



Webinar Inter-Parliamentary Cooperation of the House of Representatives of the Republic of Indonesia in cooperation with Westminster Foundation for Democracy

Proceeding

“Public Finances and the Pandemic: What Role for Parliamentary Financial Oversight in the Response to COVID-19?”

Panelists:

1. Anthony Smith, Chief Executive WFD, Moderator
2. Dr. Fadli Zon MP, The Chairperson of the Committee for Inter-Parliamentary Cooperation, Indonesian House of Representatives
3. Puteri Komarudin MP, Member of Finance Committee, Indonesian House of Representatives
4. Dr. Inaya Ezzedine MP, Chair of Women and Children Committee, Parliament of Lebanon
5. Geordin Hill-Lewis MP, Shadow Minister of Finance, National Assembly of South Africa
6. James Wild MP, Member of the Public Accounts Committee, UK House of Commons

A. Introduction

Dr. Fadli Zon MP, The Chairperson of the Committee for Inter-Parliamentary Cooperation, Indonesian House of Representatives:

- Today’s webinar has its significance to the way the parliaments exercise its function. We have seen how COVID-19 has impacted, not only the public health, but also the economy.
- Governments are allocating public funds to be the distributed to the impacted sectors, including health and businesses and economy, and social safety nets. It may potentially create opportunities for fraud or even misallocation of resources.
- In this regard, parliaments have the role to ensure nothing goes wrong with the policies and the funds during this time of crisis. All governments COVID-19 related policies implemented in accountable, transparent and inclusive manner.
- However there are certain challenges in exercising the parliamentary function, including the parliamentary operations due to some restrictive and distancing

measures taken to contain COVID-19. Furthermore, the accumulation of authority the executives have in the name of emergency power.

- The parliament has passed the first challenge; some parliamentarians continue to operate by physical presence in the office. While others also adopt a hybrid approach by also working remotely and through online means.
- In terms of the emergency power, Indonesia for example, the adopted government regulation in lieu of law No. 1/2020 – and now, it is the law No. 2/2020 on coronavirus crisis management, has mandated the government to devise changes in 2020 state budget, without prior consultation to the parliament.
- The parliament also needs to work to ensure that these funds are located in a timely, reliable, accurate, accountable, efficient and transparent manner. Hence, we have to ensure that incentives provided by the government can boost the economy, especially those with Small and Medium businesses maintain and even promote more jobs; and verify that social safety nets are adequately provided and accurately targeted during the crisis.
- In addition, the increasing fiscal stimulus should not be used for rent-seeking activities by those irresponsible individuals or groups. Transparency is important in this context.

B. New working methods and practices

Dr. Inaya Ezzedine MP, Chair of Women and Children Committee, Parliament of Lebanon:

- Two months ago, the parliament re-opened but just for three venues when the committees can meet different committees. However, we also held two general assembly meetings, by also following the health and safety protocols.
- Now, parliamentarians go to the Parliament everyday to attend our committee meetings, but only three big venues in the Parliament.

James Wild MP, Member of the Public Accounts Committee, UK House of Commons:

- For most of the lockdown period, Mr. Wild was participating in proceedings by zoom – the parliaments sat virtually. The Members of Parliaments and Members of the House of Lords have been back to the office since a month ago.
- However, it still does limit, in terms of, the House of Commons Chamber where they only allow 50 MPs to be present at any one time.

Geordin Hill-Lewis MP, Shadow Minister of Finance, National Assembly of South Africa:

- Parliament is sitting just once a week in the Chamber, and only for those who are living in Cape Town.
- In this regard, the other parliaments are joining the meetings through online means.

Puteri Komarudin MP, Member of Finance Committee, Indonesian House of Representatives:

- The parliament is now actually in session until the second week of July. Parliamentarians are still able to maintain physical presence in the office, under strict health and safety protocols.
- Working from the office is now permissible, as Jakarta has begun its transition phase of the large-scale social restriction measure.
- However, the majority of our work is still done virtually.

