

THE PARLIAMENTARY NETWORK

On The World Bank & International Monetary Fund

PARLIAMENTARIANS IN THE FIELD PROGRAMME

Peru

1 -4 March 2015

SUMMARY

A Delegation of the Parliamentary Network visited Peru from 1 to 4 March 2015 within the *Parliamentarians in the Field* programme. The Delegation comprised three Board Members of the PN and Members of Parliament (MPs) coming from Argentina, Belgium, Cameroon, Haiti, Kenya, Lithuania, Portugal, Senegal, Spain, Timor Leste, and Turkey. The purpose of the visit was to see for the first time in the programme a 'middle-income' country while analysing the work of the World Bank Group (WBG) and the International Monetary Fund (IMF) in Peru. The Delegation learned about the two institutions' dialogue with other development partners. Borrowing country MPs can use field visits as benchmarking exercises and opportunities to exchange views and experiences. For donor country parliamentarians, *Parliamentarians in the Field* programme presents an opportunity to see development cooperation in practice.

During the visit, parliamentarians met with several development partners such as the World Bank Group (WBG), the International Finance Corporation (IFC), the International Monetary Fund (IMF), officials from the Government and relevant Ministries, the Vice-Speaker of Parliament, and civil society organisations (CSOs). The visit focused on four different topics:

- **Macroeconomic Success and Future Challenges:** in meetings with the IMF and WBG officials and the Ministry of Economy and Finance, the Delegation had the opportunity to discuss Peru's macroeconomic success in the last decade as well as perspectives for the futures. Peru grew at an average rate of 5.6% GDP between 2000 and 2010, only outgrown by Panama during the same time period. But this growth has been specifically concentrated among impoverished groups, as 45% of the population was considered poor in 2005; today, this number is 25%. Further, a strong middle class is emerging, once representing 15% of the



population in 2005 and now representing 35% of the population in 2012. The Ministry of Economy and Finance seconded such realities, noting that the last decade in Peru has been the best economically in 60 years. With the help of precautionary IMF arrangements, a framework for conducting policy has resulted in what many within Peru believe to be a great success economically. The government since 1991 has only borrowed from the IMF on twice, and all credit has been paid since 2007. Today, only technical assistance and surveillance are done by the IMF in the country, a sign of Peru's fiscal success. Further, the WBG's ease of doing business ranking has improved significantly between periods 2005-2009 and 2010-2014 (from 56th to 35th in the world). This ranks first in the LAC region (Latin America & Caribbean countries); such only is a microcosm of the tremendous economic success in Peru over the last decade. The country now has a surplus of 0.2% GDP, high international reserves and preferential trade access to in 73% of countries in the world. However, main challenges still exist, mainly the targeting of growth in other major Peruvian cities and the informal economy which is responsible for between 60-70% of employment in the economy. In addition, growth prospects in Peru have tapered mildly in FY2014, and there are fiscal and monetary concerns which were shared to the Delegation from the Ministry of Finance and Economy.

- **Development and Social Inclusion:** the Delegation saw how Government Ministries and projects funded by the WBG and IFC have raised the welfare of Peruvians in Lima and El Callao. The Delegation of the Parliamentary Network visited one of the most important projects on urban development in Peru: a bus-based mass transport system that has transformed lives, bringing livelihoods to citizens and expanding economic opportunities to those living outside of the centre of Lima. In addition, the Delegation rode the bus towards the city centre, witnessing first-hand how vital the mass-transit system is to those working in Lima. Further, the Delegation saw a water-pipe replacement project as part of SEDAPAL, an initiative dedicated to providing running water to citizens at the community level. Finally, the Vice Minister of Development and Social Inclusion gave a presentation on the state of Peru in social development initiatives today, offering the MPs the full-picture of how Peru is tackling challenges of inequality, health, and education in government.
- **Private Sector Partnerships with IFIs:** the MPs were thoroughly briefed on the private sector dynamic in Peru from IFC, WBG and IMF officials. The main topics that were touched upon were the Peruvian success story, but also where challenges continue to lie. Further, the Delegation saw two projects funded by the IFC and WBG, showing the variety of projects which can be funded by IFIs and the outcomes. First, the Universidad Peruana de Ciencias Aplicadas (UPC) hosted a session on how the academic institution is transforming the lives of its students, yielding elevated graduated rates with significantly higher salaries than many universities in Peru. Second, the MPs visited Peru LNG, the first and only natural gas liquefying plant in South America. The Delegation was briefed beforehand for both sessions, and was given ample time to discuss private sector development within the context of Peru's economic growth, social development, and challenges therein.
- **Good Governance, Parliamentary Oversight, and Civil Society Cooperation:** the Delegation also met with the Vice-Speaker of the Parliament and the Economy, Banking, and Financial Intelligence Commission, along with Senior Officials of the WBG and IMF. Several issues were raised, such as parliamentary engagements with the government, social issues impacting



Peruvians, the economic slowdown within the country, and the potential reintroduction of the Peruvian Senate as a legislature. The session provided an opportunity for MPs from around the globe to interact with Members of the Peruvian Congress, sharing knowledge among each other for legislative best practices. Further, even with the development success in Peru during the past decade, economic inequality still exists, leaving much room for debate about the progress which is actually taking place in their country. Thus, the Delegation had a meaningful discussion with CSOs, specialising in social safeguards and corruption. The visiting MPs were afforded the opportunity to see the other perspective apart from those outlooks given by government officials, Peruvian MPs, and private enterprises.

During the Field Visit, delegates expressed their satisfaction with the visit and appreciated the value of the *Parliamentarians in the Field* programme. They provided testimonials and feedback and the impression was positive and encouraged the Parliamentary Network to organise more field visits.



I. INTRODUCTION

Peru is a country which has overcome many challenges in the previous decades to become the “middle-income” country that it is today. Beginning in the 1980s, Peru faced a serious domestic conflict among the ‘Shining Path’ Party and Tupac Amaru Revolutionary Movement, resulting in approximately 70,000 deaths, many of which were citizens uninvolved in the conflict and its underlying issues. The traumatic circumstances in Peru yielded hyperinflation and economic contraction, dislocating the economy and causing much chaos to an already fragile development agenda in the country. Peru had one of the largest debts in the world at this time. Irrespective of this reality, there has been an impressive evolution of growth and stability in the country, partially reflective of excellent governance and the ‘results-based’ framework demanded of citizens to elected officials, but also the international collaboration of global development organizations. Both have relayed expertise to create success in Peru in the past decade, understanding critical challenges which exist for both today and tomorrow in lifting the economic prospective even further. Most certainly, there have been shocks to the development agenda in Peru, as very few countries avoided the global financial crisis unscathed; however, the overall trend is absolutely positive over a larger period of time, only to be highlighted further by Peru’s hosting of several international events during 2015. The Annual Meetings of the World Bank & IMF will be hosted in Peru in October, the first time such an event will take place in South America since 1968 in Brazil.

