



WDM



Building scrutiny of the World Bank and International Monetary Fund

A toolkit for legislators and those who
work with them



**World
Development
Movement**

Acknowledgements

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The World Development Movement takes full responsibility for any errors or omissions. The views expressed in this report do not necessarily reflect those of the individuals listed above.

About WDM:

WDM campaigns to tackle the root causes of poverty. With our partners around the world, we win positive change for the world's poorest people. We believe that charity is not enough. We lobby governments and companies to change policies that keep people poor. WDM is a democratic membership organisation of individuals and local groups. Please contact WDM for membership information.

This report builds on WDM's long track-record in producing leading research and thought-provoking analysis on a wide range of development issues.

Related publications include:

Debt and Destruction in Senegal: A study of twenty years of IMF and World Bank policies (November 2003)

Zambia: Condemned to Debt – How the IMF and World Bank have undermined development (April 2004)

Denying Democracy: How the IMF and World Bank take power from people. (May 2005)

Out of Time: The case for replacing the World Bank and IMF (September 2006)

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Abbreviations

ADB	Asian Development Bank
AWEPA	European Parliamentarians for Africa
BWI	Bretton Woods Institution
CAS	Country Assistance Strategy
CASA	Citizens Assessment of Structural Adjustment
COPA	Committee of the Parliaments of the Americas
CPIA	Country Policy and Institutional Assessment
DFID	Department for International Development
G24	Intergovernmental Group of 24 on International Monetary Affairs and Development
IADB	Inter-American Development Bank
IDA	International Development Association
IEO	Independent Evaluation Office
IFI	International Financial Institution
IMF	International Monetary Fund
IPP	International Parliamentary Petition
KAPU	MPs Debt Caucus (Indonesia)
MAPCOI	Malawi Parliamentary Coalition on International Financial Institutions
MEJN	Malawi Economic Justice Network
MP	Member of Parliament
NGO	Non-governmental Organisation
OED	Operations Evaluation Department
PAC	Public Accounts Committee
PIW	Parliamentarians' Implementation Watch
PNoWB	Parliamentary Network on the World Bank
PRGF	Poverty Reduction Growth Facility
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
PSOL	Party for Socialism and Liberty (Brazil)
PT	Worker's Party (Brazil)
SAP	Structural Adjustment Programme
SAPRI	Structural Adjustment Participatory Review Initiative
UK	United Kingdom
UN	United Nations
US	United States
US AID	US Agency for International Development
VAT	Value-added Tax
WDM	World Development Movement

1 Introduction

The World Development Movement (WDM) has been highlighting the impact of the International Financial Institutions (IFIs)^a on democracy for many years. More recently, WDM has played a key role in generating and promoting the International Parliamentarians' Petition (IPP) aimed at galvanising support for greater parliamentary scrutiny of IFI programmes. This toolkit can be seen as the latest step in the evolution of this work; an attempt to provide some ideas and examples concerning how legislators can take action to improve their oversight of policy-making in an environment where the IFIs have significant influence.

This document is aimed at both legislators and those who work with them. In doing so, it attempts to span a range of issues meaning some sections will cover ground already familiar to some of this audience. As the name suggests however, the toolkit is designed so that sections can be picked out if they are relevant or useful to the reader without having to look at other parts of the document.

After this brief introduction, the toolkit is split into five further sections:

- 1) Know your system: a short description of the principal types of political system.
- 2) Understand the issues: an explanation of key issues relating to IFI conditionality and an example of how legislators in Mexico went about increasing understanding of the impact of IFI policies.
- 3) Exercise your rights: examples of how legislators can make the most of their existing rights to scrutinise economic policies.
- 4) Access the information: a brief outline of current information sources and an example of how freedom of information legislation can be utilised.
- 5) Make links and build alliances: examples from Brazil and Malawi on how making links with other legislators and with civil society can improve scrutiny of the IFIs, and a brief description of international bridge building and information sharing efforts.

a The IFIs include most notably the World Bank and International Monetary Fund (IMF) but also various regional institutions such as the African Development Bank, the Asian Development Bank (ADB) and the Inter-American Development Bank (IADB).

WDM does not claim to know about, nor would have the space within this document to describe, the nuances of different political systems across the world and the way politics is played out within those systems. It is likely therefore that some, or perhaps most, of what is suggested in this toolkit will not be appropriate for legislators and those working with them

in some parts of the world. However, WDM sincerely hopes that in the majority of cases this document will prove a useful reference point for those wishing to enhance legislator scrutiny of the IFIs.

2 Know your system

Legislatures are tasked with three functions – representation, legislation and oversight. They perform legislative functions through the introduction, review, amendment, approval or rejection of government bills and they oversee implementation of government policies and programmes to ensure accountability. Legislators also play a critical representative role; a bridge between government and citizens and are able to use their ‘good offices’^b to act in the public interest.

The word ‘legislator’ is used in this report to describe an elected representative in either the parliamentary and presidential model of government, though the role, and therefore the leverage and processes of each, differs significantly. Most legislators will be very familiar with the basic structure of the two systems but for those who are not, this section will provide a very brief description of them in order to give a sense of how best they are influenced and the structural barriers inherent in each.

2.1 Parliamentary systems

In parliamentary systems of government, the legislature and the executive are the result of the same election – the majority party/coalition following the election appoints the executive. The job of the executive is split in a parliamentary system of government. The representative duties of state, largely symbolic, are performed by the state president or monarch, while the real power of government is reserved for the head of government, that is, the prime minister, chancellor or premier.

In terms of legislator leverage, the relationship of the parliament to the executive means that, with the exception of minority or coalition governments, members of parliament (MPs), including those in the governing party who are not in the executive, have a limited ability to influence executive decisions, including budgetary or financial ones. Leverage is often limited to participating on parliamentary committees including those that oversee financial accountability including the Public Accounts Committee (PAC). However, as parliaments are responsible for the appointment of the executive (either explicitly or implicitly) they ultimately have the power to remove the executive.

2.2 Presidential or congressional systems

In a presidential or congressional system, the legislature and the president have equally valid mandates from the public as the two are elected

^b In this case, ‘good offices’ can be defined as a legislator using the weight of her/his position and the general respect within which legislators are held to help solve a problem, highlight an injustice or achieve change in an arena where they have no formal power (eg, World Bank or IMF).

separately. The legislature or 'congress' is considered a power branch which is equal to, and independent of, the presidential executive, who are not members of congress. Typically, congresses do not select or dismiss heads of government, and governments cannot request an early dissolution as may be the case for parliaments.

The president is both head of state and head of government. S/he does not generally introduce legislation, but can veto legislation proposed by congress. This separation of powers allows each branch to scrutinise the actions of the other, but can also create legislative gridlock.

In terms of legislator leverage, the sharing of power implies that the legislative branch has a more direct influence over financial decisions including the creation of budgets and is more accountable for their outcomes. Presidential systems frequently require legislative approval of presidential nominations to the cabinet as well as various governmental posts including, potentially, representatives to the IFIs.

3 Understand the issues

It is extremely difficult for anyone – let alone a busy legislator with a range of competing time pressures – to get to grips with the complex workings of the IFIs. However, it is certainly worth trying to develop a basic understanding of the conditionality process in order to know whether and when to get involved.

