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## **The Parliamentary Network Review**

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# Chairman's Foreword

**Jeremy Lefroy, United Kingdom**

Chairman, The Parliamentary Network on The World Bank & International Monetary Fund

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I have just returned from a visit to Lebanon and Jordan with the UK's international development committee to look at the response to the Syrian refugee crisis.

The scale of this man-made tragedy is enormous. Nine million Syrians out of a population of some 22 million have either been displaced within the country or are refugees in four of the neighboring states – Lebanon, Jordan, Iraq and Turkey. Lebanon alone, with a population of four million, now has more than one million refugees and the number increases daily.

The countries which are hosting refugees have given them an amazing welcome. What Western European country would accept with little complaint an influx of refugees equivalent to a quarter of its own population? They in turn deserve the full support of the international community as they work with the UN agencies and NGOs to look after the needs of those fleeing from a conflict, described to me by one UN official, as the most barbarous she had ever seen.

There is not simply the question of supplying food, clothing, shelter and healthcare. Just as important is the education of hundreds of thousands of children. By the end of this year, one estimate is that there will be 700,000 Syrian school-aged children in Lebanon. There are already 85,000 Syrian children in Lebanese state funded schools. The aim is to raise this to 200,000 using a 'second shift' – with the same buildings be used effectively to host two schools, in the morning and the afternoon. All this is vital to prevent a 'lost generation' of Syrian children emerging. But at the same time the standard of education for Lebanese children must be maintained.

So what does this have to do with the World Bank, given that it is a humanitarian crisis in a middle income region? A great deal.

Firstly, there is no sign of the Syrian conflict coming to an end, however much we hope and pray for that. That is not to let the international community off the hook – not nearly enough has been done to try and resolve the conflict or at least to negotiate measures such as safe havens within Syria which might go some way to alleviating the suffering.

But, even if that happened, millions of refugees are likely to remain outside the country for a considerable time. This is not just a short-term emergency but a medium-term development challenge. The capacity of the host countries must be supported. Lebanon in particular is very fragile. I therefore welcome the World Bank's agreement to the government's proposal of a Multi Donor Trust Fund for Lebanon and urge states to contribute generously to it. Parliamentarians have a key role to play in persuading their own countries to do so – and to similar initiatives in other states which host refugees.



*Jeremy Lefroy MP (center), UK parliamentary development committee chairman Sir Malcolm Bruce MP (left), together with committee member Sir Tony Cunningham MP, enjoy a football kickabout with young Jordanians and Syrians. This artificial pitch was funded by the people of the UK and is near the refugee camp of Zaatari in Northern Jordan, with its population of more than 100,000. The hospitality and welcome given to refugees by Jordan, Lebanon, Turkey and Iraq is generally outstanding.*

Secondly, the sheer scale of the cash required to pay for the humanitarian work in and around Syria will reduce the amount of money available for longer-term development, whether through the World Bank or other organisations, unless wealthy countries increase their aid. At Gleneagles in 2005, EU member states pledged to reach an aid target of 0.7% of GDP by 2015. We are 9 months from 2015 and many EU states are far away from fulfilling that pledge. Again, parliamentarians have an important role to play in holding their governments to account on this pledge.

Finally, it shows how important it is for organisations concerned with humanitarian aid and development to work closely together. I was impressed by the determination shown by staff of the World Bank, UN agencies, donors and NGOs to cooperate. When faced with a human tragedy on this scale, every cent must be used as effectively as possible.

In the Syrian crisis, there is no clear line to be drawn between humanitarian assistance, reconstruction and development. All are necessary now. The World Bank must play an urgent and substantial role. I have seen that it is ready and willing to do so.

## Editor's Introduction

I would like to express my deepest gratitude to the authors of this year's second issue of *The Parliamentary Network Review*.

This publication, previously titled *The Parliamentary Network News*, has been renamed *The Parliamentary Network Review* to better reflect its content as well as the needs and expectations of its readership.

This issue of *PN Review* addresses various critical development issues around the globe and explores viable solutions and the possibility of further PN involvement. In "The Parliamentary Network and Some Critical Issues in Development," MP Yusuf Ziya Irbec of Turkey offers a thorough analysis of today's various development concerns, including population growth, shortages of food, energy and water, and climate change, and argues for the importance of agriculture in solving many of these challenges. MP Göran Pettersson of Sweden has provided a brief update on the Policy Seminar on Emerging Europe organized by the PN in collaboration with the Joint Vienna Institute early last month, during which future development of Central and Southeastern Europe was discussed. In "Sound Policy Design: The Efficient Way to Reduce Inequality," International Monetary Fund deliberates on the trend of growing inequality across the world and the importance of designing redistributive measures with efficiency in mind.

Both MP Ioannis Kefalogiannis of Greece and MP Andrej Šircelj of Slovenia deliberate on the state of the economy of their respective countries. MP Kefalogiannis, in "Turning the Tables: Greece's Efforts at Recovery," describes Greece's struggle during the Eurozone crisis and examines the prospects for its recovery. In "Important Financial Challenges Facing Slovenia," MP Šircelj explains Slovenia's dire economic situation since 2008 and calls for debt reduction measures and structural reforms in the financial and labor markets to reinvigorate the economy.

In "The World Bank in the Southern Iraqi Marshlands," Baroness Emma Nicholson of the United Kingdom outlines the support in training, outreach and health assistance that the partnership with the World Bank has provided to the Marsh Arabs. Lord Jack McConnell of Scotland, in "100 Days Since Yolanda," shares his reflections on his recent visit to the typhoon-hit Philippines and argues for inclusion of disaster risk resilience measures in the post-2015 development goals. Senator Jocelerme Privet's "Parliamentary Action and Democracy in Haiti" discusses the present and the future of Haitian democracy and the importance of parliamentary check on government.

