



## THE PARLIAMENTARY NETWORK

On The World Bank & International Monetary Fund



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## Network Review



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### Message...

Dear Members,

As the year 2012 is coming to an end, I would like to thank the Members of the Parliamentary Network for their continued support and participation in the activities throughout this year. Your continued involvement is key for strengthening our organisation and allowing it to carry out its projects.

With your continued engagement, the Parliamentary Network has strengthened its support to legislators around the world. However, we still rely on your constant support to help the Network achieve its ambitious goals in the years to come. The Network's focus remains on increasing parliamentarians' capacity to engage with international financial institutions, as well as increasing aid-effectiveness through parliamentary oversight and transparency initiatives. To achieve these goals, the Parliamentary Network organised several successful events in 2012: our debut regional conference on 'Private Sector Development in Africa' in Kigali, Rwanda, which took place in March; the direct participation in the IMF/World Bank Spring Meetings in April in Washington D.C. with a delegation comprised of Board members and additional Network members; and last but not least a Parliamentary Field Visit to Sri Lanka in November 2012, where the delegation of Members of Parliament effectively exercised their oversight role of World Bank and IMF – funded projects and policy initiatives. More information on these activities is available on our website: [www.pnowb.org](http://www.pnowb.org). For 2013, I would like to encourage you to continue to take every single opportunity to actively participate in the Parliamentary Network's activities. Your input is an invaluable step to improved parliamentary participation and oversight in international development.

**Alain Destexhe, MP**

**Chair, Parliamentary Network on the World Bank & IMF**

The latest news and briefings  
are available on our website:

[www.pnowb.org](http://www.pnowb.org)



United Nations Entity for Gender Equality  
and the Empowerment of Women

## Behind the walls: the Life Cycle of a Girl is a Life Cycle of Violence

By Mohammad Naciri\*

Deputy Regional Director Arab States Regional Office, UN Women

In the midst of the political upheaval, of a historic regime change, in the midst of reporters, riot police, and celebrations, there was the blue bra. The woman who became a symbol, unwillingly so, of the other side of the revolution. She was brutally beaten, her black Abaya pulled and tugged at. It is difficult to say why it was her, she may not have been singled out, she may have simply been the person standing the closest when the protests turned violent. Many women, and even more men, suffered violence during the Arab Spring, and as stability is slowly returning to many countries in the region, including Egypt, the attention is shifting to a new form of violence.

International media is focusing their discourse around the growing conservatism in the region, the right wing conservatives, who are gaining a majority in the democratic elections the revolutionaries fought so hard for. Immediately this becomes synonymous with a regression of women's rights, that an increase in conservatism will mean a decrease women's participation in the public sphere, and, an increase in violence against them. What is worrying about this discourse is that it is trying to draw attention to a problem that is much more deep-rooted than a political shift. Oppression of, and violence against, women will suddenly increase with a more conservative government, in truth, this violence is already taking place. It is a cultural, and traditional practice that begins with the family and manifests itself in the community, school, and public life. So when people are voting a majority conservative government, they are doing this because they want certain values upheld. Another harsh truth is, that women, as the protectors of customs, are

often actively partaking in the oppression of their own daughters. We cannot forget, after all, that in the post-Arab spring democratic elections that are taking place, women, too, are heading to the polls, and women, too, are casting their vote.

Back to the blue bra, one of many symbols of violence against women during the revolution. There were the virginity tests, the sexual harassment, the sexual assault on a foreign journalist, the sexual assault on female protestors. Likely more assaults than were recorded. These cases are extreme cases, they are instances when the violence in the private sphere became public, but they are not isolated. Violence against women takes on many forms. If one travels outside of Cairo, into small desert towns one is likely to not see any women on the street. Women, one will be told, remain at home, behind the walls of their houses, where they cook, clean, and serve their husbands. They may or may not be exposed to physical violence, but they are deprived of freedom of movement, and that, too, is violence. If one should be so lucky to speak to a woman in one of these towns, she will likely tell you that she is content, that this is how her life should be. This life, is her life, it is what her mother did before her. There is a chance, even, that this same woman will tell you that her husband has the right to beat her if she burns dinner, or spills his tea.

Violence against women in the MENA region is difficult to measure. There are few, if any censuses done on this. One may be able to derive some data from health surveys, from news reports, but statistics on forms and frequency of violence against women are hard to come by. This is

because it is such a private, family matter, and it is rooted in centuries of tradition. From the day a young girl is circumcised (reportedly 90% in Egypt), to the day she is married off (often to an older man) in exchange for a dowry, the life of a girl is much more restricted, and much more violent, than that of a boy. Once married, she becomes someone's property, and her role is defined as such. The notion of a thing such as marital rape does not exist. These customs are passed down from generation to generation, so it is no surprise then, that when a political party vows to uphold these traditions, the very traditions men *and* women cherish, they gain a majority of the popular vote.

While we do have to focus on what the international media deems as a regression of women's rights in the region, we, as development practitioners, cannot and should not forget the root causes of the oppression and violence. While

we can push for ratification of international legislations, and we can question countries for their low gender index ranking, we have to move away from simply focusing on changing policies. Having policies in place that protect women are important, but as they stand alone they are merely a quick fix, a band-aid on a gaping wound. We need to change what is harmful cultural practice, and we need this change to happen from within. Unfortunately, the Arab spring did not see the rise of a women's movement, but there are individuals who are champions of women's rights, and who are working towards changing behaviours. The challenge is that it is easier to measure a quota system, or x number of policies in place, than it is to measure a change in how people behave. Especially when this change needs to take place behind the walls where women do the cooking, cleaning, and prepare their daughters for a lifetime of servitude.

