



# INTER PARES Workshop on “The Role of Parliament in the Budget Process” Hosted by the Czech Chamber of Deputies

11-12 March 2024  
Prague, Czech Republic

## REPORT

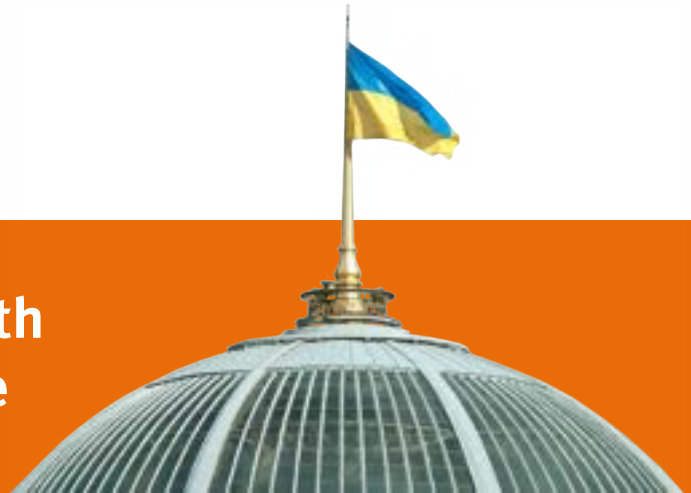
### Content:

1. INTER PARES partnership with the Verkhovna Rada of Ukraine .....	1
2. Identification of specific needs by the VRU .....	2
3. Programme of the workshop .....	3
4. Participation in the workshop .....	4
5. Sessions and presentations .....	6
6. Conclusions and next steps .....	16

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## 1. INTER PARES partnership with the Verkhovna Rada of Ukraine

The core activity of INTER PARES involves building peer-to-peer partnerships between Parliaments in developing democracies and European Union Member State Parliaments (EUMSPs), leveraging the expertise and experience of EUMPs to support the Parliaments' development priorities. In 2023, the Parliament of Ukraine was selected as a new INTER PARES partner Parliament. A scoping mission was carried out in May 2023, in which a 'partnership fiche' was developed detailing the VRU's partnership priorities. Within the 7 priorities, **"Strengthening Parliament's role in the national budget cycle"** was identified as important and urgent.

In the 2019 Public Expenditure Framework Assessment (PEFA) carried out by the Government of Ukraine with the World Bank and through EU financing, Parliament's role in the ex-ante scrutiny of the budget (PI-18) was relatively poor (D+ on a scale of A-D). Parliament's role in external ex-post scrutiny of budget audits was relatively strong (B), however this does not take into account the quality of the audit reports, which are generally not considered to be following international standards. The fact that the VRU has not demanded higher quality audit reports has been identified as a weakness in Parliaments' budgetary role.

There is considerable interest within and beyond the Verkhovna Rada to enhance the role and effectiveness of the VRU in the budget cycle, including taking into account the considerable increase in state expenditures as a result of the war which will also continue in the post-war reconstruction period. Parliament should enhance its budget scrutiny and oversight through proactive engagement, which includes providing research on economic and budget cycles. The roles of the Government and Parliament, including the Budget Committee, development of an independent fiscal body (Parliamentary Budget Office or similar), and the cooperation with the Supreme Audit Institution, are of particular interest to the VRU.

A total of 13 European Union Member State Parliaments is participating in the INTER PARES cooperation with VRU on this priority. The unusually high number of participating Parliaments shows the great interest of EU member states in supporting the Ukrainian Parliament. A first online meeting was held in December 2023 and included a presentation of the VRU's needs in strengthening Parliament's role in the budget process including development of a Parliamentary Budget Office.

Given the complexity of the budget priority theme, and the substantial number of engaged partners, it was agreed to launch the INTER PARES partnership budget priority activities with an in-person exchange between the VRU and EUMSPs as well as the European Parliament and other key actors. Generously hosted by the Czech Chamber of Deputies, a workshop on the role of Parliament in the budget process took place in Prague on 11-12 March 2024.

In order to support the INTER PARES team in designing both the workshop and also follow-up work on this budget priority, a high-level expert and former head of the Austrian Parliamentary Budget Office, Helmut Berger, assisted in the conceptualization and implementation of the workshop, and drew up a road map for further support to the VRU's strengthening of its budget process.

## 2. Identification of specific needs by the VRU



The special needs of the VRU with regard to the budget process were already outlined in the partnership fiche and presented in the first online meeting in December 2023. To further specify these needs, the VRU Budget Committee Secretariat has drawn up a paper on the major topics and described the current situation in the VRU and the areas of interest.

