



THE PARLIAMENTARY NETWORK

On The World Bank & International Monetary Fund

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Parliamentary Network Review June 2018, vol. 11 n°1

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Chairman's Foreword

It was an honour to welcome so many parliamentarians to our annual conference in Washington DC. The topics covered – from energy to jobs and livelihoods, from women's empowerment to tackling corruption – show the breadth of the subjects which our members engage with daily in their work.

I was particularly pleased to see the strong interest in the half-day forum we held on job creation and livelihoods for young people. The booklet which we produced together with Peace Child International is now available [online](#). Members are welcome to use it in their own parliaments and to have it translated. The Parliamentary Network Secretariat can offer advice on that.



Last week, I visited Ethiopia and saw at first hand the work by the Government and private sector which is being done to help create jobs for the 2 million young people entering the workforce every year. The industrial park at Hawassa has already resulted in 17,000 new jobs, mainly in the garment sector. At least 13 other industrial parks – and several more agro processing parks – are planned or in operation.

Nearby was the site of a proposed geothermal power plant in the Rift Valley. Sustainable electrical power, together with new and improved rail and road links, are essential to the job creation, as the Ethiopian Government acknowledges.

But it is not simply 'hard' infrastructure which is important. Schools in all countries, including my own – the UK, can do much more to prepare young people for the world of enterprise and work. Most of the jobs in low and lower-middle income countries, and many in upper-middle and high-income countries, will be in self-employment or small enterprises. Yet school curricula often do not recognise this.

I believe that most if not all young people should leave school with the skills to communicate effectively, to manage their finances and to know where to seek support when establishing a business.

In turn, Governments and the private financial sector must work together to ensure that capital and mentoring is available to young people who are eager to make their way in business, and in many cases to employ their fellow citizens. This is a vital part of the contract between generations which forms the bedrock of a stable society.

One example of such a coordinated approach is the Youth Employment Service recently launched in South Africa by President Cyril Ramaphosa. This is described in the article on page 18 by Parliamentary Network member Cedrick Frolick MP.

The Parliamentary Network takes this so seriously because it is we who have the duty to represent all our constituents. Therefore, we wish to do all we can to ensure that they have the opportunity to work and live fulfilling lives.

In this edition of the Review, our members write about tackling the tax gap in Canada; working on childhood development and nutrition in Chad; the need for parliamentarians to promote the WHO action plan on dementia; the importance of international governance in a digitalised world; and how parliamentarians should pay close attention to the annual Article IV consultations with the IMF. We also hear of the way in which the Chilean parliament is working on implementing transparency reforms. Finally, in his important article, 'Shaping change in a time of disruption', The President of the World Bank, Dr Kim, stresses that the most important investments which a country can make are those which build human capital to prepare citizens 'for a more complex, disruptive and digital future.'

Jeremy Lefroy is the MP for Stafford, United Kingdom, and a member of the Joint Human Rights Committee and the Committee on Exiting the European Union. He chairs the Parliamentary Network on the World Bank and IMF.



The value of an independent study of the Canadian “tax gap”

Percy E. Downe, Senator, Canada

Vice-Chair, Parliamentary Network on the World Bank & IMF

As is the case in so many countries, recent years have seen heightened awareness in Canada about the problem of overseas tax evasion and the impact it has on our nation's finances. Revelations involving tax havens and other offshore locations have focussed the public's attentions on the actions of a wealthy few who not only possess overseas assets (which under Canadian law is entirely legal, as long as proceeds from those assets are declared), but use such offshore instruments to avoid paying their fair share of tax. In the course of examining the issue of overseas tax evasion — and in the belief that understanding a problem is the first step to solving it — I became convinced of the value of a study of Canada's “tax gap”, the difference between what is owed in taxes and what is actually collected by the federal government. In Canada, the independent research organization, The Conference Board of Canada, estimated the gap between taxes owing and taxes collected to be as high as C\$48 billion. A more authoritative figure cannot be determined because of the actions, or rather inactions, of the Canada Revenue Agency (CRA).

Since 2012, the Parliamentary Budget Officer (PBO) — an independent officer of the Parliament of Canada with the mandate to provide “analysis to Parliament about trends in the national economy, the state of the nation's finances and the estimates of the government, and . . . the financial cost of any proposal for matters over which Parliament has jurisdiction”— had been trying to fulfil my request to measure the tax gap, but was stonewalled by CRA and its refusal to release the required statistical data. After ultimately being faced with the threat of legal action by the PBO, and the introduction of my bill, S-243, in the Senate of Canada which would require the CRA to provide tax data to the PBO, the CRA has finally provided the information.

This progress in efforts to make the CRA more transparent and accountable to Canadian parliamentarians, and the country in general, is a relatively recent development. February 28th 2018 marked the deadline for the Agency to co-operate with the PBO in his study of the tax gap. By all accounts, it has complied with the PBO's request for information, with only a couple of issues outstanding. Had the CRA not complied by that date, the PBO would have pursued legal action to compel it to do so.