The next issue of *PN Review* will be published in May. If you would like to submit an article for consideration or should you have any inquiries concerning the publication, please do not hesitate to contact me at [enoh@princeton.edu](mailto:enoh@princeton.edu) or Junior Program Officer Albert Orta Mascaro at [jpo1@pnwb.org](mailto:jpo1@pnwb.org). Any ideas or suggestions for improving the publication will also be greatly appreciated.

Eu Na Noh

Editor, *The Parliamentary Network Review*

# The Parliamentary Network & Some Critical Issues in Development

Yusuf Ziya Irbec, MP & Member of PN Executive Board, Turkey

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## IMF, Parliamentary Network, and JVI on Emerging Europe



The International Monetary Fund and the Parliamentary Network on the World Bank and the IMF, in collaboration with the Joint Vienna Institute, hosted the Policy Seminar for Parliamentarians on Emerging Europe for Members of Parliaments from the Central and Southeastern Europe from February 5<sup>th</sup> to 8<sup>th</sup> in Vienna, Austria.

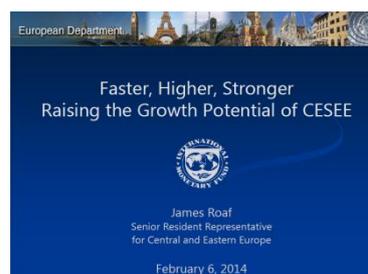
The chief objective of the seminar was to increase mutual understanding of selected economic issues by country parliamentarians and the Fund staff. Topics discussed included IMF engagement in Emerging Europe (discussed in sessions organized by European resident representatives) and the economic challenges facing Europe in job creation and promoting growth.

15 parliamentarians were invited as participants from the Central and Southeastern Europe. The seminar also focused on examining regional trends and discussing a Fund-supported program in one of the countries represented. These presentations offered useful materials for MPs and deepened their knowledge of key macroeconomic issues that are relevant to their work.

The sessions also informed the MPs of the IMF's mandate and governing structure as well as the institution's integration of its instruments and policies to serve the specific needs of its member countries. The seminar provided an overview of the IMF's Dialogue and emphasized the MPs role in expanding outreach to fellow legislators and informing them of the functions of the IMF in economic and financial decision-making.

The IMF and Emerging Europe session provided an overview of the involvement of the IMF in Europe, past developments and reforms, including an overview of their advice given in the aftermath of the global financial crisis and specific challenges facing Eastern European countries.

Other sessions explored the following topics: the implications of the turmoil in emerging markets of Central, Eastern, and Southeastern Europe, the importance of raising the growth potential of the region's countries, and the macroeconomic outlook for the region in light of the latest global economic and



financial developments.

A session was dedicated to the issue of job creation and growth in Europe. Since the peak of the Global Financial Crisis in 2008, growth has been stunted across most of Europe. Unemployment, especially among young people, has reached unprecedented levels in most of the European nations. Thus, the main long-term challenge has become undertaking the reforms that are needed to address structural weaknesses in product and labor markets, financial markets, and Europe's institutional frameworks.



Policy Seminar for Parliamentarians  
Kosovo Case Study  
JVI  
Jose Sulemane  
Resident Representative for Kosovo  
February 7, 2014

Discussions of IMF related issues during the seminar were mostly interactive with resident representatives and mission chiefs discussing their country programs. The closing European Case Studies Session was arranged for all the

MPs who were invited to the seminar to share their insight and experiences, and to identify areas where their work in parliament can contribute to advancing sound economic policies.



Participants of *The Policy Seminar for Parliamentarians on Emerging Europe for Members of Parliaments from the Central and Southeastern Europe* pose for a group photo.

All the subjects on the agenda were reviewed, and the seminar accomplished its intended

objectives, which were both to inform the MPs of PN's expectations and identify potential areas for growth.

## **IMF's Vision for the 21<sup>st</sup> Century**

Ms. Christine Lagarde, Managing Director of International Monetary Fund (IMF), was invited to deliver this year's BBC Dimbleby Lecture on February 3<sup>rd</sup> in London. Titled "A New Multilateralism for the 21<sup>st</sup> Century,"<sup>1</sup> her speech was remarkable in many ways. It summarized the main pressure points that are expected to dominate the global economy in the years to come. It began by looking back for the clues in the past to better understand the future. Advancement in modern technology seemed to promise improved quality of life, but this hope was crushed by the two world wars and the Great Depression that followed.

By the end of the Second World War, Europe's economy was in ruins. To reconstruct the global economic order, 44 nations gathered at Bretton Woods. That meeting gave birth to the United Nations (UN), the World Bank (WB), and the IMF. Since then, with sound global governance, people around the world have enjoyed unprecedented economic and financial stability as well as better quality of life.

Today, the global economy is changing beyond recognition as we move from the industrial age to the hyper-connected digital age. Stronger trade and financial connections bring tangible benefits to millions of people through higher growth and greater convergence of living standards. As the global power shifts from the West to the East and from North to South, the emerging markets and developing economies are rapidly rising. They account for about half of the world's GDP and are expected to account for two-thirds within the coming decade.

By 2030, about 60% of the world's population is expected to live in cities. Our interconnected global village's middle class could top 5 billion, up from 2 billion today. These people will inevitably demand higher living standards, as well as greater freedom, dignity, and justice. Our world will be a more diverse one of increasing demands and more widely dispersed power. In such world, it could be much harder to get things done, to reach consensus on issues of global importance.

