) (4 seats), Action Christian National (ACN) (3 seats), Namibia Patriotic Front (NPF) (1 seat), Federal Convention of Namibia (FCN) (1 seat) and Namibia National Front (NNF) (1 seat). Although another election was to be held to elect members of the National Assembly, the political parties unanimously agreed to transform the Constituent Assembly into the 1st National Assembly. The Constituent Assembly adopted the Constitution of the Republic of Namibia on 9 February 1990. This day is today known as “Constitution Day” in Namibia although it is not a public holiday.

The liberation struggle which was waged by SWAPO against the colonial regimes was mainly aimed at the establishment of a formally legitimate and internationally recognised sovereign Namibian State. The South African apartheid regime in Namibia was undemocratic, a system based on discrimination, racial segregation and inequality. As Mutonga (2007) observes, the legislature supported the apartheid regime by operating and enacting laws that protected and entrenched the narrow interests of the minority white elites without any regard to the interests and will of the general public. The governance system was oligarchic and dictatorial in nature, denying citizens the right and opportunity to participate in the governing process. Even though Parliament was composed of regional representatives known as ‘ministers’, they had little power to influence the ruling white elites in decision making. Parliament rarely or ever conducted public hearings on any issues before it even those that had direct effect on the public. The laws enacted by Parliament were simply imposed on the people without prior consultation and the citizens were treated merely subjects rather than participants in the governance process including parliament’s business.

2.5.1.2 Post - Independence

The attainment of independence in 1990 brought many positive changes to the Namibian people. These include a vibrant liberal Constitution and a democratic system of government. According to Article 1 of the Constitution, all the state powers are vested in the people of Namibia, and exercised on their behalf by the democratic institutions of the state through the Executive, Legislature and the Judiciary. After the elections of 1990, the contesting dominant parties, Democratic Turnhalle Alliance (DTA) and SWAPO agreed to rule the country as a multi party state as the first head of state President Sam Nujoma states in his Biography, *Where Others Wavered* (2001, p.60) “we agreed without argument that Namibia would be a multiparty democracy with an independent judiciary and a strong bill of rights.” Namibia is characterised by a stable and competitive system of political parties. It is often felt, however, that a single party, SWAPO, dominates the political spectrum (UN, 2004, p.5). Other major political parties in Namibia are the Congress for Democrats (CoD), Rally for Democracy and Progress (RDP).

As indicated earlier, the process ushering independence in Namibia was ushered under the auspices of the UN, which profoundly influenced the form of the new democratic dispensation. The adoption of the new constitution paved way for the respect of civil liberties and human rights and in the process set the country on a path towards good governance and sustainable democratisation process. The constitutional democracy that was formally institutionalised as a last preliminary step towards formal sovereignty of the Republic of Namibia was a negotiated settlement. The constitutional document required two-thirds majority among the elected 72 members of the Assembly and this meant that none of the political parties’ involved in the process of negotiations had the power to impose a unilateral decisions upon the other. This scenario create a healthy counterbalance and in fact the adoption of the Constitution has been qualified as an impressive example of successful bargaining by opposing political party elites in a transitional democratic context (Mutonga 2007).

Under the adopted constitution, the State is made up of three arms namely the Executive comprising the President and Cabinet, the Judiciary and the legislature made up of the two houses of Parliament, the National Assembly and the National Council. The Charter also provides for the necessary counterbalance among the three arms of state rooted on the principle of separation of powers.

2.5.2 Legislative Authority in Namibia

According to Article 44 of the Constitution of the Republic, the legislative power of Namibia is “vested in the National Assembly with the power to pass laws with the assent of the President as provided in this Constitution subject, where applicable, to the powers and functions of the National Council as set out in this Constitution.” This means the legislature is bi-cameral since it has two Chamber or Houses, namely, the National Assembly and the National Council. The main purpose of a bi-cameral system of Parliament is to ensure that laws are debated by every interest group in the country before they are passed or rejected. Having two Houses, at least in theory, limits the abuse of power and ensures that laws are passed would have been thoroughly reviewed to ascertain that they are for the good of the people.

The National Assembly consists of 72 members elected on the basis of proportional representation. There are six (6) additional members who are appointed by the State President on the basis of their skills, expertise, experience or status in society, bringing the total number of Members in the National Assembly to 78. The six presidential appointees have no voting rights and are not counted for purposes of quorum but are allowed to take part in the debates. Members of the National Assembly hold their seats for five years and are eligible for re-nomination. The National Council on the other hand consists of 26 members, that is, two councillors nominated from each of the 13 Regional Councils. The nominated councillors represent their respective regions and they hold their seats for six years and are eligible for re-election.

2.5.3 Functions of the National Assembly and the National Council

The National Assembly undertakes the tripartite functions of making laws, oversight of the Executive and representation. The National Assembly does this by undertaking following activities, amongst others: debate and vote on proposed laws; hold public hearings to gather the views of citizens on issues being considered; approve government spending, regulate taxation, consider the budgets prepared by the Executive; approve international agreements entered into with other governments by the Government of Namibia; receive reports on the activities of government ministries and state owned enterprises; debate issues and advise the State President on matters which the Constitution has authorised him/her to deal with; and scrutinise the activities of government ministries (Guide to Parliament, 2005, p. 6).

The National Council on the other hand has the following functions and powers, amongst others, to: review all Bills passed by the National Assembly; propose amendments and object/agree to the principle of a Bill; investigate and report on any subordinate legislation, reports and documents sent to it by the National Assembly for advice; recommend legislation on matters of regional concern for submission to and for consideration by the National Assembly; and perform any functions assigned to it by the National Assembly or by an Act of Parliament (Guide to Parliament, 2005, p. 10).

2.5.4 Parliamentary Committees and Executive Oversight

As the Speaker of the National Assembly, Dr. Theo Ben Gurirab underscores, “Parliament’s core ideals and values are about upholding majority rule, promoting minority rights and participation, ensuring mutual respect, tolerance and protecting the supreme law” (Induction Course for Parliamentarians on 21 to 26 September, 2005). In executing the oversight mandate, the National Assembly uses investigative committees that shadow different government ministries and departments and are therefore called Portfolio or Departmental Committees. These Committees are made up of smaller number of MPs. In the case of Namibia these investigative committees are known as Standing Committees.

Parliamentary Committees are widely recognised to be important platforms for legislative deliberations as they scrutinise bills, the work of the executive as well as carrying out public consultations on proposed policies referred to them. Committees are an effective oversight tool for legislatures because they generally have more time and resources to devote to even complex issues such as the budget proposals. Given their small numbers, Committees are more focused, thereby allowing members to develop substantive knowledge on specific thematic issues as well as allowing staff to focus better as they will have defined duties and a smaller number of members to respond to as opposed to the whole House. The oversight role of committees over the powerful dominant executive is critical to ensure checks and balances in the legislative system.

Commenting on the role of Parliamentary Committees in Namibia, DTA President, Katutire Kaura, in a paper titled ‘Developing Parliament’ published in the quarterly newsletter of the Parliament of Namibia, *The Parliamentarian* (2002, p.10), observe that Committees are largely subjected to executive influence, thus making them in certain cases powerless and controlled. Mutonga (2007) in his unpublished

thesis on the role and effectiveness of Parliamentary Committees in promoting parliamentary democracy also note that “The Executive in the Namibian Parliament far outnumber the backbenchers, who constitute and serve on most of the committees. As a result the Executive close ranks in order to promote their own interests at the expense of minority committee members” (p.49).

Parliamentary Committees such as the Public Accounts Committee are entrusted with the responsibility of reviewing expenditure of all government ministries and agencies to minimise overspending and to ensure compliance with public finance accountability in line with the State Finance Act of 1991. In order to maintain neutrality and enhance its independence, the PAC in Namibia is traditionally chaired by a Member of the opposition party. This practice is in line with the time-honoured tradition under the Westminster system of government and is consistent with international best practice.

According to the Namibia Parliament’s Country Report to the 32nd Plenary Assembly of SADC Parliamentary Forum in October 2012, Parliament of Namibia does not have a Budget Committee; its close equivalent is the Standing Committee on Economics, Natural Resources and Public Administration. The Committee plays no role in the budget process apart from a budget analysis workshop it organises after every budget speech to discuss the issues contained in the national budget. Furthermore, other parliamentary Standing Committees do not have any role in the budget process. Analysts have lamented the non-involvement of National Assembly’s Standing Committees in the budget process, pointing out that this is a missing link in the current oversight framework. Honourable De Waal, a member of the opposition party, DTA and former Chairperson of the PAC, for instance, laments the exclusion of the PAC and other Standing Committees from the budgetary processes, adding that this is necessary if these Committees are to be effective and efficient. He therefore, recommends that Standing Committees should be made part of the whole process from inception up to the tabling of the National Budget as this will not only make it easier to operate but also to perform their oversight role more effectively. Honourable De Waal further observes that recommendations made in Committee reports are either brushed aside by the executive or tabled in the House only for noting due to the limited powers accorded to Standing Committees. As a result, Standing Committee recommendations are not acted upon by the executive and this practice ultimately renders Committees ineffective, devalues democratic governance and has potential to undermine parliamentary democracy.

Generally, parliaments are in charge of their own rules, practices and procedures. This allows them the autonomy to put in place the necessary structures and arrangements in place for effective oversight of the executive as well as its other functions, namely the making laws and representation. Consistent with the above trend, Article 59 (1) of the Constitution empowers the National Assembly to “make such rules of procedure for the conduct of its business and proceedings and may also make such rules for the establishing, functioning and procedures of committees, and formulate such standing orders, as may appear to it to be expedient or necessary.” Further, for purposes of exercising their powers and performing their functions, Committees of the National Assembly established in terms of Article 59 (1) above are accorded “the power to subpoena persons to appear before it to give evidence on oath and to produce any documents required by it” (Sub-Article (2)). The provision of subpoena powers for Parliament and its Committees is vital for them to effectively perform their oversight functions and is consistent with good practice.

Committees create avenues for meaningful participation by stakeholders such as the public, civil society and the media, in the business of parliament. In fact the effectiveness of parliamentary committees is partly determined by the extent to which they involve the public and other stakeholders in their work and also how their reports and recommendations are implemented by the executive. The leadership style of the Chairperson of the Committee is also a key determinant factor in the effectiveness and responsiveness of the committee in undertaking its mandate.

For the National Assembly of Namibia, the Speaker, Honourable Dr. Theo Ben Gurirab, in his speech officially opening the induction course for Parliamentarians on 21 September, 2005, highlighted that the leadership of Parliament had adopted a holistic approach “to streamline the work of Standing Committees to empower them and render them all the necessary support needed for their effective operation.” Dr. Gurirab further stressed the fact that his office was trying to reach out to the public by disseminating information on the operations of Parliament with the outreach programme undertaken on a yearly basis to all the 13 regions of the country. Mutonga (2007) underscores that “Parliament has more than a moral obligation to engage with the public and to serve it fairly and justly since it derives its own legitimacy and powers from the citizens through free and fair elections” (p. 51). In fact in a democracy, citizens should work as partners with their governments and equally participate in ways that promote

human rights and the public good. As Mason (1994) observes, if Parliament, through its elected representatives, fails to accord its citizens the right to participate, there is a danger they will become subjects rather than participants in a democratic process of governance. Committees of Parliament therefore, play a central role in ensuring that citizens are given a platform to participate into the business of Parliament. Committees also ensure that minority parties and the general public are given space in policy making and in the process increase the quality of public policies through informed participation.

The Standing Rules and Orders of the National Assembly of Namibia provides that in terms of their terms of reference, Standing Committees have powers to do the following: monitor, investigate, enquire into and make recommendations relating to any aspect of legislation, policy formulation and any other matter it may deem relevant, of the government departments falling within the category of affairs assigned to a specific committee (Chapter 3, Procedures for Conducting of Business [no date]). Further, according to the Parliamentary Quick Reference Guide published by the Parliament of Namibia in collaboration with NDI (2003, p.2), Parliamentary Committees play very important functions, including the following:

- i) Studying bills referred to committees;
- ii) Recommending bills referred to committees;
- iii) Studying policy documents and statements from government offices, ministries and agencies relevant to the committee's work;
- iv) Consulting with representatives of Government offices, ministries and agencies on their work;
- v) Receiving information from the public about the work of Government bodies;
- vi) Organizing meetings between the public, members of Parliament and Government officials to discuss the work of Government bodies and the effects on communities and groups in society;
- vii) Holding hearings on bills or other matters relevant to the committee's work; and
- viii) Recommending to Government bodies ways to improve their work.

In terms of the powers vested in the National Assembly of Namibia by the Article 59 of the Constitution of the Republic, the National Assembly has mechanisms to ensure that various entities of the executive organ of the state are held accountable to it through its oversight role. These powers empower the

National Assembly to undertake a range of activities such as gathering information on proposed bills as well as preventing and exposing corruption, inefficiency or waste in the execution or administration of laws within its legislative competence. Oversight is exercised through various departmental committees in the legislature and these committees are central to the realisation of the values of accountability, responsiveness and openness which are enshrined in the country's Constitution. Although the Constitution gives unfettered powers to the oversight Committees of Parliament to summon individuals, including government ministers and officials of various government agencies to appear before the committees, to give evidence or produce documents, analysts have contested that these powers are yet to fully used to bring the executive to account. Mutonga (2007) for instance, observes that:

“Oversight is undoubtedly one of the most difficult and challenging roles parliamentary committees in Namibia face. This is so because of the overwhelming dominance in committees by the Executive within parliament. Partisan politics takes centre stage here; there is a tendency by the ruling party Executive to lobby its party counterparts in committees to adopt a specific stance on a certain issue, this deeply affects the effective operations of committees. Some committees appear to be more effective and influential than the others; some members of Parliament have developed a tendency to attend certain meetings of a particular committee” (p.54).