The PBO now has what he needs to conduct his study, however for years, the CRA ignored that obligation. The *Parliament of Canada Act*, the legislation establishing the Parliamentary Budget Office, clearly states that the PBO is entitled to “free and timely access to any financial or economic data in the possession of the department that are required for the performance of his or her mandate”.

Such intransigence on the part of a national revenue agency — broken only by the threat of legal action — is indicative of a dysfunctional organization, one that cannot be relied upon to assess its own performance or grade its successes and failures: hence the need for oversight by an independent agency such as the PBO, an office of Parliament which reports directly to the Parliament of Canada.

It should be acknowledged that the CRA has committed to conducting its own study, and has released three minor reports on the subject since 2016. However, that does not negate the need for an independent analysis, separate and apart from any report prepared by the CRA, for one simple reason: the Agency's record of trying to mislead Canadians. The result is the built-in lack of credibility arising from any sort of CRA-produced tax gap report. Regrettably, Canadians can no longer trust their revenue agency.

Below are just a few examples over the last years, from a very long list, of the CRA misleading Canadians:

CALL CENTRES

The Claim: A recent report by the Auditor General (also an independent officer of the Parliament of Canada) on the CRA's call centres cited the Agency's claim that 90 per cent of calls were successfully connected (to an agent or the automated help line).

The Reality: According to that same Auditor General Report, however, it was revealed that the CRA achieved this high success rate by blocking 28.9 million of the 53.5 million calls received and excluding these blocked calls from their calculations. When blocked calls and other factors were considered, “the Agency's overall success rate was 36 percent.”

DISABILITY TAX CREDIT

The Claim: Historically, 80% of applications for the benefit by Canadians with diabetes were approved by the CRA. However in recent months, almost all previously approved claims have been rejected. Meanwhile, the revenue agency publicly claimed that there has been no change to the eligibility criteria.



The Reality: Documents obtained by Diabetes Canada show a CRA email dated May 2nd 2017 modifying the “variable for (Life Sustaining Therapy) clarification verses with a new variable.” In effect, diabetics who previously qualified for the disability tax credit were disallowed. When confronted with the evidence of their misleading statement, CRA backed down.

“FULL TIME DEDICATED UNIT”

The Claim: A CRA statement dated November 3rd 2017 claimed that “the Agency has a full-time dedicated unit focused on offshore non-compliance”, leaving the impression that this unit was new and represented an additional resource to combat overseas tax evasion.

The Reality: In response to a Written Question I tabled in the Senate of Canada, it was revealed that the “International, Large Business and Investigations Branch” was merely formed by reorganizing existing CRA assets, and specifically “did not necessitate an increase or transfer of resources”. In other words, people already working for the Agency were simply shuffled to a different part of the Agency.

“SPONSORED CONTENT”

The Claim: In February and March of 2017, articles appeared in newspapers and online across Canada extolling the work of the CRA. Bearing titles like “Federal programs in place to address offshore tax avoidance and evasion” and “How Canada is cracking down on offshore tax evasion and aggressive tax avoidance”, it was likely the best press the Agency had ever received.

The Reality: It was subsequently revealed that CRA—operating under the premise that if you can't earn good press, buy it—paid almost \$300,000 for this positive “sponsored content” in six print and digital newspapers across Canada.

BILLION DOLLAR INVESTMENT

The Claim: A number of individuals, from CRA spokespersons to the Revenue Minister herself, have spoken of the “billion dollars” that has been invested in the fight against tax evasion, implying that this money was already at work.

The Reality: The billion dollars is the amount the government has promised to spend over six years finishing in 2022. As of the end of the 2016-2017 fiscal year, less than \$40 million of that \$1 billion had actually been spent.

To this litany of exaggeration, misinformation and outright falsehood, can be added the fake tough talk that comes from the Agency every time there is a public leak of information from some Bank or law firm operating in a tax haven. Nevertheless, the fact remains that for two leaks we know the most about—Liechtenstein, where 106 Canadian-held accounts contained more than \$100 million, and Switzerland, where



1,785 Canadian accounts held a minimum of \$500,000 each, with millions of dollars in taxes owing—not one person was charged with overseas tax evasion, much less convicted, fined or sentenced. The recent report of raids related to the Panama Papers is as much reflective of a need to be seen to be doing something, at long last, as a new emphasis on fighting overseas tax evasion.

Clearly, the Canada Revenue Agency cannot be trusted to produce an accurate and unbiased estimate of the tax gap, and Canadians are owed an independent analysis of the scale of uncollected taxes in our country. When the CRA fails to do its job and collect those taxes, law-abiding Canadians have to make up the shortfall. Canadian citizens deserve an honest assessment of the extent of that problem. The only way to get one is through the work of the independent Parliamentary Budget Officer, and the fact that the CRA has finally agreed to cooperate with him means that, after six years of delays, that work can finally begin.