VRU wishes to explore the best practices of European Parliaments in terms of their participation in the budget process for consideration in improving the relevant budget procedures in the VRU, in order to enhance the efficiency of the budget system of Ukraine and strengthen parliamentary oversight over public finances. In particular, the following topics and areas of interest were addressed:

1. Parliament's participation in the development of medium-term budget policy: Medium-term budget planning needs some improvements and fine-tuning. A Budget Declaration for three years was prepared by the Government, but under martial law, this requirement does not apply.
2. Powers of the Parliament to consider and approve the draft state budget: Stages and participants in developing the draft law evaluation of the indicators of the draft submitted by the Government. The possibility of changing these indicators by the Parliament when approving the draft (rules or restrictions on changes to the relevant indicators).

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3. Parliamentary oversight over the implementation of the state budget: Participants in the oversight process, involvement of the Parliamentary Budget Office in oversight, participation of the Supreme Audit Institution (analysing the current implementation), possibility of amending the state budget, annual report of the Government on the implementation of the state budget, Supreme Audit Institution's examination of the annual report, Parliament's decision on the annual report
4. Interaction of the Parliament with the Supreme Audit Institution: Procedures for consideration of the reports of the Supreme Audit Institution in the Parliament, response of the Parliament and/or relevant committees to the recommendations of the Supreme Audit Institution and follow-up
5. Assessment of the effectiveness of the use of state budget funds at the level of Parliament: At what stages of the budget process this assessment is carried out, who is involved in the assessment
6. Assessment of legislative initiatives regarding their impact on budget indicators. Powers of the Parliament to carry out this assessment, involvement of the Parliamentary Budget Office or independent experts in the assessment



### 3. Programme of the workshop

Based on the specific needs identified by the VRU Budget Committee Secretariat and the provided information on the existing procedures in the VRU a comprehensive questionnaire was developed to further clarify the budget process and related procedures in the VRU and was discussed in an online conference. The information provided was used as a basic baseline assessment to design the programme of the workshop according to the needs of the VRU.

The workshop serves as the launch event for the partnership activities within the priority “Strengthening Parliament’s role in the national budget cycle”. The following objectives were addressed and reflected in the programme:

- Provide an opportunity for EUMSPs to hear from and engage with the VRU delegation on the existing parliamentary practice in the budget process at the VRU, and challenges experienced;



- Share with the VRU delegation the role of Parliament in the budget process within different EU national Parliaments; explore with the VRU which aspects of parliamentary budget processes within EU Parliaments can be relevant for the VRU in strengthening its role in Ukraine's national budget process;
- Consider organizational models for effective parliamentary engagement in the national budget process, including the PBO;
- Share with the VRU delegation experiences on the cooperation with the Supreme Audit Institution
- Develop a working plan for follow-up activities based on the results of the workshop.

EUMSPs prepared presentations in areas of interest of the Verkhovna Rada where they have special experience or good practice models. Participants of EUMSPs in the Workshop were directly involved in handling or analysing the budget in their Parliaments and could therefore draw on their practical experience and knowledge.



## 4. Participation in the workshop

### The Verkhovna Rada of Ukraine

- **Pavlo Frolov**, Member of the Budget Committee, Chair of the Working Group on establishing the Parliamentary Budget Office (MP)
- **Artem Zaitsev**, Adviser to the First Deputy Chairman of the VRU, Oleksandr Korniienko
- **Mykola Marchenko**, First Deputy Head of the Secretariat of the “Servant of the People” party faction
- **Andrii Tsybka**, Assistant to the Chair of the Budget Committee, Roksolana Pidlasa
- **Andrii Vatulov**, Head of the Secretariat of the Budget Committee
- **Nelia Androsiuk**, Chief Consultant of the Secretariat of the Budget Committee
- **Nataliia Lutsenko**, Chief Consultant of the Secretariat of the Budget Committee
- **Andrii Zakrevskyi**, Chief Consultant of the Main Legal Department
- **Nataliia Parkhomenko**, Chief Scientific Consultant, Main Expert and Scientific Department
- **Olha Kosytsia**, Head of financial policy and budget legislation sector of the economic development and financial policy department, Research Service

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- **Vasyl Nevidomyi**, Member of the Accounting Chamber (Supreme Audit Institution)
- **Glib Strygunenko**, Advisor to the Member of Parliament, Pavlo Frolov

