

December 2010 / n°7

## Network Review



Published by the Secretariat of the Parliamentary Network on the World Bank – 66 avenue d'Iéna 75116 Paris France – Tel +33 1 40 69 31 63  
Fax +33 1 40 69 31 34 – Mail [secretariat@pnowb.org](mailto:secretariat@pnowb.org) – Website <http://www.pnowb.org> – Cover page pictures by courtesy of WB and

## 2010 Annual Conference – Part 1

### Features

- Page 1: Message from **Hugh Bayley**
- Page 2: Democratizing Development Economics,  
By **Robert B. Zoellick**
- Page 3: DRR and the MDGs,  
By **Margareta Wahlström**
- Page 5: Better Development Effectiveness,  
By **Vinod Thomas**
- Page 6: Innovative Financing Mechanisms,  
By **Carlos A. Primo Braga**
- Page 8: Doing Business 2011,  
By **Neil Gregory**
- Page 10: 4th HLF on Aid Effectiveness,  
By **Alexandra Trzeciak-Duval**
- Page 12: Yes we can, if we care!,  
By **Marleen Temmerman**
- Page 13: Innovative Financial Inclusion,  
By **CGAP**
- Page 15: Private Sector Competitiveness,  
By **Hervé Gallèpe**
- Page 17: Investment in Maternal Health,  
By **Keith Martin**
- Page 18: Health Expenditure of developing countries  
By **Gorik Ooms and David Hercot**
- Page 20: Parliamentarians' Role in Meeting the MDGs,  
By **Svend Robinson**
- Page 21: Access to Information at the WB,  
By **Chad Dobson & Rebecca Harris**
- Page 23: Pro-Poor Development Finance,  
By **Nuria Molina & Nora Honkaniemi**
- Page 25: Inclusive participation,  
By **Olivier Pierre-Louveaux**
- Page 27: World Bank Open Data Initiative,  
By **the World Bank Institute**
- Page 30: Low-Income Countries during Crisis,  
By **the International Monetary Fund**
- Page 31: Parliament and Civil Society,  
By **Auwal Ibrahim Musa**

### Message . . .

This year, PNoWB celebrates its 10th anniversary. On this occasion, I would like to thank PNoWB's Board Members for raising the organisation's profile and for providing leadership and direction to PNoWB's activities. In particular, I would like to thank the two former PNoWB Presidents, Ms. Betty McCollum and Mr. Bert Koenders for their commitment to the organization.

I would also like to thank all of PNoWB's members for their valuable contributions to the Network over the past decade. Thanks to your engagement, PNoWB has not only grown in membership, but has also strengthened its support to legislators around the world. We rely on the continued support of you, our members, to help PNoWB achieve its ambitious goals in the years to come. PNoWB's focus remains on increasing parliamentarians' capacity to engage with international financial institutions, as well as increasing aid-effectiveness. In 2010, we launched an IDA 16 and aid-effectiveness campaign, calling on the World Bank to deepen its commitment to aid effectiveness through increased engagement with donor and partner country parliamentarians.

2011 already brings new opportunities for PNoWB. For example, the World Bank's Open Data Initiative is a new occasion for the Bank to engage with parliamentarians. PNoWB will explore how to use this tool to assist parliamentarians in achieving more efficient development outcomes. Feedback from PNoWB's members will be vital throughout this initiative. PNoWB in the coming year will deepen its engagement with a variety of international financial institutions, expanding the reach of the Network beyond its traditional focus on the World Bank.

I look forward to working with each of you, as our Network continues to grow and thrive.

**Hugh Bayley, MP**  
Chair, Parliamentary Network on the World Bank



## Democratizing Development Economics

By Robert B. Zoellick, President, the World Bank Group

Two years ago I had the pleasure of addressing the 2008 Conference of the Parliamentary Network on the World Bank, and responding to questions from participating parliamentarians from across the world. We discussed the global economic crisis, which in my mind makes a very compelling case for rethinking development economics, to make it more useful to policy makers. As the largest single source of development knowledge, the World Bank's role must change if it wants to keep its status as a pioneer in development economics research. I have therefore announced a reorientation of World Bank research so it taps more effectively the experience of developing countries, and is more focused on the needs of practitioners through "Open Data, Open Knowledge, Open Solutions".

There is a new opportunity, and certainly a pressing need, for dynamism in development economics. Software has brought new tools; the Internet has brought new communications and rising economies have brought new experiences. A new multi-polar economy requires multi-polar knowledge. We need to democratize and demystify development economics, recognizing that we do not have a monopoly on the answers. Development knowledge is no longer the sole province of the researcher. The big questions facing you as policymakers and legislators are extremely complex. For the impressive set of data and analytic tools now available to provide the necessary insights we need a practical approach, firmly grounded in the key knowledge gaps facing development practitioners, legislators included. So in the spirit of inquiry, and building on an internal review of the World Bank's development programs, let me posit four such knowledge gaps.

**First, we need to better understand how economic transformation happens.** What have enabled some countries to achieve sustained growth while others appear trapped in dire poverty? How do countries transform their economies to slash poverty, create jobs, foster domestic and foreign investment -- and over

time, raise wages and living standards, increase opportunities, foster innovation, protect the vulnerable, and adjust to shocks from natural and economic events? We need a deeper understanding of how an economy's structure evolves, including the role of the state.

**Second, we need to better understand how access to economic opportunities can be broadened** to ensure inclusive and sustainable development so that societies tap and foster the creativities and energy of everyone. How can we improve service delivery and access to finance for the poor? How can we help young people learn -- and older people to keep learning? How best can we connect education to jobs, and jobs to expanding know-how? We must drill down to understand what interventions have most impact; why similar programs work better in some countries than others; what roles good governance, transparency, parliamentary oversight, private sector competition, and citizen participation play.

**Third, we need to be able to meet new global challenges of dealing with risks** facing economies and people. Your constituents may need efficient and effective social protection policies at affordable costs, to counter new environmental risks, address financial sector vulnerabilities, and manage macro-economic risks posed by globalization. How do we meet these needs? We need to learn to reduce conflict and stabilize fragile states ---- through an integrated combination of security, governance, and development policies -- the topic of the World Bank's next World Development Report. We need more analysis of food security, agricultural productivity growth, improved seed-varieties, and climate-resilient agriculture as we prepare to feed the additional 3 billion people expected by 2050.

**Fourth, we need to know what works: we need a research agenda focused on results.** We must gather more evidence and data to assess the effectiveness of development efforts, including aid.

How can development aid build local ownership and participation; draw in local insights; involve wider swathes of society; move development beyond elites; create broader opportunity for competition; and expand property ownership? How can we combine public services with private financing and provision?

Development success is not defined by aid, but by the populations and governments in the countries concerned. Results need much greater attention in development economics. As parliamentarians you are well placed to look for results, and to point it out when they fail to materialize.

**World Bank research has made significant contributions,** to measure poverty and inequality; understand globalization and its impacts, and the relationship between growth and poverty; evaluate policies and programs; and analyze aid effectiveness. Yet we have also been criticized for how research has sometimes been used to proselytize on behalf of Bank policy, without always taking a balanced view of the evidence or expressing appropriate skepticism. And in keeping with much academic research, the Bank's analytic work has often lacked broad-based transparency - not least amongst those most affected by the policies derived from those analyses. Today the World Bank is taking an entirely new approach. Through our "Open Data, Open Knowledge, Open Solutions" initiative we make available for free over 4,000 financial, business, health, economic, and human development indicators for 200+ economies, reaching new audiences through partnering with companies such as Google.

We are making our data analysis and modeling tools more user-friendly, enabling policymakers, researchers and civil society to come up with their own findings – and double-check ours. We have launched an "Apps for Development Competition" to encourage and identify new, innovative tools and applications using the data that we have made available. In July, we launched an Access to Information policy, based on the US and Indian Freedom of Information Acts, opening our operational work up for scrutiny. Last year, our World Bank Institute launched a "Practitioner Exchange" program enabling practitioners from around the world – parliamentarians included – to jointly design development solutions, based on shared experiences. Our interactive software platform, PovcalNet, allows users to replicate the Bank's global poverty counts and make their own estimates under different assumptions. Through Isimulate users outside the Bank can access our web-based forecasts for more than 100 countries, and can design their own forecasts and simulations and share them with others.

I encourage you to use our knowledge and our tools, and to participate in moving the development research agenda forward, enabling it to answer the questions you face as policymakers and legislators. This will forever change how we conduct development research. I count on your help to democratize development economics.



### The Importance of Disaster Risk Reduction in Meeting the MDGs

By Ms. Margareta Wahlström,  
Special Representative of Un Secretary-General for Disaster Risk Reduction

Disasters linked to natural hazards, from the second half of 2009 to the first half of 2010, affected more than 158 million people, claimed 232,481 lives and caused US\$ 51.3 billion of economic damage. Compared to 2009, this represents a sixteen-fold rise in disaster fatalities. The nearly 300 percent increase in the number of people affected, despite no and property to natural hazards as a result of practices that increase human vulnerability, such as very rapid urbanization, fast build up of

economic damage. Compared to 2009, this represents a sixteen-fold rise in disaster fatalities. The nearly 300 percent increase in the number of people affected, despite no and property to natural hazards as a result of practices that increase human vulnerability, such as very rapid urbanization, fast build up of

infrastructure, settlement in hazard-prone areas, degradation of natural resources and irreversible depletion of eco-systems resources.

Disasters caused by vulnerability to natural hazards kill more people in developing than in developed countries, and disaster-related economic losses, measured against a country's wealth are much larger in poor countries. Developing countries are less resilient to large, or recurring, shocks. Additionally, disaster impacts undermine vulnerable livelihoods, as well as countries' economic growth. Clearly, disasters pose significant threats for the achievement of the Millennium Development Goals (MDGs) by 2015. Around 85% of people exposed to earthquakes, cyclones, floods and drought are in developing countries, where the integration of a risk approach is extremely important for the achievement of MDGs.

The reality is that, without proper risk reduction awareness and policies and measures put in place by national and local governments, and with more population settling in exposed and high-risk areas and as climate change is expected to further increase our exposure, we are poised for disasters -- large, medium and small -- that will increasingly affect sustainability, development and MDG gains around the world in the coming years and decades.

To reverse the trend, I would like to highlight a number of points, which will hopefully give you some food for thought in terms of the interplay between disaster risk reduction and the achievement of the MDGs:

*First*, generally speaking, reducing disaster risk protects people's lives, livelihoods and gains in development, thus helping them to achieve improved standards of living and hopefully also rise out of poverty --this relates to MDG 1.

*Second*, making schools safer from disasters protects children and accelerates the realization of MDG 2 on universal education. Certainly, the cost of achieving universal primary education is high, but the mass collapse of sub-standard and poorly built and maintained schools during disasters is far higher.

*Third*, disaster risk reduction protects gains made in the achievement of MDG 3 on gender equality. Women are, on the average, more affected by the impact and consequences of disasters. They are also likely to be more malnourished, poorer, less mobile, less prepared and thus more likely to

suffer or die as a result of natural hazards, compared to men.

*Fourth*, given that pregnant women and young children are highly vulnerable to hazard impacts of all kinds, building safe hospitals will help to ensure the safety of health workers and patients alike, and will therefore contribute to the achievement of MDG 5 on maternal health.

*Fifth*, reducing disaster vulnerabilities is imperative for ensuring environmental protection, the improvement of people's living conditions, and ultimately, sustainable development. There is an urgent need to promote the synergy between protecting the environment and development, as well to integrate these into development planning and programming, so that we can accelerate progress towards achieving MDG 7.

*Sixth*, successful disaster risk reduction is a reflection of good governance. Governments that invest or put resources into disaster risk reduction and undertake efforts to make their countries more resilient not only safeguard development and protect their citizens, but also allow them to realize their human rights. In this context, members of parliament have an important role to play in your own governance. You are expected to represent your citizens' concerns and are in a position to influence national spending, laws and policies. The responsibilities are immense; nonetheless you do have the power and the potential to make a significant change through exercising oversight and guiding policy development.