C. Aspects and Mechanisms of Financial Oversight

James Wild MP, Member of the Public Accounts Committee, UK House of Commons:

- The parliament is dealing the unprecedented scales of economic response to this crisis. In terms of Public Accounts Committee, they certainly prioritize looking at the COVID-19 related issues.
- They have looked at the key spending areas, including the business support, the health response as well as funding for the local authorities that are at the frontline of the response to COVID-19.
- Given the scale of response, there are approximately 100 billion pounds of support that have been provided by the UK, and the parliament therefore needs to scrutinize it.

Puteri Komarudin MP, Member of Finance Committee, Indonesian House of Representatives:

- COVID-19 has created challenges to legislators, but with the assistance of technology, the parliament has been able to adapt to the emerging reality of COVID-19 pandemic.
- Soon as the Government declared the very first cases of COVID-19 in March, the Parliament responded by imposing the work from home measure, and arranging virtual committee meetings to enable us to carry on our oversight function.
- Regardless of the form of communication, the parliament believes that it does not hinder the parliament's role in overseeing the country's financial affairs, especially at times like this.
- The parliament still manages to maintain timely and two ways of communication with governmental institutions and related authorities, including to discuss monetary and fiscal policies that have become more adaptable due to highly volatile market conditions.

Geordin Hill-Lewis MP, Shadow Minister of Finance, National Assembly of South Africa:

- In terms of practical difficulties, the parliament has had limited engagement with the Ministers and departments over online means, including Zoom. In this regard, the time is limited, which as well limits the scope for accountability and oversight quite significantly.
- At the very early stage of the lockdown, the government relied on the Declaration of Disaster to give them power and issue regulations without the legislative oversight.

- After that, it became apparent that the government was issuing regulations nearly on a daily basis, and the parliament also realized and thought that it should not be done without the parliamentary oversight.

Dr. Inaya Ezzedine MP, Chair of Women and Children Committee, Parliament of Lebanon:

- They are working in a traditional mechanism to exert oversight.
- The Health Committee and several members from the Women and Children Committee used to go every week or every ten days to the Health Ministry to assess and ask about the allocation of budget that has been approved, and whether it is spent in accordance to the priorities and needs of the people.
- Dr. Inaya also urged the Ministry of Health to allocate a fund to deal with pregnant women. When pregnant women are infected, they need to be taken care of in a special way, especially when they are about to deliver.
- The parliament also approved budget for social safety nets and for empowering small businesses in industries, including agricultural and craft.

D. Inequality and COVID-19

Geordin Hill-Lewis MP, Shadow Minister of Finance, National Assembly of South Africa:

- South Africa is a very unequal society. The poor tends to live in very densely populated informal settlements. It was always an enormous risk that once the virus broke out in those kind of living conditions that it would spread extremely quickly because people were living so close to one another. Basically, there is almost no way to socially isolate and practice social distancing. And that is partly why lock down was not the appropriate strategy for South Africa.
- The health department says for the first time in decades a sharp increase in the number of people coming to hospitals with real hunger and malnutrition, in which it has not happened in South Africa for a long time.
- The lockdown measure has forced people to use their financial savings – and lots of people lost salaries or took big salary cuts, while the wealthy and the middle class have got the savings to be able to handle that kind of pressure, or at least they have access to credit. But the poor and the working class simply do not have those financial buffers.
- But it was also clear that the most important government response was to get cash into the hands of those people who needed it most, particularly the poor and working class, including through the social welfare system. Although, at the same time, the delivery mechanism has been very poor.

James Wild MP, Member of the Public Accounts Committee, UK House of Commons:

- There has been a lot of focus across Parliament on the disparities in terms of infection rates and death rates. There is a piece of work done by the Public Health England, which identify higher death rates amongst black and Asian minorities, age differentials, and disproportionate effects on some occupations that people are working in.
- The response in terms of the Parliament and the Public Accounts Committee, they have not looked at those differences per se, but they are looking at the hardship

funding for individuals which will be focused on particularly in a city more ethnically diverse groups.