\* Mohammad Naciri is a development practitioner who is currently associated with UNWomen as their Deputy Regional Director for the Arab States, and formerly with UNDP, IOM and UNICEF. He worked on the issue of violence against women in different contexts.



## The Campaign for a United Nations Parliamentary Assembly

By Andreas Bummel

Secretary-General, UNPA Campaign

Elected representatives who are interested in the affairs of the UN and its entities will discover that there are hardly any formal arrangements in place that allow for the inclusion of parliamentarians into the UN's proceedings. In 1992, governments agreed at the UN Conference on Environment and Development that public participation in decision-making is important and defined nine major groups that should be engaged, for example indigenous peoples, local authorities, business and industry, women or non-governmental organizations. Many UN entities and UN-driven negotiations such as the climate talks give those groups an opportunity to be involved. That of course needs to be appreciated. Nonetheless, it's one of many symptoms for the neglect of parliamentarians in intergovernmental affairs that they are not among them. Another example is that the proposal for the creation of an Elected Representatives Liaison Unit at the UN that was put forward by the Panel on UN–Civil Society Relations in 2004 wasn't ever seriously followed up.

To be sure, there is a considerable trend towards stronger interaction of parliamentarians across national borders. Today, there are more than 150 international parliamentary institutions, one of which, of course, is the Parliamentary Network on the World Bank and the International Monetary Fund. The oldest such institution is the Inter-Parliamentary Union that was created in 1889. In terms of influence on intergovernmental organizations, the group of now around 26 formal parliamentary organs is the most developed. Examples are the European Parliament, the Pan-African Parliament or the Parliament of Mercosur.

In the UN system, such organs are unknown. This is more and more identified as a substantial democratic deficit. Although the IPU and other networks have slowly managed to establish a working relationship with the UN and other intergovernmental organizations, and despite that they are very important in many respects, the sad reality is that their formal status and their political influence are marginal at best.

An international group of lawmakers and representatives of civil society organizations, encouraged by former UN Secretary-General Boutros Boutros-Ghali, concluded in 2007 that a bold step forward is required. There should be a parliamentary organ formally embedded into the UN's structure, a UN Parliamentary Assembly. The proposal was already brought up here and there ever since the UN was established. Now, however, the Campaign for a UN Parliamentary Assembly was finally launched as an informal international platform that brings together all like-minded forces, and coordinates their efforts at all levels. No question, a UNPA is a complex undertaking which necessarily means that there are differing opinions at the level of details, for example regarding the apportionment of seats or the best mechanism to establish it under international law. Nonetheless, the campaign's international appeal, a political statement that is endorsed by all campaign supporters, has proven to create focus and unity. Since its publication in 2007, around 1,200 members of parliament signed the document, in addition to thousands of other individuals from over 150 countries, among them innumerable distinguished personalities from public administration, science, civil society and

culture. The complete list is available on the internet.

Under the roof of the campaign, four international meetings have taken place so far: in the Palais des Nations in Geneva (under the patronage of H.E. Boutros Boutros-Ghali), in the European Parliament in Brussels, in New York and in the Senate of Argentina in Buenos Aires. These meetings provide for an opportunity for exchange and debate and help to create momentum. The next is envisaged to take place in Africa next year. The campaign is decentralized and activities to a large degree depend on the initiative of individual supporters, primarily members of parliament. The international secretariat provides assistance, for example when it comes to drafting resolutions, statements or other documents. Since the campaign's launch pro-UNPA resolutions were adopted, for example, by the Canadian House of Commons Foreign Affairs Committee, the Pan-African Parliament, the Latin-American Parliament, the Senate of Argentina, the Chamber of Deputies of Argentina, the Parliamentary Assembly of the Council of Europe, the National Assembly of the Seychelles, the European Parliament and the Parliament of Mercosur. The campaign also interacts with governments and always looks for possibilities to expand the pro-UNPA network.

The campaign's policy is that a UNPA could be of a hybrid nature, composed of members who are either sitting members of national or regional parliaments or directly elected for this purpose. Starting as an advisory body, it should be incrementally provided with genuine rights of information, participation and control vis-à-vis the UN and the organizations of the UN system, including the international financial institutions and the World Trade Organization. In the long run, the campaign's supporters believe that it could formally exercise oversight over the system's

institutions and have a say in the election of the Executive Directors. In a first step the campaign advocates the establishment of a UNPA by means which do not require a change of the UN's Charter which is either by a decision of the UN General Assembly according to Article 22 of the UN's Charter or by a stand-alone treaty. In the context of a comprehensive UN reform, if it finally comes, a UNPA could become one of the UN's main bodies.

Although momentum is building steadily, the campaign nonetheless is still dealing with substantial hurdles. As the subject of a UNPA is not yet part of the official UN reform agenda, it is challenging to convince governments who are faced with many urgent issues on a daily basis to seriously devote time and energy to consider the subject. On the other hand, members of parliament who are interested in international issues are often engaged in an international parliamentary network already and ponder whether to invest into such a long-term project as well. Often enough the question is raised whether a UNPA wouldn't duplicate existing parliamentary efforts. The intention, however, is quite the contrary. A UNPA would provide for a formal and publicly funded platform within the intergovernmental system that can pool international parliamentary involvement. We would expect a UNPA to carry out most of its work in commissions and sub-commission that would interact with the broader family of international parliamentary institutions. We envisage that through such commissions, networks such as the Parliamentary Network on the World Bank & IMF would actually gain leverage.