### EU Member States (including parliaments)

- **Akisato Suzuki**, Policy Analyst/Economist, The Irish Houses of the Oireachtas
- **Gitana Albaityte**, Adviser at the Lithuanian Seimas Research Unit
- **Guillaume Bazin**, Head of the Monitoring and Evaluation Department, former Head of the Secretariat of the Finance Committee, the French National Assembly
- **Jaroslav Broža**, Director of the Communications Department of the National Audit Office, Czech Republic
- **Jurga Rukšėnaitė**, Head of Budget Monitoring Department, National Audit Office of Lithuania
- **Kieran Tuohy**, Senior Economist, The Irish Houses of the Oireachtas
- **Klara Ibrahim**, Researcher at Parliamentary Institute, Chancellery of the Chamber of Deputies, Czech Republic
- **Klara Jankovska**, Expert on Budget Analysis, Chancellery of the Chamber of Deputies, Czech Republic
- **Kristina Fuchs**, Head of the Parliamentary Budget Office, the Austrian Parliament
- **Krisztián Kovács**, Head of EU Department, Directorate for Foreign Relations, Országgyűlés (Hungarian National Assembly)
- **Mads Fallesen**, Senior Advisor for the Danish Parliament's Committee on Financial Affairs
- **Martin Kuta**, Head of General Analysis Department, Office of the Chamber of Deputies, Czech Republic
- **Mikael Åsell**, Head of the Secretariat of the Committee on Finance, the Swedish Riksdag
- **Pierre-Nicolas Guesdon**, Advisor – Deputy Head of the Interparliamentary Cooperation Unit, The French National Assembly
- **Štěpán Pecháček**, Director of Parliamentary Institute, Chancellery of the Chamber of Deputies, Czech Republic
- **Thierry Bézecourt**, Advisor in the budget committee secretariat of the French Senate
- **Zoltán Vajda**, Chair of the Committee on the Budget, Member of Parliament, Országgyűlés (Hungarian National Assembly)

### The European Parliament

- **Drazen Rakic**, Research Administrator (Economic and Monetary Affairs), European Parliament
- **Mindaugas Kojelis**, Administrator (Parliamentary support and capacity building / Democracy support), European Parliament

### The Norwegian Stortinget

- **Wenche Iren Sterkeby**, senior adviser in the Research Services section, working on budget-related matters, the Norwegian Stortinget

## EU Delegation

- **Jenni Lundmark**, Public Finance Management, Budget Policy and Statistics Sector, Delegation of the European Union to Ukraine

## INTER PARES

- **Jonathan Murphy**, Head of Programme
- **Yuliya Tymoshyk**, Senior Consultant

## Facilitator and Expert

- **Helmut Berger**, former Head of The Austrian Parliamentary Budget Office

## Observers

- **Valeriia Reva**, International IDEA
- **Igor Kogut**, RANG Program, USAID
- **Tetiana Bibik**, RANG Program, USAID

# 5. Sessions and presentations



The programme was organized into sessions focusing on the individual stages of the budget process, which were dealt with in different sessions, especially on the first day. The second day was dedicated in particular to technical support and the analytical capacity available to Parliaments. After the opening session with welcoming remarks, the beginning of the programme was dedicated to the representatives of Ukraine, who gave an up-to-date overview of the budget process in the VRU.

### **Ukraine Delegation: The role of the Verkhovna Rada of Ukraine in the budget process: overview of procedures and practices**

This session served to inform the representatives of the participating Parliaments about the current situation in the Verkhovna Rada and the challenges caused by the Russian invasion of Ukraine. The specific needs of the Verkhovna Rada and in particular the Budget Committee have already been outlined in a summary document from the Secretariat of the Budget Committee. The panellists were:

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- **Pavlo Frolov**, Member of the Budget Committee, Chair of the Working Group on establishing the Parliamentary Budget Office (MP)
- **Andriy Vatuliiov**, Head of the Secretariat of the Budget Committee
- **Vasyl Nevidomyi**, Member of the Accounting Chamber of Ukraine

These needs of the Verkhovna Rada were explained in more detail from the perspective of MP Pavlo Frolov, the Head of Delegation. In particular, he thanked participants for the support that Ukraine receives from EU member states defending the country from the Russian aggression. He emphasized the challenges that his country continued to face and expressed his gratitude for the organization of the event, which enabled further alignment with the legal procedures in the EU.

**Andriy Vatuliiov**, Head of the Secretariat of the Budget Committee, presented the challenges in dealing with the budget in the legislative process of the Verkhovna Rada from the perspective of the parliamentary administration. The final presentation was given by **Vasyl Nevidomyi**, a member of the Accounting Chamber, which is also undergoing a reform process, and for which a new draft legislation has been prepared in line with international standards.

