September 2010 / n°6

Network Review





Published by the Secretariat of the Parliamentary Network on the World Bank – 66 avenue d'Iéna 75116 Paris France – Tel +33 1 40 69 30 55 Fax +33 1 40 69 31 64 – Mail secretariat@pnowb.org – Website http://www.pnowb.org – Cover page pictures by courtesy of WB and Assemblée Nationale

Special IDA 16 & Aid Effectiveness Edition

Features

Message...

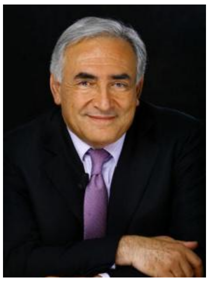
The autumn of 2010 is a time of reckoning for international development cooperation. World leaders in the end of September will meet at the United Nations in New York to discuss progress towards the Millennium Development Goals. With only five years left until the MDGs come due, the UN warns that despite aid flows hitting an all-time high of $120 billion in 2009, there is a $20 billion funding shortfall in the annual level of aid as agreed five years ago by the Group of Eight in Gleneagles, Scotland.

Development financing issues will also top the agenda of the Annual Meetings of the World Bank and IMF in October. The World Bank in April announced its first general capital increase in 20 years, a total of nearly $300 billion to go to the International Bank for Reconstruction and Development (IBRD) and the International Financial Corporation (IFC). Will donor countries continue to reach deeply into their pockets for the 16th replenishment of the International Development Association (IDA 16)? As the final funding cycle before the MDG due-date in 2015, IDA 16 is an opportunity to usher in ever-higher standards of aid accountability and effectiveness in multilateral development funding.

These key events will serve as the backdrop for our Network's 2010 Annual Conference in December in Brussels, Belgium, hosted by the Belgian presidency of the EU and the Belgian Parliament. The MDGs, aid effectiveness and increasing parliamentary capacity to oversee development cooperation budgets will be top on the agenda. I hope to see you there.

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

Check the news online: www.pnowb.org



Saving the Lost Generation

By Dominique Strauss-Kahn
Managing Director,
International Monetary Fund

The International Monetary Fund (IMF) and the International Labour Organization (ILO) held on 13 September 2010 a joint conference on 'The Challenges of Growth, Employment and Social Cohesion'—the first such joint endeavour in 66 years. The conference in Oslo was hosted by Jens Stoltenberg, Prime Minister of Norway, and brought together global leaders from government, parliaments, business, trade unions, and academia to discuss what many of them said is the biggest issue facing the world today: the jobs crisis. This Oslo Conference was certainly a historic step in strengthening collaboration between the IMF and the ILO—it is no secret that we have not always seen eye to eye. But it was also quite inspirational in its atmosphere of cooperation and shared sense of urgency about the need for increased attention and focus on unemployment—and to bring that issue much higher up in the policy mix and on top of the political agenda. The ILO estimates that, over the next 10 years, more than 440 million additional jobs will be needed to absorb new entrants to the labour force. So the challenge both today and in the years ahead is huge.

How to generate a job-rich recovery is also an issue that dominates the agenda of many parliamentarians around the world, from advanced to developing countries. What is to be done? Naturally, there were a lot of different views expressed in Oslo. What I took away from the event is the following:

First, we cannot say the financial crisis is over until unemployment decreases. We need growth—but we need growth that increases employment. An economic "recovery" that does not translate into jobs will not mean much to most people. Frankly, most people will not notice whether growth is a percentage point or two higher. But whether unemployment is 10 percent or 5 percent is a big deal. And it is not just the pain it imposes on the unemployed, but also the anxiety it creates for many of the employed. And with 30 million more people having become unemployed since 2007, you begin to get a sense of the immense human cost involved.

Second, building on the previous point, job creation itself must be a priority and we need to use all the policy instruments available to achieve it. This includes using fiscal and monetary policies to support as strong an output recovery as we can—because output growth is the single most important determinant of employment growth. Even as many advanced economies face the need to stabilize or reduce high levels of public indebtedness, it is vital that this be done in a way that does not impair growth and jobs. In the same vein, financial sector reform needs to be aimed at making it a more make effective support of the real economy. For example, the financial sector can help to foster employment by helping to finance small businesses that have suffered limited access to credit during the crisis, but are the ones which can create the biggest amount of jobs.

Third, there are many lessons and best practices that we can apply to ease the pain in labour markets and accelerate jobs recovery. Here, Oslo generated many good ideas. Some governments have stepped up placement services and expanded labour market programs aimed at improving skills and job search. Others have implemented policies allowing firms to retain workers, while reducing their hours and wages–thus spreading the burden of the downturn more evenly. Another step is to allow unemployment benefits to be extended. Subsidies targeted at specific groups—the long-term unemployed and youth, for example—can also stimulate job creation.

Finally, cooperation is key. The consistent policy actions that many countries took during the crisis—through the deliberations of the G-20—helped to avoid the recession becoming a depression, and even more jobs being lost. This kind of cooperation will be even more important as countries exit from the crisis, and seek to restore growth and employment. Analysis undertaken by the IMF for the G-20 shows that the appropriate coordinated action over the next five years could increase global GDP by 2.5 percent, creating tens of millions of jobs. We should take advantage of the increased cooperation between the ILO and IMF to boost international coordination overall.

The Oslo Conference attracted extraordinary participation. In attendance among others were George Papandreou, Prime Minister of Greece; José Luis Rodriguez Zapatero, Prime Minister of Spain; Ellen Johnson Sirleaf, President of Liberia; Christine Lagarde Minister of Economic Affairs of France of France; Ian Duncan Smith, Secretary of State for Work and Pensions of the UK; Sharan Burrow of the International Trade Union Confederation (ITUC); as well as some of the brightest minds in academia who are thinking about issues of growth, employment, and social cohesion.

Conference participants spoke of the 210 million people currently out of work worldwide—the highest level of official unemployment in history. They spoke of the human impact in terms of persistent loss of earnings, reduced life expectancy, and lower educational achievement for the children of the unemployed. And they spoke of a potentially "lost generation" of young people whose unemployment rates are much higher than for older groups. Fortunately, they also spoke of what can be done to save this lost generation. Specifically, in Oslo, we agreed that the ILO and IMF could usefully work together in two areas of policy development:

-to focus on policies that promote job-creating growth; and

-to explore the concept of a social protection floor for people living in poverty and vulnerable groups—within a sustainable macroeconomic framework.

These may not seem like earth-shaking developments. But, if indeed we can move forward our two organizations in this way, it can be an important step forward in helping the world to tackle the jobs crisis.

Parliamentarians are at the immediate centre of addressing many of these challenges as they are tasked in their national parliaments to debate economic and structural reform measures. We all need to think differently and more creatively: about the new economic forces at play in the post-crisis world; about the better integration of employment policies with macroeconomic policies, nationally and internationally; and about how to develop a wider array of policies and programs that can provide work for all who want it.

"The Challenges of Growth, Employment and Social Cohesion"
Oslo, 13 September 2010

The IMF-ILO conference on in Oslo addressed policy challenges presented by the steep rise in unemployment and the setback to growth and poverty reduction. IMF Managing Director Dominique Strauss-Kahn and ILO Director General Juan Somavia chaired the conference, together with the Prime Minister of Norway, Jens Stoltenberg.