Despite the challenges ahead in making our nations and communities resilient to disasters and climate change, I am heartened by the increased engagement of governments, regional assemblies, national parliaments and the World Bank Network of parliamentarians and the Inter Parliamentary Union in reducing disaster risk over the past few years.

I urge parliamentarians to continue their efforts to build increased political will in your own countries, collaborate in international parliamentary forums and assemblies, and to spread the message that disaster risk reduction is indeed an instrument for achieving the Millennium Development Goals at both the national and local levels.



## Evaluation for Better Development Effectiveness

By Vinod Thomas, Director-General and Senior Vice-President,  
Independent Evaluation Group (IEG) at the World Bank Group

There is a growing recognition among policy makers and the general public that evaluations can contribute to more effective spending. For example, Mexico passed legislation to require impact evaluations of its social development programs. South Africa and India have taken steps to establish independent evaluation function reporting to the country's leadership. The United Kingdom recently appointed its first Chief Commissioner for the newly formed Independent Commission for Aid Impact.

With today's demands for transparency and good governance, credibility that emanates from independence of the evaluator is increasingly critical in today's environment. Traditionally, the evaluator's role has been to draw lessons from the past and inform policies for the future. Yet in a rapidly evolving and interconnected world, evaluators' tasks are becoming more complex. Evaluation becomes part of the dynamic, not just an ex post analysis. In such an environment, defining results involves capturing synergies and missed opportunities across programs and sectors.

In an uncertain world, real-time inputs are vital to inform policies and programs. Waiting to evaluate the full outcomes of current policies would enable evaluators to draw judgment at hindsight, but that is not an option in today's environment. The global financial crisis and climate change are clear examples. Even minor course corrections based on emerging evaluation evidence could have a disproportionate impact. In fact, options may disappear entirely if corrective actions are not taken in time. In both topics, IEG is making efforts to provide real-time assessment of the World Bank Group's activities.

Just as development solutions need to recognize complex interactions among multiple factors, so must evaluation take account of the complex interactions among proliferating development players and the multiplicity of cross-sectoral interventions. Attributing success and failure in

such an environment is becoming more difficult. Yet attribution remains critical if stakeholders are to ensure accountability of development spending. Also, establishing attribution to determine what worked and what didn't is crucial for a feedback loop to replicate success.

Some argue that impact evaluation is the solution to these challenges. It is clearly an extremely powerful tool. It can show that some strong development impacts come from interactions across sectors. It can also help depoliticize decision making because of its embedded objectivity. A lot has been said about Mexico's Oportunidades program, which on the basis of the findings of impact evaluations survived several political administrations.

However, it cannot be a panacea. Impact evaluations measure benefits, but not costs. Therefore, cost-effectiveness of a given result cannot be measured. More practically, conducting an impact evaluation is costly, compared to other types of evaluations. There is a clear need for complementary evaluation approaches to cope with today's challenges.

Facing these challenges, IEG has tried several approaches to enhance the value of its findings in increasing the development effectiveness of the World Bank Group. Some of them seem promising. First, IEG increasingly uses phased reports and short briefs to capture the entire picture that is still evolving at the time of evaluation. Evaluators need to be cognizant of the political dialogue and infuse evaluations with evidence when critical decisions are about to be made.

The shift to real-time evaluation could blur the line between evaluation and policy development, resulting in the loss of the real and perceived independence of evaluative function. Evaluators must use proper methodologies and not be tempted to draw premature conclusions about outcomes. Similarly, full disclosure of evaluations,



including intermediate products, can be an effective way to maintain accountability and independence of the evaluation function.

Second, each development project or program has its unique features, but evaluations can distil similarities from which lessons can be drawn. Evaluation briefs with lessons from the World Bank Group responses to past financial crises and to natural disasters have offered timely information for those involved in emergency response programs for the global economic crisis, the earthquake in Haiti, and the recent floods in Pakistan and West Africa.

Third, there is a natural tendency to examine development challenges in silos – health problems are solved by health experts, when in reality the most intractable problems typically require multidisciplinary solutions. Given that working across boundaries is often hampered by organizational pressure to stay within silos, evaluation can create awareness of the effects of cross-boundary efforts and thus encourage greater collaboration.

Finally, it pays to stay engaged in an issue after an evaluation by keeping track of how recommendations have been incorporated. The

impact of evaluations would be short-lived without follow-up. Real change takes place only when findings are accepted and learning takes place.

This is not an easy process, as evaluators and those whose work is evaluated often start out defending actions and findings. Change takes time and reflection; evaluators must be willing to remain engaged well beyond the completion of a particular evaluation.

Our experience shows that lessons from the past can serve as a useful guide to the future. At a time when complexity is growing and uncertainty is increasing, the value that evaluations can bring is at an all-time high. To ensure its usefulness, evaluation must seek to capture full impacts across sectors and countries and to draw on all available approaches to address the multifaceted nature of today's development challenges.

As evaluators, we must always remain conscious that the critical difference between an evaluation as an output and one that achieves an outcome is in influencing the behavior of operational staff and development partners.



### **Aid and Innovative Financing Mechanisms**

By Carlos A. Primo Braga, Director, Economic Policy and Debt Department, Poverty Reduction and Economic Management Network, the World Bank

As of January 2011, Director and Special Representative for Europe, EXT, The World Bank

Developing economies have been hit by a series of exogenous shocks over the last few years. The financial crisis came on the heels of the food and fuel crises, and grew into a global economic crisis – the Great Recession. The world economy has now entered a recovery path, although high unemployment in OECD countries and new challenges (e.g., distress in some sovereign debt markets) underscore the fact that the crisis is not yet over. The good news is that developing countries have shown a much greater degree of resilience to external shocks than in the past.

There is no denying, however, that these shocks will make it harder to meet the Millennium Development Goals (MDGs).

#### *The Impact of the Crisis*

The Great Recession has already impacted poverty alleviation prospects. Even if the economic recovery is sustained in the years ahead, World Bank projections suggest that there will be an additional 53 million people leaving in extreme poverty (< \$1.25/day) by 2015 compared with the pre-crisis trend. Growth collapses are also

particularly disruptive for human development outcomes. This is one reason why the Bank Group supported the financing of safety nets to protect the most vulnerable – to minimize the health, education and nutritional deprivations that can lead to a lost generation. The crisis is also impacting the availability of financing to support poverty reduction efforts. Official Development Assistance (ODA) is critical for low-income countries. The good news, as pointed out by OECD/DAC, is that, despite the financial crisis, bilateral ODA has continued to increase and it is projected to reach \$108 billion (in constant 2004 dollar terms) in 2010. The bad news is that this falls short of the global target set in Gleneagles (\$130 billion) and the discrepancy is even more substantial in the case of Africa. Moreover, if the experience of how past donor-country banking crises have affected donor flows is of any relevance to predict the future, one could expect larger declines in aid flows in the years ahead exactly when the financing needs associated with the MDGs will become even more urgent. This places an added premium on making the best use of existing ODA, and maximizing new sources of development financing. Aid effectiveness is about improving aid delivery. In a world where many development actors deliver aid through a broad array of modalities, the challenge is to make this complex aid landscape as efficient and beneficial to partner countries as possible.

The World Bank's Fund for the Poorest – IDA – is a key platform for promoting donor coordination. A partnership of over 40 donors, both developed and developing countries, IDA works by supporting a country's own development strategy. Its resources are not earmarked, but are customized to country needs through a dialogue that brings together financing and global expertise. With an average of 30 donors engaged in each country, IDA helps governments to manage aid resources more effectively. Moreover, every \$1 of IDA leverages \$2 of other sources of finance – and in the case of infrastructure projects, the figure is even higher -- \$1 of IDA has brought an additional \$7 from private investors and the IFC. We are currently undertaking the IDA 16 replenishment. This is the last full IDA replenishment before 2015, the target date for the MDGs, and a successful outcome will be critical for the progress towards the MDGs.

#### *The role of innovative financing*

Innovative financing can also help, but it is not a “silver bullet.” Innovative finance is mostly about adapting or “packaging” available financial instruments in innovative ways to provide customized solutions to specific developing country challenges. It has been used to tap new sources and raise new funds, but remains relatively small compared to traditional ODA flows. The biggest contributions to innovative flows from local currency bonds (US\$ 10 billion in 2008), emerging donors (8.7 billion in 2008 or US\$24.7 billion between 2004-2008), as well as specific initiatives like carbon finance (US\$3.3 billion in 2009), Output-Based Aid (US\$3.5 billion, 2002-2009, World Bank Group only), or the International Finance Facility for Immunization (US\$2.8 billion 2006-2010). It is important to note that middle-income countries (MICs) have benefitted much more from innovative finance than low-income countries (LICs) so far. Only a small proportion (about 20%) of total innovative fund-raising during 2000-08 was in the form of concessional resources targeted to LICs. These resources accounted for just 1.3 per cent of gross ODA flows over the period 2000-08. This, in turn, further underscores the importance of the concessional windows of multilateral development banks, such as IDA and the African Development Fund.

#### *Parliaments and ODA*

Parliaments play a key role (both in donor and in recipient countries) in shaping the predictability of ODA flows, fostering ownership and development results as well as enhancing transparency in the utilization of aid resources. Donor countries, for example, recognize that ODA channeled via multilateral agencies can be particularly effective in terms of economies of scale, political neutrality and legitimacy, as well as in supporting the provision of global public goods and in combining knowledge with financial flows. Moreover, multilateral aid typically delivers a higher proportion of country programmable aid (i.e., aid flows on which recipient countries have a significant say) and is more predictable. At the same time, criticisms about the timeliness, transparency and institutional complexity of multilateral aid – not to mention that aid channelled via multilateral agencies is perceived as reducing the visibility of a donor's assistance – are often heard in the context of ODA debates in Parliaments. As illustrated by the recent response

of MDBs to the financial crisis, however, multilateral agencies have become much more effective in terms of their ability to provide timely response to development challenges. We are also working to better communicate the results achieved in partnership with the countries where we work, and with other donors. Moreover, in a recent evaluation of commitment to transparency in managing aid flows, most multilateral agencies achieved better than average ratings for the donor community as a whole, with the World Bank appearing as the top performer.

Transparency at the level of recipient countries is just as critical. The experience of Ghana, for example, in opening Public Account Committees' meetings to the public and the media illustrates how transparency can become an effective lever for accountability. Parliaments can also enhance development results by fostering coordination among Ministries and ensuring efficient allocation of resources as exemplified by the work of

Malawi's Parliament in promoting the mainstreaming of HIV/AIDs actions. In the same vein, by engaging in the setting of priorities in Poverty Reduction Strategies, Parliaments can promote country ownership and mobilize further resources as was the case with respect to educational targets in Tanzania.

In sum, parliamentarians can play an important role in promoting aid effectiveness, fostering country ownership and contributing to the transparency in the allocation of aid resources. These functions have become even more critical in the current economic environment. In this context, the Parliamentary Network on the World Bank provides a relevant platform for exchanging experiences and further advancing the aid effectiveness agenda.



### Doing Business 2011: Making a difference for entrepreneurs

By Neil Gregory, Acting Director, Indicators and Analysis Department,  
Financial and Private Sector Development Network, the World Bank Group

A vibrant private sector - with firms investing, creating jobs and improving productivity-promotes growth and expands opportunities for the poor. Finding a job or starting your own business were cited as the most effective ways out of poverty in the World Bank survey "Voices of the Poor". Enabling private sector growth-- and ensuring that everyone can participate in its benefits-- requires a regulatory environment where new entrants with drive and good ideas can get started in business, and where firms can invest and grow, generating more jobs. Governments committed to the economic health of their country and opportunities for its citizens focus on more than macroeconomic conditions. They also pay attention to the laws, regulations and institutional arrangements that shape daily economic activity. *Doing Business 2011: Making a difference for entrepreneurs* is the eighth in a series of annual reports investigating

the regulations that enhance business activity and those that constrain it. The report presents quantitative indicators on business regulation, and the protection of property rights for 183 economies.