- They are also looking at the underlying issues like obesity and the prevalence of that within different communities. The parliament also has Equalities Select Committee, which is leading in terms of looking specifically at the disparities so they would come to look at discrete elements of where if we do more unhealthy living, and what will be the value for money in terms of health savings.

Puteri Komarudin MP, Member of Finance Committee, Indonesian House of Representatives:

- Empowering women is actually part of the solution to fight COVID-19. The parliament's commitment to prevent discrimination against women amid pandemic is crystal clear. Gender mainstreaming in national development is mandatory and regulated through presidential instruction, and it is complemented with a guideline for gender mainstreaming at local government and gender responsive budgeting.
- President Joko Widodo also stressed the importance of strengthening gender equality and empowering women in his second term administration. In the House Commission on financial affairs. Ms. Komarudin has often voiced out her concern on the impact of this pandemic to the micro, small and medium enterprises. The Bank of Indonesia has warned us of the risk of global economic recession in 2020, due to declining demand and disruption of the production process as the result of social distancing protocol for reducing the risk of COVID-19 pandemic.
- To avoid the prolonged economic slowdown, I believe the government must intervene by creating demand for the domestic market. And one of the alternatives is by prioritizing MSMEs products in the government procurement.
- In addition, the government also provides stimulus aimed to defend MSMEs financial capabilities such as loan interest payment subsidy and additional working capital loan. One of its recipients is government owned ultra micro financing programs aimed to empower female entrepreneurs.

E. Transparency

Geordin Hill-Lewis MP, Shadow Minister of Finance, National Assembly of South Africa:

- The debt levels in South Africa are really threatening to become unsustainable. And that has profound consequences over time because all of that debt must be repaid and that means that more and more of the budget is squeezed out and is spent on debt costs whereas it should be spent on services and support for the poor and the marginalized.
- South Africa has a transparent and open budgeting process. The National Treasury really is a center of excellence in the government that manages the budget process. It is open for public participation. All of the information is publicly available, and the government has presented a plan over the next four years on how to get debt under control.
- The National Treasury essentially presents a budget to the country. It manages the borrowing on the global markets and then it distributes that money to government departments who are in charge of spending it – and there is a great deal of concern about corruption and very inefficient spending. And so what Mr. Hill-Lewis and others in

the office have proposed is a Special Inspector General to be appointed to oversee all COVID related spending.

Dr. Inaya Ezzedine MP, Chair of Women and Children Committee, Parliament of Lebanon:

- Lebanon has had a lot of demonstrations protesting against the corruption. The economic meltdown that Lebanon is going through is the result of decades of mismanagement of resources of the country with lack of transparency and lack of governance structures and tools for responsibility and accountability.
- During parliamentarians' return in the parliament, they succeeded to pass the law for the establishment of the anti corruption commission.
- Transparency and anti corruption tools have to be taken into consideration now in the Parliament. They are discussing new procurement law that is really in compliance with the best international practices.

James Wild MP, Member of the Public Accounts Committee, UK House of Commons:

- The scale and the pace of the financial support packages that have been put together, certainly, cause challenges and scrutiny. In regard to the support for businesses, the focus has been on getting money out the door, and getting it to businesses as rapidly as possible. That has been through a mixture of what they call a furlough scheme. The government pays people's wages for the period of the lockdown. There is a quite well established system and for measures in place for those, and where there have been gaps in amongst self-employed people in some other groups, largely the reason for that is to prevent fraud.
- The government comes to the Parliament to explain its figures. The Public Accounts Committee have gone over and sort of calculated the hundred and 24 billion pounds, that has been paid out, thus far in the pockets into which it has been paid.