From the demographics point of view, there is a serious potential long-term threat ahead, and over the next three decades, the world's population is expected to grow both in size and in age. In 30 years time, there will be about two billion more people on the planet, including three quarters of a billion people over the age of 65.

The change in demographics will differ geographically. While aging Europe, China, and Japan are expected to shrink, Africa and South Asia's young populations are expected to be increase dramatically. In terms of population, the coming decades will most likely show that aging India will overtake another aging China, and Nigeria will surpass the United States. This change may very well create problems on both ends of the demographic spectrum for

youthful and aging countries.

Another obstacle is environmental degradation. With the increase in world population, our natural environment will eventually reach its limit. One can expect water, food, and energy crisis in the near future. By 2030, almost half of the world's population is expected to live in high water stress or shortage areas. Estimates suggest maize production in sub-Saharan Africa will be reduced 60% by the 2030s. This will negatively affect not only African people but also the rest of the world. The world moves pretty fast to that conclusion unless we all try to turn the course now.

Climate change is another important issue in relation to efforts to achieve food security. We must invest in low-carbon technologies and alternative energy sources, such as wind, solar, and sea currents, and adjust the current energy prices. No country can combat climate change alone. Combating climate change requires a new kind of 21<sup>st</sup> century cooperation, concerted efforts of all global stakeholders working together – governments, cities, corporations, civil society, and individuals.

There is one more important problem that must be addressed: social and economic inequality. The IMF works on this particular issue and knows that the fiscal system may help reducing inequality through careful design of tax and spending policies.

Ms. Lagarde's speech ended with deliberations about how to manage those pressure points and where to look for the solutions. In order to overcome the development challenges facing us today, we must remember our responsibility to humanity and renew our commitment to international cooperation.

## **Demographics, Energy, Climate Change, Drought, and Famine Cycle**

As the Cold War ended with the disintegration of the Soviet Union in 1991, new hopes emerged for a better future as the world's ideological differences were narrowed. The great advances in technology were expected to improve political and economic environments and help promote peace and economic developments in the new era. But this was not the case. Famine caused by drought that once seemed to be only Africa's problem is now becoming a serious matter in many other parts of the world as the world population rapidly increasing.

Today, millions of people in various parts of the world are desperate for food and water. Although drought is mainly a natural phenomenon, the UN has expressed the fear that droughts in some parts of the world would develop into humanitarian catastrophes. Children, especially the young ones under 5, are most vulnerable to malnutrition. At the same time, where there is drought, conflicts naturally emerge as it causes a severe food crisis and food prices skyrocket. On the other hand, conflicts can affect agricultural practices, food production, arable land use, and other social factors that intensify the effects of diminished rainfall that causes famine.

According to the World Food Program, the world produces enough to feed the entire global population of 7 billion people.<sup>2</sup> And yet, one person in eight on the planet goes to bed hungry each night. There are many reasons for the presence of hunger in the world and they are often interconnected. Most of them are already mentioned above, but some are summarized here:

#### *Poverty Trap*

In developing countries, farmers often cannot afford seeds, so they cannot plant the crops that would provide food for their families. They may have to cultivate crops without the tools and fertilizers they need. Others have no land or water or education. In short, the poor are hungry, and their hunger traps them in poverty.

#### *Lack of Investment in Agriculture*

Too many developing countries lack key agricultural infrastructure, such as enough roads, warehouses and irrigation. The results are high transport costs, lack of storage facilities and unreliable water supplies. All conspire to limit agricultural yields and access to food. Investments in improving land management, using water more efficiently and making more resistant seed types available can bring big improvements.

Research by the UN Food and Agriculture Organization (FAO) shows that investment in agriculture is five times more effective in reducing poverty and hunger than investment in any other sector.

#### *Climate and Weather*

Natural disasters such as floods, tropical storms and long periods of drought are on the increase – with calamitous consequences for the hungry poor in developing countries. In many countries, climate change is exacerbating already adverse natural conditions. Increasingly, the world's fertile farmland is under threat from erosion, salination and desertification. Deforestation by human hands accelerates the erosion of land which could be used for growing food.

#### *War and Displacement*

Across the globe, conflicts consistently disrupt farming and food production. Fighting also forces millions of people to flee their homes, leading to hunger emergencies as the displaced find themselves without the means to feed themselves. The conflict in Syria is a recent example. In war, food sometimes becomes a weapon. Fields are often mined and water wells contaminated, forcing farmers to abandon their lands.

#### *Unstable Markets*

In recent years, the price of food products has been very unstable. Roller-coaster food prices make it difficult for the poorest people to access nutritious food consistently. The poor need access to adequate food all year round. Price spikes may temporarily put food out of reach,

which can have lasting consequences for small children.

### *Food Wastage*

One third of all food produced (1.3 billion tons) is never consumed. It represents a missed opportunity to improve global food security in a world where one in eight is hungry. Producing this food also uses up precious natural resources that may be used to feed the planet. Each year, food that is produced but not eaten guzzles up a volume of water equivalent to the annual flow of Russia's Volga River. Producing this food also adds 3.3 billion tons of greenhouse gases to the atmosphere, with consequences for the climate and ultimately, for food production.

## **Agriculture is the Key to Development**

Every day conferences, meetings and seminars are held in various parts of the world with the hope of finding a solution to the world's aging and constantly growing population. As we passed the 7 billion mark just a short while ago, the next couple of decades will possibly see the population increase by another billion or more.

International institutions are trying to create coherent and effective solutions to the ongoing issues that affect us all, such as climate change, energy security, and international terrorism. When human factors such as rapid population growth coincides with the environmental factors such as drought, it results in water and food shortages and have long-term environmental and economic impact on all of us. It becomes a cycle and the problem keeps growing.