Until recently, there were no globally available indicator sets for monitoring such microeconomic factors and analyzing their relevance. The first efforts, in the 1980s, drew on perception-based data from expert or business surveys. Such surveys are useful gauges of economic and policy conditions. But their reliance on perceptions and their incomplete coverage of poor countries constrain their usefulness for analysis. The *Doing Business* project, initiated 9 years ago, goes one step further. It looks at domestic, small and medium-sized companies and measures the regulations applying to them through their life



cycle. The aim is to allow for the comparison of the regulatory environment for a domestic business around the world, to facilitate research on business regulation policies and economic outcomes, and to inform and motivate policy discussion on regulatory reform. [However, it is important to mention that the Doing Business indicators have limitations. *Doing Business* does not measure all aspects of the business environment that matter to firms or investors—or all factors that affect competitiveness. It does not, for example, measure security, macroeconomic stability, corruption, the labor skills of the population, the underlying strength of institutions or the quality of infrastructure. Nor does it focus on regulations specific to foreign investment.]

A fundamental premise of *Doing Business* is that economic activity requires good rules—rules that establish clear property rights and increase the predictability of economic interactions. Where regulation is burdensome and competition limited, success tends to depend more on whom you know than on what you can do. But where regulation is transparent, efficient and implemented in a simple way, it becomes easier for aspiring entrepreneurs, regardless of connections, to operate within the rule of law and to benefit from the opportunities and protections that the law provides.

Since its inception in 2003, *Doing Business* has stimulated debate about policy through its data and benchmarks, both by exposing potential challenges and by identifying where policy-makers might look for lessons and good practices learning from others. Governments around the world have reported more than 270 business regulation reforms inspired or informed by *Doing Business*, and they have exchanged experiences and lessons at peer-learning events in Central America, the Middle East and North Africa, Asia and Sub-Saharan Africa. The *Doing Business* indicators have also enabled a growing body of research on how business regulation and different policy reforms relate to economic outcomes such as competitiveness, growth and greater employment and incomes. Over 650 articles have been published in peer-reviewed academic journals, and

about 2,000 working papers are available related to *Doing Business*.

How do governments use *Doing Business*? Governments, when setting up reform programs, look for successful country examples. *Doing Business* helps in this. For example, Saudi Arabia used the Company Law of France as a model for revising its own. Many countries in Africa look to Mauritius—the region’s strongest performer on *Doing Business* indicators—as a source of good practice for reform. In the words of Luis Guillermo Plata, the former Minister of Commerce, Industry and Tourism of Colombia: “*It’s not like baking a cake where you follow the recipe. No. We are all different. But we can take certain things, certain key lessons, and apply those lessons and see how they work in our environment*”.

Countries that successfully implement reforms in the area of business environment use the *Doing Business* indicators as an entry point for broader reform programs aimed at enhancing economic competitiveness, as in Colombia, Kenya and Liberia. In order to ensure coordination of efforts across agencies, economies such as Colombia, Rwanda and Sierra Leone have formed regulatory reform committees reporting directly to the President that use the *Doing Business* indicators as one input to inform their programs for improving the business environment. In addition, the Asia-Pacific Economic Cooperation (APEC) organization uses *Doing Business* to identify potential areas of regulatory reform, to champion economies that can help others improve and to set measurable targets. In 2009, APEC launched the Ease of Doing Business Action Plan with the goal of making it 25% cheaper, faster and easier to do business in the region by 2015.

As *Doing Business* continues to measure and track changes to business regulation around the world from the perspective of local firms, these and other data sets provide a rich base for policy-makers and researchers alike to continually test and improve their understanding of what works and what does not—and why.



## Parliamentarians and aid effectiveness: Preparing for the 4<sup>th</sup> High Level Forum on Aid Effectiveness

By Alexandra Trzeciak-Duval, Head of the Policy Coordination Division,  
Development Cooperation Directorate (DCD), OECD

### What does “aid effectiveness” mean?

After decades of aid financing, it has become clear that the way aid is delivered needs to be reformed. The Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action –AAA– (2008) are amongst the most important efforts set up internationally to reform traditional relationships (from a provider - recipient relation to a partnership one) and aid delivery mechanisms in order to make aid more effective and to maximise its impact on development.

These international agreements stated that for aid to be effective:

- Developing countries need to exercise ownership and leadership over their development policies
- Donors must harmonize among themselves and align with country priorities
- Donors and developing countries must formulate actions with clear goals, with progress measured against concrete targets and holding each other responsible for achieving these goals

The implementation of these principles implies significant changes of behaviour and practices. Developing countries need to define, implement and monitor development policies including with a broader array of different national stakeholders; donors need to strengthen national capacities which means using local country systems to deliver aid; and transparency and accountability on how the aid is provided and how it is used must be increased.

One of the key aspects of the success of the Paris Declaration is the creation of a monitoring framework, including 12 indicators with five years targets. At the beginning of 2011, the last survey in a series of three surveys will be conducted to evaluate the implementation of the Aid Effectiveness Principles in different countries. The results of this survey and other monitoring processes will be the main input for the Fourth High Level Forum on Aid Effectiveness (HLF4).

HLF4 will be held in Busan, Korea, from 29 November to 1 December 2011. Although it is still too early to know the detailed outcome of this event, it is expected to be a significant milestone in the international debate on effective aid for development and could shape the way in which international co-operation will work in future years, especially in regards to the achievement of the MDGs.

### Why are parliaments necessary to make aid effective?

The AAA has clearly highlighted the importance of parliaments’ participation in “ensuring country ownership of the development process”. This is directly related to the central role that parliaments play in terms of economic and social development in a democratic state. As parliaments are responsible, in most countries, for creating the legal framework for development activities, voting the strategies and plans setting the main development options, approving the national budget, controlling actions of the executive, and in some countries, approving the poverty reduction strategies and plans, it would be difficult to imagine any relevant development aid debate without the participation of this critical institution. Parliament also has a constitutional mandate for domestic accountability and oversight of government expenditures, including ODA [For more information on aid-effectiveness check <http://www.aideffectiveness.org/Guidance-Note-for-Parliament-Entrance.html>].

However, the recognition of the parliament as a development actor does not imply the attribution of new roles. Parliaments simply have to assume their constitutional functions. In that sense, two of the main functions of parliaments are legislative and scrutiny, and both are directly related to a number of aid effectiveness issues.

- The legislative function is indeed critical for any development process, but also for the implementation of PD and AAA principles. For example, necessary reforms to create an adequate

legal framework to increase transparency, to provide an enabling environment for CSOs and to reform procurement systems. And as the aid debate is broadening perspectives towards a development debate, pushing also for more policy coherence for development, more and more areas, in which Parliaments have a strong role to play, are being brought in this aid debate.

- The scrutiny function is directly linked to the accountability system, which PD and AAA principles want to reinforce. The government is held to account by parliament with different mechanisms (interpellations, debates, ordinary and ad-hoc commissions...). In this way, the parliament could follow the elaboration and implementation of development programmes and policies, including all those financed by external resources. Connected to this is the importance of using country systems in delivering aid. Avoiding these essential principles, established in the PD and reinforced in the AAA, undermines parliamentary authority and contributes to weakening the rule of law, especially in countries highly dependent on aid.

Taking into consideration the importance of their responsibilities, partner country parliaments also play a role as beneficiaries of aid programmes, especially those focused on increasing capacities. With sufficient parliamentary capacity to perform their oversight role over the country systems, parliament will be well placed to cultivate a relationship characterised by trust and confidence with the donor community.

From the donor side, as donor country parliaments have to take the decision on the amounts of aid to be delivered, it is also essential that they understand the importance of aid effectiveness principles (and in general, alerting on how aid directly controlled by donors could undermine parliaments in partner countries is a good way to sensitize them). Donor and partner country parliamentary cooperation strengthens and supports the roles of both.

As is evident from the journey from the Paris Declaration to the AAA, the evolution of the aid discussion is increasing parliaments' relevance in their legislative and scrutiny function (i.e. overseeing global funds and non-traditional donors, strengthening relations with civil society

organisations, applying policy coherence in both northern and southern countries...). Any further process to increase the effectiveness of aid and development cannot afford to omit consulting parliaments and parliamentarians in this process.

#### **How are parliaments and parliamentarians participating in the international aid effectiveness debate?**

One of the key elements to warrant the success of the HLF-4 and its outcomes is to ensure that perspectives from different, relevant development actors are heard.

Parliaments are represented in the Working Party on Aid Effectiveness (WP-EFF), which is the main international forum on aid effectiveness responsible for monitoring the Paris Declaration process and for preparing the HLF4, by the Inter-Parliamentarian Union (IPU) and the Association of European Parliamentarians with Africa (AWEPA). Recently, members of the **ACP-EU Joint Parliamentary Assembly (JPA)** secretariat have also shown interest in taking a more active role in this process.

In addition, there are other opportunities to incorporate parliamentary perspectives in the discussion. This includes the organisation of a specific event (between March and May 2011) on parliamentary perspectives and expectations in the lead up to the forthcoming HLF4, in order to ensure the right synchronisation with the projected calendar in the negotiation process for HLF-4 outcomes; the realisation of an on-line survey specifically addressed to parliamentarians to collect their points of view or to look for slots in some parliamentary meetings to present the HLF-4 and to ask for inputs. Likewise, some efforts will probably be made to finance travelling and accommodation for southern MPs to attend the HLF4.

In all of these processes it is important to note that the measure of success for parliamentary concerns to be taken on board at Busan, will not be the number of parliamentarians attending the event but rather substantive inputs into relevant work streams in the preparation for Busan. Parliamentarians, particularly those responsible for questions relating to development and aid, can and should participate actively in substantive discussions on, for example, use of country

systems, accountability and transparency [For more information on work streams check [http://www.oecd.org/document/35/0,3343,en\\_2649\\_3236398\\_43382307\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/35/0,3343,en_2649_3236398_43382307_1_1_1_1,00.html)]. These

inputs will certainly go a long way in shaping the future of the aid effectiveness agenda and in particular in ensuring that it bears witness to an inclusive perspective of development.



### **Yes we can, if we care! We know what works, so why don't we act?**

By Marleen Temmerman, Senator, Belgium

Looking at the progress of the Millennium Development Goals (MDG's), it is obvious that the health related targets need a special effort. In 2008, 8.8 million children died before the age of five, half of them Sub-Sahara Africa. Every minute somewhere in the world, a woman dies because of pregnancy or delivery, over half of them on the African continent. More than 7.000 people get infected by HIV every day, over 70% of these new infections occur in developing countries. While figures show a slight progress since 1990, it is clear that we will not reach the targets by 2015. We need to review the approach. The way we deal with the MDG's today is too focused per target. We need to broaden our view and look for a comprehensive approach as illustrated by recent data. For example, research data indicate that the HIV epidemic led to a substantial increase of maternal mortality in Eastern and Southern Africa. This means access to antiretroviral drugs for pregnant women should be included in the set of interventions to fight maternal morbidity and mortality. This is just one example, but also family planning, skilled birth attendance, education of girls and women, a rise of income per head, are crucial to meet some of the MDG goals.

In addition, a shift of paradigm on global health policies and the frame of development aid has to evolve from development programmes and projects into a rights-based concept of access to good quality health care as a universal human right. A step in this direction is the concept of the Global Health Fund whereby rich countries group their foreign aid for health (in relation to their financial capability) so that any changes in the

contribution of a given country can be offset by an increased contribution from another country, similar to the Global Fund to fight AIDS, Tuberculosis and Malaria and to the World Bank's International Development Association. In addition, a proportion of the BNP of receiving countries (15%) has to be guaranteed as condition to benefit from the Global Health Fund.

Reaching MDG 4 and 5 is not a problem of know-how. We know what works because of some best practices and good examples from countries as Tanzania, Egypt, Bolivia and Sri Lanka. In addition, it has been shown that seriously taking action is not extremely expensive. At the Millennium Summit in 2005 it was already clear that e.g family planning was an easy and cheap remedy to reduce maternal and child mortality. Non-commitment and lack of political will are key issues resulting in lack of funding and lack of progress. At present, half of the world population is under 25 years and almost 1.5 billion will become sexually active within the next 15 years. Despite the well-known huge needs for family planning and prevention of sexual ill-health, including HIV and sexually transmitted diseases, there is a decline in funding and attention given to sexual and reproductive health and rights.