Percy Downe is a Senator from Prince Edward Island, Canada, and serves as one of the three Vice-Chairs on the Board of Directors of the Parliamentary Network on the World Bank and IMF. He also has tabled a bill in the Senate of Canada requiring Canada's Revenue Agency to cooperate with the Parliamentary Budget Officer in its independent study of the tax gap, and to report on all convictions for tax evasion, including a separate report listing all convictions for overseas tax evasion.



Early Childhood and Nutrition in Chad

Issa Mardo Djabir, MP Chad

Chair of the Committee Responsible for Monitoring the Sustainable Development Goals

Childhood development remains one of the priorities in Chad. This issue is addressed in Axis 4 of our National Plan for development (PND 2017-2021). This national priority aligns well with the SDGs which are closely linked to the 2063 Agenda of the African Union. Different legislative and regulatory actions, as well as supervisory structures, have been implemented to facilitate the installment of a national policy for the development of early childhood.

We will also address the issue of early childhood in relation to different factors such as health care, education, protection and the theme of nutrition in Chad.

Health. The infant mortality rate is particularly high in Chad, with a poor rate of vaccines and a high rate of prevalence of malaria. In 2013, Chad underwent a terrible malaria epidemic that affected around 1 million people and caused 2614 deaths. Each year, around 16000 children under 5 years old die in Chad because of diarrhea due to contaminated water, hygiene issues and sanitation.

Education. The school enrolment rate is low. In addition to that, lower-quality schools are often overcrowded and lacking qualified staff, with only 30% of the teachers holding formal qualifications. Community teachers in Chad represent 74% of the overall teachers' body, in both public and community schools.

Protection. Children's rights need to be framed by laws and regulations addressing issues such as identity, early marriage, and gender-based violence. In 2015, it was estimated that more than 2.2 million Central African and Nigerian children were affected by various humanitarian crises.

A. The issue of nutrition in Chad

The rate of chronic malnutrition remains particularly high in Chad, with a tendency to stagnation between 2014 (26%) and 2016 (26.2%), according to different investigations conducted by the government and its partners. Moreover, as far as global malnutrition is concerned, the national rate is still high, reaching 11% in 2016, according to the Action Against Hunger report of that year.

The socio-economic consequences of malnutrition are very significant. According to the 2016 study on the Price of hunger (ECDF, Étude sur le coût de la faim en Afrique), the costs related to childhood malnutrition are estimated to be about 575 billions of CFA francs, representing the 9.5% of the annual GDP.



Legislative measures

- Adoption and promulgation of the project of the penal code and of the criminal procedure code by the National Assembly focused on protecting the rights of children;
- Prescription n°06/PR/2015 of March 14th 2015 prohibiting child marriage;
- Law n°06/PR/2015 of April 15th 2002 promoting reproductive health;
- Law 08 introducing the civil status system and compulsory birth registration in Chad.

Within the rules of procedure

- National program for prevention, withdrawal and care of children associated with armed groups (EAFGA);
- Integrated development policy for young children;
- Sectoral policy for a quality primary education;
- Project for the modernization of the Civil status system (2004-2007);
- Study on children in conflict with the law (2006);
- Study on child domestic workers (2006);
- Study on the worst forms of child labor (2007).

B. Management structure

Early childhood support is managed by both private and public institutions. On the public sector side, the National School for Health and Social Workers (ENASS) still represents the only education center and includes 3 training divisions, including kindergarten. The graduates holding a basic elementary school patent (brevet d'étude primaire élémentaire, BECP) receive 3 years of training as community kindergarten caretakers and animators through a standard program of pre-schooling of children. This program allows to teach the children physical, cognitive and emotional skills from a young age to help prepare their future and become skilled and responsible adults. Around ten different private institutions provide similar training programs.

In total, there are 330 structures for childcare, of which 52 public, 120 private and 158 community institutions across the country. The number of children supervised is 77,342, including 36,946 girls and 38,394 boys.

To promote these activities, several training and advocacy sessions were organized by the Network of Chadian Parliamentarians for Population and Development (Réseau des Parlementaires Tchadiens pour la Population et le Développement, REPOD) of the National Assembly, the Association Generation ABCD, UNICEF, and the Children's Parliament, the Parents' Associations (PTAs), the children, and the general population.



Nevertheless, even after the efforts made by these institutions, some difficulties are still persistent:

- Inadequate reception facilities;
- Regional misallocation of equipment;
- Low attendance of children;
- High cost of children supervision;
- Concentration of centers in urban areas;
- Poor equipment of the centers and their dilapidation;
- Lack of management staff;
- Low motivation of the carers.

All these issues have negative consequences on early childhood management. The following suggestions aim at finding a solution to this problem.

C. Proposals/Suggestions

To improve early childhood management, it can be suggested to:

- Create a national policy for early childhood;
- Strengthen the Parliamentary group on children;
- Strengthen the institutional capacities of early childhood structures;
- Decentralize the supervision centers;
- Improve parents' awareness of their role in children management.