This section provides a brief introduction to some of the terminology used and an introduction to some of the key issues involved. The section ends with a case study of how Mexican legislators engaged with a process to develop a better understanding of the impacts of IFI policies in the country.

3.1 Understanding conditionality

Conditionality, in its broadest sense, can be understood as the use of financial leverage by a donor to promote specific policy changes in recipient countries. It is important to distinguish this from the mutual obligations entered into by the donor and recipient in a financial contract.^c The actual mechanisms for conditionality take several forms.

The first is known as ‘selectivity’. This is the use by donors of existing recipient country policies as a way to select who to support with aid, loans or debt relief. For example, a donor might decide only to provide aid or loans to a country that is already implementing trade policies the donor thinks are ‘right’.

“We’re really not interested in supporting a government that doesn’t have open markets. We expect there to be, you know, reciprocity.”

President G.W. Bush of the United States (US) at a joint press conference with Prime Minister Blair of the United Kingdom (UK), June 7, 2005

The World Bank has developed a rating system to determine selectivity known as the Country Policy and Institutional Assessment (CPIA). This is used to decide the allocation of loans and grants in the International Development Association (IDA) – the arm of the Bank dealing with the poorest countries.

The World Bank’s web site publishes information on the CPIA criteria¹ and the rankings of IDA eligible countries.² Between 1999 and 2003, almost 90 per cent of Bank funding went to countries that scored above average in the CPIA.³ Perhaps the most controversial aspect of the CPIA is its

^c For example, terms of repayment (in the case of a loan), audit and evaluation mechanisms, transparency in the processes of the transaction, clear grounds for nullification or termination of the contract etc.

‘one-size-fits-all’ approach to economic policy. ‘Good’ policies that give a high rating include: an average trade tariff of ten per cent or less; no foreign exchange restrictions on long-term capital inflows; equal treatment of foreign and domestic investors; and the bulk of government revenues coming from ‘low-distortion’ taxes such as VAT and property tax.⁴

Whatever your views on the desirability of pursuing the economic policies set out in the World Bank’s CPIA, if you live in an IDA-eligible country it is worth becoming acquainted with how it is being ranked as this will determine firstly whether and to what extent it will receive finance from the World Bank and secondly, in areas where the country has low scores, it may provide a guide for the kind of policy conditionality the World Bank will impose.

Beyond selectivity, both the World Bank and IMF use conditionality^d as part of their lending/grant/debt relief programmes. The official conditionality landscape is complicated but key documents to look out for include:

- Country Assistance Strategy (CAS) – the principal document guiding the World Bank’s intervention in a country. For larger developing or middle income countries this tends to be called a Country Partnership Strategy.
- Poverty Reduction Strategy Paper (PRSP) – the supposedly ‘country owned’ three year strategy produced by the government and signed off by the Bank and Fund that also forms the basis for conditionality (see Section 4.4).
- Poverty Reduction Growth Facility (PRGF) – the IMF’s principal lending instrument in 78 low income countries. According to the IMF: “Eligibility is based principally on the IMF’s assessment of a country’s per capita income, drawing on the cut-off point for eligibility to World Bank concessional lending (currently 2003 per capita gross national income of US\$895).”⁵ PRGF conditionality is supposed to be ‘aligned’ with the policy content of the PRSP.
- Letter of Intent – describes the policies that a country intends to implement in the context of its request for financial support from the IMF. This applies to all countries.
- Poverty Reduction Support Credits (PRSC) – the World Bank’s principal lending instrument for the world’s poorest countries. PRSC conditionality is supposed to be ‘aligned’ with the PRSP and the CAS (which itself is supposed to be aligned with the PRSP).
- Sector-specific World Bank project documents – as well as providing more general support through the PRSC, the World Bank also provides

^d It is worth noting the difference between policy conditions – where the IFIs try to change government policy applying to the whole country in return for programme loans/grants and debt relief – and ‘safeguards’ – where the World Bank will, as part of a project loan, require the specific project (eg, building a road) to be conducted in a way that minimises impacts on, for example, the environment or indigenous people.

project-specific funding across a variety of sectors (eg, energy sector, transport sector, agriculture etc.)

Within these various documents, it is not always easy to decipher what is, or what is not, a condition for receiving the funding. Clearer descriptions of conditionality can be found in, for example, IMF Letters of Intent.

Although not always described as such, conditionality can be split in to three categories:

- 1) Prior actions: policies the IFIs expect to be in place before the money will be disbursed.
- 2) Performance Criteria/Triggers: policies the IFIs expect to be implemented during the project as key milestones that will influence the disbursement of further tranches of money as part of the same overall programme.
- 3) Benchmarks: policies the IFIs expect to be implemented by the end of the programme as an indicator of its success and which may influence decision-making on whether a country will be eligible for further programme support.

A further term that is worth knowing is ‘cross-conditionality’. This is where the IFIs back up each other’s conditionality. For example, it is standard practice that a PRSC loan will include, as a condition, being ‘on-track’ with an IMF PRGF programme. In other words, in order to access money from the World Bank, a country needs to be adequately implementing the policies contained in its IMF PRGF loan agreement.

Finally, it is also important to recognise that the World Bank and the IMF publish various forms of advice for governments. The World Bank, for example, publishes Country Economic Memorandums setting out policy options that a developing country is advised to take. Although such documents are not strictly ‘conditionality’, they give a sense of where the institutions are coming from and the kind of conditionality that will likely be included within loan agreements.

The problem for legislators is that it is usually only possible to find out about the content of most of the above listed documents once they have been finalised and once the World Bank and IMF have put them up on their web sites. As the front cover of any PRSC makes clear: “This document has a restricted distribution and may be used by recipients

only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorisation.”⁶ In other words, distribution is restricted until it has been signed-off by the board of the Bank.

That said, there is an important role for legislators in scrutinising these documents and understanding the nature of the policy conditions attached to grants, loans or debt relief in order to promote public debate and more effectively hold the executive and the IFIs to account for the agreements they make.

3.2 Understanding key issues

Economics is a subjective discipline that is rightly the focus of intense political debate. Whatever your overall approach to economics, it is important to recognise that the IFIs do not have a monopoly on economic thought or expertise and that, much as some IFI employees may wish otherwise, it is not possible (nor desirable) to de-link economic policy from political debate.

A valuable role for legislators therefore lies in understanding the issues at stake, understanding and debating the various impacts and implications specific to your country, holding the executive to account on an ongoing basis, rather than after all the decisions have been made, and calling for change where necessary. With ever more focus and debate in the IFIs on governance and democracy, it will hopefully become increasingly difficult to override domestic political processes.

Key issues that regularly crop up in relation to IFI conditionality include:

- Budgets and the desirability (or not) of running a deficit and for how long.
- The role of the state and the desirability (or not) of privatising state-owned industries and/or public services.
- Trade liberalisation and the desirability (or not) of lowering tariffs, eliminating subsidies or reducing/eliminating different trade-affecting regulations.
- Investment deregulation and the desirability (or not) of eliminating different kinds of foreign investment regulations.

A few publications on these issues are listed in Appendix 1.