Mutonga (2007) further notes that the Executive in Namibia seems to portray and view parliamentary committees as ineffective. The case in point is an incident where the Minister of Justice made a statement in the House categorically refusing to refer her Ministry's bill to a Standing Committee because “it will only gather dust.” That the Executive perceives that it is up to their discretion whether or not to refer proposed legislation to the relevant Committee of Parliament speaks volumes of the extent to which the Parliament and its Committees are yet to make full use of the powers accorded to them under the constitution. Such contemptuous utterances and conduct could have easily attracted contempt of Parliament charges in terms of the privileges and immunities of Parliament in other jurisdictions even within the SADC Region.

As highlighted in the introduction to this research, the 5th Parliament, which is running from November 2009 to November 2014, the National Assembly has a total of seven Standing Committees which are responsible for overseeing government ministries and departments. These exclude the policy

making Committee of the House, Committee on Standing Rules and Orders. There are also joint, ad hoc and select Committees. Joint Committees are formed by two or more parliamentary committees. These Committees are very effective in that they draw membership from a pool of experienced representatives in different Committees. In terms of the standing orders of Parliament, each Standing Committee can establish a sub-Committee to deal with specific issues related to the Committee. Each Standing Committee has its own terms of reference and oversees various Government ministries and agencies in its sector. A Standing Committee is headed by a Chairperson and Deputy Chair while the Committee of the Whole House is typically chaired by the Speaker.

As underscored earlier, it is through Committees that Parliament can meaningfully involve citizens in the governing process by conducting public hearings and general awareness programmes on parliamentary activities; thereby making legislatures the supreme representative institutions in any democracy. This makes national parliaments the cornerstones of democracy and good governance since they are ultimately responsible for the enactment of sound laws and supervise government processes. It is vital to note that in executing its mandate, parliament does not operate in isolation from the other arms of government and the wider society at large. The nature of the relationship among these institutions defines the overall governing framework of any given country. Typically, these relations are not balanced in most cases due to executive dominance.

For Namibia, for instance, the *Agenda for Change Report* (1995) observes that “the autonomy of Parliament is provided for in the Constitution, but in practical terms such autonomy is yet to be realised” (p. 1). As Sherbourne (2008) notes about the role of Standing Committees in executive oversight in Namibia, “the executive arm of Government is not obliged to accept or implement recommendations by these Standing Committees” (p. 19).

2.5.5 The Budget Cycle in Namibia

The budget cycle in Namibia has four phases, namely, (i) budget formulation where the Executive drafts budget, (ii) budget enactment where the Minister of Finance presents budget to Parliament which debates and approves, (iii) budget execution where government agencies and departments implement programmes using the funds allocated, and lastly (iv) auditing and assessment, where agencies and

departments report on expenditure and the Auditor General carries out audits and reports to Parliament (Centre for Economic Governance and AIDS in Africa, 2000).

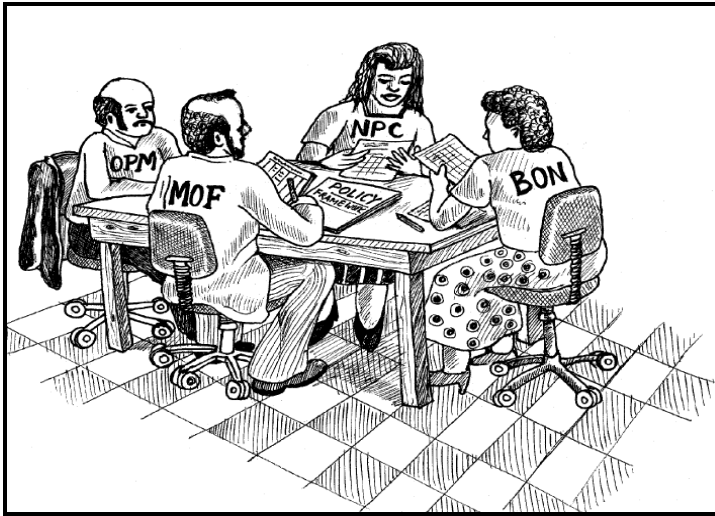
2.5.5.1 Budget Formulation

The financial or fiscal year in Namibia runs from 01 April to 31 March, and the budget for the next financial year is usually made public just before the beginning of that period, i.e. in February or March. The first steps in preparing the budget are, however, already taken towards the end of July of the previous calendar year.

In 1996, the cabinet took a decision to reform the budget system, which aimed at implementing a fully-fledged performance budget system, the Medium Term Expenditure Framework (MTEF) along with Performance and Efficiency Management Programme (PEMP), a measurement indicator of the new budget system. Since the 2001/02 financial year, the first MTEF and PEMP documents were published (Uukelo 2007). Under the MTEF, Namibia's current budgeting system is based on rolling budget framework and comprises of two funding streams, that is, the operational budget and the development budget. For the Operational budget, the process starts with the designing of the budget calendar and it contains the exact activities to be undertaken. The Ministry of Finance's Economic Policy Advisory Services (EPAS) formulates the Macroeconomic Policy Framework in consultation with Public Service Management (PSM) in the Office of the Prime Minister, the National Planning Commission Secretariat (NPCS), and the Bank of Namibia (BoN).

The development budget on the other hand reflects capital expenditure and the National Development Plan. It is aimed at improving the monitoring and implementation of development projects and is therefore formulated based on the macroeconomic policy framework. The MTEF is the main budget document that indicates the estimates of revenue, income and expenditure for the financial year as well as for future projects. It also contains information on funds provided by the development partners. Figure 7 below shows the players in the budget formulation process in Namibia.

Figure 7: The budget formulation process in Namibia



Source: Namibia National Chamber of Commerce and Industry (1998)

According to Sherbourne (2005), Namibia has implemented a homemade MTEF programme, which is different from the conventional MTEF. This means that Namibia has opted not to implement the conventional MTEF in its original form, but formulated its own version of MTEF instead. This has led some researchers to argue that Namibia does not have a MTEF, but a different tool, which could have been given a different nomenclature.

Figure 8 below lists some of the major differences between the conventional MTEF and Namibia version of MTEF.

Figure 8: The differences between the conventional MTEF and the Namibian MTEF version

Classic World Bank MTEF	Namibia's MTEF
Driven by Government and Donors	Driven by Government
Covers some sectors	Covers all sectors
Input focused	Outcome focused
Formulaic	Analytical
Influences the budget	MTEF is the budget

Source: Ministry of Finance (2005:28), Adopted from MTEF 2005/06 – 2007/08

According to the Namibia National Chamber of Commerce and Industry (1998), the macroeconomic policy framework that is developed by the Ministry of Finance's Economic Policy Advisory Services in collaboration with other government departments takes into consideration all the macroeconomic aspects of the Namibian economy and forms the basis on which to balance expenditure needs and the potential for revenue. This is then sent to Cabinet for approval, after which it is used by the Ministry of Finance to draw up budgetary guidelines which will be forwarded to different line ministries for them to prepare their draft budgets. Each ministry is supposed to have a budget committee which is responsible for drafting the ministry's budget. Ministries submit their expenditure estimates to the Ministry of Finance's treasury department and these are again discussed with the NPC and the respective individual ministries and the PSM, in order to reconcile expenditure requirements and the projected macroeconomic expectations and objectives. These include the deficit and debt benchmarks among others. The expenditure estimates are again submitted to the Treasury Cabinet Committee which presents these to Cabinet for approval of final ceilings. The Ministries will have the opportunity to readjust their expenditure proposals after the approval of the ceilings. The budget is then tabled in the National Assembly for approval.

2.5.5.2 Approval

Consistent with most democratic constitutions that make it a mandatory for all appropriations and taxation measures to be approved by Parliament before they can take effect, Article 126 of the Namibia Constitution which deals with appropriations makes it obligatory for the Minister of Finance to present the annual budget before the National Assembly for it to consider and approve it:

“The Minister in charge of the Department of Finance shall, at least once every year and thereafter at such interim stages as may be necessary, present for the consideration of the National Assembly estimates of revenue, expenditure and income for the prospective financial year. The National Assembly shall consider such estimates and pass pursuant thereto such Appropriation Acts as are in its opinion necessary to meet the financial requirement of the State from time to time (Sub-Article (1) and (2)).

The budget is therefore tabled in the National Assembly for approval around end of March or early April, on what has come to be known as the budget day, in line with Article 126 of the Namibian Constitution. On the day, which typically draws the attention of the media and the general public, the Minister of Finance submits the budget for the next financial year to the National Assembly and delivers his or her budget speech, reviewing the macro-economic background as well as explaining and justifying the revenue, expenditure and loan measures proposed in the estimates of revenue and expenditure for the current financial year”, (Namibia National Chamber of Commerce and Industry 1998).

Once the budget speech has been is tabled in Parliament, it is discussed in the National Assembly, with various Ministers defending their allocations. The Constitution of Namibia accords Parliament broad powers to increase and decrease the government’s budget and to initiate new areas of spending although in practice Parliament has not fully used these powers (NDI 2003). The National Council also considers the budget although the National Assembly has veto powers on the former in terms of its powers to amend the budget hence its role is nominal ratification. Once approved by Parliament, the Appropriation Bill is sent to the President for his assent in order for it to become an Appropriation Act, ready to be implemented by ministries and agencies in line with the State Finances Act and other relevant statutory regulations governing public finance management in Namibia.

2.5.5.3 Implementation and Accounting

The State Finance Act provides that the head of each Ministry who is the Permanent Secretary is appointed as the Accounting Officer with the responsibility of establishing and maintaining effective systems for the control of State funds under his/her charge. The Act further provides that the Accounting Officer may be held personally liable for funds within his or her charge, which have not been used in line with the approval given by the National Assembly. The main financial records of every Ministry are maintained centrally within the computerised financial systems operated by the Ministry of Finance (Namibia National Chamber of Commerce and Industry, 1998). The law requires that the books of accounts are closed at the latest six months after the end of the financial year. The Permanent Secretary of the Ministry of Finance is required to prepare and submit to the to the Auditor General, the appropriation

account in respect of his or her ministry, not later than seven months after the end of the financial year. The legislation defines the form and the contents of the account.

2.5.5.4 Audit and Reporting

Article 127 of the Namibian Constitution provides for the appointment of the Auditor General whose responsibility is to audit the State Revenue Fund among other functions assigned to him/her by the State Finance Act and reports annually to the National Assembly. The Auditor General does not get involved in the budget formulating process and is independent of the Government which decides the size and scope of the budget (Namibia National Chamber of Commerce and Industry 1998). The Constitution of Namibia guarantees the independence of the Auditor-General by providing that his/her appointment by the President must be approved by the National Assembly which is the only body that can remove him/her from office with two-thirds majority of all the members on narrowly defined criteria. The Auditor General audits the financial statements and records relating to budgeted funds. The duties of the Auditor General, as defined in the State Finances Act include that he/she shall:

- ❖ satisfy him/herself that the expenditure or payments in respect of which authorisation or approvals are required in terms of the Act or any other law, have been incurred or made under and in accordance with such authorisations or approvals and that there is proof and evidence to support such expenditure or payments;
- ❖ examine the adequacy systems and controls established by the Accounting Officers to safeguard the State's assets, such as cash, equipment, vehicles, and stores.

In terms of the Act, the Auditor General must transmit to the Minister of Finance the audited appropriation accounts, together with his/her certificate and report setting out the results of the audit, not later than the end of the following financial year. The report should include references to certain occurrences, such as expenditure in excess of approved budget and irregular expenditure. The Minister should table in the National Assembly, the audited accounts and the Auditor General's report within thirty days after receiving the audited accounts and the associated report. If the Assembly is not in session, the Minister must table these documents within fourteen days after commencement of the ensuing session. If

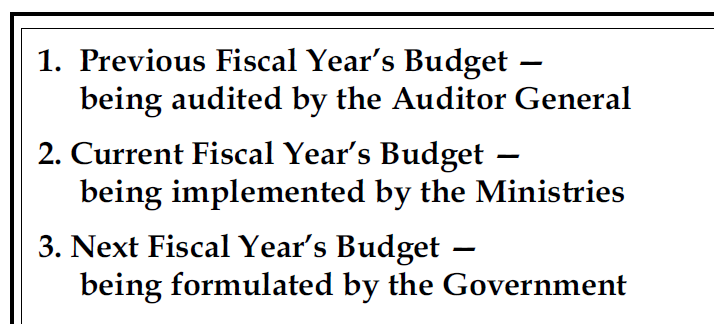
the Minister fails to table the audited account and the associated report of the Auditor General within the prescribed period, the Auditor General is required by the Act to transmit forthwith copies of the accounts and the report to the Speaker of the National Assembly who must present these documents immediately to the Assembly (Namibia National Chamber of Commerce and Industry 1998).

After receiving the audited accounts and the report, the National Assembly refers them to its Standing Committee on Public Accounts (PAC). The PAC is required to examine the audited account and the associated report, take evidence from the Accounting Officers of the ministries and, on the basis of their examination, make recommendations to the National Assembly. The Auditor General and his office provide considerable technical support to the PAC in its work. The support is by way of advice and guidance to the Committee and acting as its Secretariat, which involves drafting the Committee's reports to the National Assembly. The ultimate responsibility for these reports rests with the PAC.