Puteri Komarudin MP, Member of Finance Committee, Indonesian House of Representatives:

- The Committee's approach has been to exercise the oversight role over the government's relief efforts effectively, and that is to ensure that reliefs were provided to those in need quickly and making sure we uphold the rule of law, at the same time, enhance transparency. For instance, when they discuss the 2021 macroeconomic assumptions of the state budgeting plan, they are focusing on how the state budget can anticipate and provide enough fiscal space to face future market uncertainties. Furthermore, they also pushed for an alternative financing plan.
- The Committee also builds strong cooperation with the Financial System stability Committee, which consists of the finance minister, governor of the central bank, head of the FSA, and also head of IDIC to closely monitor the financial situation.
- The government also faces many challenges in the health sector, especially regarding the lack of personal protective equipment and medical devices. A significant portion of the state's budget is diverted towards purchasing these essential items.
- Under an emergency, the National Public Procurement Agency Regulation 13/2018 allows for a rapid procurement scheme and the commitment making officials could select providers to procure goods or the government could purchase them on its own. And this is certainly a challenge for the Committee since corruption of medical kits prone to occur due to the mechanism of rapid procurement for emergency conditions.

- There are two aspects that we must focus on; Parliament must ensure that there are no cartels, or agreements to determine excessive prices in this procurement. In addition, Parliament also needs to ensure that the medical devices purchased are of superior quality and complied with WHO standards.
- The Financial Affairs Committee has been urging the government and the state's audit board for more stringent auditing measures, and especially by enhancing existing auditing strategy, through improvements in ICT structure and procedures.
- Parliament still needs to monitor the government's procurement process due to the potential for maladministration and corrupt actions.

F. Lessons Learned:

James Wild MP, Member of the Public Accounts Committee, UK House of Commons:

- There are some practical lessons, which is about the ability of the committee to be present and able to scrutinize government. Picking up on some of the points Geordin was talking about earlier in terms of the Parliament not being able to scrutinize, having practical measures in place to allow that to happen is very important for parliamentarians to be able to respond. Mr. Wild also hopes that the reports that will be provided will help shape what a good response looks like for future pandemics.

Dr. Inaya Ezzedine MP, Chair of Women and Children Committee, Parliament of Lebanon:

- The parliament has an active role in regulating so many sectors that have been not neglected for decades.
- The health system for so many times has been empowered financially for the private sector at the expense of the public sector. Most of the spending of health by the government was done in the private sector. Empowering the public sector is needed.
- It is important to also see policies by the government that are more with an approach that is integrated, because they cannot any more work in silos.
- It is also important to incorporated more technology in the work of the Parliament to overcome any physical barrier that might happen, that is happening now or in the future.

Puteri Komarudin MP, Member of Finance Committee, Indonesian House of Representatives:

- Carrying out oversight function is certainly challenging when our movement is limited. However we believe that collaborative efforts between all standing bodies within the parliament is the key to a resilient parliament.
- Commission 11 has maintained strong communication and shared perspectives with the government, central bank, FSA and audit board that any policies must have the capability to prevent a second wave, or at the very least to minimize its impacts to our financial stability.
- In overseeing the government spending, the committee has conveyed the utmost importance of accountability and transparency in managing the state budget, and the Committee urges the government to create a cohesive and holistic set of regulations,

which enables them to enact the extraordinary legislations coherently with other existing mechanisms, especially pandemic response programs such as the economic stimulus and expansion of social safety net.

- It is important to also plan ahead for the post crisis financial affairs, especially in terms of fiscal risk management. The future policies must be able to maintain its fiscal space and fiscal sustainability.

- **Geordin Hill-Lewis MP, Shadow Minister of Finance, National Assembly of South Africa:**

- It is natural in a time of crisis for people to look to the government for leadership, and to assume that that they have got things covered.
- Parliament should assert itself and its oversight role, from the very first day. And realize that parliament and holding the government's response to account is an essential part of the crisis response. It is not just up to the Department of Health, the government authorities and the executive to respond to a crisis. The Parliament's role is just as essential in responding as the others.