It is extremely difficult for any legislator to be well-versed in the

implications of all these different policy choices so it is worth considering working with others to engage in dialogue and investigation on the country-specific impacts of IFI policies and programmes (see case study below).

Case study 1: Mexico – parliamentary action⁷

In the late 80's DECA Equipo Pueblo, a Mexican non-governmental organisation (NGO) active on social development issues began to focus on economic policy with emphasis on the analysis, scrutiny and dissemination of information regarding the reform of the IFIs. Working with other Mexican NGOs in recent years, DECA Equipo Pueblo began advocating a significant role for legislators in the supervision of the IFIs.

As part of its strategy to raise legislators interest in both the IFIs and the role of legislators in IFI oversight, DECA Equipo Pueblo has built a close relation with key actors of the Mexican congress in both 'chambers'. Both the chambers of deputies (in 1998) and the senate (in 2001) discussed the results of the Structural Adjustment Participatory Review Initiative (SAPRI) and members participated in a parallel Citizens Assessment of Structural Adjustment (CASA) process held in Mexico.

SAPRI, launched in 1997, was designed as a tripartite exercise to bring together organisations of civil society, their governments and the World Bank in a joint review of structural adjustment programmes (SAPs) and an exploration of new policy options. Equipo Pueblo served as the lead organisation for the parallel CASA process, which evaluated Mexican SAPs, without the participation of the Mexican government. Representatives of various congressional committees, however, did engage in the CASA process.

The research and analysis process was two-phased and occurred over three years. The first phase involved a desk study on the theory, design and implementation of the SAP for Mexico. A second fieldwork phase took place in two forms: a participatory consultative process, accompanied by a public economic literacy programme and an innovative survey.

The research contributed to a series of forums in the fourth year of the process, where the results were evaluated, alternatives discussed and conclusions drawn. At the final forum, participants concluded that the

adoption of adjustment measures related to the liberalisation of trade and investment, to privatisation and to the reduction of public spending in the social sectors has contributed to a process of privatising profits and socialising losses. Participants concluded that these policies led to a deepening of Mexico's social polarisation and to a progressive concentration of wealth, with the most severe effects being experienced by the most vulnerable sectors of the population.⁸

The CASA process helped set the stage for subsequent parliamentary action, as it both provided strong and highly credible evidence of the impacts of IFI-imposed structural adjustment, evaluated alternative economic strategies and legitimised an active role for civil society in economic decision-making. In so doing, the CASA process helped create an atmosphere of enhanced respect and cooperation that led to subsequent NGO/legislator engagement.

4 Exercise your rights

The IFIs have a relationship with the executive branch of government that impacts on the relationship that legislators can have with the executive. When it comes to IFI influence over policy-making perhaps the most critical area is budget setting. Not only do IFI loans, grants and/or debt relief affect the amount of money available to a country, the policy conditions imposed in return for these also influence the budget process. This includes policies that affect income (eg, reducing import taxes and/or increasing value-added tax) as well as expenditure (eg, public service spending, state trading enterprises and civil service wages).

This section therefore concentrates on describing ways in which legislators can improve oversight of budget setting and monitoring as a way to balance the influence of the IFIs over the executive. It also looks briefly at the PRSP process as a mechanism to involve legislators in policy formulation.

4.1 Budget preparation and approval

Legislator oversight of public finance occurs primarily in two ways, with the degree of leverage dependent upon many factors, the most prominent of which is the form of government in place. Legislators can influence public finance through the drafting and development of a budget during its creation, review and/or approvals process. Legislators also scrutinise whether funds allocated are spent as promised after implementation through the audit and review function of legislatures.

The budget is the key economic policy tool of any government. However, due to the influence IFIs have over the budget process, some of the most basic decisions a country can make are de-linked from national democratic decision-making. Prior agreements between donors and the executive can severely diminish the role of legislatures in budget creation and approval.

Asserting the right to budget oversight is an important first step to re-capturing the democratic agenda. In order to reduce the influence of the IFIs over the budget process, legislators must first engage it, and many do not, for a variety of both structural and political reasons.

The extent to which legislators can engage in the budget process is, to a large extent, dependent on the nature of the state. Parliamentary systems

of government have cooperative legislative-executive arrangements, as the government is directly dependent upon majority support in the legislature. For a parliament to rewrite an executive's budget would be tantamount to a vote of no-confidence and lead to the collapse of the government. As such, parliaments, and particularly Westminster-style parliaments with their one party executives, have little budget leverage and provide a largely 'rubberstamp' function to the executive's budget. However, much of their work can be done in post-expenditure auditing (see Section 4.2).

Presidential systems, however, separate the executive and the legislature and provide a theatre for the 'power of the purse' to be fought. While in some presidential systems, such as in the US, congress can effectively write the budget, in others the constitution or convention may restrict the legislature's role to the power to amend and with varying degrees of amendment power. In some congresses, there may be space to redefine priorities and allocate resources within an overall ceiling established by the executive or law (ie, deficit reduction targets).

The ability to engage in the budget process is further circumscribed by capacity. The lack of professional staff and the weaknesses of research and advisory capacity are major hindrances to budget oversight – professional support for legislators is essential for them to be able to do their job. In Uganda, for example, the 2001 Budget Act led to the establishment of a Parliamentary Budget Office with 13 staff,⁹ while in Namibia and Zambia, there are no personnel to assist legislators in budget deciphering. There are 50 employees in the Congressional Planning and Budget Office in the Philippines.¹⁰ Other legislators could ensure that they too have access to such information and support by introducing similar legislation or standing orders. Such a reform can have significant long-term positive effects in ensuring that a legislature can hold the government to account.

Compounding the lack of capacity is the lack of information. In many developing countries, aid-financed spending may not be included in the budget at all and when aid comprises a significant portion of the budget in such countries, legislators cannot begin to form a comprehensive understanding of the state of finance. Additionally, lack of access to independent budget analysis creates an information asymmetry between parliament/congress and the executive that undermines the legislature's capacity to ensure oversight and accountability.

Finally, a key constraint for legislators is the nature of their party system and its dynamics. Coalition or minority governments ensure that the executive negotiates its budget, providing an opportunity for legislator participation that would not exist in a one party executive situation. Further, the extent of party discipline can determine the relative ability of each member to speak independent of party lines.

Budget or finance committees can provide a forum for more in-depth and technical debate of budgets and their use appears to be on the rise. The Indian, Zambian and Ugandan parliaments, for example, have added committees to allow for more effective parliamentary engagement in the budget debate.

4.2 Public Accounts Committees (PAC)

It is an essential part of democracy that a government regularly be held accountable for the way public monies are spent. To ensure legislative oversight of the use of public monies, legislatures engage with the audit stage of the budgetary process with the aim of continuous improvement in public financial accountability.

Financial accountability involves clear, complete, accurate and timely reporting on the use of resources entrusted to government as well as a description of how their use meets government objectives. An independent audit serves to ensure control of all funds and an annual financial report provides insight into the status of assets, liabilities, income, expenses, and net assets.

In the Westminster parliamentary tradition in particular, engagement in the budget preparation process is minimal thus emphasising the need for expenditure scrutiny after implementation.