The world's leading economies invest heavily in the agriculture sector and naturally do not suffer like many parts of the world from famine and threats of starvation to death. Combined with factors such as secure water supply, human and monetary capitals, technology, energy, fertile lands and legal infrastructures, investment in agriculture will benefit many regions.

Agriculture must be supported by the think-tanks and lending international institutions and organizations as a way of responding to the food needs of the masses. Ensuring secure food supply is of utmost priority and in the midst of food crisis, other issues become secondary.

From the Western Balkans through Turkey, Caucasus through Iran and the Central Asia in the East, Northern Middle East (Syria, Iraq, Israel and Egypt), and the Eastern part of Mediterranean countries seem to have the most fertile, arable lands. Therefore, international institutions have to help and encourage the nations in this region to invest more in agriculture. International financial institutions ought to lend the best possible rate loans and even up to some extent, issue grants for new technology, energy sources and human capital. Agricultural developments all around the world must be on the top of our developmental agenda today.

### *The Agriculture and the USA*

The United States is one of the world's biggest producers, consumers, exporters and importers of agricultural commodities. Agricultural products make up about 10% of all exported US goods (US exports more than it imports). America's farmers and ranchers make an important contribution to the US economy by ensuring a safe and reliable food supply, improving energy security, and supporting job growth (21 million American jobs have their root in the US food and fiber industry)<sup>3</sup> and economic development. Also, the newer technologies the US enjoys comes from agriculture. For example, most of the new trucks on the highways are more fuel efficient than their predecessors. Agriculture is particularly important to the economies of small towns and rural areas, where farming supports a number of sectors, from farm machinery manufacturers to food processing companies.<sup>4</sup> Therefore, anytime the costs for a farmer to produce a crop go up (because of gas, higher taxes, and etc.), so do prices. The US agricultural industry is in fact an economic engine that fuels America and its people.

Economic Research Service estimates that, in 2012, each dollar of agricultural exports stimulated another USD 1.27 in business activity in 2012. The USD 141.3 billion of agricultural exports in 2012 produced an additional USD 179.5 billion in economic activity for a total economic output of USD 320.8 billion.<sup>5</sup>

### *The Agriculture and the Russian Federation*

As in the US, agricultural industry plays a crucial role in the Russian economy. The Gross Domestic Product (GDP) per capita in Russia was last recorded at USD 6,834 in 2012. The GDP per Capita in Russia is equivalent to 25% of the world's average. Agriculture accounts for 2% of the GDP.<sup>6</sup> The Russia's economy is the fifth largest economy in the world. The Russian economy is currently labeled a developing one by the International Monetary Fund and the World Bank.

### *Agricultural Developments in the Balkans*

During the past decade, Western Balkan countries have made remarkable progress in agriculture and rural development, yet the region still faces major challenges in improving economic performance, governance, and quality of life.<sup>7</sup>

Agriculture has been the backbone of the Western Balkans for centuries and has always played an important role in their societies. Heinrich Böll Foundation sponsored a study titled "Agriculture for Sustainable Development in the Western Balkans,"<sup>8</sup> which aims to help policy makers and other stakeholders in the four Western Balkan countries (Bosnia and Herzegovina, Croatia, Montenegro and Serbia) understand the potential positive impact of investing in and designing sustainable policies for the agriculture sector.

Agriculture industry is one of the most important sectors on the Balkans as more than half million employees are hired in this sector.<sup>9</sup> Even though food production in this region was

far from ideal in the beginning of 1990's, agricultural productivity in Bulgaria and Romania is now higher than the Eurozone average. Ongoing political, social and economic changes from the last decade of 20<sup>th</sup> century, and privatization and liquidation had negatively affected the sector in this region until the beginning of 21<sup>st</sup> century.

### *Agriculture and Turkey*

Turkey has been a fast-developing economy in the region for the last decade. It has a huge potential for development, taking into account the presence of vast undeveloped regions in the country.

Turkey's economy is defined as an emerging market economy by the IMF. Turkey is also one of the world's newly industrialized countries.<sup>10</sup> The country is among the world's leading producers of agricultural products, textiles, motor vehicles, ships, transportation equipments, construction materials, consumer electronics, and home appliances.

Turkey's GDP per capita was \$19,080 (PPP-Purchasing Power Parity) in 2013. Agriculture sector covers 8.9% of Turkey's GDP. 25.5% of Turkey's labor force is employed in the agriculture sector.

Turkey has been self-sufficient in food production since the 1980s. The agricultural output has been growing at a respectable rate. However, since the 1990s, agriculture has been in a state of decline in terms of its share in the total economy.

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<sup>3</sup> <http://www.thehandthatfeedsus.org/factsheets/EconomyFactSheet.pdf>

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<sup>7</sup> <http://www.eastagri.org/meetings/docs/meeting33/Common%20Agricultural%20Policy-final.doc>

<sup>8</sup> <http://www.greeneuropeanjournal.eu/sustainable-agriculture-as-a-path-to-prosperity-for-the-western-balkans/>

<sup>9</sup> [http://ageconsearch.umn.edu/bitstream/114705/2/Kopeva\\_Diana\\_604.pdf](http://ageconsearch.umn.edu/bitstream/114705/2/Kopeva_Diana_604.pdf)

<sup>10</sup> [http://en.wikipedia.org/wiki/Economy\\_of\\_Turkey](http://en.wikipedia.org/wiki/Economy_of_Turkey)