The PAC's recommendations normally include actions to be taken by ministries to improve financial controls to prevent the recurrence of problems reported by the Auditor General, to recover irregular expenditures, or to collect revenue still due to the State. If necessary, the PAC could recommend invoking the personal liability of the Accounting Officer in relation to irregular expenditure. The PAC's recommendations, if accepted by the Parliament, become a legal requirement.

The budget cycle is typically a very lengthy and complicated process such that at any moment in time, as many as three different budgets may be moving along at different phases in the cycle:

Figure 9: Budget Cycle Phases



Source: Namibia National Chamber of Commerce and Industry (1998)

Given the long time it takes to complete this cycle and in view of the cumbersome systems and processes involved, irregularities can still occur in spite of all the checks and balances that are in place and it could take a long time before for they are uncovered. It is therefore imperative for mechanisms to be established along the line to ensure transparency and account ability in the management of public finances. This is why oversight bodies such as the legislature and the Auditor General's office are important.

2.5.6 Conclusion

From the literature reviewed, it is commonly agreed that legislatures the world over, perform basically the same functions which are oversight over the executive, legislative, representation of constituents' interests and provision of a forum for public debate on issues of national importance. It can however, be observed that these roles are performed differently in the various jurisdictions depending on the system of government that has been adopted, that is, whether it is presidential, semi-presidential, parliamentary or Westminster system of government. Relational powers between the executive and the legislative arms of government differ from one system to the other and from one country to another and affect the way each arm of government executes its functions. Legislatures with the same system of government may also have notable differences depending on the political party dynamics at play. These dynamics were explored in Namibia in particular to assess the role of Parliament and its committees in the budget process.

An overview of parliamentary democracy in Namibia before and after independence has also been provided. The centrality of Parliament in sustaining democracy and economic governance as the supreme representative institution through its oversight of the executive particularly on the budget has been demonstrated. This ensures transparency and accountability in public finance management, curbing corruption in the process. A comprehensive analysis of the budget process in Namibia was made and in the process the vital role that Parliament plays during each phase of the budget cycle. Parliament's role in public finance scrutiny, particularly through the national budget in Namibia was also analysed against regional and international good practices as a way of identifying the successes and challenges that Parliament face in this regard.

CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

3.1 Conceptual Framework

This research is undertaken within the broader good governance framework as postulated by the World Bank in the 1990s. Good governance has been defined as a societal state epitomised by “predictable, open, and enlightened policy-making; a bureaucracy imbued with a professional ethos; a strong civil society participating in public affairs; adherence to the rule of law, respect for basic human rights and freedoms, and judicial independence; consistent traditions and predictable institutions that determine how authority is exercised in a given nation-state” (UNECA 2002). Specifically, the research focuses on a subsector of governance called economic governance. Economic governance has been defined as being in existence in those economies where:

“...the institutions of government have the capacity to manage resources efficiently; formulate, implement, and enforce sound policies and regulations; can be monitored and be held accountable; in which there is respect for the rules and norms of economic interaction; and in which economic activity is unimpeded by corruption and other activities inconsistent with the public trust. The key elements contributing to an environment of good economic governance are transparency, accountability, an enabling environment for private sector development and growth, and institutional development and effectiveness” (UNDP, 2000).

The principal-agent model and agency theory was applied in analysing the role of parliament in fostering and deepening economic governance in Namibia, in particular through its role of ensuring public finance accountability through oversight of the budget process within the context of horizontal accountability. The agency theory is used in public sector management, specifically public finance accountability. In this context, the legislature is the agency while the public whom the parliament represents is the principal. The research therefore assessed the role of parliament, as the most important agent in ensuring public finance accountability, through budgetary scrutiny. Reference was made to other oversight institutions that assist Parliament to carry out its financial oversight role in Namibia, such as the Auditor-General's office.

Since Parliament's fiscal scrutiny role does not happen in a vacuum, the research also focused on what are considered to be cardinal determinants affecting Parliament's effectiveness in fostering public finance accountability such as the executive-legislative relations, the systems of government and the administrative and legal arrangements in Parliament including its research capacity, among others.

3.2 Methodology

Panneerselvan (2012) defines research methodology as a system of models, procedures and techniques used to find the results of the research problem. Bailey (1994, p.34) refers to it as a philosophy of the research process. This includes the assumptions and values that serve as a rationale for research and the standards or criteria the researcher uses for interpreting data and reaching conclusions. There is a wide range of alternative methodologies or approaches for understanding social phenomena in social science. These range from qualitative to quantitative methodologies.

The quantitative methodology advocates for a science of general laws or properties and as such thrives to discover regular patterns that hold in different times and places. The qualitative methodology on the other hand focuses on the particularities of the individual person, place or time under study without trying to generalise or discover universal laws (Dooley 1995). Traditionally, debates have centred on the relative merits and appropriate use of the two methodologies. However, recently, there has been a growing emphasis on advantageously combining the two methodologies in single studies. Thus Bulmers and Warwick (1993) observe that social science disciplines have critically examined the epistemological foundations of their data sources and have come to appreciate the limitations of single methods. Thus, many studies could be enhanced if a combined approach were taken.

The research is more inclined to the critical or mixed methodology. It utilises both interview and questionnaire techniques to capture the views of subjects. The following techniques were used in collecting both primary and secondary data:

3.2.1 Secondary Research

This technique involves analysis of documents that contain information about the phenomena. The documents vary greatly, that is some are primary and others are secondary documents. Mann (2005) refers

to primary documents as those that were assembled for the specific purpose of solving a particular research problem while secondary documents to those that were already recorded for some other purpose but used in the research project. The utilised internal documents included the verbatim record of proceedings and debates on the budget in the house, also called the Hansard as well as reports by the Standing Committees on budget related matters which were presented to the House during the period under review. The information gathered through this technique was quite useful in describing the role of Parliament and its Standing Committees in the budget process. The technique has the advantage of non-reactivity. That is, the behaviour of the subjects not being affected or influenced by the presence of the researcher.

3.2.2 Participant Observation

According to Bailey (1994, p. 244) a participant observer is a regular participant in the activities being observed and his or her dual role is generally not known to the other participants. The researcher takes advantage of working for a Regional Parliamentary body, SADC Parliamentary Forum, to which the Parliament of Namibia is a member. The Namibian Government also hosts the headquarters of the SADC PF. Moreover, the SADC PF's offices are situated in the Parliament Gardens, next to both Houses of Parliament. The researcher makes use of the proximity to attend some sessions of Parliament, in particular those related to the national budget.

The disadvantages with this technique are that the relationship between the researcher and the subjects and personal biases of the researcher may affect the observer's objectivity. However, the technique does not preclude the simultaneous use of other methods. Rather, Bailey (1994, p.244) notes that observations are often conducted as preliminary to surveys. Thus, in this research, data gathered through the survey method was used to verify the findings obtained through the participant observation method.

3.2.3 Survey Method

The researcher conducted personal interviews, which employed a questionnaire with open ended questions. To minimize the biases that could have been generated during participant observation, the researcher used self-administered questionnaires in which the respondents were asked to complete the questionnaires on their own. The method has the advantage of removing interviewer's bias. The method

assisted the researcher in discovering personal opinions of the respondents regarding the problems encountered by both the House and Standing Committees in carrying out oversight over the budget. It also helped the researcher to tap into the knowledge and experience of those people who are familiar with the subject under study.

3.2.4 Internet Search

This research is a single organisation issue but benchmarked against the role of Parliament and its oversight Standing Committees in the budget process in selected Parliaments. The literature for other Parliaments was readily available on the internet.

3.2.5 Sampling Method

The population of the study included the following;

- i) Presiding Officers of the National Assembly during the 5th Parliament
- ii) The Committee of the Whole House Committee, which is composed of all the 78 Members of the National Assembly;
- iii) The Committee on Standing Rules and Orders, the most dominant and policy-making body of the National Assembly;
- iv) Seven Standing Committees of the National Assembly during the 5th Parliament, namely,
 - a) Standing Committee on Public Accounts
 - b) Standing Committee on Economics, Natural Resources and Public Administration
 - c) Standing Committee on Foreign Affairs, Defence and Security
 - d) Standing Committee on Human Resources, Social and Community Development
 - e) Standing Committee on Information, Communication and Technology
 - f) Standing Committee on Women and Gender
 - g) Standing Committee on Constitutional and Legal Affairs
- v) Committee Clerks servicing National Assembly Standing Committees
- vi) The Auditor General
- vii) Stakeholders that interact with Parliament and Committees on budget issues

- viii) Budget experts who have been engaged by Parliament to assist Committees with analysing the budgets
- ix) Cooperating and technical partners that have been collaborating with Parliament on reforms related activities.

From the above population of the study, the researcher used purposive or judgmental sampling technique in order to come up with the study sample. That is, respondents were chosen on the basis of their knowledge on the subject of study. Thus, those respondents who best met the purpose of the study were chosen. For purposes of assessing the role of Parliament and its Committees in the budget process, this research focused on five Committees, namely,

- i) The Committee of the Whole House;
- ii) Standing Committee on Public Accounts;
- iii) Standing Committee on Economics, Natural Resources and Public Administration;
- iv) Standing Committee on Foreign Affairs, Defence and Security; and
- v) Standing Committee on Human Resources, Social and Community Development.

The Standing Committee on Economics, Natural Resources and Public Administration Budget as well as the Standing Committee on Public Accounts are the most critical to the study as they have the mandate to oversee the Ministry of Finance and financial matters and to analyse the reports of the Auditor General respectively.

The above Committees were deemed to be a representative sample of the National Assembly and its Standing Committees. However, reference was made to other Committees as and when necessary. The Committees were selected through the non-probability, purposive sampling technique. The selected Committees best met the requirements of the study as they included the Committee of the Whole House as well as the Standing Committees that deal with the pre and post-audits of the budget, the economic, security and social sectors of the economy.

The office of the Auditor General was also chosen because the Auditor General is required by law to submit audit reports to Parliament for scrutiny by the PAC.

Purposive sampling method is less complicated, less expensive, and may be done on a 'spur-of-moment' basis to take advantage of the available and perhaps unanticipated respondents without the statistical complexity of probability sampling (Bailey 1994, p. 94). In this study the researcher is mainly studying a single organisation and therefore, finds the purposive sampling method suitable. The researcher also believes that the Parliament of Namibia has a unique historical, social and political background and therefore located the study in an anti-positivist paradigm, which favours non-probability sampling methods.

CHAPTER 4: PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents the findings and discussions of the research based on the various research methods that were employed to gather and analyse data. As indicated in chapter one, the study sought to analyse how, through its oversight function over the Executive arm, Parliament ensures good economic governance in Namibia. This was done by evaluating the role of Parliament and its Standing Committees in the national budget process, i.e. its role during the various stages of the budget cycle, namely formulation, approval, implementation and accounting as well as audit and reporting. The research was undertaken against the general perception in many countries, including SADC Member States, that Parliaments are not as effective as they should or could be.

In order to assess the role of Parliament in fostering good economic governance in Namibia through its scrutiny on the budget, the research sought to answer the following key questions:

- i) Do Parliamentarians have the relevant skills, capacity and necessary support services to enable them to play an important role in the budget process?
- ii) Does the Ministry of Finance and other Government Ministries and Departments provide Parliament and its Committees with comprehensive, accurate, appropriate and timely information on budget related issues?
- iii) Is the legal framework in Namibia conducive to allow the legislature the space and scope to sufficiently exercise oversight in the budget process?
- iv) Are Standing Committees given sufficient powers and time to assess budgets for line Ministries and Departments?

As a way of ensuring that the various perspectives related to the above questions were covered by the research, nine specific determinants were identified and used to formulate questions that were used to solicit for information from the respondents who were identified as the representative sample for this study through a questionnaire and selective interviews. The determinants were as follows:

- i) Personal profile of the individual respondent;

- ii) Legislative powers in relation to the budget;
- iii) Time for scrutiny and timing of the budget presentation process;
- iv) Role and powers of Parliamentary Committees in the budget process;
- v) Independent technical and research capacity of Parliament on the budget;
- vi) Access to budget-related information;
- vii) Stakeholders' input prior to approval;
- viii) System of Government and relationship of Parliament with the Executive arm; and
- ix) Non-partisan approach to budget review business.

A detailed presentation on the findings relating to each of the above determinants as well as discussions on the same was done and form the main component of this chapter.

Out of the 80 distributed questionnaires, 55 (68.75) were returned. In spite of the competing demands for their time, most of the respondents showed interest in the subject of research and expressed not just their willingness to participate in the research as respondents but also their desire to read the final research findings and the recommendations. The reasons for the interest were varied. For Parliamentarians, their interest emanated from the growing knowledge of the electorate's legitimate expectation for them to hold the executive accountable as the elected representatives of the people. In the context of the above, a number of Parliamentarians indicated to the researcher that they were currently grappling with the question on how to overcome the various challenges that undermine their oversight function and thus hoped this research would address that concern. Parliamentary Staff, on the other hand, viewed the research as yet another independent evidence in support of their calls for the establishment of an independent and sufficiently capacitated secretariat to service Parliament and its Standing Committees under the Parliamentary Service Commission, separate from the Public Service Commission.