Therefore governments, civil society organisations, multilateral organisations and academia have to join forces and take coordinated actions. Not only do they need to raise their funding in order to meet the health related MDG's, they also have to make countries accountable and responsible for the success of their national health policy. Commitments should be realised and money

spending should be transparent. This can only be done if there is an internationally agreed set of health goals with indicators that make it possible to enhance monitoring, evaluation and reporting. Investing in health, especially for women and children, has a major impact on society. Healthy women have less chance to fall into poverty, as they are able to work and earn money. Women

and children who have access to basic health care need less treatment and therefore save huge amounts of money... It all seems easy but there is still a lot of work to be done. But with a little investment, cooperation and coordination, incredible results can be made.

Yes we care, so why don't we just act?



## Principles for Innovative Financial Inclusion – From G-20 Principles to Policy Action

By the Consultative Group to Assist the Poor (CGAP)

At the G20 Leaders Summit in Pittsburgh in September 2009, the G20 Leaders ratified the global importance of financial inclusion by establishing the G20 Financial Inclusion Experts Group (FIEG). The objective of the G20's FIEG is "to support the safe and sound spread of new modes of financial service delivery capable of reaching the poor and, building on the example of microfinance, will scale up the successful models of small and medium-sized enterprise financing."

The FIEG's financial inclusion agenda is divided into two sub-groups: Access through Innovation (ATISG) and SME Finance. This dual focus underscores both the importance of innovation in approaches to low-income individuals' access to financial services, products and modes of delivery, as well as the G20's commitment to promoting entrepreneurship at a scale that can have significant employment and economic growth impacts. CGAP serves as Implementing Partner to the FIEG's ATISG, together with the Alliance for Financial Inclusion (AFI).

To address the needs of individual financial consumers, the ATISG centers its work on innovative methods to improve access to financial services, including the use of mobile phones and other information communication technologies (ICTs) to reduce costs and overcome other barriers to the provision of sustainable financial services to the excluded. In particular, the ATISG has explored policy and regulatory approaches aimed at:

- (i) fostering the safe and sound adoption of innovative, low-cost financial service delivery models;
- (ii) helping provide a framework of incentives for the various bank, insurance and non-bank actors involved, while ensuring fair conditions of competition between all financial service players; and
- (iii) fostering affordable financial services that respond to customer's needs in both quality and range. As part of CGAP's role on the ATISG, it developed an updated list of diagnostics analyzing the current state of play in branchless banking in 11 countries.

On the basis of this background work, the G20 Leaders Summit in Toronto, which took place last June, highlighted the importance of the work being done by the G20's Financial Inclusion Experts Group (FIEG). The Leaders released nine "Principles for Innovative Financial Inclusion" formed through the efforts of the Access through Innovation Sub-Group (ATISG), derived from CGAP's diagnostic work and a survey conducted by AFI. "We have developed a set of principles for innovative financial inclusion, which will form the basis of a concrete and pragmatic action plan for improving access to financial services amongst the poor," the Toronto declaration said.

The nine Principles are the following:

- Leadership: Cultivate a broad-based government commitment to financial inclusion to help alleviate poverty.



- Diversity: Implement policy approaches that promote competition and provide market-based incentives for delivery of sustainable financial access and usage of a broad range of affordable services (savings, credit, payments and transfers, insurance) as well as a diversity of service providers.
- Innovation: Promote technological and institutional innovation as a means to expand financial system access and usage, including by addressing infrastructure weaknesses.
- Protection: Encourage a comprehensive approach to consumer protection that recognizes the roles of government, providers and consumers.
- Empowerment: Develop financial literacy and financial capability.
- Cooperation: Create an institutional environment with clear lines of accountability and co-ordination within government; and also encourage partnerships and direct consultation across government, business and other stakeholders.
- Knowledge: Utilize improved data to make evidence based policy, measure progress, and consider an incremental “test and learn” approach acceptable to both regulator and service provider.
- Proportionality: Build a policy and regulatory framework that is proportionate with the risks and benefits involved in such innovative products and services and is based on an understanding of the gaps and barriers in existing regulation.
- Framework: Consider the following in the regulatory framework, reflecting international standards, national circumstances and support for a competitive landscape: an appropriate, flexible, risk-based Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) regime; conditions for the use of agents as a customer interface; a clear regulatory regime for electronically stored value; and market-based incentives to achieve the long-term goal of broad interoperability and interconnection.

Until relatively recently, most initiatives to improve the policy and regulatory environment for financial service providers targeting the bottom of the economic pyramid have focused at the country level. This approach has been practical, given that policy and regulation are largely determined at this level.

However, promoting financial access for the poor is increasingly an international concern. This because global investors and donors are playing an

important role as funders and as advocates for identification of good practices, standards and principles across the industry. Also, policy makers themselves in developing countries and emerging markets are manifesting a growing interest and leadership. With this internationalization, increased attention has also focused on the role that international standard-setting bodies can play to promote improved financial access for the unbanked and underbanked poor households and SMEs.

At the November G20 Summit in Seoul, the Leaders extended the backing of member governments for financial inclusion beyond the one-year term envisioned for the FIEG in the Pittsburgh Leaders’ Statement by calling for the creation of the Global Partnership for Financial Inclusion (GPFI). The GPFI will provide a systematic structure for implementing the G20 Financial Inclusion Action Plan (called for at the Toronto Summit and adopted at the Seoul Summit). The GPFI will work in close collaboration with Implementing Partners AFI, CGAP and the International Finance Corporation and is intended as an inclusive platform for all G20 countries, interested non-G20 countries and relevant stakeholders to carry forward the G20’s commitment to financial inclusion. The GPFI will (i) facilitate an efficient and effective information sharing mechanism; (ii) coordinate the various financial inclusion efforts (iii) provide systematic monitoring of progress over time (iv) mobilize financial support for activities as needed (starting with a funding framework for SME finance, including funding for the winners of the SME Finance Challenge, also announced at Seoul), and (v) launch and coordinate taskforces to address specific financial inclusion issues (e.g. financial inclusion data).

The G20 Financial Inclusion Action Plan promotes the application of the Principles for Innovative Financial Inclusion. The actions to be implemented include:

- Advancing the implementation of the Principles through a commitment by each G20 member to implement at least one of the Principles;
- Encouraging the Standard Setting Bodies to further incorporate financial inclusion objectives into their work;

Encouraging further private sector activities to increase access to financial services;  
Strengthening and expanding data availability for measuring financial inclusion and methodologies for countries that wish to set financial inclusion targets;  
Supporting peer-learning, capacity building and training;  
Improving coordination at the national and international levels; and

Integrating financial inclusion into financial assessment programs.

The challenge now is to translate this high level international support for the promotion of financial inclusion from the level of Summit Communiqué to implementation in practice by global standard setters, and country-level policymakers, legislators and regulators.

CGAP, the Consultative Group to Assist the Poor, is an independent policy and research center dedicated to advancing financial access for the world's poor, housed at the World Bank.



### Strategic issues in private sector competitiveness in developing economies

By Hervé Gallèpe, Parliamentary Relations, International Relations Division, Agence française de développement (AFD)

#### The issues at hand

In a constantly changing international environment, the competitive advantages of firms depend on their organizational and technical capacities to respond quickly to changing demands. Competitiveness involves looking at the business environment, infrastructure, services, and - last but not least - at possible internal gains in competitiveness, which will have the most immediate and long lasting effect.

#### Strategic Axes

At the national level, the focus should be on *private sector strategies*, defined in consultation with the private sector and the administration. These strategies are linked, in particular, to the business environment, streamlining the business support system (services), institutional capacity, funding and training. The main concern of many governments is generating employment and developing "competitive enterprise". In addition, supporting the private sector by strengthening infrastructure, educational systems, vocational training, the legal environment, and tax and financial systems should be a priority.

Strengthening the competitiveness of the private sector can be organised around the following three axes:

#### *Axis 1: Upgrading infrastructure and support services*

This axis is often a priority for governments. Its impact is measured in terms of factor costs and opening-up/ unclogging bottlenecks (industrial areas, roads).

#### *Axis 2: Upgrading the Business Environment*

This applies to corporate taxation, the judiciary, customs, governance and government performance. Its impact is measured primarily in terms of foreign or domestic investment, which creates new businesses and jobs.

#### *Axis 3: Upgrading enterprises and their direct environment*

Action in this area can be structured around a common national strategy for upgrading enterprises. Two essential priority adjustments should be considered (depending on the different characteristics of economies), which involve the

direct business environment: professional training and corporate finance tools.

In addition, upgrading infrastructure (energy, transport) must include financing and co-financing from multilateral donors like the European Union, the World Bank, AfDB, ADB, and bilateral donors.

#### **Expected results**

When governments act to strengthen the competitiveness of the private sector, the following direct and indirect results are expected:

##### Direct:

- Maintaining or growing firms' market share (strengthening their position on national, regional or international markets)
- Increasing firms' internal productivity (lowering costs of production)
- Increased profitability
- Regularity of production and quality

##### Indirect:

- Creation of stable and sustainable employment
- Market diversification for exports
- Increasing the availability of support services, private counselling and public support tools
- Creating interest among banks for Small and Medium Enterprises (SMEs) and Small and Medium Industries (SMIs)
- Disseminating technologies and modern management methods
- Improving inter-enterprise exchanges and the economic fabric (cluster dynamic)

#### **AFD's actions**

The French Development Agency (AFD) has some experience in programmes supporting private sector development in Senegal, Mali (private sector support services), Algeria (capacity building for exporters), Madagascar (supporting the textile sector), and Vietnam.

There are five critical aspects for private sector development in many developing countries:

- Skills development (in the field of vocational training)
- Access to international trade, (programmes for trade capacity building)
- Network creation between firms (clusters/poles of competitiveness)
- Access to finance, through the development of guarantee funds
- Building a business environment conducive to private sector activity, and
- Access to Information.

AFD is active in the first four areas, and must expand its activities to strengthen the business environment in conjunction with other donors.

#### **Social and environmental responsibility is central to all AFD private sector activities**

Public-private partnerships can help achieve social and environmental goals. This means strengthening partnerships to disseminate good practices and combining co-financing of concessional and non-concessional resources, in cooperation with external partners.

In this model, principles of sustainable development and corporate social responsibility must permeate all private sector activities, whatever the sub-sector. We also need to take into account local environmental constraints, particularly by encouraging (i) environmental loans designed to co-finance the costs of environmental programmes linked to industrial investment programmes or infrastructure, (ii) environmental credit lines made available to banks while continuing to develop traditional environmental projects.

#### **The Fight against financial crime**

In 2006, the AFD created the department for monitoring and compliance to fight financial crime. This department is mainly responsible for money laundering: it issues preliminary notices prior to any funding decision. Its director is designated by the French financial intelligence unit which fights against money laundering and terrorist financing (TRACFIN). Banks, in their capacity as intermediaries with their SME clients, can disseminate social responsibility and environmental sustainability policies. For exporting companies, the label 'CSR' can be a good way of communicating compliance with European standards. For more information, please visit: [www.afd.fr](http://www.afd.fr)



## Investment in maternal health plan involves more than just cash

By Dr. Keith Martin, Member of Parliament, Canada; Founder of the Canadian Physicians Overseas Program and the Centres for International Health and Development initiative

During the world's largest meeting of pediatric academic scientists in Vancouver, a persistent refrain was heard: We know how to save lives in developing countries, so why aren't we doing it?

Many of these pediatricians live in two worlds. They work in some of the most sophisticated labs in the West, and also labour in the slums and rural areas of some of the most impoverished countries in the world. They witness first-hand the tragic gap between the knowledge we have and the failure to implement this knowledge on the ground, where it is needed the most.

For physicians it is particularly soul-destroying to see your patient die for want of something that is cheap and easily available in the West. Simple solutions can save millions of lives. For example, zinc supplements could reduce childhood mortality for pneumonia and gastroenteritis (combined they kill 4.4 million children per year) by nearly fifty per cent!