The conference emerged from the worldwide concern that high unemployment and underemployment have high economic and social costs that can slow down or virtually eliminate the potential for recovery. According to ILO estimates, 34 million more people worldwide are unemployed now as a result of the crisis. Therefore, it is an absolute priority to create new and decent jobs as the global economy emerges from the downturn. The conference focused on both short and long-term policy measures. The short-term measures considered the human cost of the financial crisis and how to ease the burden of joblessness. The long-term measures focused new strategies to kick-start vibrant employment growth and make markets work more for people.

The discussion paper from the conference is available at: http://www.osloconference2010.org/discussionpaper.pdf

For more information on the conference, please visit: http://www.osloconference2010.org/

Helping Haiti to get back on its feet:
What we have learned about linking relief to development?

By Kristalina Georgieva,
European Commissioner for International Cooperation,
Humanitarian Aid and Crisis Response

The very first challenge I had to face when I took up my duties in February as European Commissioner for Humanitarian Aid was to deal with the response to the Haiti earthquake of 12 January, which devastated one of the poorest countries in the northern hemisphere. Not only was the number of those killed or wounded enormous–a total of over half a million people–but a huge part of the country's limited administrative capacity was lost under the rubbles. The world was called to come to the rescue, with a dual task: to help with the humanitarian crisis, and to support Haiti's long term development.

In EU humanitarian jargon, the transition from emergency to development aid is called LRRD, for **L**inking **R**elief, **R**ehabilitation and **D**evelopment. The concept is straightforward, but its implementation is not. In the field, its success depends on parameters which are sometimes very challenging to fulfill, because of different working modalities, cultures and mandates of humanitarian and development actors.

The international response to the earthquake, both for humanitarian relief and long-term development, was very substantial. Humanitarian aid helped prevent epidemics and potential social unrest in the aftermath of the earthquake. Some of it was designed with an eye to support rehabilitation and development. For example, we in the Commission provided €120 million in humanitarian assistance–for key necessities such as food, water, shelter, medical care. We tried to direct some of it with dual purpose–to also help create jobs. For example, we applied our new food assistance policy, encouraging our partners to buy food locally, so we can support agricultural production; we invested in cash-for-work programmes; and we followed the people who moved out of Port-au-Prince, so the capital could be decongested and, hopefully, better positioned for recovery efforts.

The driver for our actions was to examine the basic needs of the people after a disaster in a way that gives them the possibility to recover their independence from external assistance as fast as possible. This is why I asked my services to look at possibilities for the people to move from tented camps to transitional shelters, from food aid to food security, and for encouraging the state to take over the daunting tasks that await to rebuild the infrastructure, the ministries, the schools and restore the health system. One element crucial for the recovery of economic circuits is precisely the food assistance policy that encourages the use of cash instead of in-kind, and which connects farmers to consumers.

But I must admit that as good as those initiatives were, they felt short of forming a clear template that we can apply with most of our international partners. Even though we passed on some lessons learned to colleagues dealing with the development issues, we did not manage to establish a pattern that would avoid the recourse to two different structures for relief and development.

Now, the ongoing experience of Pakistan is teaching us new lessons. Although I personally believe that the international response to a disaster of this scale has to be increased, I can see the benefits of a very swift reaction in a slow-moving catastrophe. Indeed, my services worked hand-in-hand with those from the development as they together set-up early recovery programs within relief activities.

In my view it is fundamental that development actors can be involved rapidly in the improvement of basic services and livelihood operations in urban as well as rural areas. To achieve this, it is equally essential to better include civil society in all the mechanisms. This shows that even though setting up coordination mechanisms between humanitarian and reconstruction agencies is often a complex task, good and rapid joint conception of the activities from the start of the crisis can bring strong efficiency dividends.

Public-Private Partnerships Promote Economic Development

By Imoni Akpofure,
Special Representative,
European Offices of the International Finance Corporation (IFC),
The World Bank Group

Access to electricity, clean water, sanitation, transportation, health care, and education are critical to improving living standards and achieving the Millennium Development Goals (MDGs). In poor countries, the public sector alone cannot deliver the resources needed for many of these basic public services. Analysts estimate that investments in infrastructure should be 7-9% of GDP to sustain broader economic growth and reduce poverty, while actual expenditures are below 4%. Therefore, private sector engagement is necessary to close the gap.

IFC Advisory Services in Public-Private Partnerships (PPPs) help governments expand private sector participation to increase investment in infrastructure, health, and education—one of IFC's strategic priorities—while limiting public sector funding and risk. IFC is the only multilateral agency that offers direct advisory services to governments on private sector participation in these sectors. Our impact is enhanced by our strong partnerships with donors, regional and national development banks, and other international organizations.

PPPs involve a government contracting with a private sector company for delivery of infrastructure or services. As transaction advisor, IFC enters into a formal transaction mandate with a government to structure and implement a PPP transaction. This typically involves analyzing the project's fundamentals, recommending a transaction structure, providing financial modelling, promoting the project to investors, and preparing the contract and tender procedures. IFC seeks to focus on first-of-a-kind transactions with high developmental impact in frontier sectors (such as health) and regions or countries that may present difficult challenges and are therefore of less interest to private sector firms or investment banks.

Why does a government look for a PPP to provide infrastructure or other services? The reasons are both economical and practical. Governments can save money through private financing or private management, and PPPs create added value by combining the strengths of the public and private sectors to provide a more efficient public service for the population—the ultimate goal. This can be particularly useful for low-income countries, such as those that receive assistance from the International Development Association (IDA). In such countries it is even more important to ensure that scarce resources will be used under the most efficient structure, especially in public works.

Over the past ten years, IFC's Advisory Services department has successfully completed 36 mandates for PPPs, and over 40 more are active. This has not always been easy, since PPPs face start-up and implementation challenges, and not all projects get off the ground. Start-up problems are both political and economic. For example, vested interests that could lose from a transaction such as a privatization may manoeuvre to block approval, or governments may back off if they realize that the services provided will cost too much, or when an election changes the decision makers. In all cases the fundamentals must be sound. The project must be needed by the public, affordable for the government and consumers and, most of all, attractive to private sector investors.

Recent highlights of IFC led PPP projects include power generation and distribution in Albania, small independent power projects in the Philippines, and a new airport terminal in Jordan. Roughly 40% of current advisory mandates are in IDA countries, where MDGs are the most important and difficult to reach.

A particularly good example of a Private-Public Partnership which advances the MDGs, in particular three related to health, is a project for a new hospital in Lesotho.

For many years Lesotho needed to replace its main public hospital. In 2006, to maximize limited resources and ensure long-term improvement in facilities and services, the government adopted the PPP approach. IFC advised the government in structuring a PPP for the construction of a new 425-bed hospital and adjacent gateway clinic, the renovation of three strategic filter clinics, and the management of facilities, equipment, and delivery of all clinical care services for 18 years. The project has a capital value of over $100 million, and the private operator—the Tsepong consortium headed by Netcare, a leading South African health care provider—has significant local ownership. 40% of shares are held by Lesotho-owned businesses, increasing to 55% during the project term.

What sets the project apart is that PPPs in the health sector typically range from outsourcing of support services (such as catering or laundry) to construction of hospitals. The Lesotho PPP structure is a first for Africa—and one of only a handful of similar projects worldwide.