Civil society viewed the research as an opportunity to provide the most current information on the performance of the Namibian Parliament in fighting and preventing corruption and ensuring transparency and accountability in the management of public finances, thereby promoting good economic governance in the country. The natural interest that was shown in the research subject by most of the informants made it easier for the researcher to request them to complete the questionnaires and return them within the

stipulated timeframe. The significance attached to the research subject by various informants is probably one of the major reasons for the high number of completed and returned questionnaires. It also underscores the importance of the subject matter to stakeholders inside and outside Parliament.

As a mitigatory measure against the possible low number of questionnaires being returned, the researcher resorted to analysing Parliament's internal documents. This methodology strengthened research findings as it was possible to generalise the findings since survey responses were also supported by information gathered from Parliament's official internal documents such as Standing Committee reports, observations of Standing Committee meetings, and attendance to budget sessions and debates.

4.2 Personal Profile of the Individual Respondent

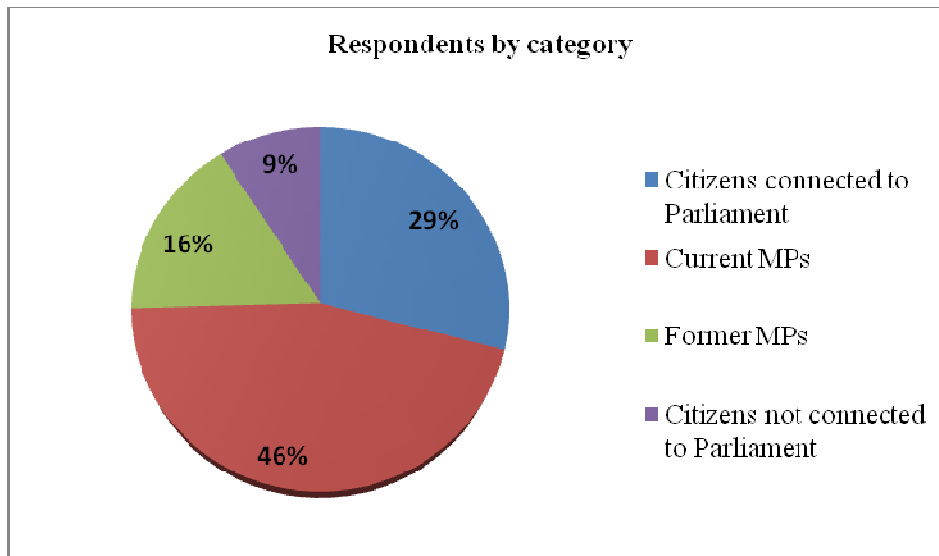
The research sought to establish the personal information of the individuals who formed part of the targeted respondents. These respondents were carefully chosen to represent the views of both internal and external stakeholders of Parliament. The 55 responses received were distributed as follows:

Figure 10: The Profiles of the Respondents

Responses	Frequency	Percentage
Citizens connected to Parliament	16	29
Citizen not connected to Parliament	5	9
Former Members of Parliament	9	16
Current Members of Parliament	25	46

It is important to note that the citizens that were connected to Parliament included Committee Clerks that serve the Standing Committees of the National Assembly. Figure 11 below shows the various categories of the respondents as a percentage of the total questionnaires returned.

Figure 11: Percentages of Respondents by Category



4.3 Legislative Powers

On the legislative powers, the research sought to establish whether the current legal framework confers sufficient powers on Parliament to exercise the budget scrutiny function and how often Parliament amends the budget that is proposed by the Executive before passing it. This was quite crucial because the significance of the role played by legislatures in the budget process largely depends on the extent and depth of the powers vested in Parliament and its Committees by the law of the country. Moreover, even where a legislature has legal authority to amend the budget presented by the Executive before approving it, it is not always the case that Parliament uses that authority, hence the need to have a measure of how often Parliaments amend the budget in practice.

Figure 12 below shows the respondents' views regarding how often Parliaments amend the budget that would have been proposed by the Executive.

Figure 12: Rating on how often Parliament amends the proposed budget

Responses	Frequency	Percentage
Very often	1	1.82
Fairly often	2	3.64
Hardly amend	49	89
Cannot judge	3	5.45

The above responses are quite revealing when compared with the fact that the majority of the respondents, (50) which is 90.9 percent, were of the opinion that the current legal framework in Namibia was very sufficient to give Parliament the requisite powers to effectively exercise budget oversight. Only 2 respondents (3.64 percent) said the framework was fairly sufficient, a mere 1.81 percent (1 respondent) was of the view that the legal framework was insufficient while only 2 respondents (3.64 percent) could not judge. This shows a gap between the powers that Parliament has in budgetary oversight and the extent to which Parliament actually uses those powers to ensure effective financial scrutiny. The disproportionate relationship between the unfettered powers accorded Parliament to amend the budget and its failure to use these powers could be due to various reasons including whether Parliament has such supportive institutions as the parliamentary budget office and the effect of political dynamics.

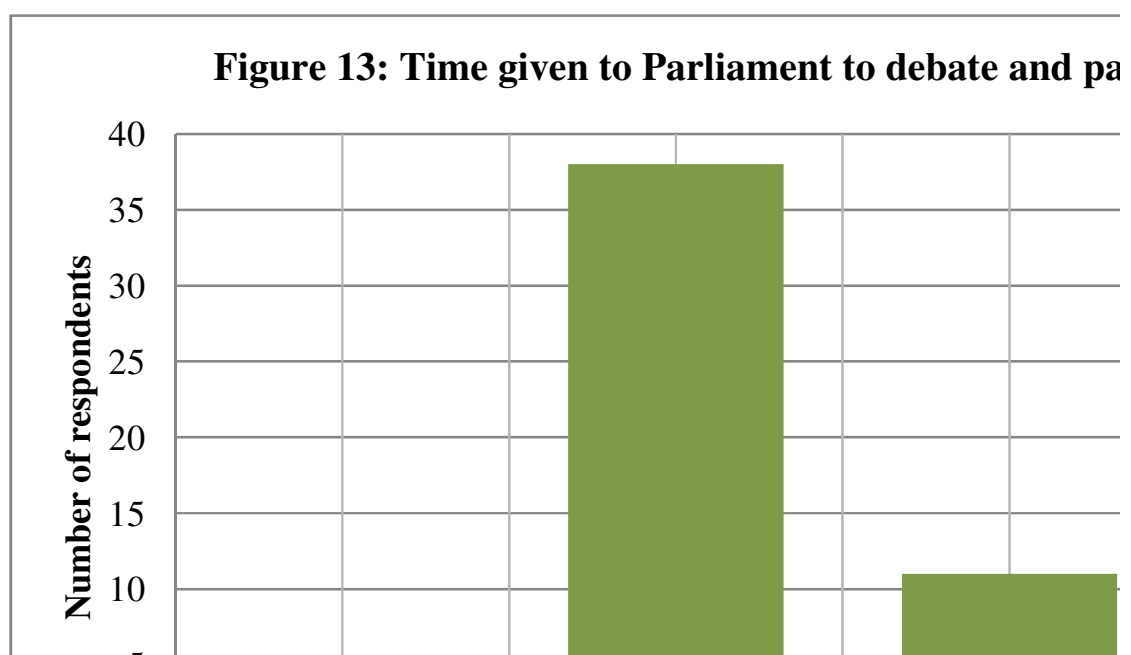
The ability to amend the budget as proposed by government is considered as arguably the most powerful oversight tool for a legislature to influence national policy as it enhances the public's involvement in economic governance and bolster transparency through monitoring of fiscal policy. The reluctance of Parliament in Namibia to use its powers to amend or reject the budget therefore reduces the legislature to a "debating society" that simply rubber stamps executive decisions, thereby denying the citizens a direct link to the economic governance of the nation (NDI, 2003, p.20).

4.4 Time for scrutiny and timing of the Budget Process

The research sought to establish whether Parliament is given ample time to scrutinise the draft budget before passing it into an appropriation act. It also set to find out whether the budget process is properly timed to allow the legislature optimum time to participate effectively. This is critical because a

benchmark of a minimum of three to four months has been given as the time required for meaningful analysis and scrutiny of the budget before final approval. Moreover, it has been observed that sufficient time alone is not enough as the budget ought to be tabled adequately in advance of the fiscal year to which it relates if the legislature is to make meaningful decisions on it, in particular on issues such as interim spending which often distorts budget priorities.

Regarding how much time is Parliament given between presentation and approval of the budget, the responses were as captured in Figure 13 below:



From the data, it can be seen that Parliament is generally allowed less time than the recommended international benchmark of 3 to 4 months, to debate and pass the budget. This means that there is no adequate time to analyse, scrutinise, amend or even reject the proposed budget. It would therefore, appear that the executive arm of government brings its draft budget to Parliament for rubber stamping rather than for scrutiny, let alone amendment. This practice in Namibia was also observed by the National Democratic Institute for International Affairs in its global survey report on Legislatures and The Budget Process of 2003, which notes that, “One impediment to careful review is the short timeframe afforded to the parliament. The government has presented the budget as late as March, less than one month before the

beginning of the fiscal year...The estimates for the various ministries have been reviewed by the Committee of the Whole House during the second reading of the bill, which lasts about 15 days” (p. 9).

It was therefore, not surprising that 50 of the 55 respondents (90.9 percent) were of the view that the time given to Parliament to review the budget before passing it was inadequate and therefore indicated that Parliament must be given a period of 3 to 4 months to consider the budget before enacting it into law through the Appropriation Act.

4.5 Role and Power of Parliamentary Committees

The researcher wanted to find out what role and what powers do the Parliamentary Committees play during the budget process, from approval right up to audit and reporting. This is important because research has shown that most Parliaments that are effective in budgetary scrutiny do so through Parliamentary Committees and that the delegation of budgetary roles to Parliamentary Committees strengthens Parliament’s role in this regard. By their very nature, budgets are quite complex; requiring technical and focused attention to understand. Parliamentary Committees by virtue of their composition and structure are therefore better suited to handle budget analysis than the entire plenary of Parliament. Concurring with the above observation, NDI (2003) indicates that anecdotal evidence is abound demonstrating that where committees play a strong and meaningful role in the budget process, subsequent debate in the chamber is centred on more substantive and pragmatic issues when compared with systems that have weak or non-existent committee systems, where debate is usually focused on broad policy issues.

4.5.1 Role that Standing Committees play in the Budget Process

On the question regarding the role that Standing Committees play in the Budget Process, the responses were as follows:

Figure 14: Rating on the role of Standing Committees in the Budget Process

Responses	Frequency	Percentage
An extensive role	10	18
A limited role	41	75
No role	2	4
Cannot judge	2	4

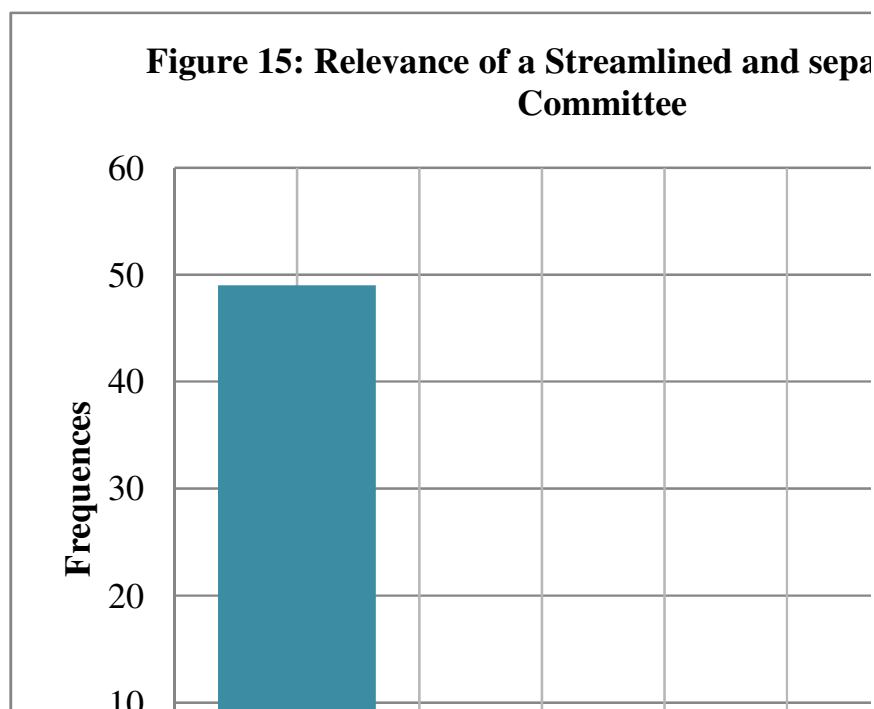
From the above survey results, it can be seen that the majority respondents, 75 percent, were of the view that Standing Committees of Parliament were playing a limited role in the budget process, compared with 18 percent which perceived that they had an extensive role. The later percentage could have been referring to the work of the Public Accounts Committee which was perceived to be an active Committee elsewhere in the survey. This trend was also confirmed by the internal documents of Parliament such as Committee reports where none of the Committees except the Public Accounts Committee, dealt with budget related issues in their oversight work during the period under review. Moreover, the terms of reference for Standing Committees, while underscoring that Standing Committees shall “receive reports on the performance of the respective Offices, Ministries, Agencies and State Owned Enterprises”, among other things, they are not explicit in mentioning budget monitoring and scrutiny as a critical function of the Committees. Although in principle there is nothing that would prevent Standing Committees from undertaking budget monitoring as part of their oversight work, the omission of this vital function could be interpreted to mean this is not viewed as a major function for Standing Committees by Parliament itself.