Alberto Rodriguez said as acting Country Director for Bolivia, Chile, Ecuador, Peru and Venezuela at the World Bank that Peru is “open to the world,” participating in the international community as a member of all regional economic cooperatives as a preeminent leader of economic success and innovation in the region of Latin America. The country took its first investment from the International Finance Corporation (IFC) in 1956, touting a \$100 million portfolio in 2002 and now operating with the IFC at \$1.2 billion, only showing how the economy has profoundly increased in the last decade. Peru, encouraged by International Monetary Fund (IMF) policies in the early 1990s as explained by Resident Representative Alejandro Santos, laid a policy framework which has yielded the lowest inflation rate of any country in the LAC region. The Central Bank’s Autonomy reform of 1992 and the Fiscal Responsibility and Transparency law of 1999 helped solidify Peru’s fiscal and monetary foundation for which the international community applauds today. With the help of the IMF’s expertise, Peru established a comprehensive monetary policy; since 1991, Peru has borrowed with the IMF on only two occasions, completely paying its obligations in 2007. Today, only technical assistance and surveillance of the domestic economy take place in Peru’s collaboration with the IMF, only showing how the country has transformed its economy in a short period of time. Agriculture is becoming more diverse and competitive on an international scale, further transforming the economic opportunities for Peruvians across the country. Previously, \$10 million of exports was equivalent to selling 32 items; today, the same dollar amount equals 200 items.

Legislatively, Peru has had a unicameral system of governance since 1995, as the Delegation visited the Peruvian Congress. There are two sessions of voting for each proposal of legislation, and Ministers of the Government are called to the Congress upon an extraordinary occurrence in order to solve conflicts within the Congress. However, protocol dictates that if the Congress can accumulate enough votes, Ministers or the Prime Minister will be invited to answer questions from the Congress. Further, the Peruvian Congress is regionally represented in the Andean Parliament, where the current Chairman of the Andean Parliament, Javier Reátegui Rosselló, is Peruvian. In short, the



Peruvian success story has been defined by taking advantage of the sound economic opportunities to create buffers against exogenous shocks, explained by Fernando Figueroa from the Ministry of Economy and Finance. However, in a time of slowed growth (2.4% in FY 2014), an unfavorable balance on Peru's current account, and a future job market which will be over two million citizens between the ages of 18-24 years old, challenges still lie ahead for a country which has grown substantially in the past decade.

II. THEMATICAL FOCUSES AND RECOMMENDATIONS

MACROECONOMIC SUCCESS and FUTURE CHALLENGES

Relevant agenda items: Welcome session by the WBG and IMF; Meeting with the Peruvian Congress; Meeting with the Ministry of Economy and Finance, CSO Roundtable Discussion.

Peru's macroeconomic outlook is positive, a view shared both by the World Bank Group and the IMF. The economy did significantly well in the past decade, but has seen a slight retraction of growth in FY2014. The Peruvian economy was impacted by the global financial crisis of 2008-2009, but has bounced back quickly; even as the prices of commodities, mining and fisheries has dropped for a myriad of reasons, growth is expected to recover. The slowed-growth story is one seen throughout South America, and even then, growth is still higher on average in Peru than in the LAC region. In large part the Peruvian economy has been successful due to what Alberto Rodriguez mentioned as the development of growth and its three pillars: strong macroeconomics, human capital, and infrastructure.

Peru grew at an average rate of 5.6% GDP between 2000 and 2010, only to be outgrown by Panama during the same time period. But this growth has been specifically concentrated among impoverished groups, as 45% of the population was considered poor in 2005; today, this number is 25%. Further, a strong middle class is emerging, once representing 15% of the population in 2005 and now representing 35% of the population in 2012. The business climate has improved significantly in the past five years, jumping from 56th to 35th in the world since 2010, being a champion in the LAC region. The country has at least tripled the amount of paved roads during 1990-2012.

The Ministry of Economy and Finance seconded these realities, noting that the last decade in Peru has been the best economically in 60 years. The country now has a surplus of 0.2% GDP, high international reserves and preferential trade access to in 73% of countries in the world. However, the aim of the ministry is to look at the short-term, yet understanding what to do in the long-term. "What does the whole picture look like and what could be done better?" asked Director Cesar Llendo to the Delegation.

Challenges and recommendations were given discussion, as the reality looms that Peru is still a commodity-based country. "When prices are good for commodities, everyone is happy," exclaimed Alberto Rodriguez in his presentation. However, as prices became too high for mining, Peru created a solidarity fund which allowed money and royalties to reach the community more directly; the programme was both successful and critiqued, allowing a refined approach to civil society initiatives to be constantly evolving and reinvented towards the benefit of Peruvians. In addition, the informal economy in Peru is still the lion's share at 60-70% of employment, which has left the national budget constrained and will continue to do so until reforms can take hold. Further, issues were discussed



such as: combating corruption, government inefficiency, labour regulations, and tax regimes; further development of the securities market (only 2.9% of GDP); diversifying the currency of financing (all of which takes place in USD); a slowdown of growth in FY2014; and creating a broader tax base to pay for public projects. Demographic challenges were also addressed, given that many Peruvians who left the country for better economic opportunities are now returning due to the Peruvian economy and its sustained success.

Key Issues

- Development of growth comprises of 3 pillars: strong macroeconomics, human capital, and infrastructure
- The commodity cycle can often times determine the path of economic growth in Peru
- Corruption, government bureaucracy, inefficiency, and labour regulations
- Growth in the financial securities market
- Widening the tax base through more formalised employment

Recommendations

- Create an economic policy which is focused on the welfare of citizens and not only on higher GDP percentages, understanding that lower growth could impact those who are most socially vulnerable
- Institutionalise legislation which reflects the new values and future demography of Peruvian society in its post-economic boom
- Incentivise ways to increase formalised employment

DEVELOPMENT AND SOCIAL INCLUSION

Relevant agenda items: Welcome session by the WBG and IMF; Field Visits to SEDAPAL, Peru LNG, and UPC; Meeting with the Vice Minister of Development and Social Inclusion; Meeting with the Peruvian Congress; Meeting with the Ministry of Economy and Finance; CSO Roundtable.

There is no questioning that much progress has been made in Peru with regards to development and social inclusion during the past several decades: clean water is available in 80% of the country today as opposed to 55% previously; 60% of citizens were registered for health insurance coverage in 2013 as opposed to 40% in 2006; chronic malnutrition decreased from 37% to 13% in the same time period. Further, legislative and executive cooperation is strong, given that poverty has decreased from 49.1% to 23.9% between 2006 and 2013, where an emerging middle class is continuing to be found in the economic data displayed at the Ministry of Economy and Finance. Further, education as a state budgetary policy has been proposed to be increased by 2% of GDP each year until it is at 6% total, a policy for all Andean countries. For the first time, the budget for education is higher than defence in Peru.