More information at [www.unpacampaign.org](http://www.unpacampaign.org).

Members of the Parliamentary Network are invited to sign the campaign's international appeal here: <http://en.unpacampaign.org/endorse/>





## Legislatures and the Budget Process: Enhancing Analytical Capacity

By Lisa von Trapp

Policy Analyst, OECD Budgeting and Public Expenditures Division

Legislatures are constitutionally mandated to hold governments to account. As the budget is the key policy document of any democratic government, nowhere is this accountability relationship more important than in the budget process. Although conventional wisdom posits that a strong role for the legislature in the budget process undermines fiscal discipline, the experience of OECD member countries does not bear this out. The OECD strongly believes that an effective role for the legislature is a key ingredient in establishing and maintaining fiscal discipline, while providing an important platform for input from civil society and the public at large.

Many factors influence a given legislature's ability to effectively carry out their responsibility to scrutinize and authorize revenues and expenditures and to ensure that the national budget is properly implemented, for example, amendment powers, time available for debate, the role of committees, and analytical capacity. The latter is particularly important – if a legislature is to meaningfully engage in the budget process it requires independent, nonpartisan, objective research and analysis.

Most legislatures in OECD countries have access to several sources of technical capacity for budget analysis. Committee staff is perhaps the most commonly available resource; however, the number of staff available and their technical competencies vary widely. Allowing committees to consult or employ experts may also serve to enhance legislative effectiveness. While committee staff and use of outside experts are important, they are often insufficient to redress

the striking capacity imbalance between the legislature and the executive when it comes to the budget.

More recently many OECD countries are looking to establish specialised units that assist legislatures with budget-related research and analysis. In some cases, these units are located within parliament, often as part of parliament's research services. In others, they are independent. Examples of the former include the Scrutiny Unit in the United Kingdom Parliament, the Budgetary Control Department in the Research and Information Center in the Israeli Knesset, and the Department of Social and Economic Research in the Bureau of Research in the Chancellery of the Polish Sejm. Examples of independent bodies are the United States Congressional Budget Office (CBO), the Korean National Assembly Budget Office (NABO). The status of the Canadian Parliamentary Budget Officer (PBO) lies somewhere in-between; although legislation established the PBO with an independent mandate, it is affiliated with the Library of Parliament.

In less than a decade, the number of specialised budgetary research units has more than doubled, and in some cases their size has increased. In 2000, only seven OECD legislatures reported having specialised budget research offices. In 2007 this number increased to 14 and today several new bodies have been, or are in the process of being established in OECD member countries such as Austria and Australia, as well as non-OECD member countries such as Uganda, Kenya and South Africa. For European Union member countries, the new EU fiscal compact has created

the impetus for monitoring by independent institutions. Even when these institutions are not formally under parliament, at the very least their analysis and reports serve to enrich parliamentary deliberations.

Across the OECD, these bodies differ in terms of size, constituents and core functions, but all help to simplify the complexity of the budget, eliminate the executive's monopoly of information in the budget process, and improve the budget's credibility and accountability. Key tasks, for example, include analysis of the executive's budget proposal, providing independent economic forecasts or analyzing the government's projections, and costing of legislation. Typically the main client of legislative budget research units or budget offices is the legislature's Budget/Finance Committee, although they may also serve other committees and even individual members of parliament.

Since 2009, the OECD has provided a platform for budget for officials working within parliaments and independent bodies to convene annually through our Network of Parliamentary Budget Officials and Independent Fiscal Institutions (PBO). Specifically, the network brings together officials from professional staffs of parliamentary budget committees; specialised in-house budget research units; and independent fiscal institutions (parliamentary budget offices and fiscal councils).

At the core of PBO discussions are the institutional arrangements for, practices of, and challenges faced by parliamentary budget institutions and independent fiscal institutions. As an example, a particularly strong interest in independent fiscal institutions resulted in delegates tasking the OECD Secretariat to work with them to develop a set of Principles for Independent Fiscal Institutions, as well as a set of notes describing institutions in fifteen OECD member countries.

The Principles seek to promote lessons and good practices that are firmly grounded in IFIs experiences to date. They highlight the core values that IFIs seek both to promote and to operate under – independence, non-partisanship, transparency, and accountability – while demonstrating technical competence and producing work of the highest quality that stands up to public scrutiny. They further aim to assist countries to address the challenges in designing an enabling environment conducive to an IFI's performance and to ensuring an IFI's long-run viability.

The country notes cover the economic and political context in which these various institutions were established, as well as their:

- legal basis;
- mandate;
- relationship with the executive and the legislature;
- budget;
- leadership and staffing;
- work programme;
- functions;
- access to information;
- transparency; and
- governance, advisory support, monitoring and evaluation mechanisms

The country notes also include a brief overview of the role of the legislature in the budget process in each country.

The work on the Principles and country notes continues as we approach our next annual meeting which will take place at the Canadian Parliament in Ottawa in February 2013. They will then be made available on our website, as are the agendas and background documents for past PBO meetings: [www.oecd.org/gov/budget/pbo](http://www.oecd.org/gov/budget/pbo).