The budget process in the Verkhovna Rada was explained according to the following graphic\*:



## THE BUDGET PROCESS IN THE VERKHOVNA RADA OF UKRAINE



\*\* the budget – State Budget of Ukraine

\*Provided by the VRU

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## Session 1 & 2: Legislatures' "power of the purse" - Involvement of Parliaments in the budget cycle

To approve the budget and to hold the Government to account for spending, approved budgets are among Parliament's most important prerogatives. In practice, however, these fundamental parliamentary rights are structured differently and are associated with very different capabilities in different countries' Parliaments. The role of Parliament across the budget cycle is fundamentally important for transparency, inclusiveness and democratic accountability. This session discussed the rights of Parliaments and how parliamentary involvement is actually structured in various countries over the entire budget cycle.

- **Klara Jankovska**, Expert on Budget Analysis, Parliamentary Institute of the Czech Chamber of Deputies: ***"Role of Parliament in the Budget Process: Czech Republic"***

**Klara Jankovska's** presentation covered the role of Parliament in the budget process of the Czech Republic. The Budget Preparation Process was explained both in Government and in Parliament and the detailed time processes were graphically displayed on a timeline. Committee responsibilities are split between Budget Committee, Sectoral committees and the Committee on Budgetary Control. To enable parliamentary oversight of the budget implementation, Government has to present the State Budget Execution Report, the Half-Year State Budget Implementation Report and the State Final Accounts. Supreme Audit Office and the Czech Fiscal Council are closely involved in Budget oversight. Klara Jankovska also addressed the debt brake in the Stability and Growth Pact and in the Czech Republic.

- **Guillaume Bazin**, Director of the Government Action Monitoring and Public Policy Assessment Department, French National Assembly: ***"The Role of Parliament in the Budget Process - The French Experience"***

**Guillaume Bazin**, prepared very comprehensive slides covering all the topics of the workshop, which are available to participants. The presentation in the current session focussed on Parliament's involvement in the budget cycle. It explained the timeline of events throughout the budget year and, in particular, the budget deliberations in Parliament, which takes 70 days. France has a bicameral system, with the Assemblée Nationale as the first chamber, directly elected by the citizens, and the Senate as the second chamber. Both are involved in the budget deliberations. In the Assemblée Nationale, the Finance Committee is responsible, whereby the General Rapporteur and Special Rapporteurs have special tasks within the consultations. The High Council for Public Finance, chaired by the President of the Cours de Comptes is responsible for monitoring adherence to fiscal rules and validation of macroeconomic forecasts.

- **Wenche Irén Sterkeby**, Senior adviser in the Research Services section, working on budget-related matters at the Norwegian Stortinget: ***"Parliamentary steering and control of state budget funds - The example of the Norwegian Pension Fund"***

**Wenche Irén Sterkeby** explained the history of the Norwegian Pension Fund which was originally called the Norwegian Oil Fund because it was funded by the revenues from North Sea oil. This international investment fund was established to become independent from ups and downs in oil revenues. The Goal is to reserve the real value of the Fund by a fiscal rule which has broad parliamentary support. The fiscal rule is to be applied; flexibly and spending takes place via the fiscal budget only. Only the Fund's return is spent, and not the Fund's capital.

- **Zoltán Vajda**, Chair of the Committee on the Budget, Member of Parliament, Országgyűlés - Hungarian National Assembly: ***“The Hungarian Parliament's involvement in the budget cycle - the legislative framework and its practical implementation”***

**Zoltán Vajda** is the Chair of the Committee on the Budget of the Országgyűlés, the Hungarian National Assembly, and presented Parliament's involvement in the budget cycle from the view of a Member of Parliament. The Budget Committee in the Hungarian Parliament is chaired by a member of the opposition. The budget cycle was used to illustrate involved institutions and their tasks. In addition to Government and Parliament, the Fiscal Council, the State Audit Office, the Hungarian State Treasury and the Government Debt Management Agency are also part of the process. The Fiscal Council in particular plays a key role. The parliamentary budget process was explained in detail and the advantages and disadvantages of the existing processes were discussed.

- **Thierry Bézecourt**, Advisor Budget Committee, French Senate: ***“Promoting Public Debate and Government Accountability: The Role of the French Senate in the Budget Process”***

**Thierry Bézecourt** focused in his presentation on the examination of the budget in the second chamber of the French Parliament, the Senate and the cooperation between the two chambers including a Joint Committee of seven deputies and 7 senators. He explained the right to amend the budget according to Article 40 of the French Constitution. Members of the French Parliament, both Deputies and Senators, are entitled to propose amendments to the finance bill, which may affect both revenues and expenditures. However, they are not permitted to propose amendments that would increase the deficit. Since the Constitution grants each Deputy and Senator the right to propose amendments, the workload was enormous due to the large number of proposed amendments. Bézecourt pointed out a special provision in Article 49, paragraph 3 of the French Constitution which permits the Government to force passage of a legislative proposal (including the budget proposal). This mechanism permits the bill to be enacted with minimal debate and without a formal vote.