Given that youth represents the fundamental engine for the development of Chad, and that care and supervision of children needs to start from the early years, early childhood management is a prerequisite for the effective youth participation in the development process. Moreover, policymakers and development partners need to reinforce institutional capacities of child care structures for better youth empowerment.

Presented by Hon. Issa Mardo Djibir, Member of the National Assembly of Chad, Chair of the Committee Responsible for Monitoring the Sustainable Development Goals, President of the Network of Parliamentarians for Population and Development (REPOD) and Member of the Regional Parliamentary Committee of the Lake Chad Basin

Translated from French



World Bank and IMF leadership urge for continued efforts to achieve long-term, inclusive, and sustainable growth, without neglecting investment in human capital

PN Secretariat

IMF Managing Director Christine Lagarde and World Bank President Jim Yong Kim addressed Parliamentarians at the 2018 Global Parliamentary Conference, emphasizing that by implementing the right legislation, they have the power to bring about positive change.

Washington DC, April 17, 2018 – Over 200 participants from 61 countries attended the 2018 Global Parliamentary Conference on April 16-17, where they had the opportunity to discuss pressing global concerns directly with the World Bank President Jim Yong Kim and IMF Managing Director Christine Lagarde.

The event, organized jointly with the World Bank Group and the IMF, has become an important milestone at the Spring Meetings. It offers parliamentarians a platform to engage with World Bank Group and IMF senior management, and advocates for the right legislation to bring about meaningful change in their countries.

Highlighting the imperative need to improve lives by investing in human capital, Dr. Kim stressed that development cannot happen once a country has become rich, and that investing in people needs to happen now with available resources.

The conference also looked at the state of the global economy. According to Mme Lagarde, the current upswing is an opportunity to increase growth potential and implement structural reforms. She went on to say that it is important to communicate the necessity of reforms, and that the IMF is available to help legislators make the case.

This year's event included a special half-day Parliamentary session on youth job creation, a topic Parliamentary Network Chair Jeremy Lefroy MP, UK, has been pushing to the forefront of the Network's mission. He urged his fellow parliamentarians to take action and implement much-needed programs to combat youth unemployment in their countries.

Opening the Parliamentary session, World Bank CEO Kristalina Georgieva noted that today's generations live in a rapidly changing world, and we need multifaceted approaches to cope with this speed of change. A high-level panel of employment experts followed, including Melanie Robinson, Executive Director for the United Kingdom, World Bank Group; Kevin Jacobs, Executive Vice President and Chief Financial Officer, Hilton, as well as youth entrepreneurs and economists who took the time to listen to legislators' feedback on what constitutes successful employment policies.

Following the conference, the mission of attending parliamentarians will be to implement the resulting action plan focusing on legislation to support the creation of sustainable employment for young people through essential measures such as youth budgeting and facilitating access to finance for entrepreneurs.



The international conversation on dementia

Margaret Quirk, MLA Western Australia

Background

In coming years the toll, both social and financial, of increasing numbers with dementia will be immense. The fight to mitigate that impact has gone global.

I believe it is imperative that the Parliamentary Network on the World Bank & IMF play a role in joining the global initiatives and conversation on dementia.

Dementia is an umbrella term for several diseases affecting memory, other cognitive abilities and behaviour (including Alzheimer's disease) that interfere significantly with a person's ability to maintain their activities of daily living. Although age is the strongest known risk factor for dementia, it is not a normal part of ageing.

Its prevalence is growing with increased life expectancy and is currently the 7th highest cause of death globally.

There is no treatment available to cure dementia or to alter its progressive course. The amount invested in drug trials is a mere fraction of what is spent on diseases such as cancer.

Dementia is overwhelming not only for the people who have it, but also for their caregivers and families. There is a lack of awareness and understanding in most countries, resulting in stigmatization, barriers to diagnosis and care, and impacting carers, families and societies physically, psychologically and economically.

The challenge ahead

The World Health Organisation (WHO) has recently recognized dementia as a public health priority. In May 2017, the World Health Assembly endorsed the *Global action plan on the public health response to dementia 2017-2025*

WHO estimates there are 47 million people worldwide living with dementia. This figure is set to double every 20 years with over 131 million predicted by 2050.

It is estimated that one new case is identified worldwide every 3.2 seconds.

The incidence of dementia varies across regions for those over 60 years of age. It ranges from 4.6% in central Europe to 8.7% in North Africa and the Middle East though all other regional estimates fall between 5.6% and 7.6%.

In some regions these figures are likely to be conservative as the condition is widely under diagnosed. Similarly there is scarce epidemiological research for Central Asia, Eastern Europe, Southern Latin America, Eastern and Southern sub-Saharan Africa.



From the perspective of the Network it is notable that 58% of all people with dementia live in countries currently classified by the World Bank as low-middle income countries. This is predicted to increase to 63% by 2030 and by 68% in 2050.