A first draft can be found through the following links:

[Draft Principles for Independent Fiscal Institutions](#)

[Annex \(Country Notes\)](#)

### **Excerpt from the Draft Principles for Independent Fiscal Institutions**

#### **5. Relationship with the Legislature\***

5.1. Legislatures perform critical accountability functions in countries' budget processes. Regardless of whether an independent fiscal institution is under the statutory authority of the legislative or the executive branch, mechanisms should be put in place to encourage appropriate accountability to the legislature. These may include (but are not limited to): (1) all reports sent to parliament for scrutiny, preferably through the legislature's budget committee (or equivalent) and in time to contribute to relevant legislative debate; (2) appearance of IFI leadership or senior staff before the budget committee (or equivalent) to provide responses to parliamentary questions; (3) parliamentary scrutiny of the IFI's budget; and (4) a role for parliament's budget committee (or equivalent) in leadership appointments and dismissals.

5.2. The IFI's role vis-à-vis parliament's budget committee, other committees, and individual members in terms of requests for analysis should be clearly established in legislation. Preferably, they would consider requests from committees and sub-committees rather than individual members or political parties. This is particularly true for those IFIs established under the jurisdiction of the legislature.

\*Legislature and parliament are used interchangeably.





**THE PARLIAMENTARY NETWORK**  
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## **“Parliamentarians in the Field” Visit to Sri Lanka, November 2012**

The Secretariat of the Parliamentary Network

The program “Parliamentarians in the Field” is one of the Parliamentary Network’s flagship events and is jointly organized with the World Bank and the International Monetary Fund. The 2012 Field Visit was organized for a delegation of ten Members of Parliament in Sri Lanka, 26 - 29 November 2012. The delegates came from Bangladesh, Burundi, the European Parliament, France, Indonesia, Malaysia, New Zealand, the Philippines, Senegal and Uganda. The program involved all participants in the work of the World Bank and IMF, while also providing insight into the two organizations’ dialogue with other development partners. For donor country parliamentarians, it presents 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.

The three days of the visit were focused on a variety of development topics such as Sri Lanka’s macroeconomic development, urban planning as well as public health in Sri Lanka, the changing schemes of Sri Lanka’s development cooperation, Good Governance and Parliamentary Cooperation with Civil Society.

### **Macroeconomic development**

In working sessions with the IMF Resident Representative of Sri Lanka and the Maldives as well as other high-level speakers from government and the private sector, the delegation discussed Sri Lanka’s high fiscal deficit, regional trade and the country’s potential for foreign direct investment. In comparison to other countries in South East Asia, Sri Lanka has excessive debt, a very high

inflation rate and an unstable currency. But more generally, the Sri Lankan economy in the post-conflict scenario grew by 7.1 per cent in the first half of 2012 following two consecutive years of robust growth of over 8 per cent. In 2009, the national authorities, in cooperation with the IMF, have designed a policy programme supported by IMF financing, which is conditioned on effective implementation of this programme. In July 2012, the IMF approved the last portion of the \$2.6 billion loan to Sri Lanka from 2009. The IMF’s overall intervention helped to take Sri Lanka out of a very difficult balance of payments and now fiscal discipline and consolidation by the government will need to be on the top of the political and macroeconomic agenda.

### **Urban planning**

After heavy floods in Colombo from May to November 2010, the World Bank identified a new project to engage into effective natural disaster management. The development objective of the World Bank’s Metro Colombo Urban Development Project (MCUDP) for Sri Lanka covers three different themes: natural disaster management (35 per cent), water resource management (35 per cent) and city-wide infrastructure and service delivery (30 per cent). The purposes of this project are twofold: on the one hand, the goal is to reduce flooding in the catchment of the Colombo Water Basin, and on the other hand the capacity of local authorities in the Colombo Metropolitan Area (CMA) should be strengthened in order to rehabilitate, improve and maintain local infrastructure and services through selected demonstration investments. Members of the

delegation exchanged with Senior World Bank officials on the topic of environmental disaster management and compared Sri Lanka's approach to own experiences in their respective countries.

The delegation was also invited to the Colombo Municipal Council by the Mayor of Colombo, A.J.M. Muzammil, for further information on Colombo's urbanization. The city of Colombo is very clean and more than 10 million US dollars of the annual budget (80 million US dollars) are spent for the public cleansing service. However, some parts of the city are still suffering from poverty, especially with regard to housing and health issues. These two concerns result from a high fluctuation of the population. The Mayor of Colombo mentioned that garbage and waste management are not a top priority for private investors, unless there is another funding source. As private investors think that these programs are not financially viable, public-private partnerships or World Bank-funded projects could counterbalance the current situation. The Mayor of Colombo agreed with the delegation that the goal is to serve the people in need.

### **Public health**

The visit to the Gampaha District presented key issues of Sri Lanka's current public health policies. This hospital has been chosen as a successful example of public health programs in the country. In 2006, Gampaha's maternal mortality rate was largely above the national average (60.7/10,000 LB compared to 44.3/10,000 LB). Since then, it has been continuously decreasing and is now at 19.1/10,000 LB. The Gampaha District has also been particularly innovative with the establishment of Family Medical Clinics (FMCs) in 2011. In fact, 87.5 per cent of Gampaha's major hospitals have now established FMCs which better serve the patients' needs. The result is a considerable reduction in waiting times and a significant increase in the patients' privacy

through the use of individual consultation rooms. The delegation then visited a preventative health centre for pregnant women in order to see how confidentiality in medical consultations is implemented.