Connecting the knowledge we have with those who could benefit from it is one of the greatest challenges of our time. The bridge to do this is through strengthening developing countries' primary health care systems. The G8 and G20 summits provide an extraordinary opportunity to do just this. Such a plan could save the lives of the nine million women and children who die every year from easily preventable or treatable causes. So how can we achieve this?

Invest in access to primary health care, such as: trained health-care workers, basic medications (120 of the World Health Organization's list of 130 essential medicines are already off patent, which means that generic companies can freely make them today), diagnostics, adequate nutrition (including micronutrients), clean water and sanitation, a reliable power source, and access to family planning and safe abortion services. Primary

health care is the single, unifying mechanism through which we can roll out treatment and prevention programs for everything from HIV/AIDS to malaria and maternal care. The G8 should create a new Global Fund for Maternal and Child Health, which would ultimately disburse \$12 billion a year. This would double the world's current expenditures in this area that historically has been the most underfunded and neglected of all the Millennium Development Goals.

The rollout of these assets to support primary care could be done by partnering with organizations that already have sites and reliable logistical systems in place. The World Food Program, UNICEF, UNDP, the International Red Cross, and others distribute food and medical care to vulnerable populations. They have the mechanisms to get life-saving products to people in need. Dispensing basic health care through established systems would obviate the need to create new distribution mechanisms, which would save millions of dollars in administration costs that can be used instead for patient care.

Each G8 nation could take the leadership role in one of the inputs required to deliver primary health care. For example: the U.S. could take the lead in training health care workers; Canada could champion access to sanitation, potable water, and adequate nutrition (we could use the Micronutrient Initiative and Engineers Without Borders as partners); the French could lead in providing access to family planning and safe abortions where it is legal, etc. Investing in reducing maternal and childhood mortality and morbidity also has a broader, more powerful effect on the entire population that is not well known.

With the assets available to treat the most common complications of pregnancy, you can also treat 80 per cent of the medical problems encountered in the emergency room, including the world's major killers: gastroenteritis, pneumonia,

malnutrition, tuberculosis, malaria, sepsis and complications arising from HIV/ AIDS.

If the world's richest nations and other donors are unwilling to act on purely humanitarian grounds, there is a very strong economic argument to support investing in this plan.

Every dollar spent in primary care ultimately reduces health-care costs by \$4 and social costs by a staggering \$20. Thus, investing in primary care also makes excellent economic sense: healthy people are productive people who can then lift their families, communities and countries out of poverty.

G8 nations have a remarkable opportunity to make the most profound change in the health of the world's poorest people that we have ever seen. Canada has a chance to make this happen with strong, clear leadership that will support a plan driven by science, not ideology.



### **'Ceilings' or 'fiscal space constraints' on government health expenditure of developing countries: clarifications from IMF and World Bank urgently required**

By Dr. Gorik Ooms and Dr. David Hercot,  
Institute of Tropical Medicine Antwerp

A few years ago, Ooms and Schrecker wrote a viewpoint for the Lancet, in which they argued that macroeconomic policies promoted by the International Monetary Fund (IMF) and the World Bank constituted de facto ceilings on government health expenditure of developing countries: even if richer countries agreed to provide more on budget assistance for health, some developing countries were not allowed to increase government health expenditure accordingly.

On behalf of the World Bank and the IMF, Sarbib and Heller reacted swiftly. In a response with the title 'Fiscal space: response from World Bank and IMF', they first denied the existence of such ceilings, then implicitly acknowledged their existence and value: "Make more aid reliably available, and more long-term programmes will be possible" (emphasis added). The keyword here is 'reliably' or 'reliability': if additional aid is not reliable in the long run, and if domestic resources are not expected to increase at the pace at which aid is expected to decrease, the additional government expenditure entails risks. Imagine a country that would hire a few thousand additional nurses and pay the salaries with international

assistance, to find out a couple of years later that the international assistance is running dry...

From this perspective, ceilings on government health expenditure can make sense, as long as everyone knows how they are estimated and set, and as long as they are truly accepted by the governments directly concerned. That is the heart of the problem: the lack of transparency about how fiscal space constraints are estimated and influence government health expenditure. There is no doubt that such estimates are made, and that they do have an influence. Gottret and Schieber, in a health financing guideline for developing countries published by the World Bank, directly refer to them. To illustrate them, they "assume that donor grants are committed to a country in an unrestricted manner until 2020" to explain that "it is unlikely that the additional margin generated in the domestic envelope will accommodate such increases in health expenditures by 2020, or there is unwillingness in the recipient country to make such a commitment to health, expenditures would not be allowed to increase as much" (emphasis added).



Hay and Williams visualised the problem; figure 1 below is adapted from their contribution to the 'High Level Forum on the Health Millennium Development Goals'. If fiscal space (for government health expenditure) is the sum of domestic revenues and aid; and if aid is assumed to increase during a couple of years and to decrease eventually while domestic revenues do not catch up, then the shaded area of fiscal space in figure 1 is unreliable.

Figure 2, however, illustrates how simple it could be to solve this, at least in theory. Quoting Sarbib and Heller, referred to above: "Make more aid reliably available, and more long-term programmes will be possible" (emphasis added). In reality, however, nobody knows how and by whom future domestic revenues for health and reliability of aid are evaluated. The only thing we know for sure is that if the evaluation turns out negative, government health expenditure is not allowed to increase. Ceilings and fiscal space constraints matter, because they predict a phenomenon that has been observed in many developing countries: as international aid for health increases, national government expenditure on health tends to decrease. Faced with an overall spending constraint or ceiling on health expenditure, and increasing aid for health, developing countries have a choice between refusing additional aid and decreasing the allocation of domestic revenues to health.

The choice is easy: refusing aid means losing aid; reducing the allocation of domestic revenues to

health means these revenues can be used for other purposes. Lu and colleagues found that for every additional aid dollar to government health expenditure, national government health expenditure decreases with 43 to 114 cents.

They also found the opposite effect when additional aid is directed to non-government health actors: then domestic government allocations seem to increase. Could it be health expenditure by non-government actors is not bound by ceilings or fiscal space constraints? In that case, aid would be more effective if directed to non-government actors, which goes against the spirit of the 'Paris Declaration on Aid Effectiveness' and the 'Accra Agenda for Action'.

The alternative is aid to government that is reliable enough to expand fiscal space in a sustainable manner. The World Bank and the IMF have admitted, at least indirectly, that they will not allow increasing government health expenditure based on unreliable aid. It is about time they clarify how reliable aid should be, in their opinions, to expand fiscal space, thus allowing richer countries to make the right choices between different aid channels available. It has been documented that the aid provided through so-called 'Global Health Partnerships' is more reliable than bilateral aid. If more reliable health aid (to some countries) makes the difference between aid that does increase government health expenditure and aid that does not increase government health expenditure, richer countries should be informed about that.

Figure 1: Fiscal space, assuming unreliable aid

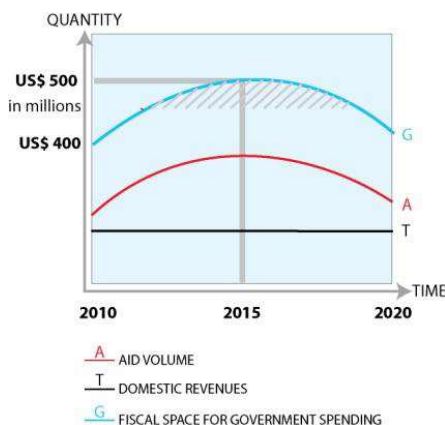
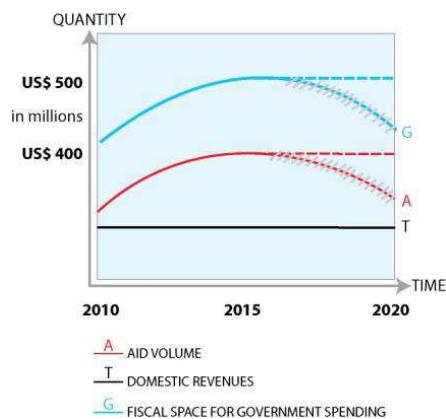


Figure 2: Fiscal space, assuming reliable aid





## Parliamentarians' role in meeting the MDGs

By Svend Robinson, Senior Adviser, the Global Fund to Fight AIDS, TB and Malaria

2010 is a key year on the road to meeting the 2015 Millennium Development Goals, particularly the health-related MDGs 4, 5 and 6. The MDG Summit of the UN in late September, followed by the replenishment conference of The Global Fund to Fight AIDS, TB and Malaria ["the Global Fund"], were both important events on this journey. We have already clearly failed to meet the target of universal access to treatment and care for people living with HIV/AIDS: only 5 million of the estimated 15 million people who need Anti-Retroviral Treatment for AIDS, and only a fraction of the pregnant women in developing countries who are HIV positive have access to medications needed for prevention of transmission to their unborn children. The Global Fund plays a vital role in meeting MDGs 4, 5 and 6, and we see Parliamentarians as key partners in this endeavour. This brief article seeks to answer two questions about the role of Parliamentarians as partners of the Global Fund:

- How is the Global Fund making a difference in the fight against the three pandemics of AIDS, TB and Malaria?

- What can Parliamentarians, in both donor countries and partner implementing countries, do to support the work of the Global Fund?

Since the Global Fund was created just 8 years ago, in 2002, as a unique public-private partnership dedicated to raise and disburse financial resources to fight the three major global pandemics, which kill over six million people every year, the results have been impressive. The Global Fund has become the dominant global financier of programs to fight AIDS, TB and malaria, funding one quarter of HIV/AIDS programs, and two-thirds of TB and malaria. To date, these programs have saved some 5.7 million lives, by providing AIDS treatment for 2.8 million people [over half of all the people on ARVs], anti-TB treatment for 7 million people, distributing 122 million insecticide-treated bed

nets for the prevention of malaria and delivering 143 million malaria drug treatments. At the same time, Global Fund programs have contributed greatly to strengthening of health systems, by strengthening health workforces and supporting primary health care centres and laboratories for example, and reducing maternal and child mortality. To date, the Global Fund has approved funding of some US \$20.1 billion in 145 countries.

In terms of the role of Parliamentarians as key partners in supporting the goals and objectives of the Global Fund, there are a number of areas to highlight:

- In times of economic crisis in many countries, resource mobilization for the Fund is not easy. There are many competing priorities for scarce ODA resources. Parliamentarians in donor countries can lobby to ensure that their governments continue to contribute to the Global Fund. At the recent triennial replenishment meeting in New York, chaired by UN Secretary General Ban Ki-moon, the Fund received pledges from over 20 countries totalling \$11.7 billion, for the period 2011-2013, a 20% increase from the previous pledges in 2007. But this figure still fell short of the lowest scenario calling for \$13 billion, just to sustain existing programs and allow for very modest scale-up. Parliamentarians in donor countries such as Canada, Australia, Japan, the US, and France were all active in securing significant increases in their countries' pledges. Parliamentarians can also play a key role in fighting for new innovative funding sources for global health, such as currency transaction levies and financial transaction "Robin Hood" taxes. In partner countries, Parliamentarians have an important role to play in pushing their governments to meet the 2001 Abuja commitment to spend at least 15% of domestic budgets on health care. They are also powerful witnesses in

donor countries to the lives saved as a result of Global Fund programs.

- Parliamentarians have a very important role to play in both donor and partner countries in budget oversight, control and accountability. Their role has been underscored in both the Paris Declaration and the Accra Agenda for Action. They can ask the tough questions about whether resources are being used most effectively, for prevention and treatment with a clear evidence based, human rights-driven focus. They can be vigilant for any signs of fraud or corruption. The Global Fund is keen to strengthen our mechanisms in country to give greater oversight powers to Parliamentarians, including membership on the Country Coordinating Mechanisms and more coordination with Local Fund Agents...they can help to be the "eyes and ears" of the Fund in country. Those in donor countries can provide support to help build capacity for their colleagues in partner countries. Civil society organizations, the private sector, labour, and faith based organizations are also valued partners in this work.