There is an increasing proportion of new cases in Asia, the Americas and Africa whilst the proportion in Europe has plateaued or even fallen. This is attributed to improved attention to reducing lifestyle risk factors for a range of diseases which also have a positive effect on the incidence of dementia.

The economics of dementia

Calculating the cost of dementia is an inexact science especially when the costs assigned to informal care vary substantially and the amount of hours of that care cannot be readily ascertained. What is known is that the disease places substantial demands on public health systems and often takes many informal carers, family members, out of the paid workforce.

In 2015, the total global societal cost of dementia was estimated to be US\$ 818 billion annually, equivalent to 1.1% of global gross domestic product (GDP). The total cost as a proportion of GDP varied from 0.2% in low- and middle-income countries to 1.4% in high-income countries.

Worldwide costs of dementia are enormous and distributed inequitably. It is speculated that there is considerable potential for cost increases in coming years as the diagnosis and treatment gap is reduced.

There is also likely to be a trend in low- and middle-income countries for social care costs to shift from the informal to the formal sector, with important implications for future costs and the financing of long-term care. Only by investing now in research of cost-effective approaches to early diagnosis and care can future societal costs be anticipated and managed.

Public policy response

It has become obvious that policy makers worldwide need to address numerous challenges with the growing prevalence of dementia.

The urgency and enormity of the task was acknowledged by Alzheimer's International in its comprehensive and seminal *World Alzheimer Report 2015: The Global Impact of Dementia*.

Whilst predictions are alarming, they are just that - predictions, and not inevitable. There is potential, with the appropriate intervention, to substantially modify the numbers of people with dementia by preventive interventions (lowering incidence), improvements in treatment and care (prolonging survival), and disease-modifying treatment (preventing or slowing progression).

There are some interesting initiatives worldwide which demonstrate that improving the quality of life of those with dementia does not necessarily need to cost more, and high-end costly medical intervention may not be the answer. The stories of success need to be more widely shared.



Global concern

Many international fora and developments in recent years have reinforced the need for shared global effort and cooperation. These have included:

- Alzheimer's International reports;
- G8 Dementia summit;
- WHO Dementia Action plan;
- OECD focus on Big Data for Advancing Dementia Research; &
- Investment in the Dementia Discovery Fund, which is a private-public collaboration that invests in innovative research.

Role for Parliamentary Network members

The WHO global action plan May 2017 sets out a blueprint for action. As parliamentarians, we can promote implementation of that plan within our own countries. We must:

- raise awareness of dementia in the context of our local community;
- advocate for more timely diagnosis & targeted epidemiological research;
- sponsor and support dementia-friendly initiatives both within the broader community & within the health system;
- promote healthy lifestyle education campaigns;
- foster international information sharing on treatment and care; research and innovation;
- provide mental health and other supports for carers; &
- impress upon colleagues the costs both social and economic of the failure to act.

With ageing populations comes an increased incidence of dementia. Nevertheless, in many nations there is a reluctance to confront a phenomenon which potentially has a huge social and economic impost on our communities. It is our duty to act to mitigate those impacts.

Margaret Quirk MLA

Member of the Western Australian Parliament and the Parliamentary Network on the World Bank & IMF



Digitalization: international governance is required to empower politics

Claude Béglé, National Councillor, Switzerland

The advent of the internet created a new space: cyberspace. It is the scene of cyberattacks that can bring a country to its knees. It is a source of threats for peace, as well as for our democracies and our economies. Facing these challenges, no country can pretend to bring all the answers alone: thus the urgent need for an international digital governance system.

By creating a global space for digital interactions, cyberspace is holding the same military threats as maritime or airspace. This new public space needs regulation in order to avoid anarchy. Fragmentation of the internet has to be prevented in case some countries would consider operating in a vacuum. We need to avoid cyber arms race, as well as attacks from States against other States, against companies by stealing intellectual property, against critical infrastructures like electrical grids, against vital services like hospitals.

Cyberspace is a source of threats for our moral values and our democracies. Though algorithms are used by billions of people, they are not always ethical. They can carry discriminating values like the Facebook algorithm which recently could target anti-Semitic users. They can support violence like the Amazon algorithm which, a few months ago, would sometimes recommend to buy the ingredients for a homemade bomb. And now we know that algorithms have proved to be very efficient tools for political propaganda.

This is why an international code of good conduct is necessary. It would force States not to take advantage of a security breach and, even better, enjoin them to notify any breach in order to avoid a second "WannaCry" episode. Indeed, the NSA was aware of the breach and used it. Such a code of good conduct would also put pressure for more transparency in the most powerful algorithms.

Simultaneously, dialogue and international coordination should be promoted based on two key principles: (1) Principle of a State responsibility: every State is responsible for any cyber activity generated on its territory. Such a national responsibility frame would enable international judicial cooperation on cybersecurity. (2) Principle of a military priority to defend, which excludes any form of escalation.