### Session 3: Budgeting in extraordinary times - do Parliament's rights fall behind?

In exceptional circumstances such as COVID, the energy crisis and inflation, the Government needs special budgetary flexibility to react quickly to new threatening developments and to assure strategic planning. Military conflicts in a country pose an even more extreme challenge. Extraordinary situations for parliamentary management and oversight can also arise when large public assets have to be managed. This session addressed such challenges for parliamentary budget oversight.

- **Gitana Albaitytė**, Adviser, Research Unit, Lithuanian Seimas: ***“Medium-term budget framework and its strengthening: amendments to the Law on the Budget Structure of Lithuania”***

**Gitana Albaitytė** explained that amendments to the law on the budget structure of Lithuania came into effect on January 1, 2024 to prepare and approve the medium-term budget formation and management rules, on the basis of which the first medium-term consolidated draft budget for the years 2025-2027 would be prepared and submitted to the Parliament. Main objectives of this change are a more sustainable fiscal policy, evaluation and management of decisions and commitments made and their impact, increase of funding certainty and reduction of the year-end spending problem. Changes between the previous and new legal situation were compared, highlighting the significant progress.

- **Mads Fallesen**, Senior Advisor to the Committee on Financial Affairs, Danish Parliament: ***“Supplementary spendings – the role of the Danish Finance Committee”***

The presentation of **Mads Fallesen** focused on supplementary expenditures above the budget. The Finance Committee handles the Finance Act and supplementary spending, and it must approve all spending which is not granted in the Finance Act. Supplementary spending follows a special procedure, which should ensure its standardized and rapid approval. The central documents are the “case presentation” and the “justification for submission”. The advantages of the Danish model are flexibility, fast response and parliamentary scrutiny, disadvantages are that supplementary spendings are not handled as thoroughly as a bill, response may be too fast and this is a big responsibility for few members.

- **Mykola Marchenko**, First Deputy Head of the Secretariat of the “Servant of the People” party faction: ***“The influence of martial law on the parliamentary budget process in Ukraine”***

**Mykola Marchenko** outlined the problems caused by the armed conflict with Russia and how these affect the budget and the budget process in Ukraine. Martial law has a significant impact because of limited resources, special secrecy, and restrictions on meetings. In mid-term budget planning, there are constraints due to the difficulty of making accurate forecasts and the high level of uncertainty in defence spending. External funding is required to a large extent. Gradually, previous procedures will be reintroduced. The budget has to be adopted by December 1st in accordance with the budget code.

## Session 4: Relationship between Parliaments and Supreme Audit Institutions

Supreme Audit Institutions support the oversight function of Parliament. They issue an audit opinion on the annual financial statements (financial audits) and audit the legality, efficiency, economy, and expediency of the measures taken by the Government (performance audits). Cooperation between Parliament and the Supreme Audit Institutions is structured differently. Partially special audit committees are established, while in other countries various committees are tasked with reviewing the audit reports. In this session, the different procedures have been illustrated through individual examples.

- **Jaroslav Broža**, Director of the Communications Department of the National Audit Office, Czech Republic: *"The SAO and its cooperation with the Chamber of Deputies"*

**Jaroslav Broža** gave a comprehensive overview of the organization, responsibilities, outputs and performance of the National Audit Office, which is managed by a Board. The SAO has 433 employees in total, who are generally very experienced because staff turnover has been rather low in recent years. It has several regional departments. Examples were used to explain how the results of audits are generated and prepared, how an audit conclusion (report) is reached and to whom it is communicated. The following steps were presented both in the Government, that may take a decision on the measures in reaction of the audit conclusion, and in Parliament, which may then lead to a resolution by the Committee on Budgetary Control. Qualified suggestions of parliamentary bodies may be placed into the annual audit plan.

- **Drazen Rakic**, Research Administrator (Economic and Monetary Affairs), European Parliament: *"Auditing the EU's finances: interactions between the European Parliament and the European Court of Auditors"*

**Drazen Rakic** presented the history and the organization of the European Court of Auditors (ECA) with a collegiate body of 27 members from each member state, with five audit chambers. He presented an overview on the different publications of the Court of Auditors. He explained the multi-year ECA audit strategy and the annual work programmes. The European Parliament is the EU's budgetary and discharge authority, and main responsibilities are attributed to the Committee on Budgetary Control. The interactions between ECA and the European Parliament (EP) on different levels were outlined. The presentation also included key points of the EP-Verkhovna Rada capacity building programme. Thematic focuses are fiscal policy oversight, monetary policy, experiences with implementation of economic adjustment and reform programmes, bank supervision, and the role of audit and independent evaluation.