In addition to the design, construction, and full operation of the hospital and associated health care facilities, Tsepong will deliver all clinical services, providing improved, high quality health care at an affordable cost. In addition to the new facility, which will operate as the national referral hospital and district hospital for the Maseru area, the three refurbished primary health care clinics will allow Tsepong to manage a mini–health care network, treating less severe cases at the clinic level to free up hospital capacity.

Similar projects directly address other Millennium Development Goals in education and environmental sustainability, and contribute to the first goal of reducing poverty and hunger. In fact, while direct development assistance to governments will continue to play an important role, it is private sector investment, both from foreign and domestic sources, that is becoming the driving force for worldwide economic development. When governments and the private sector join forces, such as in Public-Private Partnerships, ever more can be achieved.

PNoWB Uganda Works to Improve Natural Resource Extraction Legislation

By Henry Banyenzaki, MP
Chair of PNoWB Uganda Chapter

International oil firms in Uganda in early 2009 discovered the largest on-shore oil reserve ever found in sub-Saharan Africa, estimated to contain several billion barrels of oil. The country now faces the challenge of enacting legislation that will ensure transparency in Uganda's rapidly growing oil extraction industry. In addition, the government must work to ensure that Uganda gets a fair, profit-sharing deal from oil extraction firms; to stamp out corruption that could lead to revenue loss; and to ensure that money earned from taxing oil producers is responsibly invested and spent in ways that improve the lives of all Ugandans, especially the poor. The Parliamentary Network on the World Bank (PNoWB)'s Uganda chapter has been advocating for the active involvement of Parliament and civil society actors in the creation of government regulations for the burgeoning oil industry. In June, over forty Ugandan MPs came together with civil society representatives, government ministers, academics and resource-extraction experts at the Parliamentary Symposium on Oil and Gas Development in Uganda. The symposium, co-organized by PNoWB Uganda, sought to review the country's proposed petroleum legislation and discuss the challenges of managing a burgeoning oil industry with transparency, integrity, fairness and minimal environmental impact.

Legislative challenges identified

The Ugandan Ministry of Energy in the first half of 2010 drafted a Petroleum resources bill. During the workshop, participants and experts reviewed and discussed the draft bill and identified the following challenges:

-The proposed draft blurs the branches and levels of government; it is unclear who has regulatory responsibility. As the executive branch cannot regulate its own actions, Parliament must insist that the respective roles of Parliament and the Executive are spelled out more clearly in the final version of the bill.

-The draft bill vests a great deal of power and authority in the Ministry of Energy. Clause 195 says that the proposed Petroleum Bill will be supreme over all other laws. If Parliament passes the draft Bill in its current form, all laws on fisheries, environmental protection, etc., would not apply to oil companies. Oil production will impact sectors that lie far outside of the Energy Ministry's jurisdiction or expertise; therefore the proposed bill must create linkages between different ministries.

-The draft bill does not include any role for local governments, cultural institutions or civil society.

-The draft leaves out any mention of environmental damage, save some mention of "pollution"—defined as damage from oil spills—in clause 10.

Legislators and civil society actors demand more transparency from the Ministry of Energy

Representatives from the Energy Ministry, in response to demands for increased transparency and consultation from Ugandan parliament and civil society, committed to making the Ministry of Energy more accessible and transparent to Parliament and the public in the future by making the petroleum legislative process consultative. Representatives from the Energy Ministry agreed to come speak with Parliament when invited/requested. In addition, the Ministry agreed to participate in resource extraction forums organized by civil society organizations and to share Proposed Production Sharing Agreements (PSAs) with Parliament. As of 22 June, the PSAs were tabled in Parliament by the Hon. Minister of Energy, Hillary Oneck.

Parliamentarians and CSOs take action

Ugandan MPs and civil society actors at the conclusion of the two-day workshop identified three key actions moving forward in order to ensure a more transparent, consultative process in the legislation and governance of the petroleum industry in Uganda. First, a Parliamentary Pressure Group will be formed that will take responsibility for educating all MPs about the issues discussed at the symposium. The entire Parliament must collectively hear a presentation about these challenges. Secondly, a civil society-parliamentary forum will be convened. This forum will regularly hold discussions about petroleum-related issues. Steps have already been taken to officially register the group, which will be named the Parliamentary Forum on Oil and Gas (PFOG). And finally, a group of MPs in cooperation with civil society representatives will draft an alternative petroleum resources bill to the one drafted by the Ministry of Energy. This alternative draft bill would show other MPs and government officials that petroleum legislation must incorporate more information and structures than provided for in the Ministry's Draft.

About PNoWB Uganda

The Uganda chapter of PNoWB was officially launched on 13 December 2006 by a group of Ugandan parliamentarians. PNoWB Uganda was formed with the following five principle aims:

-To facilitate relations between parliamentarians, the World Bank and other multilateral organizations present in the country;

-To deepen parliamentarians' understanding of poverty reduction strategies and the Millennium Development Goals;

-To encourage and mobilize parliamentarians to take concrete actions to reduce poverty in the country;

-To involve parliamentarians in World Bank country programs; and

-To provide a platform for fostering good governance and transparency in development cooperation in Uganda, World Bank-funded programs in the country, and within the Ugandan legislature itself.

PNoWB Uganda, which has over 80 members, works towards these aims by holding capacity building conference and workshops for Ugandan parliamentarians and partners, including the East African Legislative Assembly, members of the donor community, local government (district councils) and academics/researchers.

IDA16 & Aid Effectiveness Campaign

IDA 16 as an opportunity for increased aid effectiveness

PNoWB and European Parliamentarians with Africa (AWEPA) view the 16th replenishment of the World Bank's International Development Association (IDA) as an opportunity to increase the global commitment to aid effectiveness, with the ultimate goal of helping the world to meet the Millennium Development Goals (MDGs) in 2015.

The Campaign calls on the World Bank: To deepen its commitment to aid effectiveness in four key areas and through increased engagement with donor and partner country parliamentarians during all stages of IDA 16.

These priority areas (increasing country ownership, strengthening country statistical/results measurement systems, adding of a peer-review dimension to Country Assistance Strategy progress reports, and leading by example in health, nutrition and population programs) are reflective of the aid effectiveness principles outlined in the Paris Declaration and Accra Agenda for Action and are also based on findings and recommendations emerging from the IDA15 mid-term review (World Bank, 2009) and the most recent Survey on Monitoring the Paris Declaration (OECD, 2008).

Equally important, the Campaign also calls on donor governments: To fully replenish IDA funds by meeting or exceeding IDA15 funding levels (US$ 42 billion) as the world readies itself for the final push to meet the MDGs by 2015.

Key Audiences

The campaign has three key audiences: parliamentarians and their staff in donor country and partner country parliaments, the World Bank (headquarters and country offices), and the IDA deputies (representatives from member countries' governments).

If you wish to organize an IDA 16 and aid effectiveness event in your parliament, please contact **secretariat@pnowb.org**.

Campaign Materials

Key to ensuring that the Campaign's main messages are well defined and communicated is the set of Campaign materials. These are comprised of:

The **Principle Issue Brief and Call to Action**, which presents the campaign in three pages and outlines its four central issues.

Four Supporting Issue Briefs that provide background on each of the four central issues identified in the Principle Issue Brief. They are:

1) Increasing country ownership,
2) Strengthening statistical/results measurement systems,
3) Adding peer-review to CAS progress reports, and
4) Strengthening health, nutrition and population programs.