On an international level, this reflection has already been launched. The UN Group of Governmental Experts is supporting this approach in its 2015 report. In 2016, the EU and NATO have signed an agreement for an exchange of best practices in order to prevent, detect and address cyber incidents. All these initiatives are important because only public authorities, namely States, are able to implement international digital governance and guarantee a safe and open Internet.

That same message was carried last November by Microsoft's CEO Brad Smith when he called for a Digital Geneva Convention in a lecture at the United Nations in Geneva. Such a convention would hold the principle of peaceful use of cyberspace. It would enable the setting up of a neutral organization, like the ICRC, for the implementation of these principles. And like the ICRC, that organization could be based in Geneva where the know-how for developing international law and governance already exists.

The digital revolution keeps moving on at a very fast pace, upsetting our military strategies, our security policies, our democratic processes, and our everyday life. Up to now, political authorities have been overwhelmed, leaving more and more power to IT companies and specialists, hackers, and bold intelligence services. The protection of our societies, of our democracies, of our values is at stake. We need to empower political decision-makers, and the only way to achieve it is international cooperation and dialogue. A solid frame would be the advent of a system of international digital governance coupled with a reinforced State responsibility and international cooperation on cybercrime.

We need that.

Quickly.

Claude Béglé is a member of the Swiss Federal Parliament and a member of the Foreign Affairs Committee. He is also the Chairman of Symbioswiss, an organization whose main goal is to stimulate global reflection on the topics of environment, climate change, energy supply, and water management.



Parliaments Collaborate Across Branches of the State to Prevent Corruption

Ledda Macera
Governance Global Practice, World Bank

On April 9, 2018, highest-ranking members of Chile's House of Representatives, together with experts from the World Bank, Government Ministers, and academics participated in a multidisciplinary workshop in Santiago and Valparaiso (headquarters of Chile's Congress) on transparency initiatives. The Parliament's Bicameral Committee reached out to collaborate across the legislative branch to representatives in the executive branch as well as independent agencies, such as Comptroller's Offices.

The objective of the workshop was to analyze the implementation of Chile's transparency agenda, including the role played by Parliament in implementing transparency reforms. To better analyze their progress, members of Congress invited the Comptrollers of Peru and Chile, in addition to the Chilean Attorney General's Office. The AG's Office focused on several challenges affecting the country's integrity agenda in the coming years. Actors from the public sector, academia, international organizations, civil society, and trade unions also participated in a lively debate.

Since 2014, the World Bank has been supporting the work of the Latin American Open Parliament Network. Together with former Senator, and current Minister of Justice, Hernan Larraine, who presided over the network, Bank colleagues have been organizing various capacity building activities to strengthen the region's legislative branches to ensure greater transparency.

On this occasion, the Chilean House of Representatives hosted the event with prestigious panelists such as Eduardo Engel, Board member of the think tank Espacio Publico and Professor at the Department of Economics of the University of Chile. Engel is also well known for heading the "Engel Commission", a Presidential Anticorruption Commission, which established the basis of Chile's integrity agenda following numerous scandals that touched various branches of the State and political parties. Other well-known speakers included Jorge Bermudez, Chile's Comptroller General; Nelson Shack, the Comptroller General of Peru; Marta Herrera of Chile's Attorney General's Office; Marcelo Drago, President of the Chilean Council for Transparency; Hernan Larrain, Chile's Minister of Justice; and Gonzalo Blümel, Minister of the General Secretariat of Chile's Presidency; among others.

Jorge Bermudez mentioned that Chile's ranking on the Transparency International's Corruption Perception Index had been consistently deteriorating since other countries had been improving their scores and because of strong media pressure to expose corruption cases. He also underscored the need for society to trust in public institutions.



Nelson Shack presented a new model to be used in the Peruvian Office of the Comptroller to prevent ex-ante – rather than address ex-post – irregularities from project inception and suspend or bar public servants involved in corrupt practices from holding public office.

Several of the speakers addressed the evolution of the integrity and transparency agenda since legislation was enacted in 2008. In this regard, the President of the Senate, Carlos Montes, said that such a legal framework generated a new civic culture that sees transparency as a “right” from the State. Montes added that *“in terms of integrity, the year 2014 was a milestone in the history of Chile... it was evident that there were levels of the State that suffered from a lack of transparency regarding the relationship between money and politics.”*

Meanwhile, Maya Fernandez, President of the House of Representatives, stressed the relevant contribution of the World Bank in support of this agenda, not only for Chile, but also for other emerging economies. She added that *“...in Chile, for many years the perception of corruption was lower than in other countries and even though we are still 26th on the list, Chile has dropped five positions, so we need to call for action.... it is no coincidence that distrust has built up amongst our citizens, and this calls for decisive action on our part, such as consolidating measures for control and prevention of corruption”.*

Professor Eduardo Engel stressed that the issue of corruption had come to stay, both in Chile and the rest of the region, and emphasized the role of citizen empowerment and engagement. He also drew attention to the need to identify corrupt officials, including their collusion with the private sector, and bring all parties to justice, and emphasized the importance of implementing policies and strategies to prevent corrupt practices in the future. Professor Engel referenced 12 bills enacted into law, such as assets_declaration, regulation of the financial market, and the return of civic education. He also mentioned that a new Corruption Observatory was created in the past two years as part of the Chile’s initiatives to fight against corruption.