- **Mikael Åsell**, Head of the Secretariat of the Committee on Finance, Swedish Riksdag: *"The Swedish National Audit Office – An Important Authority for Parliamentary Control"*

In his presentation, **Mikael Åsell** showed how the responsibilities in the Swedish Parliament are distributed with regard to the reports of the National Audit Office. As Parliament does not have an Audit Committee, general matters are dealt with in the Committee on Finance and



Committee on the Constitution. Sectoral issues are handled by the sectoral committees, having advantages and disadvantages. The NAO presents annually 250 financial audit reports and some 15-30 performance audit reports to the parliamentary sectoral committees concerned. Financial audit reports are consolidated into the Central Government Annual Report. Upon receiving a report, the Government is obliged to submit a statement to Parliament within 4 months on measures taken in response to the report.

- **Jurga Rukšėnaitė**, Head of Budget Monitoring Department, National Audit Office of Lithuania: *“Relations between the Lithuania's Fiscal institution and the Parliament ensuring the sustainability of public finances”*

**Jurga Rukšėnaitė** explained the unique structure, mandate and opinions of Lithuania's Fiscal Institution, that is part of the National Audit Office, and its relation with members of Parliament. The Budget Monitoring Department is headed by a Deputy Auditor General and is responsible for the supervision of adherence to the rules of fiscal discipline and fulfilment of the tasks set out in the Laws. The reports and opinions prepared by the Independent Fiscal Institution during the budget cycle were explained, which are submitted to Parliament and the highest officials of the country. The Fiscal Institution makes a considerable number of appearances on different parliamentary committees.

## Session 5: Technical Support to MPs in the budget process

The session covered structures to provide MPs and legislatures with specific technical and analytical support and government-independent analysis on fiscal policy and the budget in participating Parliaments. Expertise can be provided by different institutions to Parliament, e.g. Committee Secretariats with expert staff, the Library of the Parliament, Parliamentary Budget Offices or Fiscal Councils or staff in parliamentary groups. Products and services of support structures in European Parliaments were presented, and advantages and disadvantages of the individual organizational forms were addressed.

- **Dr Štěpán Pecháček**, Director of the Parliamentary Institute, Czech Chamber of Deputies: *“Technical Support to MPs in the budget process”*

**Štěpán Pecháček** presented the changing history of the Parliamentary Institute. The Parliamentary Institute performs the tasks of a scientific, information and training centre for the Chamber of Deputies and the Senate. The Parliamentary Institute has no statutory basis, which also allows it certain liberties. It is divided into three departments with the newly established Department on Budgetary and Economic Analysis. Apart from acting as a parliamentary research and information service, the Parliamentary Institute also provides expert support to the European legislative process and informs the public about the work of the Chamber of Deputies. The analyses comprise qualitative and quantitative research and emphasize in particular simplification, comprehensiveness and correctness.

- **Kristina Fuchs**, Head of Parliamentary Budget Office, Parliament of Austria: *“Supporting Parliament through a Parliamentary Budget Office - the Austrian experience”*

**Kristina Fuchs** reports on the establishment of the Austrian Parliamentary Budget Office in 2012, which is based on a political agreement between all parliamentary groups represented in the Austrian Parliament, but which is not legally entrenched. She gives an overview of the services and products and of the regular involvement in the meetings of the Budget Committee in an expert function. Despite the comparatively small number of 8 employees, a wide range of tasks is covered.

- **Kieran Tuohy**, Senior Economist, and Akisato Suzuki, Policy Analyst/Economist, The Irish Houses of the Oireachtas: ***“Lessons from Ireland: PBO Supports to Parliamentarians”***

**Kieran Tuohy** and Akisato Suzuki presented the development of the Irish Parliament Budget Office, which was set up somewhat later but has since grown to 22 employees. The Irish Parliament Budget Office is established by law, but this was not adopted immediately upon its establishment, but only after initial experience with the new organizational unit. The presentation covered organization, functions and products as well as the focus of the research activities on the one hand and the costing activities and the macroeconomic models used on the other.