The PAC^e along with the office of the auditor general provide the two critical elements in the system of *ex-post* public financial accountability. The PAC is a parliamentary committee that considers the findings of a legislative auditor following the implementation of a government's budget or other financial initiatives. PACs act as an important guarantor of good governance by overseeing government expenditures and making recommendations. PACs are seen as a crucial mechanism for ensuring transparency in government financial operations and are effectively at the apex of legislative oversight of public finances.

The work of PACs in most countries in which they exist is dedicated to:

^e Also known as the Committee of Public Accounts.

- Considering the findings of the auditor general.
- Holding hearings to call witnesses, consider and report on the circumstances connected with the auditor general's findings or with other financial statements.
- Producing a report and recommendations, which may be debated in parliament.
- Following up on the implementation of recommendations including longer term tracking to ensure remedial measures are taken.

These committees do not challenge the underlying wisdom of a policy, but rather if spending complied with legislative intent and expected standards and/or if value-for-money was obtained. Of particular interest for IFI scrutiny is the increasing number of value-for-money audits. These assess the efficiency, effectiveness and economy of financial and programme decisions and are increasingly common in parliaments globally, resulting in the questioning of government policy choices.

Social, political and economic factors within each country determine the relative form a PAC will take and will not be examined in this report. More important to examine is how the effectiveness of PACs can be enhanced within whatever conditions exist country to country.

A survey of 33 PAC chairs in Commonwealth countries in 2002¹¹ determined that factors most critical to the success of PACs included having the power to:

- Formulate recommendations and public conclusions.
- Investigate all past and present expenses.
- Choose topics without government interference.
- Focus on financial probity rather than policy issues.
- Call witnesses.

PACs are most effective when they are sufficiently resourced and professionally staffed in order to conduct thorough examinations of any fiscal report and when the membership of the committee is broadly representational of all parties. The non-partisan tradition underpins the work of PACs and reflects government's willingness to promote independent financial scrutiny. PAC reports should be publicly available to ensure transparency and facilitate public scrutiny of, and debate over, government spending. The PAC should also have the mandate and ability to follow up on its reports to ensure recommendations are implemented.

One of the determining factors in the effectiveness of the PAC in holding governments to account is the willingness of the government itself to allow parliament sufficient political space to carry out their constitutional mandates. A powerful executive branch can restrain committees with limited powers, resources and authority. Additionally, the demanding work of financial oversight requires skills, knowledge and time of often overstretched and inexperienced parliamentarians. There is a trend however, in some Commonwealth countries, including Ghana, Kenya, Sri Lanka, and Uganda to strengthen the role of parliament and its committees and to open them up to more public scrutiny.

Legislators and civil society should examine the opportunities to strengthen the role of PACs in overseeing loans, grants and conditionalities of national agreements with the IFIs. Although this does not mean direct involvement in budget setting, it increases transparency and oversight and opens a door for public debate which is an important step in changing the IFI-recipient government relationship.

Case study 2: Indonesia – the MPs Debt Caucus (KAPU)¹²

Kaucus Anggota Parlemen anti-Utang (KAPU), or the MPs Debt Caucus, was initiated by 27 MPs of different parties in January 2006 and was formally constituted in February 2006. MPs from Indonesia had previously signed the IPP and had attended the launch with other legislators in April 2005 at the World Bank annual meetings in Washington.

KAPU promotes the use of the Parliament's initiative rights to speed up the process of passage of the Overseas Debt and Aid Bill, the Debt Management Bill and the Debt Limitation Bill. Parliament is now asking the government to put all its deals with the IFIs on the table and to be involved in the decision-making process.

KAPU's activities currently focus on raising awareness and information sharing among members of the house on issues including:

- The debt trap and its long-term consequences for poor countries like Indonesia.
- Indonesia's laws and regulations regarding the process and management of loans.

- The need for Indonesia to develop its own borrowing strategy.
- Alternative strategies to reduce Indonesia's debt burden.

KAPU's initiatives have led to improvements in the way members of the Economic and Finance Commission (known as Commission 11) scrutinise the Indonesian government debt management and its relation with creditor countries, the IMF and the World Bank.

Pressures from parliamentarians have contributed to positive changes including:

- 1) The development of Indonesia's country borrowing strategy by the government (presented to Commission 11 on June 5th-6th, 2006);
- 2) A statement by the Central Bank and the government to expedite Indonesia's repayment of its IMF loan (still encountering opposition of ministers close to IMF/World Bank);
- 3) A formal consultation process between the government and the house of representatives (Commission 11) on loans proposed to the creditors. While the MPs were not provided sufficient information to fully scrutinise the proposals, this type of consultation was unprecedented.

In June 2006, the National Mandate Party's Caucus in the house of representatives gave unanimous approval for Dradjad Wibowo MP to draft a new law on external loans and grants. Mr. Wibowo has been tasked with building political support both inside and outside the house of representatives for the proposed law.

The law will aim to:

- 1) Place a cap on the total amount of loans that the government can pay. This includes capping the totals on what the government can pay to the Consultative Group on Indonesia, a group of creditors including the World Bank, ADB, US AID and other creditors.
- 2) To improve the quality of loan management, currently at the discretion of the government and creditors exclusively. Stakeholder control over the process will increase transparency and accountability.
- 3) Amend the process of loan approval in the country. A 2003 law states that the government can negotiate loans with the IFIs upon

parliamentary approval. In practice, this law has not been implemented and there exists no mechanism to approve loans at the parliamentary level.

4.3 Poverty Reduction Strategy Papers (PRSPs)

Developing countries have been creating and debating national development plans for decades. For the poorest countries, this became a donor-driven process when the World Bank and IMF decided that the creation of PRSP— essentially a three year development plan – would be a condition for receiving concessional finance and debt relief and that the content of the PRSP would form the basis for ongoing policy conditionality.

It is claimed that PRSPs are ‘country-owned’ but in practice a range of problems exist which severely undermine this claim.^f For example, the World Bank’s Operations Evaluation Department (OED) has concluded: “The Bank management’s process for presenting a PRSP to the board undermines ownership. Stakeholders perceive this practice as ‘Washington signing off’ on a supposedly country-owned strategy.”¹³

“[PRSPs] are imported rather than home grown and are accepted under pressure as a means to obtain debt relief and as a result, often they do not succeed.”

G24 group of developing countries secretariat. (Briefing paper on the Poverty Reduction Strategy Paper Approach. March 2003.)

In terms of the process for creating PRSPs, two Oxford academics state: “As far as civil society is concerned, the PRSPs currently permit little significant contribution to programme design. Governments appear to take a bigger role, but are also heavily constrained, especially with respect to macro-policy ... PRSPs do not significantly empower poor countries.”¹⁴ And the IMF’s Independent Evaluation Office (IEO) states: “The PRS [poverty reduction strategy] process has had limited impact in generating meaningful discussions, outside the narrow official circle, of alternative policy options with respect to the macroeconomic framework and macro-relevant structural reforms.”¹⁵

On top of the flaws in the PRSP process, there is perhaps an even more important problem; the use of conditionality to enforce PRSP implementation. If a strategy has truly been developed in a participatory

f In 2005, WDM produced a report analysing the content of PRSPs and the various problems associated with the process. the report, entitled One Size for All: A Study of World Bank and IMF Poverty Reduction Strategies, can be accessed at: http://www.wdm.org.uk/one_size.pdf

way and the outcome is truly ‘country-owned’ and is viewed by citizens as the outcome of a democratic process, there is simply no need to make loans, aid and debt relief conditional on its implementation.