4.5.2 The relevance of a streamlined Standing Committee for Budget and Finance in Namibia

A related question under the role of Standing Committees in the budget process was how relevant would a streamlined Standing Committee for Budget and Finance be in Namibia. This was against the background that Namibia does not have a separate Budget Committee but rather has this responsibility placed within a Standing Committee with broad responsibilities, the Standing Committee on Economics, Natural Resources and Public Administration. Having a separate Committee dealing with the budget has

distinct advantages including the fact that since it would have no other jurisdiction it would not be overburdened by other issues such as natural resources, public administration and broad economic issues as is currently the case in Namibia.

Figure 15 below shows the responses on the issue of the relevance of a separate Budget Committee.



While Parliamentary Committees with broad mandates beyond budget can, with appropriate support, handle budget matters, the results of the survey above indicate that a majority of respondents interviewed believed that a separate and streamlined Standing Committee will be relevant in dealing with budgetary matters. This is consistent with evidence from elsewhere in the SADC Region and beyond where the establishment of a Budget Committee has been identified as a major benchmark in building the capacity of Parliament to review draft budget and to effectively monitor its implementation.

4.5.3 Effectiveness of the Public Accounts Committee in Scrutinising Audit Reports

Another perspective that was sought to be established by the survey within the context of the role of Committees in the budget process was on how effective is the Public Accounts Committee in

scrutinising audit reports submitted to Parliament by the Auditor General. This is crucial because the PAC has the sole responsibility of investigating government accountability to Parliament in terms of expenditure of public funds as approved by Parliament. It accordingly, examines the public accounts and audit reports and other documents submitted to Parliament by the office of the Auditor General. The PAC reports to Parliament and presents its recommendations to the government. The responses were as tabulated in Figure 16 below:

Figure 16: Rating on the effectiveness of the PAC

Responses	Frequency	Percentage
Very effective	35	64
Fairly effective	15	27
Ineffective	2	4
Cannot judge	3	5

A total of 35 respondents (64 percent) opined that the PAC was very effective in the performance of its role. The effectiveness of the Committee is further affirmed by 27 percent of the respondents who said that the PAC was fairly effective. The effectiveness of the PAC could be attributed to a number of reasons, including the fact that it has a fair balance of the parliamentary parties, that is, of the 13 members, 4 are from the ruling party while 9 are from opposition political parties. This allows for balanced approach to Committee business. Furthermore, the Chairperson of the Committee is from the opposition. This a time-honoured practice in the Westminster parliamentary tradition which is believed to enhance the independence of the Committee and demonstrate the ruling party's commitment to be kept under scrutiny. The PAC is composed of only backbenchers; MPs who hold cabinet posts are not members.

Four percent of the respondents are of the view that the PAC is ineffective. While this is an insignificant margin, these views could be ameliorated if, for instance, the framework under which the PAC is established is further strengthened. Currently the PAC is established in terms of the Standing Orders and this scenario is also found in other countries such as Guyana, Jamaica and Malta. However, it has been argued that PACs can be strengthened legally if they are established in terms of the Constitution or an Act of Parliament or both as is the case in countries such as Trinidad and Tobago.

4.5.4 Challenges Facing Standing Committees in Budgetary Scrutiny and Possible Remedies

The last part of the survey on the role of Standing Committees in the budget focused on two aspects, namely the challenges faced by Committees in their endeavour to ensure effective budgetary scrutiny where respondents were to tick all applicable responses and secondly an open ended question requiring participants to suggest possible remedies to the identified challenges. This is important because Parliamentarians and Committees of Parliament face a plethora of challenges in their bid to exercise scrutiny on the budget, ranging from inadequate skills and competences, political interference under the political party whip systems, inadequate institutional support as well as lack of relevant information on a timely basis.

Regarding the challenges that Parliamentarians and Standing Committees face in their effort to ensure effective oversight on the budget, the observed responses showed that lack of skills among Parliamentarians and Standing Committee members. One of the major challenges relating to the skills and competence gaps for MPs is low levels of education among Parliamentarians. For instance, there are no minimum education qualifications for someone to become a Member of Parliament. All one needs is to be a member of a political party, being on the party list and for the party to garner enough votes to earn seats in the National Assembly. This problem is not confined to Namibia alone but is rampant in most African countries and it affects the ability of members to meaningfully participate and contribute during debate on complex technical matters relating to public policy formulation such as the national budget.

Debate on the need to have minimum qualifications for Parliamentarians in Africa has taken place in various African countries particularly those that have been going through constitutional review processes in recent years such as Zambia, Zimbabwe and Kenya and has proven to be as controversial as it is unpopular among politicians themselves. The establishment of minimum qualifications for MPs would also make it possible for MPs to be allocated to Committees on the basis of their competences and experience.

Faced with the above situation, the National Assembly of Namibia, just like other Parliaments elsewhere on the continent, needs to develop various capacity development interventions to equip MPs as members of Standing Committees so that they meaningfully participate in and contribute to the business of Parliament. However, the high turnover of MPs at every general election, averaging 60 percent at regional

level, means Parliaments spend more money building capacities of MPs who may not be present in Parliament beyond their current tenure. This has led to calls for Parliaments to rather invest more in members of their staff who often serve as the institutional memory when the current MPs are gone and new ones come after every election cycle.

Inadequate institutional support to MPs and Standing Committees by Parliament received 45 responses out of a possible 55 as one of the challenges that MPs and Standing Committees were facing in their effort to fulfil their mandate regarding public finance scrutiny. The reasons for this state of affairs could range from lack of financial resources on the part of Parliament, resulting in it failing to put in place the requisite support structures for MPs and Committees. For instance, Budget Committees in developed legislatures are supported by a Parliament Budget Office which is manned, in some cases by as many as 50 permanent staff as in the case of Congressional Planning and Budget Office of the Philippines.

Namibia by contrast has no specialised budget researchers and each Standing Committee is served by a single staff member who may from time to time double up in terms of the number of Committees they have to service. The Parliament of Namibia also gets its staff from the Public Service Commission since it has no permanent staff of its own. Since Parliament's staff is paid by the Public Service Commission, the deployment and reassignment is done from there without paying due regard to the peculiarities of Parliament in terms of skills requirements. There would be need for Parliament of Namibia to establish a Budget Office to provide budget analysis as well as a Parliamentary Service Commission so that it can have its own staff to sufficiently service its Standing Committees.

A significant 50 responses indicated that political interference and political factors affected the effectiveness of MPs and Committees in budget oversight. Since budgeting does not happen in a vacuum, the broader national political context including the power relations affect the way in which Parliament and its Committees deal with the budget. Ultimately, how much influence Parliament has on the budget is determined by party political majorities. In Namibia SWAPO, the ruling party commands a two-thirds in Parliament and has been characterised as a dominant majority party which typically emphasises political party discipline and this could easily weaken the legislature's ability to influence the budget. Under strong parties, typically MPs are afraid to be critical of government in their scrutiny of government accounts as this could strain their relationship with the party and all the risks that come with it. The fact that Members

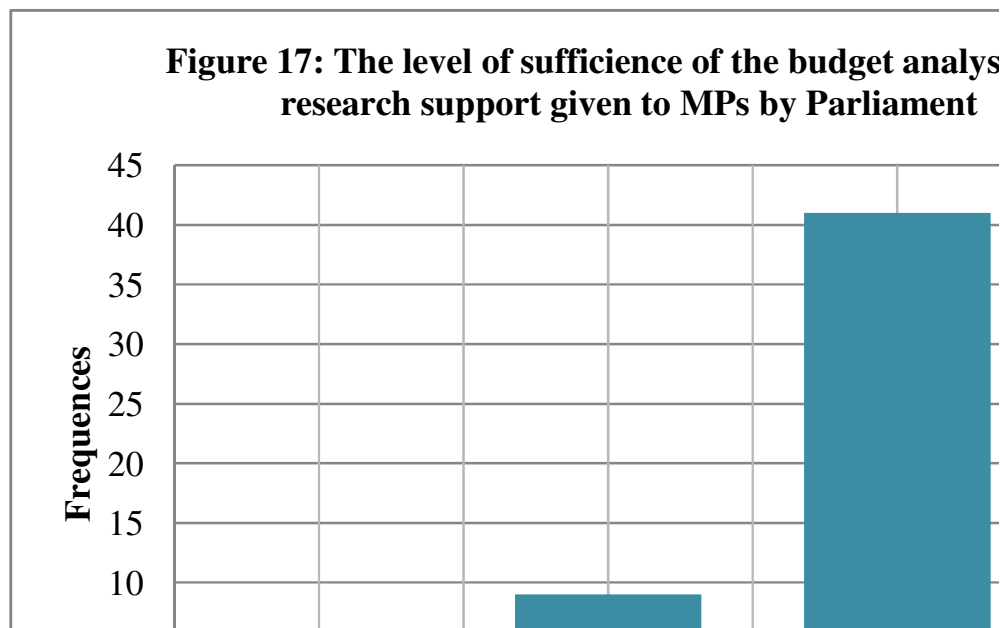
of the National Assembly are elected on a proportional representation system based on a political party list gives overbearing powers to the party headquarters over their individual party members. Moreover, the MPs with cabinet posts are more than the backbenchers and that has the net effect of undermining the ability to exert oversight over the Executive including on the budget. Other political factors include the fact that most parliamentarians view scrutinising government accounts as a job that gives limited visibility to legislators and this de-motivates those that are seeking re-election.

Lastly, 45 responses singled out absence of relevant information on a timely basis to Parliamentarians and their Committees as a barrier to effective budget oversight. Parliamentarians require accurate and timely information for them to make meaningful contributions throughout the budget cycle.

4.6 Independent Technical and Research Capacity on the Budget

The research sought to find out the extent to which Parliament has institutional support mechanisms for Standing Committees so that they are able to exercise budgetary oversight effectively. This is critical because the availability of quality technical advice to Budget Committees and Public Accounts Committees, all other factors being constant, will enhance their oversight capacity in respect of the budget. Thus research has confirmed that most legislatures that are more robust in budgetary oversight have substantial own budget research capacity.

The first question under this category was whether respondents thought the budget analysis and research support given to MPs by Parliament was sufficient and the responses were as per the graph below:



The emerging picture from the survey was that Parliament currently doesn't provide sufficient support to MPs in terms of budget analysis and research. This view was shared by a significant majority of the respondents, 75 percent. The absence of a Parliamentary Budget Office and qualified economists to do budget analysis could be part of the reason why the majority felt that the current support structures in Namibia are far from being adequate. It is important to note that given the complexity of the budget as a public policy instrument, there is need for MPs to be capacitated to analyse the national budget, if they are to meaningfully foster budget oversight. Standing Committees in Namibia are assigned one committee clerk on a permanent basis and largely rely on external input for technical advice and respondents seem to suggest that this is not adequate or sustainable. The absence of technical advisory capacity on the part of Parliament was also confirmed by its own internal documents in the form of PAC report in 2004 which registered the Committee's need for enhanced human resource capacity by way of adequately trained technical staff to undertake budget planning and auditing.

The absence of sufficient support mechanisms for budget analysis could be one of the major reasons why, in spite of the unfettered legal powers vested in the National Assembly on the budget, where it can amend or reject the proposal by the Executive, the Parliament has hardly used these powers since independence in 1990. In other words, legal powers are necessary but not sufficient for the effectiveness of

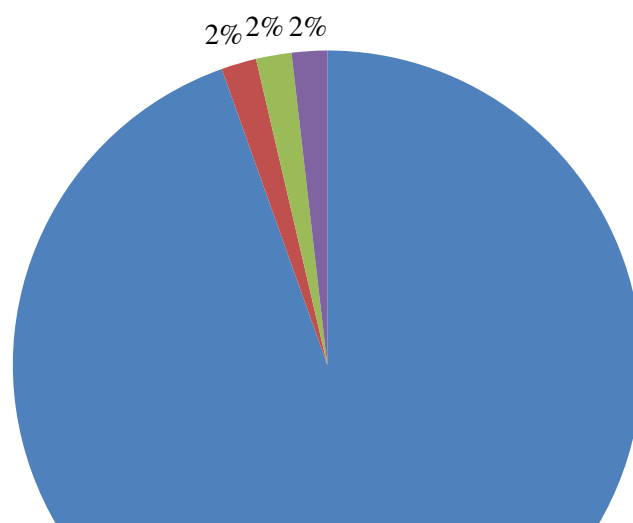
Parliament in the budget process; technical capacity and political space are critical if Parliament is to optimally use its legal authority to shape budgets. Apart from establishing a budget analysis unit, Parliament's research capacity could also be supplemented with input from independent think tanks, academics and private sector economists.

Only 5 percent were of the view that the current structures and facilities are very sufficient, while 16 percent opined that the current state of affairs was fairly sufficient. This could have been influenced by the demonstrated visibility and efficiency of such Parliamentary Committees as the PAC, whom many respondents considered to have been fairly effective in the execution of its mandate. The 4 percent that could not judge could be citizens that are not directly connected to Parliament and would therefore have limited knowledge on the subject.

4.6.1 Relevance of a Parliamentary Budget Office in Namibia

Confirming the need to strengthen budget analysis and research support given to MPs by Parliament, 94 percent of the respondents indicated that a Parliamentary Budget Office is very relevant in Namibia while the other response options of "fairly relevant", "irrelevant" and "cannot judge" only got a 2 percent each as shown in Figure 18 below.