***Yusuf Ziya Irbec is a Member of the Turkish Parliament. He serves on the Executive Board of PN and the Executive Committee of The Parliamentarians for Global Action (PGA).***

# Policy Seminar on Emerging Europe

**Göran Pettersson, MP & Member of PN Board, Sweden**

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The Parliamentary Network, in collaboration with the Joint Vienna Institute, held a seminar on ‘Emerging Europe’ in Vienna, Austria from February 5th to 7th. The participants were members of their respective parliament’s budget and finance committees, and had been selected and invited to the event by local representatives of the IMF. Parliamentarian participation came from Albania, Kosovo, Moldova, Serbia, and Slovenia, as well as from the PN board (Yusuf Irbec of Turkey and myself). The participants were affiliated with different political parties and included members of both the ruling party and the opposition. IMF’s Karina Manasseh, James Roaf, Armine Khachatryan, Antonio Spilimbergo, Jose Sulemane, and Martin Schindler gave briefings on the ongoing IMF projects and the state of the world economy, and presented case studies from different countries. We had plenty of time to discuss and exchange our ideas and experiences. Among the many topics discussed were:

- Ways to give parliaments better access to IMF’s resources and experts
- Ways to increase parliamentarians’ knowledge of fiscal policy issues
- The importance of parliamentary action based on advice from the IMF in forestalling fiscal crises that would require IMF programs involving conditionality

I hope that we will be able to discuss these important topics further in *PN News* as well as in the coming spring meetings.

I was very happy to have been able to recruit seven new members to the PN and I hope they will take me up on the challenge and start local PN chapters in Albania, Kosovo, Moldova, Serbia and Slovenia.

You can listen to my podcast on this seminar by following this link:

[http://traffic.libsyn.com/dinledamot/Seminar\\_in\\_Vienna.mp3](http://traffic.libsyn.com/dinledamot/Seminar_in_Vienna.mp3).



[Left photo] Yusuf Irbec, Göran Pettersson, Andrej Šircelj, Norbert Funke, and Karina Manasseh in lively discussions (names listed from left to right).

***Göran Pettersson is a Member of the Swedish Parliament and serves on the PN board.***

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## Sound Policy Design: The Efficient Way to Reduce Inequality

International Monetary Fund

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- Inequality growing across many regions in the world
- Fiscal policies can help countries reduce inequality
- Redistributive policies should be designed with efficiency in mind

To support sustainable economic growth, redistribution should be carried out with fiscal instruments that achieve distributional objectives at a minimum cost to economic efficiency.

Growing inequality in recent years has put increased pressure on fiscal policy to redistribute income. While the question of just how much redistribution the state should carry out, in the end, rests with national governments, the design of the policies themselves has a critical bearing on their effects on efficiency and growth.

The design of these growth-friendly, efficient redistributive fiscal policies is addressed in a new IMF staff [paper](#) on fiscal policy and income inequality. This study is just the latest look by IMF staff at how inequality affects growth. A [paper](#) by IMF research staff released last month also examined this connection.

Assessing the effect of tax and spending policies on efficiency, along with how they affect distributional goals, has long been a component of the IMF's policy advice to member countries in the context of its technical assistance. In IMF lending programs, a common concern is how to design fiscal policy measures in a way that is consistent with the authorities' distributional objectives. The paper brings together the extensive experience of the IMF across these areas.

“When it comes to fiscal redistribution, design matters,” said IMF First Deputy Managing Director David Lipton. “Redistribution, if poorly designed, or pushed too far, can be distortive, but some redistributive fiscal policies can in fact help improve efficiency and support growth, such as those that enhance the human capital of low-income households.

### **Trends in inequality**

Over the last three decades, inequality has increased in most countries. While the level of inequality has declined in Latin America and sub-Saharan Africa recently, what is striking are the persistent differences across regions, with Latin America still having the highest inequality and the advanced economies having the lowest.

More recently, there has been attention to the rising share of top income earners. The paper suggests that the trends across countries appear mixed. In some economies, such as the United States and South Africa, the share of the top one percent has increased dramatically in recent decades. In continental Europe and Japan, it has been largely unchanged. There are differing views on the causes of the rising share of the top one percent. Some emphasize the impact of globalization and new technologies, while others highlight policy choices, such as reductions in tax rates, and others the rent-seeking behavior of executives.

## **Country experience in using redistributive policy**

Around the world, countries have turned to various types of redistributive policies as a way to deal with inequality. The IMF staff paper finds that advanced economies, on average, have been able to reduce inequality by roughly a third through a combination of social transfers (e.g., welfare and pension benefits) and redistributive taxes (e.g., progressive income taxes). Other benefits, such as public spending on health, education, and housing, help further reduce inequality.

There is also evidence that an appropriate mix of measures can help offset the negative effects of fiscal adjustment on inequality. In about half of a sample of 27 advanced and emerging European economies that undertook fiscal adjustment during 2007–2012, inequality increased. However, in many of these cases, the increase was muted by the design of the measures. In two-thirds of the economies, fiscal measures led to either a decrease in inequality or at least partly offset the effect of growing inequality.

In developing countries, fiscal policy has played a more modest role. Tax revenues are much lower (as a share of national output) in developing economies, with the exception of emerging Europe. In terms of composition, taxes on consumption account for a much larger share, which tend to be less redistributive than taxes on income. Similarly, on the expenditure side, redistributive spending is much lower than in advanced economies, particularly for social protection spending.

The study also found that a larger share of social spending in developing economies benefits higher-income groups. With the exception of emerging Europe, the poorest 40 percent of the population receive less than 20 percent of the benefits of social protection spending. The coverage of social benefits, in terms of the percentage of poor households that receive benefits, is also low, except in emerging Europe and Latin America.