Four **Parliamentarians & Development policy briefings**, which serve to frame the wider development situation in relation to the campaign. They are:

1) The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action,
2) The World Bank and Aid Effectiveness,
3) IDA15 Mid-Term Review and
4) Progress towards the MDGs

Campaign events

The campaign was introduced during a parliamentary training session at the World Bank Group Spring Meetings in April 2010. PNoWB members and secretariat participated in an IDA field visit to Mali from 20 - 23 June 2010. During this visit, the campaign was presented to 15 parliamentarians from IDA donor and partner countries. Following the field visit to Mali, Antonella Bassani, Director for IDA resource mobilization, met with the Italian Parliamentary Committee for MDGs, where he briefed MPs on the evolution and main challenges of the IDA16 negotiations, and discussed Italy's development commitments and the role of the WBG to help countries tackle the crisis.

The other side of Aid Effectiveness: Why Tax Matters for Development

By Jeffrey Owens,
Director, Centre for Tax Policy and Administration (CTPA)
Organisation for Economic Cooperation and Development

The global financial crisis has changed the landscape for us all. We all, developed and developing economies, are struggling to close widening deficits. But for developing countries even in good times, dealing with fiscal challenges is an ordeal, and the crisis, which has resulted in the near stagnation of development aid and increased difficulties in attracting investment flows, has brought the issue of domestic resource mobilization into sharp focus.

Increasing domestic resource mobilization

Developing countries need to examine the structural factors that hamper development and look, with international help, towards viable domestic solutions. This new approach to development focuses on increasing domestic revenue mobilization, and particular the core mechanism for this–effective tax administration. Increased revenues put economic control back into the hands of developing country states themselves, allowing them to determine and fund their own priorities.

Effective taxation provides a stable and predictable fiscal environment to promote growth and, in the longer term, reduces dependence on development aid. But taxation is not only the lifeblood of development, tax systems work as vehicles for enhancing state-society relations at the heart of a new governance contract making the state accountable to its citizens. So *how* taxes are raised matters as much as how much. And reforms which begin in tax administration may kick start reform process in other parts of the public sector.

Developing countries know that for their economies to grow and to attract business and jobs, and ultimately eliminate poverty, they must build capacity, strengthen infrastructure, combat corruption and develop transparent financial systems. But they also need to work on a global level if they are to retain their already scarce resources by combating illicit financial flows and reduce the impact of tax havens.

Action needed

This requires action on a number of fronts. On a basic level, poor countries simply lack the resources and capacity to build effective tax collection systems. Despite some recent improvements in revenue raising efforts, half of sub-Saharan African countries still mobilise less than 15% of their GDP in tax revenues, as against an average of around 35% in OECD countries and 23% in Latin America. This makes it difficult for the state to function properly, let alone delivering wider roles, such as social services or a better business environment.

The UN Millennium Project (2005) considered that developing countries have the potential for greater resource mobilization, estimating that they could increase domestic revenue mobilization by about 4% of GDP over the next 10 years. But making tax systems work is easier said than done. Attitudes have to be changed. Ordinary people may be unwilling to pay tax, frequently perceiving that officials may be corrupt, and that governments consistently misuse public funds. Elites are equally hard to tax and may be able to use havens to evade taxation. It is also difficult to collect tax from low income, agrarian economies with large informal sectors, or to avoid coercion to raise those taxes by local officials.

The external environment also poses new challenges. There has been an international shift away from taxes on trade, and this has added to the problems of domestic revenue-raising (African countries typically rely for more than 40% of their revenue on trade taxes). Striking the right balance between an attractive tax regime for investment and growth, and securing the necessary revenues for public spending, is a key policy dilemma.

Globalisation may also exacerbate fiscal problems, as internationally mobile capital becomes more difficult to tax**.** Large firms and investors have increased their bargaining power over governments, forcing a 'race to the bottom' among developing countries competing to provide the most attractive tax incentives. At the same time, governments are under pressure from trading partners and local citizens to ensure their tax systems are transparent and fair.

Taking action

These challenges have created major new capacity needs in developing countries which the donor community has yet to fully recognise. Up to now, support for revenue and customs sectors has attracted a minimal share of aid. Donors should focus more directly in this area seeing aid as a catalyst to the development of sustainable tax systems. Assistance on taxation should be seen as an investment in the future of these countries.

There is good evidence from Rwanda, Ghana and elsewhere to show that aid directed at capacity development in the revenue and customs sectors in the developing world is money well spent—an important consideration given the mixed record of technical assistance in many other areas. And as the 2010 African Economic Outlook shows African governments, on average, already raise 11 times more money from taxation than they receive in official development aid.

The call for action is increasingly coming from developing countries themselves. In Africa, the creation of the African Tax Administration Forum, driven, managed, and over time operationally funded by Africans themselves, provides a key platform for peer learning, capacity development and dialogue on domestic and international tax issues. Launched in 2009, ATAF is already bearing fruit expressing African needs, supporting African administrations and providing a single African voice in the global debate.

We cannot ignore the international dimensions of tax revenues lost to developing countries which run into billions of dollars. Again there is some good news. More progress has been made in combating bank secrecy as the shield for off shore non compliance in the last year than in the previous decade thanks to the G8 and the G20. This is the basis for addressing illicit flows, tax evasion, avoidance and tax havens. Over one hundred countries have committed to transparency and exchange of information standards and are in the process of implementing them. Tax information exchange agreements are a necessary step and over 500 of these have now been signed. We need to act to ensure that developing countries can take advantage of the more transparent international environment, and to strengthen their tax systems.

In particular, building the capacity of tax administrations is a crucial counterpoint to signing of agreements. Information may be power, but it is powerful only when it can be used.

This is one of the key objectives of the new OECD hosted Tax and Development Task Force launched earlier this year which brings together OECD and LDC governments, international organizations, business and civil society, The Task Force will be working to assist developing countries to sign and get the benefits from information agreements, as well as improving their ability to implement transfer pricing standards, and increasing transparency in reporting. This initiative of the donor and tax communities working together with developing countries is a key step forward in the development agenda, and by strengthening the tax systems donors invest directly in the future of developing countries.

OECD

Fourth High Level Forum: The Path to Effective Development

The OECD Forums on aid effectiveness take place every few years to explore new ways of ensuring that the impact of aid is maximised. The Fourth High Level Forum (HLF-4) will take place in Busan, Korea from 29 November to 1 December 2011. Ministers and specialists will take stock of what has been advanced since 2008 and set out a new framework for increasing the quality of aid in order to achieve the MDGs by 2015. Developing countries priorities for HLF-4 are: predictable aid; use of country systems; an end to policy conditionality; country-driven capacity development; mutual accountability and reduced transaction costs.

The World Bank Welcomes UK Government's Commitment to Sustained, Transparent Aid

By the Secretariat of the All Party Group on Overseas Development (APGOOD)

Introduced by David Laws, Chair of the All Party Parliamentary Group on Overseas Development

September 14th saw the All Party Parliamentary Group on Overseas Development launch its programme of events for the new Parliament. The group has an illustrious history here in Britain having provided a platform for in-depth discussion and debate amongst UK Parliamentarians for over 20 years. It was a real pleasure to be able to welcome both Andrew Mitchell and Ngozi Okonjo-Iweala to our inaugural event and I hope you will find the note below to be a useful flavour of the discussions which took place amongst those present. I was delighted to be asked to take up the role as chair of the group and I am looking forward to working closely with those MPs involved to keep our discussions on development to the right quality and quantity for continuing influence in both Houses of Parliament.