- Parliamentarians are leaders in their communities and in their countries, and this leadership role can

be essential in helping to save lives. They can take public actions to help reduce the terrible stigma and discrimination that still surround the epidemics, such as public testing and speaking out strongly for gender equality and ending gender-based violence, fighting criminalization of homosexuality and transmission of the virus, supporting the Vienna Declaration and harm reduction for IV drug users, and opposing travel restrictions. Parliamentarians can also work for affordable medications, including opposing restrictive IP trade laws and supporting access to quality generic drugs.

These are just some of the ways in which Parliamentarians can play a very important leadership role in helping to meet the MDGs on target by 2015, and in helping the Global Fund to meet our objectives of ending all transmission of HIV from mother to child by 2015. Together, we can make the difference, and help save millions of lives. What mission could be more important for any woman or man who has the honour of serving in public office than this?



### Access to information at the World Bank: The first 99 days

By Chad Dobson, Director, Bank Information Center, and Rebecca Harris, Information Services Coordinator

October 7th marked the 99th day of implementation of the World Bank's revised [Policy on Access to Information](#). Civil society and the World Bank convened to both celebrate the milestone as well as critically analyze the gaps and difficulties of the disclosure policy implementation to date.

The panel event and discussion were part of the Civil Society Policy Forum of the 2010 World Bank/IMF Annual Meetings. The panel, moderated by Senior Communication Officer of the World Bank, Sumir Lal, consisted of both Bank and civil society representation: Paul Bermingham, Access to Information (AI) Committee Chair and Elisa

Liberatori-Prati, Chief Archivist, both from the World Bank, as well as Amy Ekdawi, the Bank Information Center's (BIC) transparency campaign manager, assembled to discuss the realities of access to information at the Bank.

Ekdawi presented BIC's recently published civil society toolkit, entitled "[Unlocking the World Bank's Access to Information Policy: Your key to the vault](#)." The toolkit is intended to be a practical guide to assist civil society in applying the Bank's new access to information policy as a means of obtaining documents from the institution. She also delineated remaining tasks that are necessary in order to translate the policy into reality, such as

translation of information to local languages as well as the creation of "CSO advisory councils" in selected country to assist World Bank country offices with access to information and consultations with affected communities.

Elisa Liberatori-Prati presented the policy implementation process from the World Bank's perspective, starting with a brief history. She noted that between July 1 (the effective date of the policy) and September 30th, the World Bank had received 160 information requests; 100 of which were granted, 10 were denied and 50 that are pending. She also presented the (self-selected) affiliation of the requesters, the vast majority of which (72) were from academia, 24 were from NGOs, 15 were consultants and 9 were business/private enterprise, which raised the very important question of how the Bank is conducting outreach to project affected people and how information access will ultimately result in both a participatory development process as well as overall positive development outcomes. Many in the NGO community are concerned with ensuring that the Bank's new policy improves access to the institution for those most affected by the Bank's projects, as opposed to merely providing an enhanced research database for academics.

While civil society believes that the World Bank's access to information policy raised the bar among the various information disclosure policies of the international financial institutions, it is important to also remain cognizant of the end goal of such policies: improved development outcomes and participation. Statistics indicating the various languages used in communications with requesters were also telling, as the lion's share (143) were in English, 8 Spanish, 4 French, 3 Portuguese and 2 in Arabic.

Paul Bermingham spoke to the operational dimensions of the new AI policy. He drew attention to the fact that that Implementation Status Reports (ISR) are now public per the policy and stated that 1,800 would be made public by the end of the year. ISRs are an important tool for external stakeholders as they provide information about the status of the project implementation as well as information related to progress on achievement of the stated objectives of a given project. Also noted was that in an attempt to mainstream the policy and promote the cultural shift towards openness within institution, a mandatory, online, one hour

training session must be completed by World Bank staff by December 15 and, as of last week, approximately 30% of staff had completed the training.

The Q&A produced a lively dialog that addressed necessary steps to promote transparency and shift the organizational culture towards a true presumption of openness at the Bank. A Moroccan colleague highlighted the sometimes insurmountable language barrier preventing a genuinely collaborative partnership between the Bank and civil society and noted that "translation into Arabic is a main obstacle...it inhibits our role as a civil society organization." Case in point, in April 2009, a case was brought to the World Bank's independent grievance mechanism, the Inspection Panel, regarding a [situation in Yemen](#) where the World Bank refused to produce an Arabic translation for document related to a \$51 million Development Policy Loan.

One seemingly large loophole in the policy involved information that the World Bank receives from governments and disclosure of documents that are contingent upon government approval. Several questions were raised about the role governments play in the simultaneous disclosure of documents (documents that are released to the public at the same time as the Executive Directors of the World Bank) and information that the Bank receives from a government. The Bank responded, "we're being proactive, but if the government says no..." It was also noted that the World Bank's position on information received from a government is that if the information is given to the institution in confidence, it cannot be disclosed without the concerned government's explicit agreement.

An Egyptian colleague congratulated the Bank on the progressive policy, but noted that it has raised civil society's expectations and questioned what would be the end result of the policy. He noted that a gap exists between information, access and the end user and underscored the importance of linkages of access to information to the mission of the World Bank, poverty alleviation. He also stressed the importance of feedback given to the World Bank and policy makers in order to accurately gauge the policy's impact, and noted that such evaluations would help the World Bank to better meet its mission statement.

The Bank shared many of civil society's concerns, agreeing that the institution "can't be accessible only in English," and stressed that the goal of the policy is empowerment of the people on the ground, explaining that "translation is at the heart of this."

Other questions were raised as to the role of Public Information Centers (PIC) in civil society outreach, as well as what types of capacity building activities would be carried out around the new policy. The World Bank responded that country offices would be the epicenter of outreach for reaching project-affected people and those without internet.

Given the enhanced expectation of outreach from regional offices, a central Asian colleague then

questioned whether there would be any intention of making local offices "more open, kind and receptive to concerns of civil society." Bermingham, a former country office director himself agreed that the country offices were "uneven" in quality and in the willingness to collaborate with civil society and replied that the Bank is "aware of it and working on it."

In closing, Liberatori-Prati asserted that, regarding dissemination, translation and evaluation, "this is our next phase, to make this policy more accessible." Civil society looks forward to continuing our partnership with the World Bank in order to transform these shared goals of openness, accessibility and transparency into reality.



### World Bank and IMF after the Washington Consensus: time to rethink pro-poor development finance

By Nuria Molina Director,  
and Nora Honkaniemi, Advocacy and Networking Officer,  
Eurodad

In the year 2000, the international community adopted the Millennium Development Goals (MDGs), a set of targets for poverty reduction focusing on development outcomes. Since then, the MDGs have succeeded in rallying unprecedented support for development, by identifying achievable goals and a time frame by which to reach them. On the down side, the MDG agenda has been less successful at addressing the root causes of poverty. Instead, the so-called "Washington Consensus" policies of greater liberalisation and ever more de-regulated markets have been maintained with the expectation that they could ensure decent lives, even for the most vulnerable sectors of society. However, inequalities in developing and emerging economies have often increased and poverty has continued to prevail.

#### **Will this time be different?**

Progress towards achieving the MDGs took a heavy blow when the global financial crisis started to bite. This time around, the World Bank and the IMF reacted differently than in previous crises. They made sizable financial injections in developing

countries budgets which allowed maintaining pro-poor spending and public investments. This is a notable departure from the past; however, as the crisis subsides: will changes at the IFIs prevail? Or will they be short-lived? How far will IFIs go in allowing developing countries to adopt pro-poor policies?

Another encouraging change to note has been the decrease in the number of conditions the World Bank attaches to their grants and loans and the increasing commitment to respect developing country ownership of national development processes. The IMF has followed suit in 2009 by phasing out one type of condition from their lending. While the IFIs deserve due credit for this, it remains to be seen how far they will go in changing their policy advice and supporting pro-poor policies which can address structural problems of equity and economic and social justice. However, failure to seriously assess the poverty impacts of the policy advice handed out by the IFIs casts doubt on the depth of the changes at the institutions beyond a cosmetic makeover. Both



the Bank and the Fund have failed to properly conduct poverty and social impact assessments (PSIA) of the policies they subscribe to. Both institutions have failed to make a thorough assessment of how their support for unfettered liberalisation and privatisation harmed the poor. Despite recent signs of a nascent recovery, the underlying problems that were at the heart of the global crisis have not yet been properly addressed: global economic and social imbalances, unregulated global markets, and the economic model that for the last three decades advocated the withdrawal of the state in favour of unfettered liberalisation and de-regulation still prevail in the global economy and threaten recovery and equitable development in poor countries. In a paper published last week, the IMF called poor countries to “undertake further reforms of their trade regimes (towards) further trade integration; improvements in the business environment (including) labour market and firm entry flexibility.” While trade and foreign investment can be crucial drivers of growth, evidence shows that poor countries have to be selective in the ways they liberalise their trade regimes and open up to foreign investment if these reforms are to contribute to the well-being of the most vulnerable in society.

### **A three point agenda for pro-poor development finance**

Whereas there are many areas in which development finance that could be improved, change in the following areas could make a difference for the poorest of the poor: they could help creating decent jobs, providing essential goods and services for the poorest, and enhancing tax revenues of poor countries to finance nationally-owned development strategies.

### **Taxation: fighting illicit flows and enhancing domestic resource mobilisation**

Estimates show that developing countries lose every year USD160 billion as a result of tax avoidance by multinational companies operating in the South. However, not all tax revenues lost by poor countries are related to illicit financial flows. In the past, IFIs have advised developing countries lowering taxes on profits to attract investment. They also pushed for trade liberalisation in order to increase the countries’ export related revenues. However, according to IMF’s research: “revenue recovery has been extremely weak in low-income

countries (which are those most dependent on trade tax revenues): they have recovered, at best, no more than 30 cents of each dollar lost.” The so-called “tax consensus” has all too often pushed for regressive tax policies with high distributional impacts on the poor. On June this year, the IMF issued a paper advising Mali’s governments to cut royalties on gold at a time of record high gold prices. Also the World Bank International Finance Corporation still provides financial support to companies based in tax havens. Pro-poor fiscal policies in developing countries must take into account the impact of tax policies on the poor. It is widely acknowledged that not only government spending but also revenue collection has distributional impacts on the poor. This must be acknowledged in IFIs advice to poor countries. To support pro-poor fiscal policies, the World Bank should also adopting stringent internal policies forbidding the IFC to lend to or invest in companies which are registered in tax havens.

### **Procurement policies: using aid to strengthen developing countries’ socio-economic fabric**

Public procurement is a large share of GDP it is the most important economic activity carried out by governments in developing countries. The way procurement policies are designed has therefore a significant impact on economic development and redistribution of wealth in a society. In developing countries, public procurement is largely funded by ODA resources. Eurodad is undertaking eight cases studies to assess whether procurement contracts funded by ODA and awarded by donor’s procurements systems benefit local or foreign enterprises, and whether they go to smaller and medium enterprises or large corporations. Tentative findings show that much ODA procured by donors cannot be considered a North-South financial flow. A large share of aid flows out from developing countries back donor countries, rather than being retained and absorbed by the economies of the recipient countries, contributing to the development of their domestic companies or creating employment opportunities in the South. Research also found that World Bank technical assistance tends to advice fully liberalised procurement policies – international competitive bidding – which implies that contracts are systematically awarded to economic actors from the more developed (more competitive) rather than developing countries. Whereas this may give greater “value for money” in the short-run, it

constrains developing country firms' opportunities for development. In some case study countries, Eurodad found that governments stated their willingness to use the purchase power of the state to promote their own strategic development priorities. Pro-poor procurement should phase out the use of donors' parallel systems and should respect developing country strategic priorities, including the use of procurement policies as a tool to strengthen their national socio-economic fabric and to achieve social development goals.