Figure 18: Relevance of a Parliamentary Budget Office



4.7 Access to information

The researcher sought to establish the extent to which budget-related information is accessible to MPs. This is vital because for Parliament to make sound decisions, particularly on the budget, it needs comprehensive, accurate, appropriate and timely information supplied by the executive and the Auditor General. The availability of information is one cardinal factor which can easily affect the effectiveness of Parliament and its structures in their oversight work. Thus OECD for instance, has developed benchmarks on documents that should accompany the proposed budget submitted to the legislature by the executive.

The responses from the 55 respondents were as given in the table below:

Figure 19: Accessibility of Budget-Related information to MPs

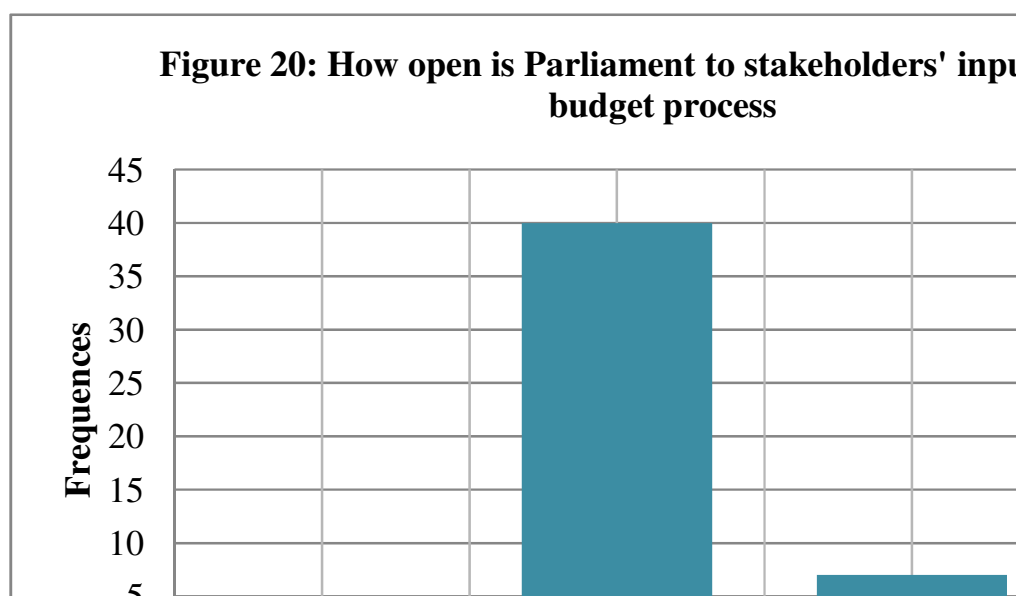
Responses	Frequency	Percentage
Readily available	37	67
Fairly available	10	18
Difficult to access	3	5
Cannot say	5	9

A significant majority of the respondents, 67 percent, were of the view that budget related information is readily available to MPs. When considered with the fact that a further 18 percent said that budget information is fairly available, it can be concluded that generally budget and related information is available to MPs. This was further confirmed when respondents were asked to list some of the information accompanying the budget speech and the following documents were cited: projects documents, MTEF, Accountability reports, votes and estimates. These supporting documents that accompanies the budget speech, in particular, the Mid Term Expenditure Framework, are vital as they contain the narrative which outlines the policies underlying tax and spending proposals. This gives the full policy context in which the budget would have been developed and this helps MPs and staff alike to fully understand and evaluate the extent to which the budget is aligned to the current government policy.

4.8 Stakeholders' Input during the Budget Review Process

The researcher sought to find out how open is Parliament to the participation of stakeholders, that is, public, civil society and media, during its budget review process. This is vital because an accessible and responsive Parliament is a critical cornerstone to democratic governance in any country, by virtue of its constitutional mandate to enact laws, oversee executive policy implementation and representing citizen interests. After all Parliament gets its legitimacy from these key stakeholders. Parliament's openness also allows MPs the chance to engage the public and allow them to input into Parliament business including legislation and public policy such as the national budget. Furthermore, an open Parliament guarantees the rights of citizens to participate in decision making and governance processes, which are key components of international human rights instruments. The emergence of ICTs have created various platforms that enable Parliaments and other government institutions to further enhance the participation in governance and decision making processes by key stakeholders such as citizens, the media and civil society.

Regarding the openness of the Parliament of Namibia to stakeholders, the responses were as shown in the graph below:



From the above data, a significant majority of the respondents, that is 40 (73 percent) are of the view that Parliament is fairly open to the participation and input of stakeholders in the budget process. This

positive trend is further affirmed by another 9 percent of the respondents who say that Parliament is very open. This was also confirmed in Parliament's own internal documents which indicated that usually a post-budget workshop is held with stakeholders to allow both MPs and stakeholders to analyse the budget and understand it. The fact that Parliament and stakeholders are perceived to share a cordial relationship is quite commendable as it augurs well for fostering transparency and accountability through budget oversight. Research from elsewhere show that Parliaments and stakeholders, particularly civil society and the media, share a frosty relationship with the former perceiving the latter as seeking to intrude into its exclusive turf. If the role of Standing Committees in the budget process is further enhanced as proposed elsewhere in this research, it is envisaged that Parliament will further strengthen economic governance in Namibia since stakeholder participation is optimum and meaningful in Committees. This will take care of the 13 percent that perceives Parliament as not open. Such efforts will also accommodate the 5 percent that could not make a judgement presumably on the basis of lack of adequate information on the subject matter.

On how seriously does Parliament considers stakeholders' views in reviewing the budget, the responses were given as tabulated below:

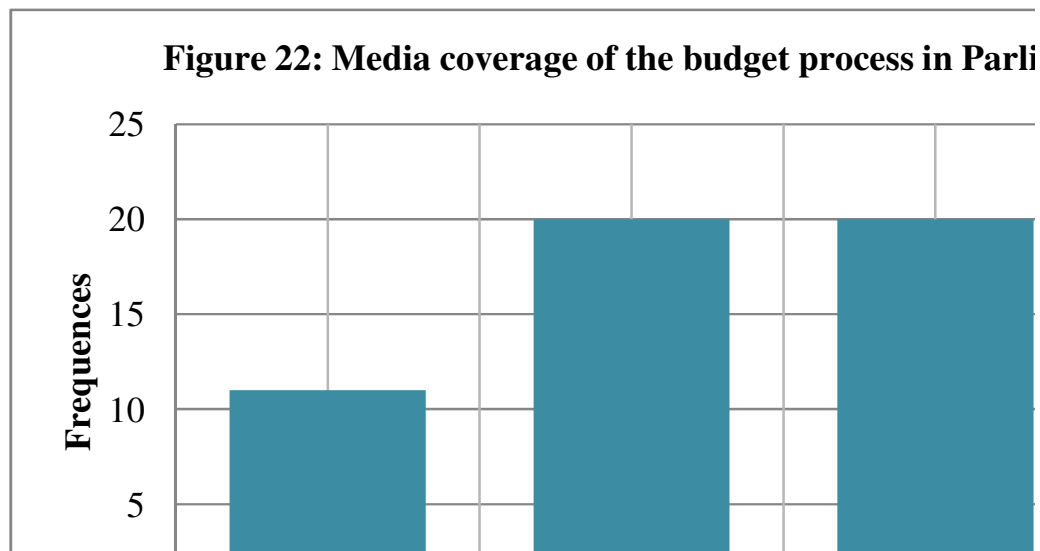
Figure 21: How Seriously Parliament considers stakeholders' views on the budget

Responses	Frequency	Percentage
Very seriously	10	18
Fairly seriously	35	64
Not seriously	4	7
Cannot judge	6	11

The majority of the respondents, 35 (64 percent) were of the view that Parliament takes fairly seriously, the view of the stakeholders. A further 18 percent says Parliament takes these view very seriously, putting the total responses in the positive in the region of an absolute majority. This trend is consistent with those expressed by the respondents in relation to the openness of Parliament to stakeholders' participation in the budget process. The above responses puts the Parliament of Namibia in good light as an open and democratic institution that promotes democratic governance by allowing the public, civil society and media to meaningfully participate in public policy formulation and decision

making processes. Nevertheless, efforts still need to be made to ensure that the concerns of the 7 percent that perceived Parliament as not taking stakeholders' views seriously are addressed.

On media coverage of Parliamentary budget sessions, the research sought to establish how the media covered the budget session in Parliament. The results of the survey are as shown in the graph below:



From the above data, 36 percent of the respondents opined that the media was fair in its coverage of the budget process in Parliament. Coincidentally, another 36 percent of the responses indicated that there was poor coverage by the media. However, when analysed together with the 20 percent that perceived the media coverage to be very good, the total number of those who viewed media coverage as positive became a significant majority of 56 percent. The possible reasons for perceptions of poor media coverage include the tendency by the media to view the budget as a one day event, namely the budget speech by the Minister of Finance. Often the media does not project the budget as a proposed draft legislation brought to Parliament which Parliament can even reject or amend before it is adopted to become the Appropriation Act. Rather the budget statement is usually projected as a policy statement cast in stone which Parliament must simply rubber stamp. Accordingly, the media comes up with such biased headlines as “All eyes on the Minister of Finance” in the week of the budget statement when there is no equal emphasis on the budget

debate in Parliament before adoption. There is therefore need for Parliament to educate the media on the budget process so that the context of its reportage is accurate and less sensational or executive biased.

4.9 System of Government and Relationship with the Executive

The researcher sought to establish how the system of government in Namibia affected the Legislature-Executive relationship and ultimately the effectiveness or otherwise of the legislature in budget oversight. This is important because the type of government, whether presidential or parliamentary, has implications on the fiscal framework in the country.

On the question of attendance to Parliament session by Ministers to answer questions from backbenchers, the responses were as given in the table below:

Figure 23: Attendance to Parliament Sessions by Ministers to answer questions by backbenchers

Responses	Frequency	Percentage
Always in attendance	1	2
Attend regularly	41	75
Poorly attend	9	16
Cannot judge	4	7

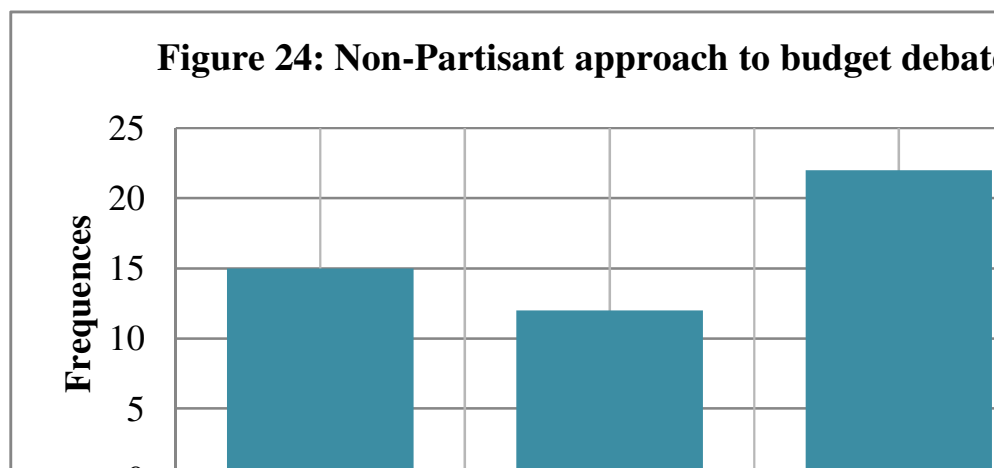
From the responses, ministers regularly attend Parliament sessions as testified by 75 percent. However, 50 percent of those respondents indicated that there was no correlation between attendance to Parliament sessions by ministers and answering of questions by backbenchers. Internal records of Parliament show that some questions lapse without being answered in spite of the relevant ministers attending Parliament regularly. Part of the reason why ministers have no respect of the business of Parliament is that under the Westminster system of government used in Namibia, there is no ultimate separation of powers between the executive and the legislature. The blurred separation of powers between the executive and the legislature renders Parliament and its committees ineffective in budget oversight. The relatively bigger proportion of MPs with cabinet posts in Parliament undermines the oversight function of Parliament. There is therefore need to amend the constitution in relation to the size of cabinet, to align it

with international benchmarks on safeguarding against the possibility of upsetting the balance of power in Parliament which has potential to limit parliamentary oversight capacity.

4.10 Non-Partisan Approach to Budget Review Business

The respondents were asked through a questionnaire, how they would characterise the nature of debate on the Budget in the House. This is important because if MPs are partisan in their approach, that would be likely to stifle open debate. On the other hand, a non-partisan stance shows that MPs are free from undue political influence by their political parties and can therefore be critical of government in their oversight work irrespective of their political affiliation.

The responses are as captured in the graph below:



From the above data, 40 percent of the respondents perceive plenary debate on the budget to be partisan while 27 percent hold an opposing view as they believe that such debate is non-partisan. Twenty two percent opined that it is balanced while 11 percent could not judge. The view by the majority of the of the respondents that budget debate in the chamber is of a partisan nature is not surprising since MPs tend to use debate on the house to “dance” to the gallery or for posturing and showing off rather than for focused and substantive debate. For this reason, parliamentary development practitioners have in recent years, been recommending that Standing Committees be given more substantive roles in the budget process as these tend to have more time for sober deliberations and dialogue with ministers, away from the public eye. This

lends credence to the growing calls for the establishment of a stand-alone Budget Committee as well as the review of the terms of reference for Standing Committee to prioritise budget oversight and monitoring.