The Delegation met with Ms. Ariela Luna, Vice Minister at the Ministry of Development and Social Inclusion, as she debrief the group of MPs on how the Ministry of Development and Social Inclusion operates and looks to measure success in Peruvian society. The Ministry was created in 2012,



charged with the role of closing the inequality gap of the poorest in the country. “Our focus is on poverty and social inclusion starts with people, so we begin measuring into a single person with our indicators.” She described how the Ministry seeks to measure development across the life cycle of an average individual, dispersing aid to regions which are in need of resources for social development programmes. From childhood development, cash-transfer programmes, access to education, family assistance, and pension programmes for the elderly, the Ministry has intergovernmental commissions which work between national, regional and local authorities to deliver assistance to those in dire need. Finally, the Ministry is also emphasising indigenous peoples who are sometimes six days away from the nearest large city in the country. Approximately 330,000 people were identified under this programme so that a package could be created which gives identification cards and access to basic services when deemed to be ‘extremely poor’ by national indicators.

Many questions were asked, ranging from the mandatory vaccination policy in Peru and policies for handicapped people to early childhood education. Hon. Mansour Sy, Deputy Speaker of Parliament in Senegal, was eager to understand what Vice Minister Luna believed to be the success of Peru pertaining to the MDGs. “We have decreased significantly early childhood deaths and maternal mortality, but we have not completely achieved our goals. This progress has taken years of work and state policies, where we had to define what the results were to be achieved, and how could we achieve it.” She stressed the results-based budget, noting that this policy has yielded key successes in economic and social policies in Peru.

Hon. Hugo Aderito Da Costa of Timor Leste sought to understand how the Ministry avoids the politicisation of social development and inclusion. “These programmes are appetising to politicians; however, the Ministry is a technical group where we have brought those who mismanaged funds to justice in previous elections.” Further, she laid out the procurement process for the Delegation, whereby a municipality creates an indicator of social development, the mayor of the municipality will validate the indicator, and the Ministry will review the information for its accuracy and authenticity. In this manner, the Ministry can avoid the explicit politicisation of its mandate in serving the poorest in Peru.

The Delegation visited several projects which showed how private enterprises are also tackling social development initiatives in Peru. The MPs visited SEDAPAL, a water sanitation provider with over 50 facilities and partnerships with the Lima Water Company, learning how over 500,000 citizens in Lima and neighbouring El Callao do not have access to conventional methods of drinkable water and 900,000 lack access to sewer systems. The Delegation saw a local community water trough emanating from the Santa Lucia water reserve, with capabilities to clean 78 litres of water per second, serving 5,000 households and 30,000 people in total at all hours of the day. Afterwards, a pipe replacement operation was viewed, seeing how new technology can be implemented in local communities without disturbing the water supply during a five-day period. The replacement project operates at approximately 200 metres per day, and has completed 92 kilometres to date with the financing and support of the World Bank Group.

The Delegation headed to Peru LNG, the leader in natural gas liquefying for South America. The Delegation was able to witness how joint investments from IFC and other international partners provided jobs, energy, and upward social mobility for those working and collaborating with LNG Peru. The company is operated by 55% Peruvian nationals, and all of them are trained to be internationally certified for their work. The project’s construction alone provided 20,000 jobs during



the installment of the 408 kilometers pipeline, stretching from the highlands of Ayacucho to the Pacific Ocean. To date, the project was the largest private investment in Peru, yet Peru LNG is prioritizing people and culture as well as profits. The pipeline's construction included the largest private sector archeological project to date in Peru, where 200 archaeologists and 2,000 community members collaborated together to preserve Peru's cultural heritage.

Finally, the Delegation held an intensive discussion with Marisol Suárez, General Manager at the Universidad Peruana de Ciencias Aplicadas (UPC). This private university received funding from the IFC, and the investment has proven quite effective in uplifting the future work force in Peru. With 4 campuses and almost 42,000 students, the university received 5 stars in social responsibility, employability and accessibility, but still wishes to push the boundaries further. The Delegation focused on the challenges of higher education in Peru, the internationalization of the university, and bringing the successes of UPC to other parts of Peru. UPC's vision is driving education, skills and employability of Peruvians to new standards, providing livelihoods for future generations of students to come.

Key issues

- Peru's social development initiatives at the Ministerial level
- Social development and inclusion programmes that are showing success
- Private-sector ventures which have aided to improvements in social development and inclusion
- Challenges that still lie ahead

Recommendations

- Promote economic reactivation policies of those who are most vulnerable
- Develop community partnerships and engage with large corporations to strengthen local sustainability, wealth, and cultural preservation
- Increase investment in educational opportunities to allow for greater upward social mobility
- Implement results-based budgetary mechanisms

PRIVATE SECTOR PARTNERSHIPS WITH IFIs

Relevant agenda items: Welcome session by the WBG and IMF; Meeting with the Peruvian Congress; Meeting with the Ministry of Economy and Finance; Field Visits to Metropolitano, UPC and Peru LNG; CSO Roundtable.

"As late as in 2006, the economy of Peru functioned as if it were in the 1970s," said Country Head and Principle Investment Officer of the IFC in Peru, Marc Tristant. However, with intensive investment into the country during the past 15 years through clusters of financial markets, infrastructure, and manufacturing/agribusiness services, Peru is an incredibly attractive place for private sector development today. Approximately 49% of investments from the IFC are dedicated towards infrastructure, as it is the engine which can drive Peru's economic story in the upcoming decades. Further, the macroeconomic stability and success of Peru has given the younger



generations the confidence to consume at higher levels, yielding a very positive attitude among Peruvians of their current economic outlook. Further, insurance mechanisms through organisations such as the Multilateral Investment Guarantee Agency (MIGA), an arm of the WBG, are only utilised in risks associated with a breach of contract; this reality only further highlights how economically stable the country has become on a macro-level, with cultural products for export in the agricultural sector. As Hon. Ovidio Sanchez Diaz of Spain said at the Peruvian Congress, “Spanish companies are doing fabulous things in this country; further, Spain is the platform for the Peruvian economy in Europe, and I wish to express my overall satisfaction with Peru’s success.”

Upon visiting the Ministry of Economy and Finance, the PN Delegation received a nuanced brief from Ministry representation regarding private sector development by highlighting the increased consumption and purchasing power of the average Peruvian today. In 2000, there were only 8 shopping centres in the entire country. Today, there are at least 32, where the criteria to invest into a mall required 1 million people to be within a circumference of 20 minutes by car; today this number stands at 100,000 people. Further, the Ministry sought to emphasise the public-private partnerships (PPPs) which will attract further private sector development in the future, including the Metropolitano (which was visited by the Delegation), gas pipelines, an international airport in Cuzco, and the longitudinal Sierra road project. In addition, the Ministry’s focus in future policy formulations is to assess the adequacy of ‘red tape’ bureaucratic measures which inhibit growth and seek to reduce the cost of budgetary overruns as a means to reach the equivalent economic stability indicators set out by OECD Member States.