A similar situation exists for education and health spending. In many developing economies, the poorest 40 percent receive less than 40 percent of the total benefits. This is because the poor often do not have access to these services, which contributes to inequality of opportunity and low intergenerational mobility.

## Options for achieving efficient redistribution

According to the paper, there are four key considerations in designing efficient redistributive fiscal policy:

- First, redistributive fiscal policy should be consistent with macroeconomic policy objectives. The level of spending on redistribution, for example, should be consistent with macroeconomic stability; in addition, the benefits of additional spending on redistribution should be compared with the benefits of raising spending on other priority areas, such as infrastructure.
- Second, taxes and expenditures should be evaluated jointly. For example, an increase in value added tax (VAT) revenues, used to finance higher spending in primary education, could on net be progressive.
- Third, the design of redistribution policies should balance redistributive and efficiency objectives. Some redistributive policies may in fact enhance efficiency, such as those that strengthen human capital. But for some instruments there may be a tradeoff.
- Fourth, design should take into account administrative capacity.

Based on these principles, a range of reform options emerge that could achieve redistribution efficiently. On the tax side, some countries could consider making their income tax systems more progressive. For example, in economies where a flat rate is used, there may be scope for more tax progression at the top. Some advanced economies could also consider relieving low-wage earners from income tax or social contributions.

Generally, consumption taxes (such as the VAT) are an inferior way to efficiently achieve redistributive goals when compared against direct taxes. Because the rich generally spend more in absolute terms on necessities such as food or energy, they enjoy considerable benefits when these items are afforded exemptions or reduced rates. For these taxes, some governments could look at minimizing exemptions and special rates, in order to efficiently raise revenues to help finance pro-poor spending. Where capacity constraints prevent spending programs from reaching the poor, the case for some differentiation in VAT rates (e.g., for basic foods) can be strong.

On the spending side, governments could aim to improve access to education and health care services. According to the IMF paper, improving the access of low-income families to education is an efficient tool for boosting equality of opportunity, and over the long run, it can also reduce income inequality.

Along the same lines, improving the access of the poor to health care services in developing economies can help strengthen equality of opportunity in an efficient manner. In advanced economies, maintaining the access of the poor to health services during periods of constrained government spending is also consistent with efficient redistribution.

Such policies offer a “win-win” opportunity that can improve both equality and efficiency.

# Turning the Table: Greece's Efforts at Recovery

**Ioannis Kefalogiannis, MP, Greece**

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After six years in a devastating crisis, it is still very difficult to describe the exact situation in Greece. Less than two years ago, Greece was considered to be the Eurozone's Achilles' heel. It had become the epicentre of international attention as the country whose "sinful" past could singlehandedly capsize the entire Eurozone. Domestically, social turmoil arose, and extreme parties gained power. Recently, however, there are signs indicating that Greek economy has finally begun to recover, and optimism is rising in the Greek government about the nation's future. The European Commission, in its latest evaluation of Greece, reported that the recession in 2013 was slightly milder than expected, with 3.7% reduction of the GDP as opposed to the initial estimate of 4%. Furthermore, the Commission also predicts its economy to grow 0.5% in 2014 and 2.9% in 2015, and unemployment to decrease from 26.4% of 2013 to 25.7% in 2014. National debt is expected to be slightly reduced from 177.3% of the GDP in 2013 to 177% in 2014 and 171.1% in 2015.

In addition, according to the recent data released by the Bank of Greece, in 2013, our country has managed to achieve a surplus in its current trading balance for the first time since 1948. More precisely, the surplus rose to EUR 1.2 billion from deficit of EUR 4.6 billion in 2012, EUR 20.6 billion in 2011, and a record deficit of EUR 34.7 billion in 2008, which was largest deficit incurred in 17 years. Greece has managed under the most extreme conditions to make a EUR 35.9 billion adjustment in just 5 years.<sup>1</sup> Furthermore, Greece's primary budget surplus for 2013, which does not take into account interest payments, exceeded EUR 1.5 billion, although the original target did not include any surplus. Other encouraging signs include the latest World Bank report that finds that between June 2012 and June 2013, Greece surpassed all economies globally in closing the gap towards global best practices in starting a business. Greece made starting a business easier and jumped 110 ranks, from the 146th place in 2012 to 36th in 2013, by introducing a new type of limited liability company (IKE) with a streamlined registration process and abolishing its minimum capital requirement. It might be too early for celebrations, but one cannot dismiss the fact that Greece has introduced and implemented a great number of structural reforms in less than two years. It is therefore not mere chance that Greece currently has the largest structural primary surplus in Europe, approximately 6% according to OECD statistics.

For those that are still skeptical, I would like to point out the sacrifices that the Greek people had made in order to ensure our end of the deal. After six consecutive years of recession, the average standard of living decreased 38% from the 2007 level. Unemployment rose from 7% to 27%, hitting our youth the hardest, the youth unemployment reaching 60%. Social unrest and political upheaval ensued, and the GDP shrank considerably. What the hard-won success of Greece indicates is that we can no longer strain the economy and the Greek people with austerity measures. We need to find ways to reverse bad practices and trends by investing in sustainable development that will allow Greece to finally exit the crisis and regain its place

among its fellow Eurozone member states. Greece has already managed to avoid bankruptcy and achieved the largest debt reduction without resorting to destructive measures.