The United Kingdom has reaffirmed the coalition government's commitment to spend 0.7% of Gross National Income (GNI) on overseas aid beginning in 2013, according to UK Secretary of State for International Development Andrew Mitchell, speaking on September 14 at the House of Commons during a public event hosted by the All Party Parliamentary Group on Overseas Development (APGOOD). Following Mr. Mitchell's comments, Managing Director of the World Bank and Chair of the International Development Association's 16th replenishment (IDA16) negotiations, Ms. Ngozi Okonjo-Iweala, paid tribute to the UK's efforts to improve living standards for the world's poorest through the work of the Department For International Development (DFID) and by supporting multilateral development institutions including the World Bank.

During the APGOOD event–which was organized in cooperation with the Overseas Development Institute (ODI) and chaired by David Laws, MP, Chair of APGOOD – Mr. Mitchell stressed the government's belief that in these challenging economic times, the UK has a moral responsibility to stand by the world's poorest nations. In addition, moving forward, the British government will place a greater focus on ensuring increased transparency and scrutiny of aid spending to deliver value-for-money to UK taxpayers.

UK development policy pillars and areas for review

The coalition government's development policy has three key pillars: 1. Preventing conflict and promoting "the responsibility to protect"; 2. Creating wealth and jobs through free trade (including successfully concluding the Doha trade round) and promoting increased private investment; and 3. Maximising the impact of the UK's aid budget and demonstrating value for money to secure public support for British development policy.

In addition, a number of key DFID policy areas are under review, with important implications: an independent British-aid watchdog will be established to report to Parliament and the International Development Committee on the effectiveness of British aid spending; transparency in aid spending will be promoted by publishing details of expenditures online and encouraging civil society actors in developing countries to hold their leaders to account; and DFID from 2011 onwards will use a results-based system of budget allocation to its country offices. In addition, the government is also examining its support to multilateral development institutions in a drive to direct funding to the most effective organisations. Finally, an emergency response review on the effectiveness of British humanitarian relief will be conducted.

The World Bank, development effectiveness and IDA priorities

Ms. Okonjo-Iweala during the APGOOD event outlined the World Bank's approach to development effectiveness, which focuses on supporting countries to manage their own resources effectively, as well as the funds they receive from donors. To promote development effectiveness, the World Bank works with countries to help them mobilise their own resources by strengthening tax regimes; encouraging and supporting private investment, fighting corruption, building institutions and infrastructure; and creating the necessary conditions to attract investment and create jobs.

According to Ms. Okonjo-Iweala, country ownership of the development process is a priority for the World Bank, thus the Bank strongly encourages countries to shape their development plans and priorities. In addition, the World Bank supports performance-based funding allocation. Development financing is dispersed according to performance against a range of indicators (macroeconomic, health, education, governance) to encourage countries to monitor results and achieve objectives.

For more information on APGOOD's activities and events, please visit: http://www.odi.org.uk/events/apgood/

Parliamentary questions

In response to a question from Tom Clarke, MP, on how the British public and citizens in aid-recipient countries can be confident that development spending is going in the right direction, Mr. Mitchell drew attention to the new aid transparency guarantee, which will make UK aid fully transparent to people in both the UK and programme countries. Eilidh Whiteford, MP, inquired whether inequality between men and women should be regarded as a delineator of poverty. In response, Mr. Mitchell explained that women and children are a priority for UK aid development, and Ms. Okonjo-Iweala pointed out that countries with greater gender parity (equal access to education by both males and females) develop faster. She then brought the meeting to a close by expressing confidence that the UK funding contribution to IDA 16 would be secure following the government's Comprehensive Spending Review, the outcome of which will be known in October 2010.

Making IDA help meet the MDG's

By Eveline Herfkens,
Founder UN Millennium Campaign,
Former Development Minister, the Netherlands

Hopefully IDA's 16th replenishment will be at least as generous as the 15th. While many donors face budgetary challenges, now is the time for a decisive push for the world to achieve the Millennium Development Goals (MDG's).

The World Bank/IDA scores better on most indicators measuring aid effectiveness than the average bilateral donor. Whereas too much bilateral aid benefits middle income countries, that do not need external concessional resources to achieve the MDG's, IDA is focused on poor countries, Parliamentarians must help ensure that resources are indeed spent for the achievement of the Goals, and that IDA further improves its aid effectiveness, along the lines of the internationally agreed Paris Declaration/Accra Agenda.

Parliaments in recipient countries are crucial to this. They must ensure their Government has in place a poverty focused development strategy, which translates in the annual budgets. Only then can the recipient manage aid effectively; prevent donors from undermining or overwhelming country's ownership and responsibility and insist that donors align their efforts to avoid overlap and conflicting objectives. Only then, can the recipient reject aid that is inconsistent with local priorities or for which transaction costs are too high, e.g. tied aid, project assistance that leads to aid fragmentation or aid which is off-budget, and thus escapes parliamentary oversight.

Indeed, Parliaments need to exercise budgetary oversight, not just by ratifying individual loans or projects, whether from IDA or from any other donor, but more importantly to control the proper utilization of the much larger domestic resources, and make certain that aid is integrated in the wider development strategy and the budget. Parliaments need to ensure that ALL money is spent well. E.g. in too many countries health expenditure favours the non-poor, instead of being focused on reducing maternal and child mortality (MDG 4 and 5). Parliaments in developing countries need to hold their government to account for their primary responsibility to achieve the MDG's. They have to ensure pro-poor and transparent public expenditures, to deliver pro-poor labour-intensive growth, and to fight corruption. In donor countries Parliamentarians need to ensure that tax payers' money is effectively spent on agreed objectives (the MDG's) and delivered in the most effective way as agreed in the Paris/Accra Agenda. Most bilateral donors have failed to meet the implementation deadlines under the agreement. Thus, the domestic development debate should give priority to ensuring that bilateral aid programmes are up to the standards donors have already agreed to but which they have failed to meet; and appreciate that IDA typically is more effective in delivering aid than most bilateral programs.

Donors need to realize that they do not develop developing countries–they develop themselves! Donors need to move away from building "their" schools or hospitals to supporting the partner country's education or health policies, and donors need to allow recipients to use their own procedures and ensure that the use of these funds is subject to scrutiny by their parliaments. Helping partner countries take charge of their policies and be accountable to their own parliaments–instead of to donors–is what the aid effectiveness agenda is all about. Parliaments of donor countries must spur their government to bring their bilateral aid in line with the Paris/Accra commitments. But Parliaments also have responsibilities regarding multilateral programs, including IDA. And parliaments' oversight should not be limited to ratification of the replenishment. Parliaments can actively monitor the input of government representatives, both at the replenishment negotiations and in the IDA Board.

While IDA is performing relatively well on aid effectiveness, there is room for improvement. The IDA 15 Midterm review underlines the need for systematic mainstreaming of the aid effectiveness agenda. While IDA has produced beautiful "Guidance" and "Good Practice Notes" these do not necessarily translate into change in practice.

IDA should sharpen its focus on reducing poverty and achieving the MDG's. The Bank's own Independent Evaluation Group (IEG) states in regard to Poverty and Social Impact Assessments (PSIA's) that "the overall implementation of the approach has had considerable limitations."