The Delegation was received by the Universidad Peruana de Ciencias Aplicadas (UPC), a university receiving support from the International Finance Corporation (IFC). The university has nearly 42,000 students with 4 campuses stretching across Lima proper. According to Marisol Suárez, General Manager of UPC, 90% of students find jobs in their field of studies with salaries that are on average 50% higher. The IFC loan was given to UPC in 2010 and has already been paid in full. The university has only been part of the Laureate International University Corporation since 2004, but is quickly becoming a positive social force in Lima. It is the 3rd preferred private university for research in Peru, and is expected to continue rising as a premier institution of higher education for the needs of a continually-growing economy.

Metropolitano serves as the mass-transit system in Peru, as the MPs took the bus from El Callao to central Lima; before noon, the bus was completely crowded and not even during peak hours. During the heaviest density of passengers, 600,000 use the Metropolitano system. The yielded economic benefits have been enormous for Peruvians, as local communities close to the entrance and exit points of each stop have been able to start businesses which did not exist prior. Further, Peruvians now have access to work opportunities on the other side of a city which is heavily congested by car traffic. The project was guaranteed by the World Bank Group and developed by former advisors and consultants of the WBG.

When the Delegation saw Peru LNG, great attention was given to the magnitude of this private investment, the largest ever in Peru, with the help of IFC and other international funders. LNG Peru is the only natural-gas liquefying plant in South America, leading the way for the Peru’s place in the international economy for years to come. The construction of the plant itself generated 2% of GDP growth in Peru and yielded 20,000 jobs. Local employment is 55% of the total, numbering well-above comparable averages for similar plants around the globe (around 25%). The royalties received by the



communities impacted by Peru LNG's operations is approximately 50%. For 1 million cubic meters of gas extracted, the government receives 38% of the total value in royalties.

Key issues

- Peru's private sector in hindsight and future prognostications
- How to develop an even more-friendly business environment which promotes trade, economic growth, and maintains investors
- Educational prospects and human capital
- Successful private sector investments from the WBG and IFC

Recommendations

- Support local, small-scale development projects to compliment large-scale, international corporate ventures
- Make legislative efforts to continue cutting excessive administrative processes which do not serve a business-friendly environment
- Incentivise technical training, higher education, and upward social mobility schemes for Peruvians
- Facilitate international trade agreements and contracts which benefit Peruvians wholly

GOOD GOVERNANCE, PARLIAMENTARY OVERSIGHT, and CIVIL SOCIETY COOPERATION

Relevant agenda items: Welcome session by the WBG and IMF; CSO Roundtable; Meeting with the Peruvian Congress; Meeting with the Ministry of Economy and Finance.

The Delegation of the PN held an important session with active members of civil society in Peru; the discussion was a crucial exchange of histories, opinions, and suggestions, giving the MPs the opportunity to see the non-governmental perspective pertaining to Peru's development agenda. The group convened to discuss capacity-building, access to public information, and government negotiation for development contracts. Throughout the visit, the Delegation heard many perspectives, including those of the Ministry of Economy and Finance and Deputies from the Peruvian Congress.

Country Director Alberto Rodriguez of the WBG noted the imperative nature of reforming the decentralised system in Peru; "it was done in a very quick manner, but today there is symmetric decentralisation, where neither capacity nor planning are robust in small municipalities." Exacerbating the potential performance of local government bodies in Peru is the 60-70% of the workforce which is employed via informal means, thus leaving very little fiscal space to operate and invest into capacity building programmes alone. However, the Congress is very active, receiving as of 2 March 2015 56 bills, 6 of which became laws and 8 of which were being debated in plenary sessions of congress, as explained by Hon. Casio Huayre Chuquichayco, President of the Economy, Banking, Finances and Financial Intelligence Commission. He seconded the claims pertaining to



capacity above, noting that the Parliament sought to formulate policy around macro-regions previously; however, the population was not accepting of this idea, which meant each region would have its own councillors instead. Problematically, these councillors do not have significant powers, and thus are not particularly effective as of today.

Vice President of the Parliament Modesto Julca Jara added that the Congress has no oversight powers of regional governments in Peru, making regional legislators feel as if “they have become islands which are too far away from the Congress.” To his mind, decentralisation stagnated in 2007, even as the economy continued developing. The Ministry of Economy and Finance has attempted to help members of the Peruvian Congress, creating workshops for elected officials in Peru to “give teeth to their potential legislation.” The Ministry understands that enforceable legislation only benefits the growth pattern in Peru for years to come. Thus, the Congress and Ministry of Economy and Finance are dedicated towards reconnecting regional governments with the national legislature, understanding the importance to effectively streamline good governance practices across the country and at all level of elected representatives.

At the CSO Roundtable, the PN Delegation received a very different perspective. Patricia Zárate of Instituto de Estudios Peruanos (IEP) sought to elucidate the absence of strong political participation. “People in Lima tend not to think outside of Lima,” she noted, “less than 5% of the population participates in policy, and we are missing a stronger state.” Hon. Patrick Mariru from Kenya expressed his gratitude for being part of the discussion with CSOs. He gave testimony to the Kenyan experience, as many CSOs have been impactful in Kenya and CSO leaders in Kenya are now members of the Parliament. He encouraged a “civic competence” to collaborate the Government and legislature in Peru, as “supporting people to engage with the government is a crucial task.” He believed that CSOs need to help build the capacity of government officials and leaders, as his experience in Kenya shows the benefits of taking such action. Although the capacity of the Peruvian state to function at all levels of governance is a challenge, both legislators and CSOs agree that the importance of reform and investment in capacity-building initiatives is tantamount in Peru’s development progression.

Access to public information was a topic of central importance to the CSOs which sat down with the Parliamentary Network Delegation. Corruption is seen as one of the main problems in Peruvian society today; from the private sector to the Congress, Peruvians possess a lack of trust when referring to those with an abundance of legal or economic resource. According to several of the participants in this session, there is a transparency and access to information law pertaining to the Congress; however the law itself has very little authority. As a prime example, it is neither mandatory nor necessary to declare any conflicts of interest or reveal a prior criminal history to be an elected representative. Further, sanctions in the Congress for wrongdoings rely on suspensions of 30 or 90 days, and being expelled from the Congress is quite difficult. Further, at the meeting in the Peruvian Congress, Hon. Shakeel Ahmed Shabir Ahmed of Kenya asked, “How much do you know at a committee level or below regarding proposals or recommendations from the World Bank and IMF?” Hon. Casio Huayre Chuquichayco elaborated on the typical protocol of the World Bank and IMF with respective parliaments: “Our Congress does not participate in arrangements with the World Bank and IMF. We only know the results and the summaries, and the Central Bank of Peru is charged with currency control.” Vice President Julca Jara added that “This topic of international financing is incredibly important for every country. Congress participates when we approve a budget law, and our budget has to be balanced.”