**Private sector finance: supporting developing countries small and medium enterprises**

Multilateral Development Banks and bilateral development finance institutions provide support to the private sector investing in the south to promote poor countries' private sector development. The International Finance Corporation (IFC), the private sector arm of the World Bank, is one of the largest public development institutions providing finance to the private sector investing in developing countries. In the last decade, investment and lending commitments by the IFC increased almost four-fold from US\$4 billion in 2000 to almost US\$15 billion in 2008. The main purpose of the IFC is providing finance to support "the establishment and expansion of private sector enterprises by making loans and equity investments where sufficient private capital is not otherwise available on reasonable terms." However, recent Eurodad

research shows that the IFC does little to promote the development of a strong and sustainable domestic private sector in poor countries. Less than one fifth of all IFC investments went to companies from the world's poorest countries, where credit is most scarce and borrowing costs are higher. Two thirds of IFC's financial support went to companies based in the richest countries. Also, the research shows that it is unclear to what extent IFC support is reaching the underserved people through providing new work and income opportunities or access to essential services. If the World Bank's IFC and other development finance institutions lending to and investments in the private sector are to support the poor, they should radically change their business model by ensuring that positive development outcomes – including social and environmental outcomes - are the overriding priority when making investment decisions.

**Conclusion**

The IFIs are extremely influential actors in shaping poor countries' policies; therefore, it is crucial that they ensure this advice does not hinder, but rather supports pro-poor development. Institutions, like individuals, can and should learn from their past mistakes. The WB and the IMF are faced with a golden opportunity which they should not miss.



**Inclusive participation: how parliaments can deliver for all**

By Olivier Pierre-Louveaux, Parliamentary Development Knowledge Manager, UNDP Brussels Office

It is commonly thought that free and fair elections represent the culmination of the democratic process. For fledgling democracies and countries recovering from crisis, however, elections are not an end, but rather a beginning - a critical but nonetheless preliminary step in the transition to democratic governance. Realizing the promise of elections and minimizing the risk of public

disillusionment with the democratic process requires investments in long-term democratic development, in particular the consolidation of governing institutions like parliaments. Democratic Governance is a larger, systemic and more complex scheme involving numerous actors, influencing each other. Elections and Parliament, governments, political parties, CSOs, academics

and citizens are all part of this system. Free elections, held according to internationally agreed standards, are a necessary but not sufficient condition for democracy to operate. More than the act of periodically casting a vote, democracy relates to the entire process of participation and representation of citizens in the decision-making process. The capacity of parliaments to exercise effectively their powers, the participation of non-state actors and civil society (including the representation of women and minorities), the access to and freedom of the media, are all vital elements for the functioning of democracy.

The Millennium Declaration emphasizes the value of inclusive political processes that allow genuine participation by all citizens. Broad-based citizen's participation is crucial to achieving the MDGs. Inclusive Participation is then a key concept when we consider the development of the parliament. This concept refers to the availability of mechanisms and practices for engaging all. At the level of parliaments, this means enhancing the civic engagement and the political and policy participation in order to ensure the parliament fulfill adequately its functions of lawmaking, oversight and representation and delivers for all. By example, political parties and their parliamentary groups, when effective and well-structured, bring the voice of citizens to legislatures and governments, yet these essential vehicles for representative democracy are often weakened by lack of trust or institutional problems.

To summarize, Parliaments are a key driver of development as institutions strengthening the mechanisms of responsiveness and public accountability to the concerns and interests of all including poor people, women, and other vulnerable or excluded groups. Recent research has also linked the presence of a strong parliamentary institution with the existence of a strong democracy and an open society. Capacitated parliamentary institutions are critical to the establishment and consolidation of democracy since they empower ordinary people to participate in the policies that shape their lives. Reverse link could also be done. Strong and capacitated CSO and media are critical for the strengthening of parliament as they allow the legislature to integrate the visions and interests of all and not of the executive or the most influential

and powerful. 'The critical role and responsibility of parliaments in ensuring country ownership of development processes' has also been acknowledged by the Accra Agenda for Action (AAA). In order to allow the parliaments to play this crucial role of oversight of the budget, including of the development aid support, and the implementation of the policies achievable thanks to this support, it is important e.g. to strengthen their technical capacity, to ensure minimum office space at their disposal and effective access to information but also to ensure their power and autonomy and finally and necessary to ensure the inclusive participation. If this inclusive participation is not ensured, the analysis of the parliament risks to be biased and the very *raison-d'être* of this function will be betrayed. Parliamentary development is the process of strengthening parliaments so that they are able to carry out their constitutional functions, to play more effectively their role as democracy's core institution and 'deliver' to all people. While it is now widely recognized that parliamentarians are an important potential driver of change and development, they sometimes lack the institutional and political space to translate their potential into tangible results. Programmes in support of parliamentary development have been known to have a disproportionately large impact when considering the relatively limited amount of funding that is being allocated to them. However, recent evaluations of parliamentary strengthening programmes (UNDP, DFID and SIDA) had stressed the need to better coordinate among donors and had emphasized the importance of sharing information and good practices within the donor and practitioner communities.

Following these observations, the global parliamentary development community of practice has focused on several initiatives in order to respond to the challenges of coordination of the aid and sharing of knowledge as well as the participation and inclusion of all actors. The current projects on parliaments and political parties, the initiative on parliamentary monitoring organisations or the development of parliamentary strategic development plans are few examples of this trend. AGORA, the portal for parliamentary development, also forms part of this trend. Given the increased interest in the field of parliamentary development on the part of the donor community in recent years, the creation of a dedicated

parliamentary development knowledge hub was considered timely. The DFID-UNDP-WBI donor consultation on parliamentary strengthening (2007, 2008, and 2010) gathers around 35 participants representing 10 different donors, parliamentary organisations (such as the Inter-Parliamentary Union and the Commonwealth Parliamentary Association), Development Banks (IMF and WB) and specialized organizations. At the 2007 and 2008 meetings, special consideration was given to how donor support can be harmonised and aligned with country priorities, identifying the sources of demand for such work and the political interests and incentives at play. Participants also recognized the importance of creating an online mechanism for sharing parliamentary development expertise. AGORA, the global Portal for Parliamentary Development, emerged from this donor consultation as an answer to these challenges:

“The Parliamentary Development Knowledge Portal is a multi-lateral Knowledge initiative, at the global level, embodied in a stand-alone reference website on parliamentary development. It caters

for parliaments, parliamentarians, donors, practitioners and other actors such as academics, CSO and media, and has as its key objectives to centralize and share knowledge, to connect the global community of practice through knowledge, and to promote parliamentary institutions as important potential drivers of change in development policies.”

As a reliable, centralized source of information on parliamentary development, AGORA facilitates more efficient planning, reduces the risk of overlap and duplication, and enhances the sharing of expertise and lessons learned. A knowledge hub of this kind leads to a better use of donor funds, more effective parliamentary development and, ultimately, stronger parliaments.

By doing so, AGORA is in line with the Paris Declaration, endorsed March 2nd 2005, which aims to increase efforts towards harmonization, alignment and ownership and as well with the Accra Agenda for Action (AAA) which ‘acknowledges the critical role and responsibility of parliaments in ensuring country ownership of development processes.’



## **World Bank** Briefing Note: Open Data Initiative & Mapping for Results **Institute**

### **Open Data Initiative**

In accordance with the World Bank’s access to information policy and accompanying efforts to become increasingly transparent and accountable, the World Bank announced its Open Data Initiative in April 2010. The Initiative opens up World Bank datasets and indicator data that encompass over 2,000 indicators spanning a time period of up to 50 years. Free of charge, the data is shared through [data.worldbank.org](http://data.worldbank.org) (Available in English, Spanish, French and Arabic) and is ‘open, accessible, and searchable’, available for download and dissemination. Searchable through country, topic, or indicator, the data catalogue includes up to the most recent 2010 World Development Indicators.

### **Mapping for Results**

Within the context of the Open Data Initiative, Mapping for Results will make all of the national and sub-national geographic datasets openly and freely available to the public through the recently launched site [maps.worldbank.org](http://maps.worldbank.org). This will allow researchers, application developers, and development practitioners to freely access and use the data in order to carry out their own analysis and to develop applications and ‘mash-ups’, combining World Bank datasets with other externally available data.

The Mapping for Results program geo-references and visualizes the geographic location of World Bank-financed projects and international aid programs at the national and sub-national level. The main objective of the program is to (i) enhance

the transparency and social accountability of World Bank operations, (ii) to provide the World Bank and other donors with a strategic tool to better target their interventions to the regions with the highest levels of poverty within countries, and (iii) to empower citizens to better hold their governments and international donors accountable. Therefore there is a direct link between the purpose of opening up this information and the role of parliament in keeping governments accountable. The program overlays disaggregated poverty and human development data (e.g. infant mortality) with the geographic location of World Bank-financed and other donor (e.g. the African Development Bank) programs. The developed inter-active mapping platform allows for an analysis of the concentration of World Bank projects at the sub-national level and provides a tool to monitor donor coordination at the country level.

Mapping for Results allows not only the World Bank and other donors, but parliaments, to improve project planning (while enhancing aid coordination), better oversee project implementation, and listen to beneficiary feedback – all aimed at improving project outcomes. For example, GPS cameras are able to track progress on irrigation infrastructure in remote areas (Afghanistan), cell phones can plot and track maternal and child health visits (India), mapping verifies installation of solar panels in an infrastructure project (Bolivia) as well as tracks rehabilitation of national highway networks (Cambodia). Visual examples of mapping capabilities and data overlay can be seen in Graphs 1 and 2.

### **A Tool for Parliaments**

Transparent governance is recognized as a cornerstone of democracy and as an essential obligation for parliaments, the executive, public bodies and others carrying out official functions and roles. In the absence of transparency, full participation, good governance and accountability will be hindered, while corruption and inefficiency will thrive. As such, parliaments can utilize the Open Data Initiative to build capacity for effective parliamentary oversight.

The Open Data Initiative presents a great opportunity for strengthening parliamentary oversight over the implementation of government

policies and the national budget through enhanced availability of information. Moreover, better informed legislators are inclined to find better solutions for development challenges. In particular, MPs can track external donor financing more easily as well as measure progress against particular sectors or even the Millennium Development Goals, holding government accountable to international commitments. This helps address some of the concerns parliamentarians have expressed about their ability to oversee projects funded by sources other than the national budget. It also is in compliance with the spirit of the Paris Declaration and Accra Agenda for Action. One of the best ways for parliament to improve oversight and achieve transparency is to facilitate the flow of information between parliament and the community in order to build an informed society. Both civil society organizations (CSOs) and the media are social assets that empower community members to participate directly in the design, delivery, and assessment of initiatives undertaken by the government, and to assist parliament in the performance of its legislative and oversight functions on these initiatives. Social accountability initiatives are as varied and different as participatory budgeting, administrative procedures acts, social audits, and citizen report cards which all involve citizens in the oversight and control of government. Through the Open Data Initiative, parliament has the support of a more informed society which can use mapping tools to help parliament hold government accountable to its commitments through monitoring, verification, and reporting.

Active citizens and CSOs can also work with MPs to enhance parliament's representative function. Particularly in developing countries, direct engagement between parliamentarians and their constituencies may be hampered by limited financial resources, the distance between the capital and their constituencies, and poor transport and communications infrastructure. By partnering with CSOs and the media, parliamentarians can overcome many of these barriers and utilize more open and available data as a conduit of information between parliament and constituencies, especially when oversight includes the effectiveness of service delivery in remote areas.

### WBI and Parliamentary Strengthening

The Parliamentary Strengthening program at the World Bank Institute (WBI) seeks to foster and strengthen parliamentary networks and communities of practice around strategic themes (procurement/ public financial management; access to information; extractive industries; and climate change) in order to act as platforms for knowledge exchange, south-south learning, and structured learning and to identify innovative approaches to reform. A key element of the program is the use of both applied and action research as drivers of program content. In this way, pedagogical content is needs-driven and continually adapted to meet specific country and regional contexts. In addition, support is given to parliamentary learning networks on key policy issues related to development.