Also, related to individual Millennium Goals IEG points at ample room for improvement: on Goal 3, the implementation of the Bank's Gender Action Plan is weak and lacks a generalized gender mainstreaming approach. Regarding the Goals most off track, child (4) and maternal (5) mortality, IEG's Report states that "the accountability of Bank Group investments for demonstrating results for the poor has been weak." Only 6% of the investments explicitly addressed the poor and outcomes were not sufficiently monitored. IEG points out the need to increase support to reduce high fertility and malnutrition among the poor–as presently the Bank hardly gives support for malnutrition and family planning, so essential for achieving Goals 4 and 5. This is disappointing, as the Bank has committed itself to the MDG's.

As the UN Secretary General recently stated:
"The main reason for the shortfalls in progress towards the MDGs is not because they are unreachable or because the time was too short, but rather because of unmet commitments. As agreed, what are needed are the right policies, adequate investment and international support. And all the world's governments and international organizations committed themselves to deliver these."

Indeed, the real problem is the habit of governments and international organizations to send their leaders to international conferences – in New York, Paris, or Accra -, to make moving speeches, sign beautiful pledges and lofty declarations, and return home to "business-as-usual". They can get away with that without being held to account, as no international organization, definitely not the U.N., has any means to enforce such agreements. We live in a world of sovereign nation states in which only National Parliaments can hold their governments to account.

Gandhi once said: "the difference between what we do and what we are capable of doing would suffice to solve most of the world's problems." To hold your government to account for just implementing what they promised at international conferences–over and over again–is something parliamentarians should be perfectly capable to do.

Considering vulnerability as an aid allocation criterion

By Patrick Guillaumont, Professor emeritus, University of Auvergne,
President, Foundation for the Study and Research
of International Development (FERDI)

In IDA, as in the main multilateral development banks (MDBs) the allocation of aid among eligible countries is ruled by a formula called "performance based allocation", PBA. With some small differences from one MDB to the other, the formula is intended to determine the amount of aid per capita to be received by each country according to two main indicators, income per capita and "performance", the latter having an overwhelming weight. Several exceptions, caps, floors, as well as special windows, are also applied to temperate the results of the formula, in particular to address the case of the very large, the very small and the fragile states.

There has been a growing discontent among researchers and policy makers about the PBA formula, as it is presently designed, in particular because it ignores the need of assistance generated by the economic vulnerability of countries. We here argue for a reform simple, logical and operational, that adds indicators of vulnerability and low human capital into the formula and deletes most exceptions, caps and floors.

Five main reasons for the discontent with the present PBA can be identified.

The first one is the confusion it reveals about "performance". Everyone wants developing countries to perform and aid to support their performance. For a country, performance means the results or outcomes obtained with respect to its initial situation, whereas PBA performance actually refers to a subjective "Country policy and institutional assessment" (CPIA), which is quite a different animal. We do not propose CPIA to be deleted from the formula, but argue that it should not be given the overwhelming weight it receives today. A main concern comes from that it is a subjective assessment, according to uniform norms, what does not particularly fit the principles of alignment and ownership, so often reaffirmed. Moreover it is not stable, and it is pro-cyclical more often than the opposite, which means it leads to less aid when the countries need more. The CPIA had been initially supposed to correspond to a factor of aid effectiveness for growth, what has been strongly debated in the academic literature. The main single reason to maintain this criterion has been the feeling that helping those countries considered as good guys will push the other ones to become virtuous.

Second, the PBA ignores the existence of structural handicaps to growth, making it inequitable. If, as commonly accepted, equity means to equalizing opportunities, it involves taking into account the structural obstacles to growth in aid allocation. Main structural handicaps are those considered at the UN for the identification of the least developed countries (LDCs), the economic vulnerability and the low human capital faced by a country independently of its present will. This vulnerability results from the recurrence of exogenous shocks, either natural or external (droughts as well as commodity prices instability) and the exposure to these shocks, in particular small size.

Third, PBA forgets the lessons of aid effectiveness literature. Aid effectiveness depends on the specific features of the recipient countries, among which vulnerability to exogenous shocks has received increasing attention. Indeed shocks and vulnerability are negative factors of development, but they are also factors increasing aid effectiveness, because aid dampens the negative impact of shocks. For effectiveness, as well as for equity, structural economic vulnerability to exogenous shocks should be included among the aid allocation criteria.

Fourth, retaining the quality of governance and policy as the major criterion of aid allocation penalizes populations already suffering from bad government. They are punished twice! Aid policy should take into account the quality of governance and policy through aid modalities rather than aid volume.

Fifth, exceptions have been made as important as the rule, leading to opacity and inconsistency. Facing the difficulty to rigorously implement the PBA, the MDBs have been led to multiply the exceptions by the way of caps, floors and a special treatment applied to countries in the most severe situation, such as " post-conflict states". As a result the allocation to these countries is higher than to the countries with a low CPIA, but not low enough to make them eligible to a special treatment, that remains purely curative, not at all preventive.

Briefly stated the present PBA no longer meets the principles of equity, effectiveness and transparency that it was initially supposed to meet. We propose to make the PBA formula more equitable, more effective for promoting development and more transparent, by redesigning and rebalancing the variables retained in the formula, and at the same time limiting the exceptions through caps, floors and special windows. Two new variables, measured by well accepted indicators, would be added in the formula to the present GNIpc and the country "performance" rating. One is the structural economic vulnerability, measured by an index reflecting both the size of recurrent exogenous shocks, either natural or external, and the exposure to these shocks. The second one is the low level of human capital, measured by an index reflecting both the level of education and the level of health and nourishment. Both correspond to a structural handicap to growth, the first one also being a factor of aid effectiveness. Relevant indicators are the Economic Vulnerability Index (EVI) and the Human Assets Index (HAI), used at the UN to identify the least developed countries. The choice of weights is a political decision, which should be transparent. Moreover to avoid the threshold effects linked to caps and floors set up for extreme population cases, the population factor would be introduced with an exponent lower than one, as it is already done at the Asian Development Bank.

Various simulations made for IDA and the African Development Fund show that the application of the revised PBA leads to results avoiding the shortcomings of the present formula, and also allowing the decision-makers to treat the cases of fragile states, smallest and largest countries in an integrated and continuous framework.

The new approach appears feasible and can lead to allocations more or less different from the actual ones, depending on the weights given to the formula components. Against such a reform it has been argued that donors are completely in favour of the present formula. But both the international environment and donors' minds are changing. The recent crisis has evidenced even more than before the importance of vulnerability. And the principle of including structural economic vulnerability among the aid allocation criteria has already been endorsed in UN Secretary General Reports to the ECOSOC Development Cooperation Forum in 2008, then 2010, as well as by the Joint Ministerial Forum on Debt Sustainability of the Commonwealth Secretariat and the Organisation internationale de la francophonie in 2009.

The reform proposed neither means giving up the reference to performance, nor lowers it the weight of performance in aid allocation, if performance is given its genuine meaning: the policy and institutional assessment is simply corrected for the exogenous influence of vulnerability. Losers, it is thought, will oppose more than gainers will support the reform. New aid allocation may be difficult to implement with a constant volume of aid. But if the total amount to be allocated is increased, a transitional system is conceivable, where no country would receive a smaller amount due to the new allocation formula.