In addition, the topic of negotiations for international contracts between corporations and the government was given great attention, as the Delegation wanted to know what the process was like in Peru. Hon. Mansour Sy from Senegal commented that “Africa is immensely rich, yet the people are very poor. In Senegal, the Minister of Mining signed contracts that were not beneficial for the people, which included only 3% of royalties belonging to the people when we demanded 5%, and a clause which does not allow a revision of the agreement for 25 years. What is happening in Peru that is not happening in Africa?” Participants gave feedback, such as having government officials attending annual meetings of the companies with whom negotiations take place. Further, Peru created transitory assistance laws to create provisions for the company’s success, created concessions which would be turned into economic production, and realised one contract is not the solution, but rather a window of opportunity. Pointing back towards access to information, Cesar Gamboa of DAR commented on the social conflict that arises from a lack of transparency. “People could say that Peru is a miracle, or you could say that the glass is half-empty. Many CSOs opposed the project you saw yesterday (Peru LNG), as the state guaranteed the communities and indigenous people would be minimally affected. This is not the case.” He added, “The local population is not against investments in many cases, but they do not know what is going on. The World Bank and IMF have a role to play, including a push for transparency in their investments. The IFC has ownership in some companies in Peru, and the IFC has a greater responsibility for people.”

Key issues

- Continue in opening the dialogue between the Government, Peruvian legislators, CSOs, the World Bank Group, IFC, and IMF through knowledge-sharing events
- The strength of institutions, capacity-building and political participation in Peru at the community, regional, and national level
- Reconnecting regional and national public leadership
- Access to public information for scrutiny of legislative processes and government negotiations with the WBG and IMF
- Negotiations between the Government and companies regarding large international development contracts

Recommendations

- Emphasise continued engagements on relevant development initiatives between legislators, the Government, and international organisations
- Allow CSOs to help build the capacity of government officials and leaders
- Draft legislation which targets the access of information for public scrutiny so that issues of international contracts, tax payments and royalties, and measurable impact to the local population can be analysed



III. REPORTING REQUIREMENTS AND ACTIONS FOR FUTURE VISITS

- The Parliamentary Network Secretariat will share the report of the field visit
- A briefing session/document of each session 1 or 2 weeks before the visit would help participants to take full advantage of it (more information on the programme, the visits and the country)
- The Parliamentary Network should have more resources and autonomy to increase its effectiveness



IV. ANNEXES

ANNEX 1: PROGRAMME

Sunday, 1 March 2015

Transfer International Airport Jorge Chavez to Hotel

Upon arrival Check-in at the Hotel

Venue: Hotel Hilton, Avenida La Paz 1099, Miraflores Lima 18

7:00 pm – *Dinner for participants arriving in the evening*
9:00 pm

Venue: Hotel Hilton
Restaurante Social, 1st Floor
(next to Lobby)

Monday, 2 March 2015

8:00 am – *Breakfast at Hotel*
8:30 am

Venue: : Hotel Hilton
Restaurante Social, 1st Floor
(next to Lobby)

8:30 am *Transfer from hotel to World Bank Office*

Welcome Programme

Venue: WB Office, Av. Alvarez Calderon 185, San Isidro, 9th Floor, room 900

9:00 am – 9:45 am

- Introductions and revision of agendas

9:45 am – 10:15 am

- Alain Destexhe, The Parliamentary Network
- Naye Bathily, WBG
- Glenn Gottselig, IMF

10:15 am – 10:45 am

- Alberto Rodríguez, World Bank Group
- Marc Tristan, IFC
- Alejandro Santos, IMF

10:45 am – 11:45 am Dialogue

11:45 am – 12:00 pm *Transfer to Pescados Capitales Restaurant*

12:00 pm – 1:30 pm *Lunch*

Venue: Pescados Capitales,
Av. Mariscal La Mar 1337,
Miraflores

1:30 pm – 2:30 pm *Transfer to the Parliament*



	Meeting with Parliament	Venue: Congreso de la Republica, Av. Abancay
2:30 pm – 3:00 pm	Vice President del Congreso de la República Dalmacio Modesto Julca Jara	Room: Salon de Presidencia
3:00 pm – 4:00 pm	Economy, Banking, Finances and Financial Intelligence Commission; President: Congressperson Mr. Casio Huayre Chuquichayco (PP)	Room : Hemicilo Palacio Congresal
4:00 pm – 5:00 pm	Decentralization, Regional and Local Governments and Modernization of Public Administration; President: Congressperson Mr. Manuel Dammert Ego Aguirre (AP-FA)	Room : Hemicilio, Palacio Congresal

5:00 pm –
5:15 pm *Transfer to Ministry of Economy*

5:15 pm – 6:45 pm	Meeting with Ministry of Economy and Finance	Venue: Ministry of Economy, Jr. Junín 319, Lima, Floor # ..., Room # ...
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6:45 pm –
7:45 pm *Transfer to Cocktail*

8:00 pm – 10:00 pm	<i>Cocktail</i>	Venue: Restaurant Rosa Nautica
	Invitees:	
	- Government Executive/Congress	
	- Private Sector	
	- Project Coordinators	
	- Development Partners	
	- WBG/IMF Staff	

9:30pm –
9:45pm *Transfer to Hilton Hotel*

Tuesday, 3 March 2015

7:00 am – 7:30 am	<i>Breakfast at Hotel</i>	Venue:
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7:30 am –
9:00 am *Transport from hotel to Water Treatment Plant*

9:00 am – 10:00 am	SEDAPAL – Water treatment plant	Venue: Av. Ramiro Prialé s/n, Ate
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10:00 am –
10:10 am *Transfer to pipe replacement site*

10:00 am – 12:00 am	Visit to pipe replacement site – Dialogue with beneficiaries	Venue:
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12:00 pm – *Transfer to Protransporte*
12:30 pm

12:30 pm – **Meeting with Protransporte**
1:00

Venue:

1:00 pm – *Transfer on Metropolitano*
1:30 pm

1:30 pm – **Lunch with Ministry of Social Inclusion** - Vice Minister
2:30 pm Ariela Luna

Venue: WB Office, 9th Floor,
Room 900, Av. Alvarez
Calderon 185, San Isidro

Dialogue with IMF staff

Venue: Hilton Hotel,
Room: Alpamayo

2:30 pm – **Peru and the IMF: Two decades of relations** – Alejandro
3:30 pm Santos, IMF

3:30 pm – **2015 IMF and Annual Meetings in Peru** – Karla Chaman,
4:30 pm IMF

4:30 pm – **New Areas of Work at the IMF** – Glenn Gottselig, IMF
5:30 pm

5:30 pm – *Freshen up*
6:30 pm

Venue: Hotel Hilton

6:30 pm – *Transfer to restaurant Brujas de Cachiche*
7:00 pm

7:00 pm – **Dinner at Restaurant dinner with Donors**
9:00 pm

Venue: Resturant Brujas de
Cachiche, Salon Rojo Izquierdo
2nd floor, Ovalo Bolognesi 472,
Miraflores

Wednesday, 4 March 2015

7:00 am – *Breakfast at Hotel*
8:00 am

Venue: Hotel Hilton

8:00 am – *Transfer to Universidad*
8:30 am

8:30 am – **Visit Universidad Peruana de Ciencias Aplicadas in**
9:30 am **Chorrillos, financed by the International Finance
Corporation**

Venue:

9:30 pm – *Transport to south of Lima*
12:00 pm

12:00 pm - **Visit of Peru LNG financed by International Finance**
3:30 pm **Corporation**

Venue:

3:30 pm – *Transport back to Lima*
6:30 pm



Free evening for participants

Thursday, 5 March 2015

8:30 am – 10:30 am	<i>Breakfast at Hotel</i> Dialogue with Civil Society Organisations	Venue: Hotel Hilton, Roof top, 11 th floor.
10:30 am – 11:00 am	Debriefing on Field Visit	Venue: Hotel Hilton, Roof top, 11 th floor.
11:00 am – 7:00 am	Half day of cultural programme	Venue: Museo Larco, etc.