Participants acknowledged that enormous challenges in tackling corruption remain, such as the lack of trust in public institutions and the perception of impunity, the need of campaign finance norms, the conflicts of interest and the revolving door when legislators leave public office and go back to the private sector, as an important and much need issues to be resolved. The Chilean MPs agreed on the need to not only continue working in this area, but to establish an office that would oversee the Congressional budget, including asset disclosure mechanisms.



The importance of co-ordinated interventions across the value chain of human development to address youth unemployment

Cedric Thomas Frolick, MP

House Chairperson: Committees, Oversight & ICT, National Assembly,
South Africa

On Wednesday 18 April 2018 the Managing Director of the IMF, Ms. Christine Lagarde moderated a panel discussion on "Digitilization and the New Gilded Age" on the occasion of the 2018 Spring Meetings of the IMF and World Bank. After a very informative discussion each of the four distinguished panelists were asked by the moderator to identify "the one issue" that is fundamentally important to ready the world for the digital age. All panelists except one identified quality education as the key catalyst in preparing ourselves to confront the challenges associated with the disruptions digitalization will bring about.

Just a day earlier, Parliamentarians attending the Global Parliamentary Conference 2018 under the theme "A focus on Youth Jobs Creation" had in-depth discussions with entrepreneurs and representatives from the private sector on possibly the greatest challenge of our time i.e. youth unemployment. In these discussions the impact of quality education to prepare the youth for employment was once again highlighted. A collective effort from governments and the private sector is necessary to address the triple challenge of poverty, inequality and unemployment.

This challenge is very acute in developing countries such as South Africa with a bulging youth citizenry. According to Statistics South Africa's second Quarterly Survey for 2017 "youth unemployment remains stubbornly high in the country; it's more than double the rate of unemployment in older sectors of the population". The survey further found that 54% of the 10 million South Africans between the ages of 16-24 are unemployed with the vast majority not pursuing any kind of studies. South Africa has an unemployment rate of around 27 percent, and the majority of the jobless are young people.

Is there a silver bullet to fix the situation? Certainly not! What is required is to ensure that the entire value chain of education from early childhood development right up to tertiary education is made accessible for all. In South Africa, this will require the full implementation of the National Development Plan (NDP) and a commitment to achieve the Sustainable Development Goals (SDG's) by aligning the departmental budgets and programs to the key objectives of the NDP and the SDG's. The emphasis must be on quality education for all irrespective of gender, class or race.



Another challenge facing the country is the increase in unemployed graduates. A number of interventions are required to tackle youth unemployment that leads to, amongst others, social alienation, depression, loss of social capital and skills being acquired. This has a knock-on effect on the increased difficulty to re-enter the job market, collection of taxes, and low economic growth.

In an effort to address the above challenge, on 26 March 2018 the government launched the Youth Employment Service - an initiative between business, government, labour, civil society and young people. At the launch, the President of the Republic of South Africa, His Excellency Cyril Ramaphosa emphasized that the program will improve young people's prospects of finding employment and help to build a more inclusive and sustainable economy. The Youth Employment Service (YES) aims to see more than one million young South Africans between the ages of 18 and 35 being offered paid work experience over a period of three years. Over a hundred companies have signed up to partner with the government in tackling youth unemployment. This can be done through corporate work experience, where businesses that participate in the program creating one-year paid positions for the youth, or through small business development, where young people are empowered through training and funding to start and grow their own businesses.

The above illustrates that no single solution exists to address the challenge of youth unemployment, nor can interventions solely focus on one area and delay or ignore concrete interventions in another. A strong social compact must be established between government, labour and the private sector; this is necessary to ensure that sustained interventions and programs are designed and implemented from early childhood programs right up to post-tertiary level. This requires alignment of public spending by the Executive and proper oversight of government spending by public representatives.

Cedric Thomas Frolick is the House Chairperson: Committees, Oversight and ICT at the National Assembly of South Africa and the President of GLOBE International for South Africa.



Shaping Change in a Time of Disruption

by Dr. Jim Yong Kim

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Before 1800, nearly everyone on the planet was poor. Royalty and large landowners were a small minority, and wealth was tied to land – those who controlled land, controlled much of the world's wealth. Nearly everyone else lived in poverty. This was what society looked like for virtually the entire recorded history of humanity.