No government in the industrialised world has to formulate a three year plan and implement it without alteration. Planned policies in the industrialised world are often changed in the course of public debate. In fact this is a key role of legislatures; to enable policies to be scrutinised, debated, amended and even reversed. The use of conditionality to ‘enforce’ the implementation of a PRSP makes this process difficult if not impossible and is therefore fundamentally anti-democratic.

Although it is critical for legislators to be aware of the flaws in the whole PRSP process and to demand change, while the current practice of enforcing implementation of PRSPs through conditionality remains it is also important to engage in the content of the PRSP at the outset.

Currently, elected legislators are notably absent from influencing the content of PRSPs. As the World Bank’s OED concludes: “The involvement of parliaments has been a particularly weak aspect of the process in the [ten] case study countries.”¹⁶

Although PRSPs are meant to direct a country’s policies for three years, in most countries, legislator involvement has been limited to a few individuals participating in workshops, rather than a comprehensive involvement by parliament/congress in the process as a body corporate. Parliaments/congresses have not been involved in debating or drafting the strategies, and in only five countries have they had a vote on the final document: Burkina Faso, Mali, Niger, Senegal, Moldova.

Even when there is a formal vote, if this is the first official involvement of the legislature, they are left purely with the role of ratifying the document, and whilst it is a necessary part of democratic oversight to have a final formal approval of any such documentation, just one vote at the end of a process is far from sufficient. Legislators should have an ongoing involvement in such processes. With external aid being dependent on passing the document, legislators are unable to insist on major changes at the end of the process. In Ethiopia, despite the fact that the constitution stipulates that any national development plan needs to be passed by parliament, it had no role in the PRSP process or any vote on the final document.¹⁷

The bypassing of legislatures in the PRSP process can be contrasted with the role of the IFIs. The IFIs have significant influence during the process as well as final sign-off with the result being a high degree of homogeneity in the economic policy content of the PRSPs produced to date. For example, WDM's analysis of the 50 PRSPs completed by mid-2005 revealed that 90 per cent include privatisation, 72 per cent include further trade liberalisation and 96 per cent include fiscal stringency. In only a handful of cases could WDM find evidence of what might be called 'alternatives' to standard IFI policy prescriptions being proposed.¹⁸

In light of this, the critical issue for legislators is to seek meaningful involvement in the PRSP process and be able to hold government to account on whether the final outcome reflects preceding discussions and agreements. There is no single set way to do this as processes may differ between countries but a good starting point is to demand a formal ratification procedure which might also then serve as a springboard for increased engagement by legislators in the creation of the PRSP and debate over its policy content.

5 Access the information

Increased scrutiny of the IFIs can only be achieved by having access to relevant information. Some is already available – albeit often once decisions have been taken – and some of it has to be fought for.

This section is divided into two parts. First a description of the kinds of information already available and second, examples of how legislators have used ‘freedom of information’ laws to enhance transparency to legislatures on IFI loan agreements.

5.1 What is already available?

On the positive side, the World Bank and IMF publish a significant amount of information on their web sites.

On the World Bank’s web site, it is possible to find CASs, documents associated with PRSCs, documents associated with sector specific projects as well as World Bank policy research and advice relating to each country.

Perhaps the best place to start looking on the World Bank’s web site is the page entitled ‘Projects and Operations’¹⁹ where one can find recently published documents as well as previous documents which can be viewed by country, region, theme or sector.

Similarly, the IMF web site contains country-by-country information²⁰ including Letters of Intent⁹ and Article IV Consultations where the IMF staff and governing board review a country’s economic performance and policies. The IMF also has a separate page listing the PRSPs that have been published.²¹

On the negative side, as already mentioned, these documents are published once they have been finalised. There is an important role for legislators in familiarising themselves with the various documents and procedures and demanding draft copies to facilitate their involvement in IFI scrutiny.

Also, although some pages on these web sites are translated into French, Spanish and, in the case of the World Bank, a couple of other languages, the documentation seems to all be in English. It is possible that national governments hold hard copies of these documents in the national language. Either way, it is certainly worth demanding translations of relevant country documents be produced to enhance domestic scrutiny.

g It should be noted that Letters of Intent are the property of the recipient country government, so only appear on the IMF’s web site with that government’s consent.

5.2 Freedom of information laws

Government transparency ranks as a fundamental human right and an essential element in developing effective democratic governance. And many governments are responding by making more information about their activities available to the public, business and civil society. Over 50 countries have now adopted comprehensive freedom of information legislation to facilitate access to records and over 30 more have efforts pending.²²

Some of the most recent examples of countries in the global south include: Mexico (2002), Antigua & Barbados (2004), the Dominican Republic (2004), Ecuador (2004), Uganda (2005), Montenegro (2005) and India (2005).²³ Laws are currently being developed or considered by legislatures in Bangladesh, Ghana, Guyana, Honduras, Kenya, Malawi, the Maldives, Nigeria, Sierra Leone, Sri Lanka and Zambia.²⁴

The key for legislators is developing an understanding of how to use these laws and, where necessary, working with those who have more capacity to engage in a sustained effort to access information relating to the IFIs.

Case study 3: India – Right to Information Act

India's Right to Information Act was approved by parliament in May 2005 and came into force in October 2005, replacing the Freedom of Information Act of 2002, which never entered into force. Under the act, all Indian citizens have a right to ask for information not only from central government public authorities, but also from public authorities under the jurisdiction of the states.

Parivatan is a people's movement, which is using the Right to Information Act to combat corruption. Parivatan was instrumental in the adoption of the act, in making citizens aware of their right to information and in testing the act through assisting citizens' complaints. For example, Parivatan volunteers accessing Delhi shopkeepers' records under the act revealed up to 97 per cent of food rations for the poor were never disbursed to them. By focusing on individual complaints and the effective use of media to highlight them, the organisation emphasises the practical value of India's new act to its citizenry. Additionally, Parivatan has used the act to access World Bank documents previously denied to them. In an August 2005 letter to the World Bank India country

director, Parivatan called for the “Bank’s adherence to the provisions of India’s Right to Information Laws for its own operations in India” claiming the Bank’s own disclosure policy was dated and made the “Bank’s operations in India opaque and prone to suspicion”.²⁵

Specifically, Parivatan claimed that the World Bank India office was interfering with the awarding of a contract by the Delhi water utility, which had thrice refused a bid by Price Waterhouse Coopers. The Bank overruled the elected water board for the US\$150 million project, awarding it to Price Waterhouse Coopers.

In response, the World Bank India country director stated: “We welcome Delhi’s Right to Information Act (and applaud Parivatan’s role in its formulation); and will concur with any disclosure that Delhi wishes to make in accordance with that legislation. We are delighted to see in today’s press that the chief minister has instructed that all documents related to this project be put on the Delhi Jal Board website, and warmly welcome her emphasis on the importance of taking the necessary time to ensure a thorough public consultation and airing of the issues before proceeding.”