### **Development Cooperation**

The World Bank and the IMF are one of Sri Lanka's oldest development partners and cooperate with donor countries and other donor institutions in order to ensure economic growth in Sri Lanka. Sri Lanka joined the IMF in August 1950 and more recently the IMF has been very active in Sri Lanka, particularly in the post-conflict scenario. For the World Bank, the main development challenge is that Sri Lanka is progressively becoming a middle income country. The current economic development goal of the President of Sri Lanka Mahinda Rajapaksa is to double the per capita income. Five different issues are key in reaching this goal: inclusive growth, foreign direct investment, innovation (R&D), the youth and Sri Lanka's capacity to ensure consistent policies. The World Bank and the IMF engage in a constant dialogue with donors and the private sector in order to achieve long-term inclusive economic growth. The members of the delegation particularly recommended for Sri Lanka to creating an effective pro-business environment through shortened legal and regulatory procedures to set up a company and to encourage the use of English language in primary, secondary and tertiary education in order to promote business relationships and international cooperation.

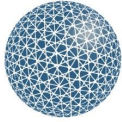
### **Good Governance Parliamentary Cooperation with Civil Society**

The delegation discussed with the Deputy Speaker of Parliament, other local Members of Parliament and local civil society organizations how to increase civil society participation in the legislative process. Particularly, they focused on media control in Sri Lanka and how to ensure an efficient

separation of powers and checks & balances. The delegation concluded that Members of Parliament have to continue to exercise their primary role in the oversight of the budget. In fact, MPs do have

an increased role in providing transparency to their respective electorate by continuously monitoring implementation and performance of government policies and programmes.





### **Azerbaijan's traditional role as an energy supplier**

Since the 19th century Azerbaijan had become a remarkable energy supplier. Oil wells were established and operated in Baku as early as in the 1840s. Azerbaijan, Kazakhstan, Russia and Turkmenistan were the only countries among the former Soviet republics that were considered to be self-sufficient in producing petroleum. However, during the aftermath of the breakup of the Soviet Union, petroleum production declined dramatically and only foreign direct investment starting in 1998 was able to provide new financial opportunities and capital to redevelop Azerbaijan's oil sector. By the end of 2002, 33 companies in 15 foreign countries had signed agreements to develop over 20 major oil fields in Azerbaijan. However, as of 2003 major disputes over off shore oil rights in the Caspian Sea continued to impede efficient development of these oil reserves.

### **The EU and the Southern Gas Corridor**

Today, the European Union (EU) is considered one of the world's largest importers of oil and gas. In fact, it buys 82 per cent of its oil and 57 per cent of its gas from third-party states. This is projected to rise to over 90 per cent of its oil and over 80 per cent of its gas over the next 20 years. Russia's importance as one of the EU's main suppliers is not a secret, but concerns about the reliability of those supplies were underscored in 2007 when shipments of Russian oil via one of the pipelines running through Belarus were disrupted by a troubling trade dispute between the two former Soviet republics. In addition, other contractual disputes between the Ukrainian government and Russian energy Gazprom have made conventional transit routes potentially risky. Consequently, the

EU's focus on energy security and the security of energy transportation became a more serious concern. The Southern Gas Corridor is today considered as one of the European Commission's main initiatives to diversify routes and the supplier base. The project is aimed at ensuring gas supply from Caspian and Middle Eastern regions to Europe. The European Union has identified a number of partner countries for this initiative, including as Azerbaijan, Turkey, Georgia, Turkmenistan, Kazakhstan, Iraq, and Egypt. In addition, Uzbekistan and Iran could represent a further potential supply source for the EU, once their respective political situations are considered to be more stable. Azerbaijan and the EU both confirmed the importance of the Southern Corridor and its contribution in reaching the common objective of energy security and the security of energy transportation from the Caspian Sea to the EU.

### **The Trans-Caspian Pipeline**

The Cooperation Council between the EU and the Republic of Azerbaijan held its thirteenth meeting on Monday 17 December 2012. During this consultation between the EU and Azerbaijan both sides confirmed their commitment to the negotiations with Turkmenistan on the construction of the Trans-Caspian Gas Pipeline, which is a proposed submarine pipeline between Türkmenbaşy on the Turkmen coast of the Caspian Turkmenistan and Baku in Azerbaijan. It will be then linked to the Southern Gas Corridor. Negotiations between Turkmenistan and the EU and other countries on the construction of the Trans-Caspian gas pipeline have been on-going since the late 90s.



### The Trans-Anatolian Pipeline (TANAP)

On Monday 17 December 2012, the Cooperation Council welcomed in particular the Azerbaijani Parliament's ratification in November of the bilateral agreements with Turkey signed on 26 June 2012 on the construction and operation of the Trans-Anatolian Pipeline (TANAP), as part of the Southern Energy Corridor. The issue on ratification of the bilateral agreement has thus been put up for discussion and passed in Parliament. The TANAP project envisages construction of the pipeline from the eastern border of Turkey to the country's western border. The idea is to supply gas from the Azerbaijani Shah Deniz gas field in the Azeri waters of the South Caspian Sea to Europe through Turkey. This would bring gas into Europe without having to traverse countries such as Russia, deemed to be politically unstable and unreliable. Gas which will be produced during the second stage of the Shah Deniz gas field development is considered as the main source for the Southern Gas Corridor projects. The Parliament's decision to ratify the TANAP agreement shows the concrete determination of Azerbaijan to bring its gas to Europe.