However, the government's ambitious plans for further structural reforms are not by themselves a guarantee for successful restructuring of the economy and the Greek state. In fact, the European Commission points out that "implementation risks to the programme are mainly linked to the full implementation of reforms and fiscal measures and to the quick return of economic growth, but there are also some upside risks. Important implementation risks concern the government's ability to resist vested interests, particularly given the vulnerability of the coalition government."<sup>2</sup> We need to ensure political and social stability that will allow long-term economic planning. To that end, as specified by the conditions of Greece's lending agreement and the government's pledges, the Greek government will start allocating 70% of the aforementioned surplus in 2014 to right the social injustices suffered by the Greek people and improve the economy.

But this is only a short-term solution. We need to stimulate growth and employment in the long run if we are to avoid repeating the mistakes of the past. Joining forces with our European counterparts will allow us to move faster and more efficiently in finding a balance between consolidation and sustainable growth. Financing the real economy with a focus on SMEs is of primary importance for the Greek government and a goal set for the Greek Presidency as well. If we are to avoid the risk of a jobless recovery, growth must be achieved with labor intensive projects in sectors such as transport, energy, shipping and tourism. Funding initiatives to combat unemployment, such as the "Youth Guarantee," is of paramount importance not just for restoring balance to the labor market but also for restoring hope to the thousands unemployed youths in Greece. Youth unemployment is one of Greece's and Europe's greatest challenges and a challenge worth fighting for, since employment of youth is a long-term stabilization factor as well as a powerful driver for innovation both for each of the member states and the Union as a whole.

Despite fiscal limitations, the core of the employment policies and reforms undertaken by the Greek government in the last year alone has addressed the following:

- Job maintenance
- Reeducation of the unemployed
- Integration of youth and vulnerable groups into the labor market
- Implementation of vocational training schemes
- Support for the elderly as well as the support for sectors affected most severely by the economic crisis

In total, more than 350,000 young people are expected to benefit from the Greece's Youth Action Plan that has been effective since last year. Complementing these steps, a temporary public works program for the youth and the long-term unemployed is expected to be

introduced shortly and should provide some temporary support until the labor market recovers by 2015. The findings of the latest report by the Foundation for Economic & Industrial Research (IOBE) also points out certain signs of reversal in Small Enterprises trends. More than 450,000 people are in some phase of starting their own business, and among them, 160,000 are young people between the age of 25 and 34. Furthermore, it appears that despite the crisis, slightly more people feel that there are now entrepreneurial opportunities in Greece, as the survey result shows (12.9% in 2012 compared to 10.9% in 2011).

Promoting sustainable growth, increasing employment, and bolstering social cohesion are vital for Greece's recovery. Greece is currently in a very precarious situation where the effects of the vigorously introduced reforms have not had enough time to be fully absorbed by the economy and society. They have already produced positive signs and a surplus, but without a firm European framework and support, this fast track may backfire. It is time for the Europeans to realize that sharing a common market means sharing the risks as well. It is therefore not surprising that the precise framework to promote growth, employment, and cohesion at the European level has been listed as part of the Greek Presidency's priorities and presented at the European Parliament by Greece's Prime Minister Mr. Samaras. The framework consists of the following:

- Mid-term review of the "Europe 2020" strategy, beginning with the first quarter of 2014
- "Pact for Growth and Employment" adopted at the European Council in June 2012
- Deepening of the Single Market
- New multiannual financial framework
- Coordination of economic policies within the European Semester, during which the role of the European Parliament and national parliaments is extended

While it is important for Greece to realize and exploit its competitive advantages within the Eurozone, it is also very important for our fellow member states to recognize that they must play a part in helping Greece to do so. Mr. Samaras remarked that the path to recovery lies with "more Europe, better Europe, a more cohesive Europe." In the upcoming euro elections next May, we can only hope that European citizens will not vote out of bitterness regarding the crisis. For Greece, 2014 paves the way for an economic recovery after six years of unprecedented crisis. Yet there are still many unresolved issues that need to be addressed both at the national and at the European level. Developments up to this point clearly show Greece's sincere commitment to its obligations, yet it is also imperative to boost the economy in order to alleviate the social injustices and pain the Greek people have been subject to during this protracted economic, social and political crisis. For this to take place, we need to reaffirm solidarity among member states at the European level, while at the national level, aim for synergies between reforms for sustainable development and social policies that could alleviate the burden of the Greek people.

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*Ioannis Kefalogiannis is Secretary of the Hellenic Parliament.*

# Important Financial Challenges Facing Slovenia

Andrej Šircelj, MP, Slovenia

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More than five years have passed since the global financial crisis erupted in the US, and the recent economic growth experienced by a large majority of European states (although growth has been rather modest for some states), bodes well for their economic recovery. One of the few exceptions to this trend is Slovenia, which, along with predictions of further decline of its GDP, has high levels of debt and unemployment, especially youth unemployment. Since 2008, Slovenia has seen a significant increase in public debt and unemployment rate, and sharp decline in economic growth, and remains in a deep recession even to this day. For the last five years, Slovenia has been one of the states with the fastest growing debt, especially debt acquired from foreign investors. Slovenia's debt has grown from EUR 8 billion in 2008 to EUR 28 billion in 2014, and most of the debt was acquired for non-productive purposes and banking system recovery. Without economic growth, the ever increasing debt and unemployment levels will remain a constant obstacle to Slovenia's progress in the coming years, and the pains of the economic crisis will be passed onto the next generation. Drainage of human capital from the state and the anaemia of the youth will hinder economic growth and prosperity in Slovenia in the next several decades. In order to stimulate economic growth and alleviate unemployment, immediate action must be taken in the form of structural reforms in various sectors, which will promote greater competitiveness in the labour and financial market.