The other ways to address vulnerability do not allow the international community to fully address the issue. As evidenced by past experience, the schemes aimed at providing compensatory finance when a shortfall occurs in export earnings, although needed, are too long to be mobilized and too conditional, as well as too discretionary. More important, vulnerability ex ante allocation criterion has a preventive role, whereas compensatory finance, as well as post-conflict windows, is only curative… It could be more cost-effective to prevent collapses and conflicts than to overcome their effects.

The Aid Effectiveness debate appears, at first glance, to be predominantly about North-South exchange. However, there is emerging evidence that various forms of South-South Cooperation (SSC) are equally important to increasing the effective use of aid. Regional integration, both on Pan-African and sub-regional levels, is crucial for sustainable development in an economic, ecological and social sense. For many countries in Africa, intensified relations with countries in Southern regions, including Latin America and Asia, are increasingly important. This relatively unexplored territory needs to be included in discussions on aid effectiveness.

Parliaments, in particular, have a dual role to play in SSC, although this fact is not always recognized. First of all, national and regional parliaments must approve regional cooperation and integration initiatives requiring legislative and budgetary reforms. Secondly, regional parliaments themselves have an important oversight role to scrutinize the expenditures of Regional Economic Communities (RECs) and other official SSC, including contributions and support from international donors. The EU Presidency Seminar in Madrid, Spain, on 25-26 February 2010, organized by AWEPA, provided a large number of pertinent examples of parliamentary action, such as:

-The East African Community (EAC) demonstrates that economic integration is a key to economic development and intra-regional trade. Where the executives are slow to move, the regional parliaments must take the lead in SSC and Treaty development. (EALA)

-GDP in the EAC has gone up significantly since the Customs Management Act was passed (2007), as it opened up trade within a market for 126 million people. South-South parliamentary cooperation on peace and security has also reduced violence in the region. (EALA)

-The main challenge is to sustain political will for SSC, which is facilitated by e.g. IPU, CPA, AWEPA and SADC PF through dissemination of democratic practices, construction of model laws such as on HIV/AIDS, electoral observation, and advocacy for increased numbers of women members in parliaments. (SADC PF)

Parliaments have the important responsibility of scrutinizing Official Development Assistance (ODA) agreements and expenditures–including regional parliamentary bodies providing oversight of ODA to RECs–but this role has not been recognized, encouraged or adequately supported. For example, parliaments need to monitor whether ODA is clearly linked to PRSPs and MDGs, but parliaments too often lack adequate resources to scrutinize either ODA or government expenditures properly. Aid effectiveness is something that MPs should be engaged with on an everyday basis on every issue, as it is the responsibility of parliaments to make sure that the voices of the poor are heard in both annual budget allocation processes and ODA negotiations. One success story can be seen from within the EALA in their oversight of the EAC Secretariat. Although a relatively young institution, the EALA has already demanded and achieved transparency in the regional donor partnership fund. It then went further to demand (and receive) a part of the budget to pay for its own scrutiny of EAC donor fund usage, and now has even demanded a role in defining activities and amounts which can be covered by the fund.

African parliamentarians have acknowledged that they need a partnership with donor country parliamentarians in order to succeed in getting resources for building the capacity needed to provide oversight of SSC and ODA in general. Such a North-South parliamentary partnership can influence donors toward a more balanced multi-stakeholder approach. To these ends parliaments in donor countries should demand that recipient country parliaments play their rightful role in the development cooperation relationship, particularly with regard to their responsibilities for ownership and accountability. Africa knows that external aid is not sufficient for its sustainable development, and that executives on both sides of the development assistance equation must be held to their commitments by their own parliaments. Because of this, there is a need to strengthen SSC and also North-South

Cooperation, including in relation to trade agreements, and to recognize that parliaments at national and regional level play an indispensible role in the relation of such cooperation and relations.

The relationship with donors and the allocation of donor resources are dominated by the executive branch, with little effort being undertaken by the international donor community to create more balance by stimulating the role of the legislative branch of government. On the contrary, the continued donor neglect of parliamentary capacity-building ensures that development assistance lacks ownership by the people's legitimate representatives and domestic accountability for aid expenditures remains weak. Parliamentarians in the South repeatedly request the international donor community to see them as legitimate recipients of capacity building support, among other things to be able to effectively scrutinize ODA expenditures and to interact with donor parliaments on the prioritization and accountability of ODA. The response has not met expectations.

The High-Level Event in Bogota, Columbia, 24-26 March 2010, organized by the OECD-DAC Task Team on South-South Cooperation, was an example of how executive branch practices can marginalize parliamentary participation. Not one country included a member of parliament in their delegation. The only three MPs participating were coordinated by AWEPA, and they represented the Pan-African Parliament, the East African Legislative Assembly, and the Southern African Development Community Parliamentary Forum. No Columbian or Latin American parliamentarians were present. It seems there is much work to be done in raising the profile of parliaments, in donor and recipient countries, prior to the upcoming High-Level Forum in Seoul 2011.

The World Bank Corner: What's New with the International Development Association?

IDA – An institution for concessional lending

The International Development Association, IDA, is the world's largest sources of aid. IDA provides support for health and education, infrastructure and agriculture, and economic and institutional development to the 79 least developed countries—39 of them in Africa. These countries are home to 2.5 billion people, 1.5 billion of whom survive on $2 a day or less. About one-fifth of IDA funding is provided as grants, the rest is in the form of interest-free, long-term credits. IDA is replenished every three years by both developed and developing country donors, as well as two other World Bank (WB) organizations—the International Bank for Reconstruction and Development and the International Finance Corporation.
http://go.worldbank.org/ZRAOR8IWW0

The history behind IDA, as it celebrates its 50 the anniversary

Established in 1960, IDA turns 50 this year. As a result of the WB's success in helping Europe rebuild from World War II, the attention turned toward assisting poor countries, which required lending on softer terms. With that in mind, the United States proposed, and other member agreed, to create IDA. With an initial funding of $912.7 million, IDA was launched on September 24, 1960 with 15 signatory countries.
http://go.worldbank.org/2QAB03I780

IDA15 Mid-Term Review meeting reviews progress made

In November 2009, World Bank management and representatives from 45 donor and 7 borrowing countries met in Washington DC for the Mid-Term Review meeting of the 15th Replenishment of IDA (IDA 15). The meeting reviewed the progress made on the IDA 15 recommendations and also reviewed the IDA 15 implementation report.
http://go.worldbank.org/8T45G4M0Y0

Pilot Crisis Response Window to help governments maintain crucial spending

At the Mid-Term Review of IDA 15, Deputies advanced the proposal for a creation of a Crisis Response Window, which was later approved by the WB's Board of Executive Directors. The window would help hard hit governments maintain core spending on critical programs in the face of short-term shocks.
http://go.worldbank.org/2ZIGS299F0

Second IDA16 meeting held in Bamako, Third meeting to be held in Washington D.C.