In both contributing to crafting the tough access to information legislation and then testing it from the grassroots to international levels, Parivatan demonstrates how enhanced transparency and accountability of both government and the IFIs can be affected.

While freedom of information legislation is a critical step towards enhanced accountability and the India case study offers some hope, it does not on its own create transparent government or transparent institutions. Laws that are not adequate, or lie dormant due to lack of demand or failure to implement do little to enhance transparency. Information exemptions can be abused by government and prohibitive costs for information provision can impede access. Recent secrecy laws enacted in some countries in response to perceived terrorist threats have actually undercut the global trend to enhanced freedom of information. Additional impediments to transparency include: hostile or indifferent governments, media repression, conflicts with privacy laws, government cultures favouring secrecy, limited administrative capacity and the lack of public awareness about rights to information.

A further impediment to accessing information is the secrecy built into

the IFI's ways of working. Although the World Bank presents itself as a champion of transparency and accountability, both the Bank and the IMF claim immunity from freedom of information legislation. An executive director of the IMF, for example, is not a representative of his/her country or constituency, but an official of the Fund and accountable only to it. Bank and Fund officials are therefore, not national 'public authorities' subject to provisions of national laws.

The legal characterisation of their status is clear in the Articles of Agreement. Executive directors "shall be immune from legal prosecution with respect to acts performed by them in their official capacity except where the Fund waives this immunity".²⁶ This is interpreted, for example, by IMF officials in the UK as: "The IMF has complete immunity from legal action in the UK so it would not be possible to enforce obligations against it."²⁷ This is certainly something legislators could press to change.

Case study 4: UK – Using the new UK conditionality policy

Parliamentarians in Malawi, Indonesia and Ghana, working with WDM in the UK, are testing a 2005 UK government conditionality policy commitment that states: "The UK will make our own aid conditions more transparent by publishing them on DFID's website."²⁸

Additionally, the policy states that the UK "aims to increase the transparency around the process of decision-making on conditions, the conditions themselves and the process for deciding to reduce or interrupt aid". The paper also says: "It is critical there is a full and open national debate in country – including in parliaments and national assemblies – on the relative impacts of different policy options before the government takes final decisions on the way ahead."

Clearly, for meaningful involvement in the development, scrutiny and monitoring of aid conditions to occur, national parliaments in both recipient (and donor) countries need timely access to details of what conditions have been set and proposed. Because details of all the relevant UK aid conditions were not available on the DFID website, in June 2006 WDM and MPs from the global south jointly submitted a request, under the UK Freedom of Information Act 2000, for all existing and planned conditions associated with UK aid, and joint UK and World Bank support to each country. The MPs also requested information on

the actions taken by the UK government if conditions associated with its aid were not met.

While the exact responses to these requests varied, they all failed to provide a reasonable overview of UK or joint UK/World Bank conditions, or proposed conditions, and so effectively denied the parliaments concerned the opportunity to put them under meaningful parliamentary scrutiny.

The UK government stated that:

- In general, only the minority of aid conditions that had been set after January 2006 were available.
- Collating information on what other conditions had been set for each country would cost more than £600, so DFID was not obliged to do so.
- Even if the information requested was collected, it might come under exemptions to the UK Freedom of Information Act, which allow the UK government to choose not to supply information which might upset international relations with another country or international organisations, or that relate to information generated by the IFIs.
- DFID does not hold information relating to conditions which may have been set by other UK government departments

DFID's decision to refuse to provide the MPs with an overview of its activities in their countries indicates a lack of commitment to delivering its policy on transparency and parliamentary scrutiny. WDM and the relevant MPs are now exploring other ways to press DFID to provide the requested information with the support of UK parliamentarians.

Although, at the time of publication, there has been no further response to the MP requests, the use of progressive developed country government legislation or policy to leverage information that is inaccessible in countries of the global south still has the potential to provide an indirect, but effective means of scrutinising government and IFI policy conditions for legislators. Furthermore, by facilitating and encouraging scrutiny of their own conditions, donors can help build parliamentary capacity and mechanisms that could improve oversight both of other donors activities, and of the relevant executive in other areas too. Legislators in the global north can demonstrate democratic solidarity and build capacity with their colleagues in the global south by using progressive legislation jointly.

As a final note on access to information it is worth noting that Bank and Fund staff have power but they do not have a great deal of legitimacy. It is something the two institutions are sensitive about. It is always worth remembering that a small group of legislators can put these institutions under significant pressure when it comes to transparency and democracy issues.

Legislators can use both their legislative function to promote freedom of information bills that limit the exemptions for the non-disclosure of information, and their representative role to seek and disseminate information released through the operation of freedom of information legislation. In using their 'good offices' as a means for increasing awareness, legislators can also be effective advocates in the media for raising policy issues.

6 Make links and build alliances

It is extremely difficult for any legislator to go it alone when it comes to oversight of IFI policies and programmes. It makes sense to form cross-party alliances with others and also to make links with civil society organisations with a common interest in enhancing democratic scrutiny of the IFIs.

This section is based principally on two country case studies – one from Brazil and one from Malawi – on how legislators have made links with civil society organisations. The section then outlines two international initiatives – the IPP and the Parliamentary Network on the World Bank (PNoWB) – that have brought legislators together in efforts to increase scrutiny of the IFIs.

Case study 5: Brazil – a NGO-legislator alliance²⁹

Rede Brasil is a non-partisan network of 80 non-profit civil society organisations, established in 1995. Rede had worked for many years with members of the Brazilian congress to raise awareness of IFI-related issues and to build support for scrutiny over them.

As a result of that effort, the ‘Parliamentary Front in support of public financing and national sovereignty’ (or Parliamentary Front), a multi-partisan parliamentary coalition, was created in March 2003 in Brasília, at a meeting of parliamentarians in the Brazilian congress. The Parliamentary Front brought together 60 parliamentarians from both the upper and lower houses. They were drawn together as a result of their collective interest in enhancing their role in the regulation of the way in which the government related to the IFIs.

17 members of the Brazilian congress subsequently signed the IPP³⁰ and one MP travelled to the World Bank and IMF spring meetings for the IPP formal launch in April 2005.

The stated objective of the Parliamentary Front is to create a “sovereign national development policy” that provides effective guidelines on multilateral financial aid and criteria to allocate national budgetary resources through matching grants.³⁰

The Parliamentary Front also believes that the content and goals of

financial agreements “must therefore be discussed in their detailed merits in view of development goals that are politically debated and evaluated”.³¹ At present, only the merits of any financial arrangement with IFIs, such as interest rates, are discussed in the congress.

The Parliamentary Front is an informal body and its membership changes with the relative interest in IFI-related issues in the country. The leader of the Parliamentary Front is Ivan Valente, originally from the Partido dos Trabalhadores (PT), but switched to the new Partido Socialismo e Liberdade (PSOL) in 2004.

Partly as a result of awareness building fostered by activities (eg, seminars, meetings) promoted by the Parliamentary Front in partnership with Rede Brasil, Brazilian legislators began introducing elements of significant institutional change in the way the government relates to IFIs.

