

WEBINAR: THE ROLE OF PARLIAMENT  
IN PUBLIC DEBT MANAGEMENT



# OPTIONS FOR DEBT MANAGERS: ENHANCING YOUR ENGAGEMENT WITH PARLIAMENT

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# INSTITUTIONAL ENTRY-POINTS

- **Identify a permanent oversight committee that has responsibility for debt issues and focus on building an effective relationship with Members of that committee.**
- **A Parliamentary Budget Office (PBO) presents a clear technical entry point for debt managers. They can help build trust between the DMO and Parliament.**

A PBO is an independent technical unit, which reports to parliament and carries out a variety of non-partisan analysis for the use by parliamentarians and parliamentary committees. Areas of analysis PBO's can perform:

- Analysis of long-term fiscal and debt sustainability.
  - Role in macroeconomic or fiscal forecasts.
  - Role in monitoring compliance with fiscal rules.
  - Support the legislature with budget analysis (including financing proposed expenditure).
  - Role in policy costing (including costing of investment projects funded through project lending).
  - Role in costing election platforms
- **The creation of these units is often opposed by the Ministry of Finance (MoF). If your Parliament does not have a PBO, you should advocate within the MoF for the Government to support the establishment of a PBO and ensure its mandate includes debt matters.**

# TRANSPARENCY & REPORTING

- **Provide PBOs with viewer access to debt management software systems to enhance transparency and build trust.**
- **Shift perspective on debt recordation from central government debt to all public debt (including SOEs, liabilities, and guarantees). This will help address Parliament's confusion when there are inconsistencies between debt reporting statistics and the DSA.**
- **Link Fiscal Risk analysis and the DSA to regular debt reporting provided to Parliament, even if it is beyond the scope of the DMO's reporting/ analytic responsibilities.**
- **Note to Parliament any non-compliance by agencies (including SOEs) in providing timely debt reporting statistics to the DMO for the parliament to follow-up on.**

# BUDGET FORMULATION & APPROVAL

- **Encourage the MoF Budget Department to work with parliament on setting the expenditure ceiling in advance of sending the budget proposal to parliament. This will provide the DMO with an early indication as to the fiscal deficit/ financing needs.**
- **If you finance Government activities through project loans, coordinate with the Budget Department when preparing the budget proposal/ estimates documents to ensure a breakdown of borrowed funds is included in the explanatory materials attached to the estimates/ appropriation documents.**
- **Ensure debt servicing costs are reflected in the budget proposal.**

# DMS

- **Engage/ consult with parliament when preparing a new DMS to foster and maintain political consensus around the medium-term debt management objectives, even when there is political fragmentation or a transition in government.**
- **Downsides:**
  - The high stakes nature of these policy decisions means discussions around the DMS can become politicized.
  - Requiring parliamentary endorsement of the DMS imposes an additional transaction cost – both in terms of the timeliness of the preparation of the DMS and the steps the MoF needs to take to engage with parliament to obtain the endorsement.
- **Benefits:**
  - Engaging parliaments in early discussions around DMS priorities ensures there is a clear understanding between government and parliamentary decision-makers as to the cost-risks of increasing borrowing and any trade-offs related to changes in the debt portfolio.
  - Requiring parliamentary endorsement places demand-side pressures on the DMO and MoF to update the DMS.

# RATIFICATION

- **Attach a summary of the debt stock and explanation of the implications of additional borrowing on debt sustainability to requests for loan ratification submitted to Parliament.**
- **When there are concerns about the terms/ conditions for project lending, get sign off on the terms from the Attorney-General and attach it to the request for loan ratification.**
- **Ensure financing costs are included in the cost-benefit assessment for new investments financed through project loans to be ratified by Parliament.**