Departure of Delegates

ANNEX 2: LIST OF DELEGATES

Members of Parliament

Country	Name
Argentina	CACACE Alejandro
Belgium	DESTEXHE Alain
Cameroon	KOMBA Gaston
Haiti	PRIVERT Jocelerme
Kenya	MARIRU Patrick
Kenya	AHMED Shakeel Ahmed Shabbir
Lithuania	VAREIKIS Egidijus
Portugal	PACHECO Duarte
Senegal	SY El Hadji Mansor
Spain	MIRENA ANASAGASTI OLABEAGA Iñaki
Spain	SANCHEZ DIAZ Ovidio
Spain	SERRANO MARTINEZ José Enrique
Timore Leste	DA COSTA Hugo Aderito
Timore Leste	MIRANDA BRANCO Francisco
Turkey	ZIYA IRBEC Yusuf



Staff

Organisation	Name
IFC	TRISTAN Marc
IMF	CHAMAN Karla
IMF	GOTTSELIG Glenn
IMF	SANTOS Alejandro
Parliamentary Network	IVANOVA Gergana
Parliamentary Network	PERLMUTTER William
World Bank Group	ARZUBIAGA Sandra
World Bank Group	BATHILY Naye
World Bank Group	OKUMURA Nancy
World Bank Group	RODRÍGUEZ Alberto

ANNEX 3: THE WORLD BANK IN PERU

Accessible here: <http://www.worldbank.org/en/country/peru/overview#2>

The World Bank's [Country Partnership Strategy \(CPS\) for 2012 - 2016](#) focuses on supporting the government in improving equity through social services, infrastructure and competitiveness, while preserving macroeconomic stability.

Peru needs more and better public infrastructure and social services, particularly for those living in poverty. Given its sound fiscal position and access to capital markets, Peru's demand for World Bank services is selective and focuses on scaling-up successful experiences of prior Bank strategies in the country.

The goal is to deliver innovative options to improve results in social services and expand knowledge products in areas in which the World Bank can contribute to modernizing public sector institutions and management processes.

The CPS is closely aligned with the government's strategic vision of strong economic growth with greater inclusion. It focuses on areas in which the World Bank Group can provide more added value. The CPS has four strategic objectives:

- Increase access and quality of social services for the poor;
- Connect the poor to services and markets;
- Support sustainable growth and productivity; and
- Promote inclusive governance and public sector performance.

As Peru is becoming a stronger middle-income country, demand for knowledge services is increasing. Demand for financing is relatively modest at this stage but flexibility has been built in to respond to potential increased demand. Additionally, there is a demand for implementation support for government programs and projects.



The International Bank for Reconstruction and Development (IBRD) portfolio in Peru has operations totaling US\$ 1.9 billion to March 2014. The World Bank Group will continue to work to generate synergies among the International Finance Corporation (IFC), the IBRD and the Multilateral Investment Guarantee Agency (MIGA).

The IFC has implemented a successful program of investment and advisory services in Peru, in coordination with the IBRD. The IFC's US\$ 1.237 billion investment program has become one of the 10 largest in terms of single-country exposure. The IFC will continue responding to a growing private-sector demand with innovative, competitive financial and advisory products. The main objective is to promote sustainable economic development and an entrepreneurial and investment climate. Investment will focus on infrastructure for development, clean energy and finance and insurance.

Some examples include support to Financiera Edyficar, a microfinance institution that offers loans to expand the portfolio of rural enterprises in Peru, and the concession agreements signed between APM Terminals Callao and the Government of Peru to develop the northern terminal of the Port of Callao.

ANNEX 4: THE IMF IN PERU

Article IV Consultation with Tanzania: Executive Board Press Release

Accessible here: <http://www.imf.org/external/np/sec/pr/2015/pr15240.htm>

On May 20, 2015, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation with Peru.¹

Peru remains one of the best performing economies in Latin America, with solid macroeconomic policies and fundamentals and visible gains in poverty reduction. However, like most of the region, Peru faced a challenging external environment in 2014. Lower metal prices and weaker demand from trading partners were a major drag on private investment and exports. On the domestic front, an unexpected drop in subnational public investment level and temporary supply disruptions in mining, fishing, and agriculture compounded external shocks. Against this background, real GDP growth slowed to 2.4 percent in 2014, from 5.8 percent a year earlier. Headline inflation closed the year slightly above the upper band of the central bank's target range due to supply shocks, but expectations remained well anchored. The high external current account deficit declined slightly despite lower commodity prices and sluggish external demand.

A strong policy framework and solid fundamentals allowed the authorities to loosen the macroeconomic policy stance. The authorities embarked on a series of fiscal and structural packages, including tax cuts, increases in fiscal spending, and structural measures to support investment, consumption, and growth. Monetary conditions were also eased against a widening negative output gap and stable inflation expectations, helping to lower lending rates and providing support to credit to the private sector. New de-dollarization measures were launched at the end of 2014.



Real GDP is projected to expand at about 3.75 percent this year, contingent on the reversal of last year's supply shocks and policy stimulus. Growth is expected to rise in 2016–17, assuming new mines come on stream, large infrastructure projects are implemented, and terms of trade shocks fade, with the output gap closing by 2018. Inflation is projected to converge towards the mid-point of the target range by end-2015, and the current account deficit will narrow gradually over the medium term as mining exports gain ground. Important risks loom on the horizon, but ample buffers place Peru in a comfortable position to respond to future shocks.

Executive Board Assessment²

Executive Director commended the authorities for the country's solid macroeconomic policies and fundamentals and visible gains in poverty reduction, which have made Peru one of the best performing economies in Latin America. While noting that risks to the outlook are tilted to the downside, Directors considered that Peru is in a comfortable position to respond to shocks, given the ample buffers in place. They concurred that if negative shocks materialize, exchange rate flexibility should be the main line of defense, and liquidity could be provided to avoid an undue contraction in credit, while acknowledging that Peru's dollarized economy increases the risks from exchange rate volatility. Looking ahead, Directors encouraged the authorities to continue to implement ambitious structural reforms to sustain inclusive growth and diversify the economy, including through further de-dollarization.