## Session 6: Regulatory Impact Assessment

Regulatory Impact Assessment is an essential tool in enhancing legitimacy and safeguarding democracy by ensuring evidence-based, comprehensible and transparent legislation. This session discussed procedures intended to ensure ex-ante analysis and ex-post evaluation in individual countries. Documents provided by the Governments in the legislation process and the analyses and monitoring activities carried out within the Parliaments were presented.

- **Kristina Fuchs**, Head of Parliamentary Budget Office, Parliament of Austria: ***“Regulatory Impact Assessment – Cooperation between Government and the Parliamentary Budget Office”***

In the presentation by Kristina Fuchs, the Austrian system of Regulatory Impact Assessment was presented, which provides for an impact assessment of new legislation and major activities by the Government. The Parliamentary Budget Office analyses the Government's Regulatory Impact Assessment or prepares its own if requested by MPs or where it deemed necessary. In particular, microsimulation models are used for this purpose. There is privileged access to certain data sources for this purpose.

- **Guillaume Bazin**, Director of the Government Action Monitoring and Public Policy Assessment Department, French National Assembly: ***“The effectiveness of the law: from Parliament to the citizen, the French National Assembly experience”***

**Guillaume Bazin** presented the process of the Regulatory Impact Assessment in France, from the ex-ante assessment to the reports on the implementation of the law and finally the ex-post evaluation. One focus was on the sophisticated monitoring tools used in the Assemblée Nationale to monitor the budgetary impact of certain policies. Another key tool is the Socio-Fiscal Simulator, which can be used to estimate the impact of new policies or legislation.

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## 6. Conclusions and next Steps

In the course of the workshop, European Parliaments provided a great variety of good or best practice examples in the areas of interest of the Verkhovna Rada of Ukraine.

All presentations were characterized by their high quality and provided evidence that the participating European Parliaments had familiarized themselves with the situation in Ukraine in advance, and have invested considerable energy and careful thoughts to prepare their presentations for the workshop. This led to lively discussion after the individual sessions, during which the Ukrainian delegation had a chance to ask for more details on the respective processes in the European Parliaments.

In the opening session and during the discussions the representatives of the Ukrainian Parliament and the Accounting Chamber provided the participants from the European Parliaments with a clear and open overview of the budget process and procedures in the Ukrainian Parliament and the cooperation with the Audit Chamber. Existing challenges were also openly addressed. In the concluding session of the workshop, all representatives from Ukraine commented on the results of the workshop and addressed those key points in the presentations and the discussions, that they felt were particularly important for Ukraine.

According to the statements at the end of the workshop on conclusions and next steps, the representatives of the Ukrainian Parliament expressed their thankfulness and pointed out the great value of the presentations for the enhancement of the budget process in Ukraine and the possibilities of a stronger technical support of parliamentarians in the budget deliberations and budget oversight.

As to next steps resulting from the workshop, the representatives of the Verkhovna Rada pointed out that a certain amount of time was required for internal deliberations. The following roadmap for the INTER PARES partnership and further cooperation can be derived from this:

1. The representatives of the Verkhovna Rada expressed the necessity of first “digesting” the comprehensive information provided, that then will have to be shared among other stakeholders in the Ukrainian Parliament and analysed thoroughly.

2. Following the analyses, consultations with parliamentary groups and leading politicians and officials on the next steps will be necessary to identify the envisaged priorities. The members of the Ukrainian delegation should therefore approach key persons in the Ukrainian Parliament with concrete proposals as to which priorities and measures appear to be a target-oriented follow-up as a result of the workshop and reach a consensus among the stakeholders.
3. To continue the INTER PARES partnership in a targeted manner, political decisions are needed on which specific measures should be envisaged and implemented by the Verkhovna Rada in order to support and strengthen the budget processes.
4. Depending on the Verkhovna Rada's specific objectives, Parliaments with particular experience or practices in the envisaged directions, which can be drawn on as good examples, may then be approached within the framework of the INTER PARES partnership.
5. The further steps for the modalities of the cooperation should then be agreed between these Parliaments and the Verkhovna Rada in a partnership-based and inclusive process. Possible modalities may include training, joint seminars, workshops on best practices, lectures from experts, exchange of experiences and ideas, internships, and exchange visits for members of the Budget Committee responsible for budget oversight.
6. From the statements made by the representatives of Ukraine at the end of the workshop, it was already possible to identify the topics which aroused particular interest and therefore may be considered more closely for further cooperation:

#### **a. Establishment of a Parliamentary Budget Office**

The establishment of a Parliamentary Budget Office was often mentioned as the first priority in the discussion, with the Irish model attracting particular interest. Technical support for MPs in the budget process and the setting-up of a Parliament Budget Office was also one of the main starting points for the partnership. The MP and head of the Ukrainian delegation, Pavlo Frolov, is also the chair of the working group on establishing the Parliamentary Budget Office in the Verkhovna Rada. Of the participating Parliaments in this specific INTER PARES partnership, a Parliamentary Budget Office has been set up not only in Ireland, but also in Austria, Italy and Greece (the last two Parliaments were unable to attend the event in Prague). Portugal among the other European Parliaments also has established a Parliamentary Budget Office.