### EU support for Azerbaijan's energy policy

In order to support Azerbaijan's renewable energy and energy efficiency, the EU has dedicated a Budget Support Programme with an overall envelope of over AZN 14 million (ca. 13.5 million EUR) that was agreed upon between the EU and Azerbaijan. The first payment within this Energy Budget Support Programme equal to more than AZN 3 million (ca. 2.9 million EUR) was made in 2010. Following the progress, in particular, establishment of a fully operational State Agency dealing with Alternative and Renewable Energy Sources, the approbation of a Public Financial Management program, and drafting of the legislation on the use of renewable energies and energy efficiency, the payment of an additional AZN 3 million was made in April 2012. This second tranche follows the plan to develop a fully coherent, joined and transparent energy strategy with a work focus on renewable energy sources and their efficiency. The next payment is agreed to be made by the end of 2012. Accordingly, the program will help Azerbaijan to diversify its energy resources and to counterbalance the effects of climate change, while bringing more revenues for the country and creating new employment opportunities.





## Turn Down the Heat: Why Tackling Climate Change Matters for Development

By the World Bank

*“Lack of action on climate change threatens to make the world our children inherit a completely different world than we are living in today. Climate change is one of the single biggest challenges facing development, and we need to assume the moral responsibility to take action on behalf of future generations, especially the poorest.”* World Bank President Jim Yong Kim, November 19, 2012

### Background

[Turn Down the Heat](#), a snapshot of the latest climate science prepared for the World Bank by the Potsdam Institute for Climate Impact Research and Climate Analytics, says we are on a path to a 4 degree Celsius (7.2°Fahrenheit) warmer world by the end of this century under current greenhouse gas emissions pledges. Consequences could be devastating:

- the flooding of coastal cities;
- increasing risks for food production, potentially leading to higher under and malnutrition rates;
- many dry regions becoming dryer, wet regions wetter;
- unprecedented heat waves in many regions, especially in the tropics;
- substantially exacerbated water scarcity in many regions;
- increased intensity of tropical cyclones irreversible loss of biodiversity, including coral reef systems.

While all regions of the world would suffer – some more than others –the poor will suffer the most. The report notes, however, that a 4°C warmer world is not inevitable and that with sustained policy action warming can still be held below 2°C (3.6°F).

### How we are helping

The World Bank believes that a 4 degree Celsius warmer world can, and must be, avoided. The problem of climate change needs to be tackled more aggressively and requires a response that puts the world on a new path to climate smart development and shared prosperity. Greater adaptation and mitigation efforts are essential and solutions exist.

The World Bank isn’t waiting. At their request, the World Bank is helping 130 countries take action on climate change: from replacing 45 million inefficient light bulbs in Mexico, to providing solar energy for 1.4 million homes in Bangladesh, to supporting 7.8 million rural inhabitants in Ethiopia through safety nets in response to droughts. Last year, all Bank Country Assistance/ Partnership Strategies addressed climate resilience.

The World Bank works with countries to assess and manage risks from climate change and provides analytical guidance:

- The Pilot Program for Climate Resilience, a dedicated fund of almost US \$1 billion under the Climate Investment Funds (CIFs) prioritizing vulnerable least-developed countries, provides grants and near zero interest concessional loans to 17 countries for a range of activities to adapt to climate change: improving agricultural practices and food security, building climate-



resilient housing, and improving weather data monitoring.

- Recent work helps policy-makers deal with additional uncertainty that is created by climate change. For example, pilot studies are underway on flood risks in Ho Chi Minh City, Vietnam and on how to make infrastructure like irrigation systems and hydropower resilient to changes in climate in Africa.
- Information portals such as the Climate Knowledge Portal, the Climate Finance Options Platform, and the Green Growth Knowledge Platform - a common initiative with OECD, UN Environment Programme, Global Green Growth Institute- provide cutting edge information, analysis, and tools on climate change.

To act effectively on climate change, many sources of funding are needed and innovation is necessary to fill the large financing gap: Providing financing for climate change is a priority for us.

- In 2012, the World Bank lent \$7.1 billion in support of actions to mitigate climate change and \$4.6 billion for adaptation. Our adaptation lending doubled from 2011 to 2012. The CIFs have \$7.2 billion pledged for 48 countries, leveraging \$43 billion in investment from other sources to increase investments in clean energy, and adaptation especially for low income countries. For example, enabled by the CIFs, Algeria, Jordan, Morocco, and Tunisia are developing a 1 gigawatt Concentrated Solar Power plant which, once completed, will be the largest CSP plant in the world

and is expected to drive down costs of solar technology. And we are working through markets: as pioneers of Carbon Finance, we have raised \$3 billion through 13 funds and facilities operating in 70 countries since 2000.

- We have issued over \$ 3.3 billion in Green Bonds through 17 currencies. Green Bonds provide an opportunity to invest in projects that address climate change while giving good return on investment and benefiting from AAA ratings.

The World Bank has made a clear choice in favour of supporting developing and emerging market countries investing in renewable energy and energy efficiency.

- In 2012, the World Bank Group approved a total of \$3.6 billion in financing for renewable energy, a record 44% share of its annual energy lending of \$8.2 billion. The energy efficiency portfolio rose from \$3.0 billion over 2006-08 to \$5.0 billion in 2009-11. The World Bank Group is closely involved in the Sustainable Energy for All initiative.