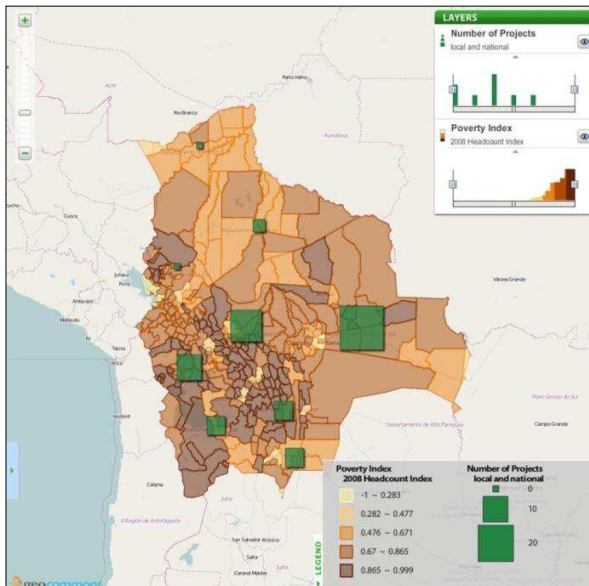
### PNoWB and WBI

Information flows are a precursor to transparency and accountability. PNoWB and WBI are collaborating to maximize parliamentarians' access to this type of information so as not to "reinvent the wheel". This includes exploring ways to link

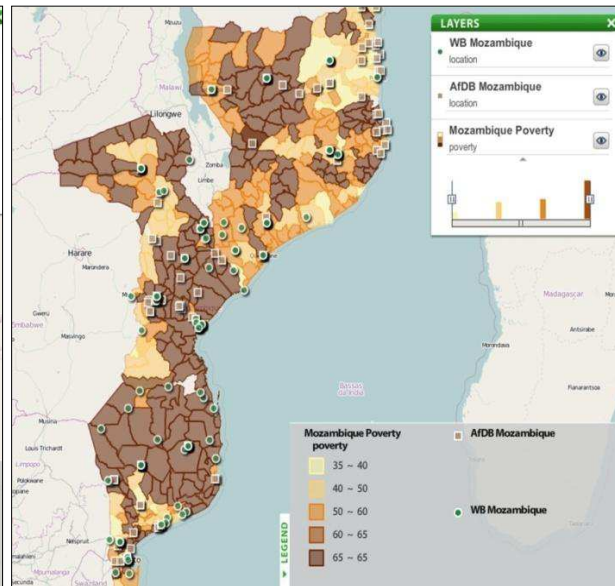
the World Bank's mapping for results capabilities with the PNoWB website and AGORA (<http://www.agora-parl.org/>). The portal is collaboration between numerous donors, including the World Bank.), the Portal for Parliamentary Development; this virtual hub serves as a central repository for information on parliamentary development and a reference point for actors in this field.

Moreover, with the goal of 'wholesaling' available information as readily as possible, efforts will be placed on extending access to relevant parliamentary networks, particularly regional Public Accounts Committee (PAC) networks including the East African Association of PACs (EAAPAC), Southern Africa Development Community Organization of PACs (SADCOPAC), West African Association of PACs (WAAPAC) and South Asian Region Association of PACs (ARAPAC). Tailoring the flow of information and targeting parliamentary committees through the websites of these and other parliamentary networks can help regional and national PACs perform their functions most effectively.

Graphic 1: WB Project Locations in Bolivia



Graphic 2: Mapping for Enhanced Aid Effectiveness in Mozambique







## IMF Study Finds Low-Income Countries Coped Well During Crisis

The world's low-income countries coped much better during the global financial crisis than in past global downturns, according to a new IMF study covering 64 countries in sub-Saharan Africa, the Middle East and Europe, Asia, and Latin America and the Caribbean.

Unlike previous crises, real per capita GDP growth stayed positive in two-thirds of low-income countries during this crisis, remaining well above growth in richer countries.

### Fiscal response

[The report](#) finds evidence that growth was supported by a robust domestic countercyclical fiscal policy response.

"Low-income countries entered the crisis with lower inflation, more manageable fiscal and current account deficits, higher international reserves, and lower debt than in previous downturns," said Stefania Fabrizio, the lead author of the paper. "This gave them much more room for maneuver to let their fiscal automatic stabilizers operate and increase real spending. This is a welcome change from the past, when governments in most low-income countries tended to tighten fiscal policy during global downturns."

Thomas Baunsgaard, co-author of the paper, added: "Our analysis shows that this countercyclical fiscal response allowed vital spending to be preserved, in particular on social sectors and infrastructure. This in turn helped mitigate the negative impact of the global crisis on economic growth and the poor."

### IMF support played key role

Sharply higher financial support from the IMF also helped low-income countries navigate the crisis. The IMF has committed about \$5 billion to low-income countries in concessional loans since the beginning of 2009, roughly four times the historical average.

Financial support from the IMF has reduced liquidity constraints and spurred donor support, helping countries with IMF-supported programs boost spending more than in countries that did not have such programs in place.

Low-income countries also benefited from a global allocation of the IMF's reserve asset, the SDR, which helped boost the international reserves held by many countries.

### Rebuilding buffers and boosting growth

Economic growth in low-income countries is expected to rebound quickly, driven in part by the global recovery. There are, however, important regional differences, with low-income countries in Latin America and the Caribbean, Middle East, and Central Asia expected to recover more slowly than those in Asia and Sub-Saharan Africa.

A key challenge for governments and parliaments in low-income countries is to restore fiscal space and rebuild reserves without compromising the need for continued growth in real spending. Most countries are expected to realign their fiscal and current account positions over the medium term, partly thanks to the cyclical rebound in exports and revenues. The study found that about half of the 64 low-income countries could absorb another shock with limited or no need for adjustment. The others, however, face external or fiscal vulnerabilities that would limit their ability to respond to another large shock.

"The appropriate pace and extent of rebuilding these buffers depend on country-specific vulnerabilities and exposure to future volatility," Chris Geiregat, a co-author of the paper, said. To strengthen their defenses against future shocks, some countries will need to focus on fiscal realignment and others on monetary and exchange rate policy, depending on the nature of the vulnerabilities. A small group faces both significant external and fiscal pressures. Low-income countries in Latin America and the Caribbean stand out as particularly vulnerable, with less favorable prospects for growth and weaker policy buffers.

To rebuild policy buffers in a way that reinforces efforts to boost growth and reduce poverty, the report stresses the need to strengthen domestic revenues beyond the cyclical rebound while continuing to increase real spending, with a focus on social sectors and infrastructure investment. It will also be important to raise domestic savings and develop local financial sectors to avoid over-reliance on external borrowing. Continued donor support, provided on concessional terms, will be critical in many countries.



## Increasing Dialogue between Parliament and Civil Society: Nigeria's Experience

By Auwal Ibrahim Musa (Rafsanjani), Executive Director,  
Civil Society Legislative Advocacy Centre (CISLAC)

The long period of military dictatorship in the governance of many West African states has greatly contributed to the present challenges faced by Civil Society Organizations (CSOs) as they attempt to engage parliament in their respective countries, including Nigeria. Prolonged human-rights abuses, corruption, lack of accountability and ineffective governance have estranged citizens from their state, often taking away the will to participate in political processes and citizen engagement.

In recent times however, CSOs have made significant progress in engaging parliament and making appreciable contributions to legislative outcomes in Nigeria. This includes providing research and documentation for proposed legislation, proposing bills or suggesting amendments to existing legislation, providing community feedback, facilitating dialogue with constituents, providing training for parliamentarians and legislative staff, and participating in public hearings.

There are several examples of ways that CSOs have successfully engaged the parliament to ensure the passage of laws considered necessary for good governance. In Nigeria for instance, the Civil Society Legislative Advocacy Centre (CISLAC) galvanized civil society coalitions to advocate for the enactment of laws seeking to reduce corruption by cleaning up public procurement systems and increasing transparency surrounding revenue earned from natural-resource extraction. The resulting legislation includes the Public Procurement Act, the Fiscal Responsibility Act and the Nigerian Extractive Industry Transparency Initiative Act.

The Centre, in collaboration with several local and international partners, has also conducted numerous training sessions for parliamentarians and legislative staff, the media and other CSOs. These have covered every aspect of parliamentary work: oversight of the executive, appropriation, conduct of public hearings, constituency outreach, effective representation, constitutional reforms, foreign policy, MDGs and socio-economic sector reforms. CISLAC has also contributed to the parliamentary task of effective representation. This is being vigorously pursued with parliaments at the state-level in Nigeria, especially in the North Western part of the country. CISLAC

provides a platform for interaction between parliamentarians and their constituencies by organizing town-hall meetings and empowering the local people to engage law makers' constituency offices. The Centre has also successfully engaged national parliament on the need to institutionalize relations with CSOs by providing a platform for easy access to information on legislative activities and vice versa. This resulted in the establishment of a CSO Liaison office in the National Assembly in Abuja. There has been a tremendous and continuous improvement in CSO-legislature relationship in Nigeria since CISLAC was founded. The alliance built between the two entities has yielded several fruitful results impacting positively on the democratic landscape and enhancing the lives of the populace. CISLAC is working to further deepen this relationship by seeking to collaboratively monitor developmental projects, especially related to the attainment of the MDGs.

### Recommended next steps

There is a need for permanent mechanisms for Civil Society presence and participation in legislative dialogue in Nigeria. This can only be achieved through a combination of the twin principles of institutionalization and legitimization of the relationship between the civil society and the legislature. A first step that could present some form of legitimacy could be for the ECOWAS Commission in conjunction with the ECOWAS parliament to make a resolution urging national parliaments to create designated frameworks for working with CSOs to promote good governance. Such a resolution should be worked out with input from CSOs and the leadership of national parliaments to ensure acceptance. In addition, a parliamentary committee on CSOs should be established in the Nigerian legislature. This committee should become a permanent feature that facilitates CSO-parliament interface and should begin by identifying active and vibrant CSOs and networks working in various areas (agriculture, governance, media, health, gender, anti-corruption, energy, community development, security, etc.). CSOs should also be mobilized regularly as part of public hearings to harness their expertise and experience and to ensure quality and broad based input into proposed laws.

## Join the Network!

Last Name \_\_\_\_\_  
First Name \_\_\_\_\_  
Gender \_\_\_\_\_  
Nationality \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
Phone \_\_\_\_\_  
Fax \_\_\_\_\_  
E-mail \_\_\_\_\_  
\_\_\_\_\_  
Ruling party or opposition \_\_\_\_\_  
Position \_\_\_\_\_  
End of Term \_\_\_\_\_

Please return your membership form  
by e-mail to [secretariat@pnowb.org](mailto:secretariat@pnowb.org)  
or by fax to +33 (0)1 40 69 31 64

## PNOWB Annual Conference 2010 in Brussels

The 2010 PNOWB Annual Conference and 10th anniversary celebrations from 2-4 December 2010 in Brussels, Belgium, will bring together upwards of 200 participants from Africa, Asia, Europe and the Americas.

PNOWB would like to thank the Belgian Government, the Belgian and European Parliaments and all its other partners and conference speakers for making this event possible. The conference report will be made available in January 2011. For more information, please visit [www.pnowb.org](http://www.pnowb.org).

## Features of the Special 2010 Annual Conference Edition – Part 2

- Strengthening safety nets in a volatile (but innovative) world,

By **Hassan Zaman, Lead Economist, Poverty Reduction and Equity, the World Bank**

- Beyond the Numbers: The Role of Population in Economic Development and the Health MDGs,

By **Eduard Bos, Africa Health, Nutrition, and Population Unit, the World Bank**

- Promoting employment-centred pro-poor growth policies to eradicate poverty in Africa,

By **Emmanuel Nnadozie, Director, Economic Development and NEPAD Division, UNECA**

- New Impetus for Private Sector Development through the G20 Seoul Consensus,

By **the International Finance Cooperation**

- Parliamentary and CSO Cooperation in the Changing Aid Architecture,

By **Jeff Balch, Director of Research & Evaluation, AWEPA**

- Parliamentary Network on the World Bank Annual Conference, Brussels 2010 Economic Development and the MDG's – is population a factor?,

By **the Asian Forum of Parliamentarians on Population and Development (AFPPD)**

- An Instrument for Achieving the MDGs,

By **Loren Legarda, Senator, the Philippines**

- Disaster Risk Reduction: An Instrument for Achieving MDGs,

By **United Nations International Strategy for Disaster Reduction**

## A PNOWB publication...



Send your articles to [secretariat@pnowb.org](mailto:secretariat@pnowb.org)

Available in French with the support of