The second IDA 16 Replenishment meeting took place in Bamako, Mali on June 16-18, 2010. At the meeting, Deputies and borrowing country representatives discussed IDA's challenges and strategic directions. The third meeting is due to take place in Washington D.C. in October, while the first meeting took place in Paris on March 3-4.
http://go.worldbank.org/O5NIRLMEE0

IDA – Restoring Hope and Building Credibility in Haiti

IDA has been one of the leading concessional lenders to Haiti, with $308 million being provided since 2005. Following the earthquake in January 2010, the World Bank approved $100 million in grant funding for Haiti, some of which came from the new crisis response window set up under IDA 15.
http://go.worldbank.org/YT23OGHRM0

IDA – Helping Pakistan recover from floods

The World Bank has committed to provide $1 billion in financial support Pakistan in its efforts to recover from the worst floods in its history. The funding will come from the Bank's Fund for the Poorest (IDA) through reprogramming of currently planned projects and reallocation of undisbursed funds from ongoing projects.
http://go.worldbank.org/JVBI7WVMY0

IDA facts

IDA Replenishment increased from $753 million in IDA1 to $41.6 billion in IDA15. Since inception, IDA credits and grants have totalled $207 billion. IDA's average annual commitments grew from about $100 million in 1960 to $3.8 billion in 1980 and now amounts to about $14 billion. For more information on IDA, see the IDA Fact Sheet, http://www.worldbank.org/ida/ida-factsheet.pdf and visit www.worldbank.org/ida

---

The IMF Corner:
What's New with the International Monetary Fund?

Dominique Strauss-Kahn speech at UN MDGs Summit

During his speech at the UN Millennium Development Goals Summit, the IMF Managing Director pushed countries to redouble efforts to get back on track, arguing that a revival of world economic growth was the key to success. Furthermore, he said that to regain the momentum, "we need a sense of shared responsibility between the various actors—the developing countries themselves, the advanced economies, and the international institutions."
http://www.imf.org/external/pubs/ft/survey/so/2010/NEW092010A.htm

IMF Study on 'Macroeconomic Prospects and Challenges in Low-Income Countries'

A new IMF study lays out specific actions needed to sustain progress towards the MDGs. The study recommends that advanced economies focus on securing the global recovery and that donors keep their Gleneagles promises on aid, and open up trade and intensify their support for fragile states. Developing countries should invest in infrastructure and create a more supportive business environment by reinforcing strong macroeconomic policies.
http://www.imf.org/external/np/sec/pr/2010/pr10343.htm

Parliamentary Field Visit to Mali, 20-23 June 2010: A look at the challenges facing women in Mali

By Francisca Almeida
Member of Parliament, Portugal

Members of the Parliamentary Network on the World Bank (PNoWB) from Burkina Faso, France, Italy, Nigeria, Portugal and Senegal, as well as a representative of the Polish Foreign Ministry, participated in a field visit to Bamako, Mali from 20-23 June 2010, organised by the World Bank in cooperation with the Assemblée Parlementaire de la Francophonie (APF). The PNoWB and APF Secretariats also participated in the visit.

I personally accepted to join the delegation and to participate in the field visit for the reason that I am particularly interested in issues related developing countries which are not often priority on the agenda of national parliaments. In addition, being a member of the Subcommittee for gender equality in the Portuguese Parliament, I wanted to become familiar with gender gap issues in developing countries such as Mali.

Mali is one of the poorest countries in the world, landlocked and with limited natural resources. Approximately 60% of Mali's 1.2mn square kilometres are desert, and the country is prone to droughts. Agriculture is Mali's principal livelihood, however, the sector is not widely mechanised and lacks efficiency. Under-developed transport networks reduce the country's capacity to trade with its neighbours or at an international level.

The visit focused on the upcoming 16th replenishment of the International Development Association (IDA 16), and included a field trip to an IDA-sponsored energy project in Konobougou, about 15km outside of Bamako. We had also the opportunity to meet with Mali's Prime Minister, Mr. Ousmane Issoufi Maiga, members of Mali's National Assembly, and representatives from the local World Bank country office, the private sector, civil society and donor institutions. Throughout the three-day program, we discussed development challenges related to agriculture, education, energy, gender and health. The current lack of access to basic social services in Mali lowers its prospects for achieving the Millennium Development Goals (MDGs). Mali's various development challenges are inevitably interlinked. For example, mechanising agriculture could help to improve the situation of Mali's women as they play a central role as food providers in the country. As this takes up a significant portion of their time, fewer women than men attend school, and those who do must often interrupt their studies earlier than men. Furthermore, early marriage is a wide-spread phenomenon, and the country's high birth rate (more than seven children per woman in 2009) also poses health risks to women, leading to elevated maternal and infant deaths. Mechanising agriculture could partly alleviate this complex web of challenges by simplifying food provision and freeing up girls and women to dedicate more time to education. Educated mothers means educated daughters and staying in school longer can prevent early marriage and help to bring down the birth rate, which will in-turn reduce maternal and infant mortality. More efficient farming, however, is only part of the solution. Women often find themselves living in deep-seated traditional social and economic roles which make real social change challenging. While the law provides virtually equal rights for men and women, it is not always enforced.

In fact, the difference between the gender gap in developed and developing countries is truly amazing – especially if we bear in mind the differences in birth rates, early marriage and school attendance.

IDA 16 can be a real opportunity to promote a better situation for women in Mali. Replenishing IDA funds is important, but gender should be considered at every step of the way. **In this respect, local Parliamentarians and civil society may play an important role, provided they are consulted prior to project approval as well as throughout the project cycle.** Their insight and experience can mean that projects are better suited to local conditions and are, therefore, more efficient in reaching their objectives.

Join the Network !

Last Name ______________________________
First Name ______________________________
Gender ______________________________
Nationality ______________________________
Address ______________________________
____
____
Phone ______________________________
____
Fax ______________________________
E-mail ______________________________
____
Ruling party or opposition ______________
Position ______________________________
End of Term ______________________________

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

IDA 16 Campaign

PNoWB–in partnership with AWEPA–launched its IDA 16 and aid effectiveness campaign, which will be active throughout the IDA 16 replenishment and implementation cycle. More information is available online at www.pnowb.org.

Bank/Fund Meetings in DC

PNoWB Board and Secretariat will attend the 2010 WB/IMF Annual Meetings in Washington DC on 6-9 October. During this week, the Network's delegates will participate in the Civil Society Policy Forum; serve as panel discussants in policy sessions; meet with donors and receive an update on IDA 16 from the Bank's Resource Mobilization team. PNoWB members are kindly invited to let the Secretariat know what they would like the delegation to bring to the attention of World Bank/IMF ahead of the meetings.

PNoWB Annual Conference 2010 in Brussels

PNoWB's 2010 Annual Conference, which will take place in Brussels from 2 to 4 December 2010 on the invitation of the Belgian Parliament and Presidency of the European Union, comes at a key moment for development cooperation. The world has five years remaining to meet the MDGs amidst continued financial challenges, rapid urbanization in many of the world's poorest countries, a growing list of political, governance and security concerns, and an ever-increasing amount of large-scale natural disasters, to name just a few.

MPs have a key role to play realizing increased development effectiveness. From identifying and operationalizing alternative mechanisms for development financing and ensuring that development-related legislation is evidence-based, to increasing aid effectiveness through budgetary oversight, elected lawmakers are the key link between development policy, practice, and outcomes.

The themes of the conference have been identified with the aim of engaging MPs, partner organizations, civil society actors and International Financial Institutions in pressing issues at the intersection of development cooperation and governance. Check www.pnowb.org for more information on the conference.

A PNoWB publication...





Send your articles to secretariat@pnowb.org

Available in French with the support of Agence Française de Développement