Throughout that history, the vast majority of people were born and died in largely the same circumstances. Then starting in the early 1800s, the industrial revolution and steam power enabled manufacturing and changed the nature of work. Technology drove down the cost of moving goods, fueling trade and economic growth that forever altered the world's economy. For a few overall, quality of life improved tremendously, but many others were left out of the arc of progress. These disparities, which have continued – and in some cases worsened – in the past two centuries, contributed to the realization that organizations like the World Bank Group were necessary.

We are now going through a similar period of disruption and upheaval, and what we do with this technological revolution will shape the next chapter in the ongoing project of human progress and human solidarity.

By 2025, many analysts estimate that 8 billion people will have access to broadband. Technology is getting everyone connected, but at the same time, it is causing similar convulsions to what happened during the Industrial Revolution.

No one knows for sure what jobs of the future will look like. Globally, we estimate that innovation and automation will eliminate 5 to 12 percent of existing jobs over the next decade. But rather than disappear, we expect many more jobs will be redefined in terms of the tasks they do, and large numbers of new jobs will be created that will require an entirely different set of skills—a combination of technological know-how, problem solving, and critical-thinking skills, as well as perseverance, collaboration, and empathy.

We are seeing the effects of innovation all over the world. Many garment factories in places like Bangladesh, which used to employ hundreds of people per factory, are becoming fully automated. The garment and textile industries are creating tens of thousands of jobs where hundreds of thousands – and in some places millions of jobs – are needed to keep pace with growing populations.



How can countries respond to these kinds of upheavals and prepare for the economy of the future? The surest answer is to invest in their people. We are finding that investments in human beings, especially in their health and education, are far more powerfully correlated with economic growth than we ever thought.

Look at economic growth over the past 25 years. If you compare the top 25 percent of countries that have improved their human capital stock the most, and you compare them with the bottom 25 percent – countries that have improved their human capital stock the least – the difference was 1.4 percent of GDP each year over a quarter century.

And countries need to make those investments with a sense of urgency, because we are facing a Human Capital crisis. It starts with childhood stunting. Globally, 155 million children are stunted due to chronic malnutrition, lack of stimulation, and other factors. When children are stunted, their brains don't develop properly, which means it's very unlikely they will catch up. They may already be hardwired to fail and locked into lives of poverty and exclusion long before they reach their fifth birthday.

Around the world 400 million people lack access to essential services; 100 million people fall into poverty every year from catastrophic health expenses; and only one-third of the world's poor are covered by safety nets.

Rich and poor countries alike need to understand that investing in people *is* investing in economic growth. When you invest in human beings, you are putting the foundations in place to grow your economy. But too often, we still hear from leaders, "First we'll grow our economies, and then we'll invest in our people."

To help countries make these critical investments, we launched the Human Capital Project, a rigorous and detailed measure of the human capital in each country. Next fall, we will announce the results of an index to rank countries according to how well they are investing in the human capital of the next generation. The measurement will provide information that heads of state and finance ministers will find hard to ignore.

As we work with partners to tackle the interconnected global challenges of climate change, conflict, famine, and pandemics, we must help countries prepare their people for a more complex, disruptive, digital future. The most important investments countries can make are ones that build human capital—to prepare for that future, and to write the next chapter in the ongoing project of human solidarity.

The author is President of the World Bank Group



Göran Petterson, Member of the Swedish Parliament

PN Review Head Columnist

I have long been an advocate for paying more attention to the yearly Article IV consultations regarding the state of the economy in the member states done by the IMF. If we act early on imbalances in our economies, we can avoid having to deal with them during a crisis when the tools to handle them are limited, and the costs - higher. I will now take my advocacy one step further.

We should put peer pressure on our fellow MPs from other countries to pay attention to the consultations and act on the recommendations. Since our economies are so interdependent, a crisis in one member state risks spreading to us all.

Let me give you an example. If one state runs a large yearly current account deficit, the recommendation could be that they implement reforms that increase competitiveness by raising the productivity. Another reform could be to raise the consumption tax and lower the production tax at the same time. If the imbalances are not acted on early, they might build up to dimensions where they are likely to give political incentives to promote trade barriers, which harms us all. For that reason, we should put peer pressure on each other and welcome that pressure in the best interests of all.

The Parliamentary Network on the World Bank & IMF certainly has a role to play in this process.



NOTE FROM THE EDITOR

I thank the authors of this issue for their valuable contributions. If you have suggestions for improving the publication, please contact me at olivia.e.noh@gmail.com.
Eu Na Noh, Editor, the Parliamentary Network Review

CALL FOR SUBMISSIONS

If you would like to contribute an article to the Parliamentary Network Review, please send your submission to Polina Zyabukhina, Program Officer, at jpol@parlnet.org.

If you would like to write for the Network Featured Discussion, please contact discussions column editor Göran Pettersson at goran.pettersson@riksdagen.se.

The views and opinions expressed in this publication are those of the authors and do not necessarily reflect the official position of the Parliamentary Network on the World Bank & IMF.

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