4.11 Conclusion

The research findings have shown that the powers vested in the legislature with regards to budget oversight is one of the major factors affecting the effectiveness of Parliament in this regard. It was however, shown that having the powers alone is not sufficient as some Parliaments have unfettered powers to reject or amend the proposed budget but in practice have never done so as is the case in Namibia. The essential role of Standing Committees as the ‘engine rooms’ of Parliament in budgetary oversight was proven and underscored. Other factors affecting the effectiveness or otherwise of Parliament in budgetary scrutiny were tested in Namibia and the findings were quite informative.

These factors include the time for scrutiny and timing of the budget presentation process, where, in line with widely held international benchmarks, Parliament requires between 3 to 4 months in order to sufficiently scrutinise the draft budget; the essence of the technical and research support to MPs by Parliament which is vital in building the capacity of MPs to undertake their work; and access to budget-related information on a timely basis and the importance of the input by various stakeholders namely the public, civil society and the media. The system of government in place which in turn affect the relationship between Parliament and the Executive arm, including the principle of separation of powers to ensure check and balances was also tested in Namibia and so was the non-partisan approach to budget review business by MPs and how that effected oversight issues.

CHAPTER 5: DISCUSSIONS

5.1 Introduction

It is evident from the research findings that through budgetary scrutiny, Parliament plays a central role in ensuring transparency and accountability in the management of public finances. Through the probity function, Parliament reduces abuse of public funds and corruption in the public sector, thereby enhancing good economic governance in Namibia. This chapter therefore discusses the extent to which each of the identified internal and external determinants affect the effectiveness of Parliament in the budgetary process based on the research findings.

5.2 Analysis of the Personal profiles of the individual respondent

As indicated in the previous chapter, 55 out of 80 questionnaires that were distributed to the targeted sample were completed and returned, representing 69 percent. This is quite high given that most of the respondents were typically busy with other engagements. There are various possible reasons for this trend, including the acknowledged fact that the topic under research was a contemporary issue which the Parliament of Namibia was grappling with. Thus the research findings were viewed as potential solutions to some of the problems the legislature was facing. Another plausible reason for the interest could be the ongoing Parliamentary Reforms in the SADC Region in the context of operationalising *Benchmarks for Democratic Legislatures in the SADC Region* under the auspices of the SADC Parliamentary Forum. In fact on the 28 and 29 May 2013, the Parliament of Namibia became the second Parliament in SADC after Botswana, to host a workshop for MPs and management staff of Parliament to consider strategies for the adaptation of the benchmarks.

Another notable trend from the research regarding the respondents relates to the high number of current MPs that participated in the survey and managed to complete and return the questionnaires. This category represented the highest number of respondents with 26 MPs, representing 46 percent of the respondents. This could depict the growing interest in issues of budgetary oversight and economic governance among sitting Parliamentarians. The participation of former Parliamentarians gives the research vital historical perspectives. Citizens connected to Parliament included staff of Parliament and representatives of civil society organisations that work with Parliament. The former group's views are

important and informative since they are familiar with the goings on in Parliament and their assessment is a close reflection of the state of affairs. Civil society representatives on the other hand gave the necessary balance by providing an outside view. Lastly, citizens not connected to Parliament were ordinary citizens whose knowledge of the role and work of Parliament in budget oversight is limited. This category were the majority of those who could not provide judgements in many of the questions asked.

5.3 Legislative powers in relation to the budget

It is irrefutable that the power to amend the budget as proposed by government is arguably the most powerful oversight tool through which Parliament can influence national policy and bolster transparency and accountability. However, it has been observed that most constitutions in developing democracies tend to be highly restrictive on Parliament's role in the budget. In the case of Namibia, although Parliament has unlimited powers to emend the proposed budget accorded by the constitution of the Republic, research has shown that it has never used these powers since independence in 1990. This state of affairs demonstrates that although legal powers to amend the budget are necessary, they may not be sufficient to make Parliament effective in budget oversight. There are other important factors such as the political dynamics, including the domination of the Executive arm and party discipline enforced through the whip system, particularly where there are dominant political parties. The absence of such supportive institutions as the parliamentary budget office and research unit is likely to affect the overall effectiveness of Parliament in executing its budgetary oversight role.

One of the main challenges identified in the research regarding ineffective oversight on the Executive arm by Parliament relates to the presence of members of cabinet, that is, ministers and deputy ministers, in Parliament in more numbers than the backbenchers. This becomes more complex when one considers the fact that most cabinet ministers are more senior members of the ruling party than their counterparts who are backbenchers. This therefore puts pressure on the backbenchers who would therefore not want to be seen to be openly opposing not just their own party but also their senior party leaders. Moreover, MPs are elected through a party list which rewards party discipline and thus gives the headquarters more powers and control. This makes Parliamentarians vulnerable, having to choose between being critical and robust in their legislative oversight role or toeing the party line for career survival. In the

end, MPs lack motivation to be critical on the Executive arm's proposals including the budget. In most cases, MPs end up seeing themselves as being groomed for appointment to Executive posts rather than as career legislators.

Related to legislative powers on the budget, the research also revealed that there was misalignment between Section 27 of The State Finance Act and Article 127 (2) of the Constitution. Whereas Article 127 (2) of the Constitution states that "The Auditor-General shall audit the State Revenue Fund and shall perform all other functions assigned to him or her by the Government or by Act of Parliament and shall report annually to the National Assembly thereon." Section 27 of the State Finance Act in particular subsection (1) requires the Auditor-General to transmit accounts, certificate and a report of audits to the minister of finance who will in turn present this report to the National Assembly. This provision in the State Finance Act is *ultra vires* the constitution as it effectively undermines the requirement in the constitution for the Auditor General to operate independently and to report to Parliament. Given that the Minister of Finance represents government on all financial matters, requiring the Auditor General to submit audit reports to the same Minister effectively makes the Minister the judge and the jury. It is therefore necessary for Parliament to review section 27 of the State Finance Act and align it with Article 127 (2) of the Constitution which requires the Auditor General to "report annually to the National Assembly thereon."

5.4 Time for scrutiny and timing of the budget presentation process

One of the salient findings of the research was the general limited time that Parliament is given to review the budget before passing it into legislation as the Appropriation Act. There has been evidence that in some cases the Ministry of Finance has presented the budget as late as March, leaving less than one month before the commencement of the next financial year. This falls far short of the international benchmark of 3 to 4 months that Parliament should be allowed to review the budget before passing it in to law. The fact that the Executive has in some cases presented the budget with less than a month before the beginning of the next fiscal year shows that it always expects Parliament to rubber stamp and fast track the budget as proposed without much scrutiny or amendment. This practice has created a situation where the budget, just like most bills, passes through Parliament rather than being passed by it. In view of the foregoing, it would be imperative for a legislation to be enacted requiring Parliament to be given sufficient

time to consider, review and even amend the proposed budget. This would also allow Parliament to widely consult with citizens and other stakeholders before approving the budget.

5.5 Role and powers of Parliamentary Committees in the budget process

The research confirmed that parliamentary committees play a central role during the budget process, from approval right up to audit and reporting. This was due to a variety of reasons including the fact that by their very nature budgets are quite complex and therefore need technical capacity to unpack and understand. Furthermore, because of their small numbers and political balance in membership, parliamentary committees are able to critically scrutinise the budget in a non-partisan and professional manner when compared with the whole house.

The research further showed Standing Committees in Namibia were generally weak and less robust and played very limited role in the budget process. Thus as many as 75 percent of the respondents were of the view that Standing Committees of Parliament were playing a limited role in the budget process, compared with 18 percent who thought otherwise. Of the 18 percent who opined that Committees were playing an extensive role in the budget process, the majority could have been referring to the Public Accounts Committee which was the only Committee that was perceived to be actively involved in ex post audit analysis. The efficacy of the Public Accounts Committee was also confirmed by the internal documents of Parliament such as Committee reports. Of all the Standing Committee reports that were reviewed, only those of the Public Accounts Committee dealt with budget issues, particularly the Auditor General's audit reports. There is therefore need to review the terms of reference for Standing Committees and prioritise the monitoring and scrutiny of the budgets of the respective Ministries, Departments and Agencies they oversee.

In view of the fact that Namibia does not have a separate Budget Committee, but rather has this function falling under a Standing Committee with broad responsibilities, the Standing Committee on Economics, Natural Resources and Public Administration, the research showed that there was an overwhelming need to establish a stand-alone Budget Committee as reflected by the results of the survey. The establishment of a Budget Committee would be a major step in mainstreaming budget oversight in the work of Standing Committees since this Committee would be solely dealing with budget related matters in

Parliament. The research findings in this regard, echoes with the SADC benchmark relating to budget oversight where the establishment of a Budget Committee has been identified as a requirement in SADC Parliaments in order to ensure effective review and monitoring of the budget.

Another perspective that was evaluated under the role of Standing Committees in the budget process was how effective is the Public Accounts Committee in scrutinising audit reports submitted to Parliament by the Auditor General in line with the Constitution and the State Finance Act and its recommendations to government in order to enhance the management of public funds. The effectiveness of the Public Accounts Committee as currently constituted was confirmed by 64 percent of the respondents. One of the reasons for the effectiveness of the PAC could be fair political balance in terms of its membership. Of the 13 members making up the PAC, only 4 are from the ruling party while 9 are from the opposition. This balanced political composition augurs well for a non-partisan approach to the business of the Committee. Moreover, the PAC is composed of only backbenchers as MPs who hold cabinet posts are excluded from its membership. The independence of the PAC is further strengthened by the fact that the Chairpersonship is held by a member of the opposition party. This is consistent with the time-honoured practice under the Westminster parliamentary tradition where the Public Accounts Committee is always chaired by the official opposition and this does not only enhance the independence of the Committee but also demonstrates the ruling party and government's commitment to be kept under scrutiny.

The research also revealed that the PAC was established in terms of the Standing Orders of Parliament. While this is also the case in other countries such as Guyana, Jamaica and Malta, the powers and functions could be further strengthened if it is established in terms of the Constitution or an Act of Parliament or both, as is the case in countries such as Trinidad and Tobago.

The research also established that there are a plethora of challenges bedevilling Standing Committees in their operations which have potential to stifle their capacity to undertake budget oversight. These include inadequate skills and competences, political interference under the political party whip systems, inadequate institutional support as well as lack of relevant information on a timely basis.

5.6 Independent technical and research capacity of Parliament on the budget

The research revealed glaring capacity gaps in Parliament's capacity to provide the relevant institutional support mechanisms for Parliamentarians in order for them to be effective in exercising budgetary oversight. Since Parliament does not have adequate technical and research capacity, Parliamentarians are therefore rendered ineffective as they lack the capacity to do budget analysis and related research. The situation is further complicated by the generally low levels of education among Parliamentarians since there are no minimum educational qualifications for someone to become a Member of Parliament. The absence of minimum qualification requirements means that the majority of the Members of Parliament lack the requisite competences to analyse critical policy documents such as the national budget.

In view of the above, a majority of the respondents viewed the establishment of a Parliamentary Budget Office with qualified economists to do budget analysis for MPs and staff as one of the key strategies in addressing the problem of inadequate technical and research capacity. Establishing the Budget Office will go a long way in capacitating Parliamentarians to be able to scrutinise complex public policies such as the national budget. The absence of sufficient support mechanisms for budget analysis could be one of the major reasons why, in spite of the unlimited legal powers given to the National Assembly by the constitution regarding the budget, the legislature has hardly used these powers since independence. In addition to establishing an independent budget analysis unit, the Parliament could also have formal collaboration with independent think tanks, academics and private sector economists.

In addition, for purposes of ensuring that the human resources needs of Parliament are adequately met, the research revealed that a Parliamentary Service Commission should be established. This body should be distinct and separate from the Public Service Commission and must ensure that Parliament recruits and retains competent and professional staff.

5.7 Access to budget-related information

On the accessibility of budget-related information to MPs, which information, enables them to make sound decisions, the research revealed that Parliament was being provided with appropriate and sufficient information by the Executive arm and the Auditor General. The introduction of a fully-fledged

performance budget system through the Medium Term Expenditure Framework (MTEF) in 1996, along with Performance and Efficiency Management Programme (PEMP), a measurement indicator of the new budget system, has gone a long way in ensuring the provision of adequate information accompanying the budget speech. Some of the documents that often accompany the budget speech include projects documents, MTEF, Accountability reports, votes and estimates. These supporting documents that accompany the budget speech, in particular the MTEF, are vital as they contain the narrative which outlines the policies underlying tax and spending proposals. This gives the full policy context in which the budget would have been developed and this helps MPs and staff alike to fully understand and evaluate the extent to which the budget is aligned to the current government policy.

Under the MTEF, Namibia's current budgeting system is based on a rolling budget framework and is comprised of two funding streams, that is, the operational budget and the development budget. The development budget on the other hand reflects capital expenditure and the National Development Plan and is intended to improve monitoring and implementation of development projects and is therefore formulated based on the macroeconomic policy framework. The MTEF is the main budget document that indicates the estimates of revenue, income and expenditure for the financial year as well as for future projects. It also contains information on funds provided by the development partners, something that is not common in most developing countries where donor funds are not reflected in the budget and yet they comprise a significant or even a major part of the budget.