Our work on Climate Smart Agriculture focuses on a triple-win: carbon sequestration, food security and climate resilient livelihoods. The Bank is assisting cities to help build climate resilience and reduce greenhouse gas emissions.



## Uganda's Speaker Urges WB/IMF to Market Parliamentary Network Much More

By the World Bank

KAMPALA, October 11, 2012 --The Speaker of Uganda's Parliament, Rt. Hon. Rebecca Kadaga has called on the World Bank and IMF to support the Parliamentary Network's Uganda Chapter so that it's effective on advocating for development programs.

The Speaker made the remarks during a meeting on October 11, 2012 with Philippe Dongier, Country Director for Tanzania, Uganda and Burundi; and Moustapha Ndiaye, Country Manager for Uganda who had paid a courtesy call to the Speaker's office to discuss how to strengthen World Bank engagement with Parliament to achieve development effectiveness.

"The forum [PN] was very effective and vocal in the previous 8th Parliament, and now will need to be marketed much more in the 9th parliament so as to get as wide a membership as possible. I will support you in this but I also want you to support them [PN members] to market the forum in this new Parliament," she said.

The meeting which was also attended by Mr. Dison Okumu, Director Planning and Development Coordination Office and the Hon. Geoffrey Ekanya, the new Chairman of the Parliamentary Network on the World Bank and IMF Uganda Chapter.

The Speaker thanked the World Bank for supporting Uganda over the years and for finalizing the Bujagali Hydropower Project, which has alleviated the power shortages in Uganda. "I wish to congratulate you on finalizing the Bujagali Hydropower Project which is not far from my constituency. I want to encourage you to make speedy investments to attract greater private

sector participation and wake up the economy," she said.

The Speaker also expressed concern about youth unemployment in Uganda which she said could easily become a destabilizing factor. She asked the Bank to support the country to create the conditions for more jobs especially for the young, productive population.

Among the key issues discussed was how Parliament can help expedite project approvals in order to ensure development effectiveness. The Speaker advised the Bank to involve Parliament early at concept stage for inputs into the design of projects.

The Chairman of the PN Uganda Chapter, Hon. Ekanya said there was need to formalize a process by which all World Bank Project Information Documents are formally tabled on the floor of parliament so that by the time the credits go for approval, the MPs are well versed with them.

"We hope to work with the World Bank and IMF to see how rules of procedure can be formalized to allow tabling of World Bank documents before the floor of parliament, but also we shall need to educate the new parliamentarians on the process by which World Bank and other development assistance is approved and utilized," he said

The Country Director, Philippe Dongier, asked the Rt. Hon. Speaker to consider approval of the whole World Bank program in one tranche rather than a loan by loan method which was ineffective. "We want you to consider this but of course without compromising the level of scrutiny of the support we offer," he said.



## Asian Financial Integration: West Could Learn Lessons from Asia, Says IMF Chief

IMF Survey online

Addressing the Malaysian Economic Association in a packed session in the Malaysian capital, Kuala Lumpur, during her first visit to the country as head of the IMF, Lagarde said that in the face of slowing growth, the United States and Europe had “a special responsibility to act.”

“The West can learn from Asia’s own brush with crisis in the 1990s,” said Lagarde.

“Asia’s economic foundations became safer, sounder, and more resilient—but still open to the world and open for business. This has important lessons for the advanced economies currently facing severe challenges,” she said.

### Greater intra-regional cooperation

In Lagarde’s speech on “Asia and the Promise of Economic Cooperation,” the IMF head told the audience at Malaysia’s central bank auditorium that Asia could also enhance its own economic strength through greater intra-regional cooperation.

The IMF head pointed to the fact that more than 90 percent of cross-border portfolio investment flows in the region covering the Association of Southeast Asian Nations were with advanced economies outside Asia. “Asia—with its current account surplus—is simply not investing enough of its savings in itself,” she said.

Lagarde said that Asia had already made great strides in trade integration. Over the past decade, trade within Asia has tripped and regional trade among emerging Asia has grown even faster.

The IMF chief added that the region could benefit from greater financial integration. This could boost

domestic demand—partly by making it easier for small business to gain access to credit. It could make economies safer by allowing more insurance against volatility and adverse developments.

Lagarde said that greater integration also made it imperative to pursue inclusive growth. “In a more integrated world, it is sometimes too easy for people to get lost or forgotten. In such a world, it becomes even more important to make sure that growth benefits everyone,” she said.

### Benefits of financial integration

Greater financial integration could help promote more spending on health and education, improve pension and unemployment schemes, help raise minimum wages, and improve access to financial markets, she said.

Lagarde acknowledged that greater financial integration came with greater risks, but “economic management is the key.”

The IMF chief pointed to measures that could mitigate the greater risks produced by financial integration including tighter conditions for housing loans, or the greater use of global rules such as Basel III reforms—the recently agreed global regulatory standard on bank capital adequacy, stress testing, and market liquidity risk.

Lagarde highlighted the benefits that capital flows could deliver, but said “they can also overwhelm countries with damaging cycles of crescendos and crashes.” “In other circumstances, temporary capital controls might prove useful,” she said.

### Asia’s increasing policy cooperation

The IMF head also praised Asia's increasing policy cooperation in the global arena, pointing to the example of the Chiang Mai Initiative—the multilateral currency swap arrangement among the 10 members of the Association of Southeast Asian Nations, China, Japan, and Korea.