The topic could be broadened by focusing not only on a Parliamentary Budget Office, but generally on providing technical support to Parliament in the budgetary process and strengthening its capacity to analyze and oversight the allocation and use of budget funds. Other forms or organizational models of providing the necessary expertise to MPs could then be included like expert staff in Committee Secretariat, the Library of Parliament or institutional set-ups like the Parliamentary Institute in the Czech Republic. A PBO could play

the role of an Independent Fiscal Institution in line with the European Fiscal Framework as specified in Directive 2011/85/EU. However, this would require a more comprehensive approach and greater involvement of stakeholders outside the Parliament. It was recommended by the workshop discussions that potential establishment of a Parliamentary Budget Office should not be considered in a project-based model due to challenges of further institutionalisation of the institution.

### **b. Relation between Parliament and Supreme Audit Institution**

The restructuring of the cooperation between Parliament and the Accounting Chamber is of particular interest. New draft legislation on the Accounting Chamber has been drawn up, which was substantially supported by Pavlo Frolov and also approved by SIGMA. Specific topics that emerged from the workshop included the organization of the committees that deal with the reports of the Supreme Audit Institution, the involvement of Parliament in the drawing up of the audit plan, the more efficient follow-up of recommendations, an even more extensive support by the Accounting Chamber in the budget process, the audit and consideration of the financial statements in Parliament and generally good models and practical examples of effective cooperation between Parliament and the Supreme Audit Institution. Within the workshop, a comprehensive presentation was given by the Czech National Audit Office. Further presentations on the topic were provided by the European Parliament, the Swedish Parliament and the National Audit Office of Lithuania. If this topic is to be selected for the next stage of the partnership, the Supreme Audit Institution of the country/ies selected for co-operation should also be involved.

### **c. Regulatory Impact Assessment**

The Regulatory Impact Assessment is a topic that extends beyond the scope of Parliaments because Government is significantly involved and responsible. In most countries, the executive is obliged to submit the appropriate documents for assessing the impact of draft legislation. In such case Parliaments will analyse the consistency of the documents submitted. Here as well, a Parliamentary Budget Office could take on an important role and check the government documents or prepare its own Regulatory Impact Assessment if Government should fail to do so, or MPs request an assessment of fiscal impacts. The presentation by the French National Assembly participant attracted particular interest because a special monitoring system has been set up in the Assemblée Nationale. Appropriate monitoring systems should allow a concise follow-up on the extent to which the objectives associated with certain legislation have actually been achieved.

### **d. Improvement of the involvement of legislature in the budget process**

This is a broad topic that needs to be further concretized. The involvement and the responsibilities of the Parliaments in the budget process vary greatly between EU countries. In principle, all participating EU Parliaments are available for further cooperation. The



Verkhovna Rada would need to specify which parliamentary budget processes in the participating Parliaments it considers to be particularly useful as an example for the design and development of its own processes. Possible topics that emerged from the workshop included medium-term budget planning, sufficient timeframes for MPs to deal with the budget, options for amending the Government's draft budget, efficient involvement of Parliament in approval of supplementary spending and budget overruns and more user-friendly reporting on budget implementation by the Government.

7. The next steps in the INTER PARES partnership will be taken in coordination with the Verkhovna Rada, as soon as concrete proposals are submitted from the Ukrainian Parliament.
8. To support and finance next steps, Ukraine should also examine whether further international programmes could be used and their funds addressed. At European Union level, funds for Twinning projects could eventually be approached, whereby it would have to be examined how these programmes can be implemented under the current circumstances. Reference is also made to the initiative of the European Parliament, which has set up an EU parliamentary knowledge-sharing hub "Role of parliamentary scrutiny in the reconstruction of Ukraine". For this reason, a representative of the European Parliament from the Economic Governance and EMU Scrutiny Unit (EGOV) was also present at the workshop in Prague. Representatives of USAID's Rada Next Generation (RANG) Programme were also participating as observers and have suggested they could provide relevant assistance and support. All initiatives should be implemented in a harmonized and coordinated manner and will require definite and viable intentions and plans on the part of the Ukrainian Parliament.

# Thank you

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