Directors agreed that the 2015 fiscal stimulus was timely, and concurred that the immediate priority is executing the existing package with a focus on boosting investment, rather than developing new measures. Directors welcomed the authorities' intention to gradually withdraw the stimulus from 2016. They encouraged the authorities to implement careful expenditure management and revenue mobilization to return to the original fiscal path by 2018. Directors emphasized that hikes in non-priority current spending should be avoided, given the need to finance structural reforms, carry through the civil service reform, increase allocations for physical and human capital investment, and protect social programs. They agreed that, over the medium term, targeting a small structural fiscal surplus would be advisable to preserve buffers. Continued strong political commitment remains essential to maintain the credibility of the new fiscal framework.

Directors supported the accommodative monetary policy stance that has kept inflation expectations well anchored. Looking ahead, they concurred that monetary policy should remain responsive to inflation expectations and external developments, while limited foreign exchange rate intervention could be necessary to smooth excessive volatility in a still highly dollarized economy.

Directors welcomed the new de-dollarization measures. They agreed that strengthening prudential requirements on dollar lending and encouraging the private sector to hedge its foreign currency exposure could further support the de-dollarization process, along with deepening financial and capital markets. Directors supported enhancing data collection and analysis of corporate and household balance sheets to better assess risks from currency mismatches.

Directors observed that the financial system remains stable, although the recent deterioration in the quality of the loan portfolio of non-bank financial institutions warrants close monitoring and

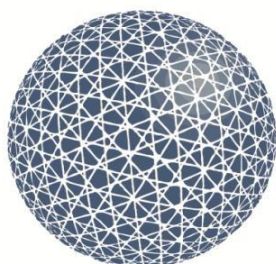


supervision. A more effective use of existing programs to support small and medium-sized enterprises could help mitigate the impact of the growth slowdown.

Directors underscored the importance of steadfast implementation of structural reforms to boost potential growth and foster social inclusion. They welcomed the authorities' priority on streamlining legal requirements and red tape. Directors concurred on the need to pursue ambitious education reform and inclusion policies within the framework of fiscal discipline.



ANNEX 5: ABOUT THE PARLIAMENTARY NETWORK ON THE WBG AND IMF



THE PARLIAMENTARY NETWORK

On The World Bank & International Monetary Fund

About the Network

Founded in 2000, the Network is an independent, non-governmental organization that provides a platform for Parliamentarians from over 140 countries to advocate for increased accountability and transparency in development cooperation. The Parliamentary Network - via its international secretariat, regional chapters and country chapters - reaches over 1500 parliamentarians in Africa, Asia, Europe and the Americas.

The Network has a specific focus on multilateral aid and a sub-focus on the work and modus operandi of the World Bank Group and the International Monetary Fund (IMF), the world's largest multilateral funders. It provides a platform for MPs and civil society to hold to account their own governments, as well as International Financial Institutions (IFIs), for development outcomes.

For more information, please visit www.pnowb.org

Development Policy

The Parliamentary Network on the World Bank and IMF strives to **increase transparency and accountability in the development cooperation process** by fostering the oversight role of parliaments and civil society, most notably in the global south.

The Network aims to increase country ownership of the development cooperation process in line with the principles of aid effectiveness outlined in the *Paris Declaration on Aid Effectiveness* and the *Accra Agenda for Action*.

The Network campaigns to deepen international commitment to aid effectiveness through **increased engagement with donor and partner country parliamentarians** in key areas throughout such as country ownership; country statistical/results measurement systems; peer-review of country assistance strategy progress reports; and health, nutrition and population programs.

The Parliamentary Network also regularly contributes to high-level discussions in a number of special events including **World Bank/IMF Annual and Spring Meetings**, global summits, parliamentary assembly caucuses and economic briefing sessions.

Funding

PNOWB over the past 10 years has received funding from the governments of Belgium, Greece, Finland, France, the Netherlands, South Africa, Switzerland and the United Kingdom. On specific occasions, the World Bank and IMF co-sponsor the Network's activities.



Activities

The **Annual Conference** is the Network's flagship event, bringing together over 200 network members, leaders from civil society and partner organizations, and top officials from a number of International Financial Institutions including the World Bank, IMF and regional development banks. The annual conferences are hosted by the Parliament and Government of the countries where the event takes place.

The **Parliamentarians Field Visit program** gives MPs unique access to a World Bank/IMF country office and its development programs and partners, including the host country's parliament. During visits, delegates are briefed on the Bank's or the Fund's in-country activities by the local field office. Visiting MPs meet with the host-country's parliament to discuss development priorities; delegates also meet with local NGOs, civil society organizations and small business owners. At the conclusion of a visit, the delegation shares its observations and recommendations on the host country's development program and the support provided by the local World Bank country office in a comprehensive report. More than 175 MPs from 50 countries have participated in over 20 visits to countries in Africa, Asia, the Balkans, Latin America and the Middle East since the program began in 2001. For donor-country Parliamentarians, the program represents an opportunity to see development cooperation in practice. Borrowing-country MPs can use field visits as benchmarking exercises and opportunities to exchange views and experiences.

Policy Resources

The Network produces a number of policy resources to support parliamentarians. The Network's **Parliamentarians and Development series** presents key issues in development cooperation, aid effectiveness and international financial institutions in a succinct, accessible format including a short analysis.

The Network has also begun capturing **case studies** from its partner-country chapters to illustrate how relationships between MPs, civil society and local World Bank/IMF offices can lead to greater transparency and improved development outcomes.

Field Visit reports are a valuable policy resource, summarizing the views and recommendations of visiting MPs to the World Bank/IMF country office and national Parliament. In addition, the Parliamentary Network regularly produces **topic-specific briefings** after attending conferences, meetings or consultations of interest to the parliamentary community.

Join the Network

Membership is free of charge and open to all elected Parliamentarians from World Bank and IMF member states who currently hold a mandate. Members represent themselves and their constituents, not their countries, parliaments or governments. To join the Network, please visit our website, www.pnowb.org, and return the enclosed form to our International Secretariat.

(Please return this registration form by fax or E-mail –**you can also join directly online at www.pnowb.org**)

Name

Nationality.....

Address

Tel.....

Fax.....

Mobile.....

Email.....

Gender.....

Date of Birth.....

Governing Party/Opposition

Position

End of mandate.....

The Parliamentary Network on the World Bank & International Monetary Fund

66, Avenue d'Iéna 75116 Paris, France
+33 (0)1 40 69 30 55 / secretariat@parlnet.org
Check our website at <http://www.parlnet.org>



ANNEX 6: PARLIAMENTARIANS AND THE WORLD BANK GROUP

Interaction Between the World Bank Group and Legislators Takes Many Forms

The World Bank Group recognizes transparency and accountability as essential to the development process and central to achieving the Bank's twin goals of ending extreme poverty and boosting shared prosperity. Through its 'Open Data Initiative' launched in 2010, the World Bank Group offers free and open online access to more than 2,000 financial, business, health, economic and human development statistic.