5.8 Stakeholders' input prior to approval of the budget

The research showed that Parliament generally opens its business to the participation of stakeholders such as the public, civil society and media and also takes their input very seriously during its budget review process. Such an approach makes the Parliament accessible and responsive, which is vital for the promotion of democratic governance in the country. This also guarantees Parliament's legitimacy as the supreme representative institution. It also guarantees the rights of citizens to participate in decision making and governance processes in line with international human rights instruments.

The research also revealed that the media generally gave fair coverage of the budget session in Parliament. This is due to the fact that the budget day is usually covered by all mass media, both print and

electronic whether private or public. However, there were also significant perceptions of poor coverage by the media which could be attributed to the fact that the media tended to approach the budget session as a one day event, namely the budget speech by the Minister of Finance, rather than a process. Thus it fails to project the budget as a proposed draft legislation brought before Parliament and that Parliament has powers in terms of the law to amend or even reject the draft proposed by the Executive. This approach often results in the projection of the budget as a policy statement that is cast in stone by the Executive arm and Parliament must simply rubber stamp. In view of the above, there is need to educate journalists on budget reporting so that they are better enabled to give relevant coverage of the entire budget process including highlighting the role and importance of Parliament in it.

5.9 Conclusion

The findings of the research have confirmed that legislative budget oversight is an essential component towards good economic governance in Namibia. It was apparent that while the constitution gives the National Assembly unfettered powers to scrutinise the budget, there is need to address a number of challenges which are stifling Parliament from exercising effective budget oversight. These include ensuring the independence of Parliament, prioritising budget monitoring by Standing Committees, building the institutional capacity of Parliament to support MPs, staff and Standing Committees in their work.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

It is unequivocally clear that through budgetary scrutiny, Parliament, including its Committees, is an important institution which ensures that there is transparency and accountability in the management of public finances. This probity function of Parliament reduces possible abuse of public funds and corruption in the public sector. As such, Parliament is critical in the attainment of good economic governance for any country. However, as the findings of the research showed, there are various determinant factors internal and external to Parliament which affect Parliament's overall effectiveness in the execution of its oversight function especially on the budget.

Thus it was proven that how and why legislatures play a greater role in the budget process largely depends on the extent of the powers vested in Parliament and its Committees by the law of the country. It was also proven that even where a legislature has legal authority to amend the budget presented by the Executive, it is not always the case that Parliament uses that authority as is the case in Namibia. The reluctance of Parliament in Namibia to use its powers to amend or reject the budget is attributed to various factors including the presence of a dominant ruling party, SWAPO which brings to the fore party discipline. Further, the presence of an overbearing Executive Arm in Parliament in more numbers than backbenchers exacerbated the situation.

Inadequate time being given to Parliament to scrutinise the draft budget before passing it into law through the Appropriation Act resulted in the budget passing through Parliament rather than being passed by Parliament as the legislature is reduced to nothing but a "rubber stamp" of Executive proposals.

The role and powers of Parliamentary Committees in the budget process, from approval right up to audit and reporting, was proven to be an important aspect in fiscal scrutiny since by their very nature, budgets are quite complex and therefore require technical and focused attention which Standing Committees offer by virtue of their sizes and composition.

The importance of Parliamentary institutional support mechanisms for Standing Committees so that they are able to exercise budgetary oversight effectively, was also demonstrated. The absence of sufficient support mechanisms for budget analysis was also cited as one of possible reasons why, in spite of

the unfettered legal powers vested in the National Assembly on the budget including amendment powers, the institution has never used these powers since independence in 1990.

The central role of stakeholders such as the public, civil society and the media in ensuring not just the legitimacy of Parliament but also democratic economic governance in Namibia was ascertained. Accordingly, the openness of Parliament was reiterated as it guaranteed the participation of the public and civil society in the business of Parliament including legislation and public policy such as the national budget. It was furthermore demonstrated that the rights of citizens to participate in decision making and governance processes were, in fact key components of international human rights instruments.

6.2 Recommendations

6.2.1 Establishment of the Parliamentary Service Commission

In order to strengthen the legislature's human resource capacity and professionalise all its support services, Parliament should establish a parliamentary service authority, known as the Parliamentary Service Commission which is separate from the Public Service Commission. The Parliamentary Service Commission would serve to ensure that Parliament in Namibia has highly competent and professional staff that is competitively remunerated and given appropriate support to serve Parliament and its Committees. This entity would also be charged with determining the terms and conditions of service for Members and staff Parliament, consistent with the principle of separation of powers between the legislative and executive branches.

6.2.2 Establishment of a Stand-alone Budget Committee

In order to strengthen the budgetary oversight framework in Namibia, Parliament should establish a Budget Standing Committee, separate and distinct from the Standing Committee on Economics, Natural Resources and Public Administration. The Budget Committee's role would be to review the draft annual budget (or estimates) and report to Parliament accordingly. Having a separate Standing Committee dealing with the budget has distinct advantages including the fact that since it would have no other jurisdiction and would therefore not be overburdened by other responsibilities such as natural resources, public administration and broad economic matters as is currently the case in Namibia.

6.2.3 Establishment of a Parliamentary Budget Office

In order to strengthen the budget analysis and research support given to Parliamentarians and staff of Parliament in Namibia, Parliament should establish by law, a Parliamentary Budget Office to assist in budget analysis and monitoring budget implementation, and advise Parliament at least on a regular basis. The Parliamentary Budget Office should be manned by qualified technical staff.

6.2.4 Enactment of Legislation to limit the size of Cabinet in Parliament

Parliament should enact legislation to ensure that the number of MPs holding cabinet posts are not more than the backbenchers. The dominance of cabinet ministers in Parliament numerically means that there would be fewer backbenchers who are available to scrutinise the executive, thereby reducing the oversight capacity of Parliament.

6.2.5 Strengthening of the institutionalisation framework for the Public Accounts Committee

Parliament should review the current framework institutionalising the Public Accounts Committee from rules of procedure and establish it by an Act of Parliament or the Constitution or both, in order to strengthen its powers and operations.

6.2.6 Reviewing the scope of work for Standing Committees to include budget oversight

The current terms of reference for Standing Committees must be reviewed to prioritise budget oversight for the specific government ministries and agencies shadowed by these Standing Committees.

6.2.7 Alignment of Section 27 of The State Finance Act with Article 127 (2) of the Constitution

Parliament should amend section 27 (1) of the State Finance Act to ensure that the Auditor General, which is the supreme state audit institution in Namibia, reports directly to Parliament and not through the Minister of Finance in line with Article 127 (2) of the Constitution.

Article 127 (2) of the Constitution states that “The Auditor-General shall audit the State Revenue Fund and shall perform all other functions assigned to him or her by the Government or by Act of Parliament and shall report annually to the National Assembly thereon.” However, section 27 of the State Finance Act in particular sub-section (1) requires the Auditor-General to transmit accounts, certificate and a report of audits to the minister of finance and sub-section (4) requires the minister to, within 30 days after receipt of the accounts, certificate and report, present these to the National Assembly if it is in session or within 14 days after its resumption of sitting. Further, sub-section (5) provides that in the event that the minister fails to present the accounts, certificate and report from the Auditor-General in terms of sub-section (4), the Auditor-General should send copies of the same to the Speaker of the National Assembly who shall lay it before the House. This is clearly in contravention of what is contemplated in Article 127 (2) of the Constitution where Auditor-General “*shall report annually to the National Assembly thereon,*” hence the need to align it with the Constitution.

6.3 Conclusion

The importance of Parliament in enhancing participatory, transparent and democratic economic governance in Namibia through budget oversight is indisputable as has been demonstrated in this research. However, there is need for Parliament to address some of the challenges identified in this research which have potential to stifle the independence of Parliament if not addressed or to strengthen the institution if addressed accordingly. These solutions are included in this research as recommendations.

6.4 Further research

Due to time constraints and scope limitations of this research, there are areas that the study could not efficiently and sufficiently address although they carry potential to enhance knowledge in the area of

legislative budget oversight and economic governance and would therefore warrant further research. These include the following:

- ❖ The role of supreme audit institutions in promoting economic governance;
- ❖ A comparative analysis of legislative budget oversight and economic governance; and
- ❖ The role of stakeholders such as public, civil society and media in fostering economic governance.

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APPENDICES

Appendix 1: Questionnaire



POLYTECHNIC OF NAMIBIA

Harold Pupkewitz Graduate School of Business

Dear Sir/Madam

Ref: Request to Complete a Questionnaire: Legislative Oversight and Economic Governance in Namibia: An Evaluation of the Role of Parliament in the Budget Process

My name is Sheuneni Kurasha. In partial fulfilment of the requirements for the Masters in Leadership and Change Management Programme that I am studying with the Polytechnic of Namibia I am carrying out this study. I am therefore, kindly requesting you to complete the questionnaire here attached.

There is a general perception in many countries including SADC Member States that Parliaments are not as effective as they should or could be. The purpose of this survey is to get views of respondents on the effectiveness of Parliament and Standing Committees especially in terms of their role in the budget oversight processes. Thus, this questionnaire seeks to find out the extent to which the Namibian Parliament is effective in budget oversight.

Individual answers will be protected as the responses will be aggregated. Through your frank and candid responses, it is hoped that through this study we will be possible to make positive recommendations that may assist Parliament and its Standing Committees to perform their oversight role more effectively in the budget process, and thereby enhancing economic governance in Namibia.

Please be assured that this research is being done with strict academic and ethical standards and for the reason stated above. Therefore your responses are meant to assist in this study only.

Your response to this questionnaire will be treated with strict confidence.

Thanking you in advance.

Questionnaire

A. Personal Information

1. How would you describe yourself:
 - (a) A citizen connected to Parliament []
 - (b) A citizen not connected to Parliament []
 - (c) Former member of Parliament []
 - (d) Current member of Parliament []

B. Legislative Powers

2. From your experience, how often does the Parliament amend the budget proposed by the Executive?
 - (a) Very often []
 - (b) Fairly often []
 - (c) Hardly amend []
 - (d) Cannot judge []
3. Does the current legal framework give Parliament sufficient powers to effectively exercise budget oversight?
 - (a) Very sufficient []
 - (b) Fairly sufficient []
 - (c) Insufficient []
 - (d) Cannot judge []

C. Timing of the Budget Process

4. How much time is Parliament given between presentation and approval of the budget?
- (a) 3 months []
 - (b) 2 months []
 - (c) 1 month []
 - (d) Less than 1 month []
5. In your view, is the time given to Parliament to review and approve the budget adequate?
- (a) Yes []
 - (b) No []
 - (c) Not sure []
6. From your experience with Parliament in the national budget review, what time is appropriate for it to effectively analyse the national budget?
- (a) 3-4 months []
 - (b) 2 months []
 - (c) 1 month []
 - (d) 1 week []

D. Role and Power of Parliamentary Committees

8. How would you describe the role that Standing Committees play in the Budget Process?
- (a) An extensive role []
 - (b) A limited role []
 - (c) No role []
 - (d) Cannot judge []
9. How relevant would a streamlined Standing Committee for Budget and Finance be in Namibia?
- (a) Very relevant []
 - (b) Fairly relevant []

- (c) Irrelevant []
- (d) Cannot judge []

10. How effective is the Public Accounts Committee (PAC) in scrutinising audit reports from the Auditor General?

- (a) Very effective []
- (b) Fairly effective []
- (c) Ineffective []
- (d) Cannot judge []

11. What challenges do Parliamentarians and Standing Committees face in their endeavour to ensure effective budgetary scrutiny (**tick all where applicable**)?

- (a) Lack of skills []
- (b) Inadequate institutional support []
- (c) Political interference []
- (d) Lack of relevant information on a timely basis []

12. How do you think the challenges in (11) above could be overcome?

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E. Independent Technical and Research Capacity on the Budget

13. Do you think the budget analysis and research given to MPs by Parliament is sufficient?

- (a) Very sufficient []
- (b) Fairly sufficient []

- (c) Insufficient []
- (d) Cannot judge []

14. In your view, how relevant would a Parliamentary Budget Office, to provide specialised budget research and analysis for MPs and staff of Parliament, be for Namibia?

- (a) Very relevant []
- (b) Fairly relevant []
- (c) Irrelevant []
- (d) Cannot judge []

F. Access to information

15. How would you assess the availability to MPs, of budget-related information?

- (a) Readily available []
- (b) Fairly available []
- (c) Difficult to access []
- (d) Cannot judge []

16. Are there other supporting documentation accompanying budget figures that you are aware of?

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G. Stakeholders' Input during the Budget Review Process

17. How open is Parliament to the participation of stakeholders (public, civil society, media) during its budget review process?

- (a) Very open []
- (b) Fairly open []

- (c) Not open []
- (d) Cannot judge []

18. In your view, how seriously does Parliament consider stakeholders' views in reviewing the budget?

- (a) Very seriously []
- (b) Fairly seriously []
- (c) Not seriously []
- (d) Cannot judge []

19. How would you describe the coverage of Parliamentary budget sessions by the media?

- (a) Very good []
- (b) Fairly good []
- (c) Poor []
- (d) Cannot judge []

H. System of Government and Relationship with the Executive

20. How often do Ministers attend Parliament Sessions?

- (a) Always in attendance []
- (b) Attend regularly []
- (c) Poorly attend []
- (d) Cannot say []

I. Non-Partisan Approach to Budget Review Business

21. How would you describe the nature of debate on the Budget in the House?

- (a) Non-Partisan []
- (b) Fairly balanced []
- (c) Partisan []
- (d) Cannot judge []

End of Questionnaire

Thank you for your time and effort