Two legislators, Ivan Valente and Joao Alfredo of the PT party^h in the lower house initiated procedures in 2003 and 2005 to amend the Brazilian constitution to make relations between the government and IFIs subject to more effective democratic oversight.

One such amendment proposal, by Ivan Valente in Dec 2003 (PEC no. 233-2003), would extend the power currently enjoyed by the senate, to approve external credit operations, to the lower house. The other amendment proposal (PEC no. 389-2005) requires that international agreements which have the effect of deferring national sovereignty to international organisations must be subject to approval by means of popular referenda.

In addition to the proposed constitutional amendments, a legislative bill (PL no 2785/2003³²) was introduced in 2003 to subject country representatives in international organisations, including the World Bank, IMF and IADB, to confirmation by the upper legislative house (the senate). The senate already had the authority, under the constitution, to examine the heads of permanent diplomatic missions to international organisations including the United Nations (UN), European Union and the Organisation of American States. The bill was reviewed by the Foreign Relations and National Defence Committee of the lower house in July 2004.

h Both men subsequently abandoned the PT and, with a group of other legislators founded a new party in June 2004 PSOL, currently in opposition.

In September 2006, both the constitutional amendments and the

legislation are still pending, due to a legislative backlog. The Parliamentary Front has been relatively inactive in 2006 as the Brazilian congress and government have been consumed by corruption scandals and elections.

Case study 6: Malawi – Malawi Parliamentary Coalition on International Financial Institutions (MAPCOI)

MAPCOI arose from concerns that parliamentary involvement in discussions with the IMF or World Bank regarding policy matters and loan or aid conditions was minimal or absent. Parliamentarians were particularly concerned that the conditions associated with all finance bills, which require parliamentary approval, were not transparent to parliament.

The interim committee of MAPCOI was created subsequent to an ActionAid Malawi briefing for members of the Malawi parliament on the IPP in October 2004.³³ 60 members of the Malawi parliament subsequently signed the IPP and two MPs travelled to the World Bank and IMF spring meetings for the IPP formal launch in April 2005.

A workshop in June 2005, co-hosted by ActionAid and the Malawi Economic Justice Network (MEJN) and attended by 25 MPs from all parties as well as independent members, provided a means to formalise institutional arrangements including objectives, terms of reference (goals), legal status and structure.

The overall objective of MAPCOI is to enhance legislator oversight in the dealings between Malawi and the IFIs in order to ensure transparency and accountability.³⁴

Membership in MAPCOI is restricted to current MPs only and has a total membership of approximately 30 MPs from all parties represented in parliament. The executive committee of MAPCOI is composed of 11 MPs, which serve as the main policy-making body of the coalition.

A secretariat provides administrative services and office space and is responsible for the day-to-day operations of the coalition. The secretariat is housed in MEJN.³⁵ MEJN is a coalition of more than 100 civil society organisations, active in the field of economic

governance. MEJN's membership include NGOs, community-based organisations, trade unions, and representatives of the media and academia.

MAPCOI has an informal relationship with some committees of parliament particularly the budget and finance committee. Through this committee but also directly through the minister of finance, MAPCOI can access financial bills before presentation to parliament and undertake research before they are discussed in the house.

In other countries such informal groups have been essential in the promotion of particular policy initiatives. By working within parliament but without the formal procedures, informal caucuses such as MAPCOI can become a powerful lobby group within parliaments effectively changing policy positions.

In order for MAPCOI to be formally recognised by the executive and other institutions including the IFIs, it needs to be registered with the registrar general. To do so, MAPCOI is required to have a constitution and a strategic plan, which have been prepared. Registration is expected by the end of 2006.

Since MAPCOI is composed of MPs from different political parties, it plays a critical role in consultations, mobilisation of common positions and providing a forum for discussions among and between the different stakeholders, particularly in the current minority parliament.

In just over a year since it was created, MAPCOI has achieved the following:

- 1) Developed a constitution and strategic plan to guide implementation of activities.
- 2) Established relations with civil society organisations through MEJN to provide information to MAPCOI.
- 3) Introduced MAPCOI to the Malawi parliament and generated a lot of MP interest.
- 4) Introduced MAPCOI to members of the media and local representatives of IFIs.
- 5) Participated in activities of the IPP.
- 6) Signed a petition to the minister of international development for the UK to disclose all conditionalities for loans and aid to Malawi.

6.1 The International Parliamentarians' Petition (IPP)

Recognising that proper democratic oversight is a key plank of good governance, legislators and civil society organisations created the IPP in the autumn of 2004. The petition, signed by legislators from both developed and developing countries, is designed as a practical way to assert support for the principle of parliamentary sovereignty and to call for parliaments to be fully involved in the development and scrutiny of World Bank and IMF policies in their countries.

The petition was formally launched in April 2005 at the annual meetings of the World Bank and IMF and to date has been signed by over 1100 MPs in 55 countries worldwide. It has been translated into French, Spanish, Portuguese, Italian, Swedish, German, and Arabic.

It has been endorsed by the PNoWB; UK All-Party Parliamentary Groups on Debt, Aid and Trade, World Government and Overseas Development; the Committee for a Democratic UN; the Committee of the Parliaments of the Americas (COPA); European Parliamentarians for Africa (AWEPA); and numerous civil society organisations and networks. A copy of the petition is attached as Appendix 2.

6.2 Parliamentary Network on the World Bank (PNoWB)

The PNoWB is an independent non-profit society under French law composed of over 800 parliamentarians from 110 countries. It was formed in February 2003 after a series of World Bank-hosted conferences with parliamentarians to educate on the World Bank's work and discuss development issues.

The mandate of the PNoWB is:

- 1) **Accountability:** to facilitate and encourage direct dialogue between parliamentarians and multilateral development institutions in order to promote greater transparency of the policies and practices in particular of the World Bank.
- 2) **Advocacy:** to provide PNoWB members with a platform for coordinated parliamentary advocacy on international development issues.
- 3) **Networking:** to encourage concerted action, early debate and exchange of information among parliamentarians on international development and global issues.
- 4) **Partnerships:** to take initiatives to further cooperate and encourage partnerships among parliamentarians and policy makers, the academic

community, the business sector and NGOs on development issues.
5) Progress Review: to promote the development of parliamentary mechanisms and practices for the effective democratic control of development assistance in all its phases.³⁶

The PNoWB has no legislative authority but hosts an annual conference (although 2006 has been an exception) and has seven chapters. The national and regional chapters facilitate interaction between local parliamentarians and staff in World Bank country offices.

The PNoWB hosts several sub-committees. The committee on HIV/AIDS, Tuberculosis and Malaria has hosted a video conference with World Bank HIV/AIDS experts and Francophone MPs to explore legislative options (December 2003); field visit to Ethiopia (February 2004); an Ethiopian report presented to HIV/AIDS leaders in Washington DC (April 2004) and participation of three PNoWB members in the 15th AIDS conference in Bangkok (June 2004). Field visits included Ghana in 2005 and Rwanda in January 2006.

The PNoWB also hosts a committee on international trade for development with two sub groups: 1) trade in agriculture and 2) trade in services.