Global Parliamentary Conference

In partnership with the Parliamentary Network on the World Bank and the IMF (PN), and the IMF, the World Bank organizes parliamentary conferences gathering hundreds of MPs from World Bank and IMF member countries to discuss pressing development issues. It gives visiting parliamentarians a platform on which to engage with senior management and experts of the IMF and the World Bank Group.

Open Knowledge

Thematic Briefings

A policy dialogue series and technical briefings via video-conferences are regularly organized linking MPs with common interest in specific theme (amongst others health: Ebola, HIV/AIDS; Private sector development, and agriculture) together with World Bank Senior Management to exchange views on development issues and support them within their national parliaments.

Consultations

As part of its new model for country engagement launched in July 2014, the World Bank Group involves parliamentarians in the preparation of its [Country Partnership Framework \(CPF\)](#), which aims to make the World Bank country-driven model more systematic, evidence-based and selective. The CPF is developed in the context of country ownership and national priorities, and in coordination with other development partners. The goal is to have a more systematic and rigorous identification of the key opportunities and constraints in a country, as well as mechanisms to adjust and learn over the course of the engagement.

Field visits

Jointly with the Parliamentary Network on the World Bank and the IMF, the World Bank has organized a number of parliamentary field visits to offer a first-hand look at World Bank programs in developing countries. Through the 'Parliamentarians in the Field' program more than hundreds members of parliament from over 50 countries have visited World Bank projects on the ground in Asia, Africa, the Balkans, Latin America and the Middle East. The visits encourages peer-learning and exchanges between visiting and local parliamentarians, and the involvement of parliamentary organizations.

Capacity Building



Strengthening the capacity of developing countries' Parliaments is also a key aim of the World Bank Group. Over the past ten years, the Leadership, Learning and Innovation (LLI) has trained over 10,000 MPs in partnership with parliamentary organizations. Programs focus on budget cycle, parliamentary administration, as well as the role of parliament in curbing corruption, in poverty reduction and in conflict-affected countries.

Restrictions

Although the World Bank Group works with parliamentarians in various capacities, the Bank maintains its official relationships with the governments of its 188 member countries, whose ministers of finance, economy, development, or foreign affairs sit on its Board of Governors. As mandated by its charter, the Bank does not involve itself in the domestic political affairs of a country.

ANNEX 7: LEGISLATORS AND THE IMF

The IMF conducts outreach to legislators in its member countries in order to learn more about their views and concerns, explain Fund policy advice, and discuss policy trade-offs. This ongoing dialogue contributes to greater transparency, ownership, and accountability of economic policy choices. The legislative branch of government is essential to economic policy-making in most countries. Legislatures approve budgets and pass tax, banking, and trade laws. They oversee their government's economic policies, and provide forums for public information and debate.

Legislators can be key to the success of Fund policies

The IMF is committed to transparency in its work, to explaining itself, and to listening to the people whose lives it affects. As part of these efforts, the IMF has broadened its engagement with the media, civil society and, increasingly, legislators. Outreach to legislators is growing because they are the elected representatives of their citizenry and have a legitimate role to play in economic policy making in their countries.

Both the IMF and its member governments have realized that policies and reforms will be more effective if they command broad support in society. In low-income countries dialogue with legislators is particularly important, given their role in discussing and developing national poverty reduction strategies. Poverty reduction policies can be more effective if country ownership is enhanced.

Legislators are responsible for passing laws in areas that are central to national economic and financial policies such as the budget, taxes, trade, and the financial sector. They play an important oversight role in monitoring economic policies, development programs, and budget implementation. As a forum for public information and debate, legislatures play a pivotal role in ensuring that the voices of the voters are heard in major policy debates.

For these reasons, it makes sense for the IMF to engage with lawmakers and provide them with accurate, up-to-date information about the IMF, its operations, and policy advice.

Dialogue helps IMF understand and explain

The IMF is governed by and is accountable to the governments of its 188 member countries. According to the IMF charter, the Articles of Agreement, its main interlocutors are the financial authorities—in most cases the finance ministry or central bank of the member countries. Recognizing



that the principal responsibility for communication to legislators rests with the national authorities, the IMF's interaction with legislators is tailored to the specific country circumstances, and closely coordinated with each country's respective financial authorities and representative on the IMF Executive Board.

The IMF understands that its outreach to legislators is a two-way dialogue. The objective is to familiarize legislators with the rationale for IMF advice.

The IMF also values the opportunity to listen to legislators' concerns and learn from their views. The IMF interacts with legislators at the national, regional, and international level:

- At the national level, IMF management, Executive Directors, and staff meet frequently with legislators during visits to member countries and when legislators visit IMF headquarters in Washington, D.C.
- The IMF organizes an increasing number of country and regional seminars for legislators. Examples include: a conference in Kigali, Rwanda in March 2012 that brought together parliamentarians from 40 different African countries to discuss private sector development in the region; seminars held in Liberia and Ghana in February 2010, and one in Tanzania in March 2009.
- The Fund also offers Joint Vienna Institute for legislators from the former transition economies of Eastern and Central Europe and Central Asia. In July 2009, a seminar brought together legislators from many of the crisis countries in Eastern and Central Europe to discuss the impact of the global financial crisis on the region.
- At the international level, the IMF has a well-established relationship with the Parliamentary Network on the World Bank and International Monetary Fund; IMF management and staff participate in its annual conference, regional events, and field visits.
- The IMF also cooperates with other global and regional parliamentary organizations, including the Global Organization of Parliamentarians Against Corruption (GOPAC); Parliamentarians for Global Action (PGA); the Parliamentary Centre; the Commonwealth Parliamentary Association (CPA); and the Inter-Parliamentary Union (IPU).
- In addition, the Fund organizes a workshop for Parliamentarians during its Spring and Annual Meetings.

The Independent Evaluation Office (IEO) of the IMF also maintains regular contacts with legislators, who provide feedback, comments, and suggestions to its evaluations.

A dynamic relationship

The IMF has been expanding its contacts with legislators in accordance with the high priority given to this by both the IMF Executive Board and IMF management. A January 2004 report of an Executive

Board working group stressed that the IMF "should expand its outreach efforts and listen to legislators...to improve the understanding of the political and social context in which economic decisions are being taken" and to "help build understanding of the IMF."

In line with those recommendations, the IMF developed a guide for staff on outreach to legislators. Following a consultative process with the public and legislators, the guide was published in July 2005. The guide encourages IMF staff to continue to expand its dialogue with legislators, and provides practical advice on interacting with legislators.



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Executive Editor: Jeremy Lefroy / Chair of the Parliamentary Network

Editor: Gergana Ivanova / Parliamentary Network

Independent Rapporteur: William Rogers Perlmutter / Parliamentary Network

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