Echoing the words of Tunku Abdul Rahman—Malaysia's father of independence—"Our future depends on how well many different kinds of people can live and work together," Lagarde said Asia understood the need for cooperation and collaboration at both the regional and global level.

Asia is also playing an increasingly important role within the IMF. When the current round of governance reforms is completed, emerging markets and developing countries will see a 9 percent increase in quotas, while China, India, and Japan will be among the IMF's top 10 shareholders.

#### **Asia's contribution to increased IMF resources**

Lagarde gave the speech at the end of a day of meetings with top Malaysian officials including Prime Minister and Minister of Finance Mohammad Najib Abdul Razak, Bank Negara Malaysia Governor Zeti Aziz, and Minister of Finance II, Ahmad Husni.

During her stay in the Southeast Asian country, Lagarde paid tribute to Malaysia's recent contribution to the IMF's increased resources. Another contributor nation was the Philippines—her second port of call after Malaysia.

#### **IMF Managing Director Christine Lagarde Visits**

the Economic Transformation Program—and its vision of bringing Malaysia to advanced country status by 2020.

"The Malaysian authorities also recognize that policy initiatives in a number of areas can further enhance the quality and equity aspects of growth.

#### **Malaysia, Meets Prime Minister Najib**

Ms. Christine Lagarde, Managing Director of the International Monetary Fund (IMF), made the following statement today in Kuala Lumpur at the conclusion of her visit to Malaysia:

"I am delighted to be here in Asia and to have the opportunity to visit Malaysia, my first visit since my appointment as Managing Director of the IMF. I have been greatly impressed by this country's resilience, dynamism, and optimism about the future.

"I had the pleasure to meet Prime Minister and Minister of Finance Dato' Sri Mohd Najib bin Tun Abdul Razak, Finance Minister II, Dato' Seri Ahmad Husni Mohamad Hanadzlah, Bank Negara Malaysia Governor Zeti Akhtar Aziz, as well as other senior officials. I also met with Malaysia's business leaders, including outstanding women leaders. And I spoke at the Global Public Lecture, hosted by the Malaysia Economic Association, on the topic of increasing regional economic cooperation in Asia.

"We had fruitful discussions with the Malaysian authorities on recent global economic developments, the challenges facing the region, and how economic policies can help Malaysia to respond to changing global economic conditions

"I congratulated Prime Minister Najib and his colleagues on their skillful and pragmatic economic management and continuing robust growth. Great credit is due also to Governor Zeti and the Bank Negara Malaysia. I am impressed by the government's long-term economic strategy—

Such reforms would focus on improving the business climate, enhancing competition, upgrading workers' skills, and creating even more economic opportunities for all Malaysians. "Finally, I also welcomed Malaysia's support for the IMF, including for our governance reforms, and for strengthening the IMF's resources, which

will ensure that emerging Asia has a strong voice at the IMF and a stronger partner to help respond to future crises.

“I would like to express my great appreciation to the authorities and the people of Malaysia for the gracious hospitality extended to me during this visit. On behalf of the IMF, I look forward to our continued strong partnership.”

The Malaysian Economic Association was founded in 1962 by professional economists from the University of Malaya, the public sector and industry. The Association's objectives are to stimulate public interest in economics, to encourage the study and discussion of economic problems with special reference to Malaysia. To provide means for persons interested in economics to exchange ideas, to issue an economic review and other publications. to undertake such economics activities as the Association deems appropriate for the furtherance, promotion and execution of its aforesaid objects.

The Association is affiliated to the Federation of ASEAN Economics Association (FAEA) and International Economic Association (IEA).

Website: <http://www.pem.org.my/>

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## World Bank Events

**World Bank Core Course on Pensions 2013**: April 1 – April 12, 2013, Washington D.C.: This two-week "core course" aims to provide participants with an in-depth understanding of the conceptual and practical issues involved in the design and implementation of pension and social security systems. Participants will have the opportunity to present and discuss challenging issues concerning pensions and social security in their own country, and work toward solutions with other participants and experts.

<http://go.worldbank.org/WTMK5UXPY0>

## IMF Events

**Call for Papers: Macroeconomic Challenges Facing Low-Income Countries** December 12-13, 2013, Washington D.C.:

The conference, sponsored by the IMF and funded by the UK Department for International Development, aims to provide a forum for discussing innovative theoretical and empirical research on the key macroeconomic challenges facing low-income countries, and to facilitate the exchange of views among researchers and policymakers. The papers should shed light on how such macroeconomic challenges operate in practice, and how they interact with each other, especially in terms of their effect on growth, macroeconomic stability, and resilience to shocks. The deadline for submission is **1 February 2013**.

<http://www.imf.org/external/np/seminars/eng/2012/lic/index.htm>

## World Bank Group/IMF Spring Meetings 2013

April 19-21, 2013, thousands of government officials, members of the private sector, journalists, civil society representatives and other interested observers will gather in Washington D.C. for the Spring Meetings of the IMF and World Bank. Progress on the work of the IMF and World Bank will be discussed within the joint World Bank-IMF Development Committee and the IMF's International Monetary and Financial Committee. The event encompasses different seminars, regional briefings, press conferences, and many other events focused on the global economy, international development, and the world's financial markets. MPs interested in participating in the Spring Meetings can contact [secretariat@pnowb.org](mailto:secretariat@pnowb.org).

## A Parliamentary Network publication...



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