The PNoWB formerly hosted Parliamentarians' Implementation Watch (PIW), which focused on promoting parliamentary action designed to speed up progress on the implementation of selected Millennium Development Goals. The PIW's goals were to assess the role, and increase the accountability, of governments and multilateral organisations such as the World Bank, the regional development banks, the IMF and the UN.

While clearly providing an important and useful mechanism for legislators to engage internationally with each other, with civil society and with the IFIs, several challenges exist. For example, some MPs and civil society organisations have argued that the PNoWB as a whole lacks focus, is unbalanced regionally and is too reliant on the World Bank. The response to the last of these issues has been to separate the PNoWB financially from the Bank in January 2006, making it functionally independent. Efforts are now being made to ensure that the PNoWB can maintain its momentum and keep members engaged.

Appendix 1: Selected texts on some key economic issues

WDM has produced a range of publications relating to the IFIs and economic policies, including detailed case studies of conditionality in Zambia and Senegal. These can be found on WDM's web site: www.wdm.org.uk. What follows is a table providing examples of publications produced by other NGOs/academics, the UN and the Bank/Fund on the specific economic policy issues mentioned earlier in this toolkit.

Topic	World Bank/IMF publications(s)	UN publication(s)	NGO/academic publication(s)
Fiscal stringency	IMF Fiscal Affairs Department. (2006). <i>Fiscal adjustment for stability and growth</i> . IMF. 27 January 2006. Washington DC, US.	Weeks, J & Roy, R. (2005). <i>The Macroeconomics of Poverty Reduction: Thematic Summary Report on Fiscal Policy</i> . April 2005. United Nations Development Programme Asia-Pacific Regional Programme on the Macroeconomics of Poverty Reduction. UNDP Regional Centre. Colombo, Sri Lanka.	Rowden, R. (2005). <i>Changing Course: Alternative Approaches to Achieve the Millennium Development Goals and Fight HIV/AIDS</i> . ActionAid International USA. September 2005. Washington DC, US.
Privatisation	World Bank. (2004). <i>Reforming infrastructure: Privatisation, regulation, and competition</i> . World Bank. Washington DC, US.	Dagdeviren, H & Fine, B. (2005). <i>The macroeconomics of poverty reduction: Thematic summary report – Privatisation</i> . April 2005. United Nations Development Programme Asia-Pacific Regional Programme on the Macroeconomics of Poverty Reduction. UNDP Regional Centre. Colombo, Sri Lanka.	Greenhill, R & Watt, P. (2004). <i>Money talks: How aid conditions continue to drive utility privatisation in poor countries</i> . ActionAid International UK. London, UK. For a range of reports analysing electricity, water and healthcare privatisation across the world, see the web site of Public Services International Research Unit (www.psiru.org)
Trade liberalisation	IMF Policy Development and Review Department. (2001). <i>Trade policy conditionality in fund-supported programmes</i> . February 16, 2001. IMF. Washington DC, US. Salinas, G & Aksoy, A. (2006). <i>Growth before and after trade liberalisation</i> . Policy research working paper 4062. World Bank. November 2006. Washington DC, US.	Rodrik, D. (2001). <i>The governance of trade as if development really mattered</i> . United Nations Development Programme. New York, US. UNCTAD. (2002). <i>Economic development in Africa – From adjustment to poverty reduction: What's new?</i> United Nations Conference on Trade and Development. Geneva, Switzerland.	Melamed, C. (2005). <i>The economics of failure: The real cost of free trade for poor countries</i> . June 2005. Christian Aid. London, UK. Weisbrot, M & Baker, D. (2002). <i>The relative impact of trade liberalisation on developing countries</i> . Center for Economic and Policy Research. June 12, 2002. Washington DC, US.
Investment deregulation	Kikeri S, Kenyon, T & Palmade, V. (2006). <i>Reforming the investment climate: lessons for practitioners</i> . Policy research working paper 3986. World Bank. August 2006. Washington DC, US.	UNCTAD. (1999). <i>World Investment Report 1999: Foreign direct investment and the challenge of development</i> . United Nations Conference on Trade and Development. Geneva, Switzerland.	Chang, H-J. and Green, D. (2003). <i>The WTO and foreign investment: Don't do as we did, do as we say</i> . CAFOD. London, UK. South Centre. Geneva, Switzerland.

Appendix 2: International Parliamentarians' Petition for democratic oversight of IMF and World Bank policies

We the undersigned parliamentarians;

Noting this is the 60th anniversary year of the creation of the International Monetary Fund (IMF) and World Bank – the Bretton Woods Institutions (BWIs).

Recognising that the IMF and World Bank have voiced a commitment to ensuring individual countries determine their own economic policies.

Noting that key economic policies continue to be imposed by both the World Bank and IMF as conditions for receiving debt relief and new loans, with the boards of the BWIs retaining the power of veto over all measures including those in Poverty Reduction Strategy Papers.

We therefore call on the BWIs and their principal shareholders to ensure that the democratically elected representatives of recipient nations are the final arbiters of all economic policies in their countries.

It is vital that national parliaments in recipient nations have the right and obligation to be fully involved in the development and scrutiny of all measures associated with BWI activities within their borders, and hold the final power of ratification.

Ensuring the primacy of sovereign national parliaments in this way will improve implementation of measures to reduce poverty, enhance good governance, and foster democracy.

Signature of parliamentarian:

Printed:

Constituency (where appropriate):

References

- 1 See World Bank web site: <http://siteresources.worldbank.org/IDA/Resources/CPIA2005Questionnaire.pdf> (viewed on 2nd November 2006)
- 2 See World Bank web site: <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/IDA/0,,contentMDK:20933600~menuPK:2626968~pagePK:51236175~piPK:437394~theSitePK:73154,00.html> (viewed on 2nd November 2006)
- 3 Alexander, N. (2004). *The World Bank as "Judge and Jury": The Country Policy and Institutional Assessment (CPIA) Rating System and the PRSP*. August 27, 2004. Washington DC. Citizens' Network on Essential Services (CNES). <http://www.servicesforall.org/html/worldbank/judgeandjury.shtml>
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- 7 Analysis produced with the advice and review of Domitille Delaplace – DECA Equipo Pueblo domidlp@equipopueblo.org.mx
- 8 See SAPRIN web site: <http://www.saprin.org/mexico/mexico.htm>
- 9 Wehner, J. (2004). *Back from the Sidelines? Redefining the Contribution of the Legislatures to the Budget Cycle*. World Bank Institute.
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- 12 Information on this section provided by Dradjad Wibowo, MP Indonesian parliament. October 3, 2006.
- 13 World Bank's OED. (2004). *The Poverty Reduction Strategy Initiative: An independent evaluation of the World Bank's support through 2003*. World Bank. Washington DC.
- 14 Stewart, F. and Wang, M. (2003). *Do PRSPs empower poor countries and disempower the World Bank, or is it the other way round?* QEH, University of Oxford. Working Paper Number 108. Oxford. May 2003.
- 15 IMF's IEO. (2004). *Evaluation of the IMF's role in Poverty Reduction Strategy Papers and the Poverty Reduction and Growth Facility*. IMF. Washington DC.
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