In the macroeconomic and financial sectors, Slovenia must immediately introduce the policy of the "golden fiscal rule" while minimizing its negative impact on its economy. Adopting this policy would mean that in the medium-term, the state spends as much as it generates – that is, the public sector will have zero financial deficit. Current evaluations show that the public financial deficit will total a record 15% of the GDP this fiscal year, primarily due to the banking system recovery efforts, the cost of which was 3.5% of the GDP excluding the banking sector. Lacking austerity measures, the deficit in 2014 could total approximately 4.5% of the GDP. Only with a suitable austerity policy can Slovenia execute the proposed fiscal policy. Any negative impact of this policy on economic growth must be minimized or removed entirely by the following measures:

- Protecting and even encouraging public and private investments
- Transparently executing the privatization process
- Eliminating unproductive expenses in the public sector

Furthermore, during the medium-term period, along with the consolidation of public finances, a possibility should be left open for subsidy and tax reforms, with the goal of cutting both.

The trend of the state's borrowing in the international market is worrisome. Therefore, a strategy of deleveraging must be initiated immediately with the objective of incrementally reducing the huge public debt that has grown from 23% to 75% of the GDP in the last five

years. We predict that the proposed financial policy will have long-term positive effects for the public-financial consolidation, since decrease in interest rates will significantly contribute to stimulating economic growth and reducing unemployment. Three quarters of the Slovenian public debt with interest must be paid back to foreign investors, and this would mean outflow of money from the state. Currently, Slovenia is borrowing with interest rates (more than 4% per Euro, and more than 5% per USD on ten-year bonds) higher than those paid by the Czech Republic, Slovakia, or Spain. The next generations will continue to pay these high interest rates for decades to come. With the goal of promoting economic growth and fighting unemployment, Slovenia should reduce its public debt with the following measures:

- Effective management of banks and companies owned by the state and their privatisation
- Effective management of bad debt in favour of the tax-payers
- Effective insolvency legislation that will simplify and shorten compulsory settlement procedures and bankruptcies

Through these measures and structural reforms, Slovenia can improve its credit ratings and subsequently will be able to restructure loaned credits into more favourable ones. Lower interest rates or decrease in the interest amount due will increase the financial independence of the state and improve the environment for both local and foreign investments.

In 2013, Slovenia increased the tax level for added value tax by 2 percentage points or 10 percent, halted corporate tax cuts, and reduced the allowances for personal income tax. Slovenia must stop raising taxes. Furthermore, a competitive tax environment must be ensured to stimulate the generation of added value, which is important for job creation and economic growth. Slovenia should also do away with taxing real-estate as property if real-estate were to function as creator of added value.

*Andrej Šircelj is Deputy of the National Assembly of the Republic of Slovenia.*

# **The World Bank in the Southern Iraqi Marshlands: Making a Difference to Some of Iraq's Poorest People**

**Baroness Emma Nicholson of Winterbourne, Prime Minister's Trade Envoy to Iraq,  
United Kingdom**

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A major milestone in Iraq's redevelopment was reached on November 13, 2012 when the Government of Iraq signed a Country Partnership Strategy with the World Bank covering the period 2013-2016.

Since 2003, the World Bank has been one of the most active and well-financed international agencies assisting Iraq rebuild its institutions. The ambitious agenda of the Partnership Strategy holds much promise for Iraq at a macro level. Less well-known is the remarkable impact that the World Bank's support has had on Iraqi people at the local level – and perhaps most notably on the Marsh Arabs of southern Iraq.

As European Parliament Rapporteur for Iraq (2001-2002) and Chairman of the first ever European Parliament Permanent Delegation for Iraq, I have become familiar with the plight of the Marsh Arabs, one of the world's most ancient communities and a population which has been persecuted almost to extinction. Also as Executive Chairman of the AMAR International Charitable Foundation, a British-Iraqi NGO, I am immensely proud of the support we have been able to provide to the Marsh Arabs through our partnership with the World Bank.

Two consecutive health care projects conceived and implemented through a three-way partnership between the World Bank, the Government of Iraq and the AMAR Foundation, and totaling approximately USD 1.8 million have benefited thousands of families by bringing training, health care, health education, and hope to rural communities in Basra, Maysan, Thi-Qar, and Babil Governorates.

AMAR's all-Iraqi health and education personnel implemented the work on the ground hand-in-hand with local health authorities in each governorate. The focus was on provision of community-based primary health care, with a strong emphasis on prevention through health education. A particular aim was to improve services for women and children and to target them actively as beneficiaries. With the Iraqi Government as joint-implementer, the work was designed and delivered within national and local public health strategies, with the support and oversight of the health authorities.

## **A pioneering partnership model**

A key reason for the success of the partnership has been that AMAR's modus operandi of working as a partner of the Iraqi Government, rather than as a parallel or external agency, complemented the World Bank's own mandate to work directly with government. This

allowed the World Bank to accomplish significant development progress on the ground during a very challenging period through funding a locally-focused independent NGO while simultaneously continuing to build up its bilateral relationship with Iraq as a nation.

Furthermore, an unusually high level of integration with national authorities was possible due to the legacy of strong relationships that AMAR has built over several years and at all levels, from senior national-level government decision-makers, to health sector managers, and doctors and medical staff working within local Primary Health Care Centers. Iraqi Ministry of Health and Ministry of Education employees were involved throughout the project as project implementers, supervisors, and beneficiaries of training.

### **Training, Outreach and Health Education**

A major element of the work was the delivery of high-quality training programs. Government health sector management personnel received training on evidence-informed decision making, informing the planning, implementation and coordination of public health programs, and raising the bar on what constitutes as good practice in health project management. Over 1,000 health care professionals – doctors, doctor assistants, and Mother-Child Health specialists – received ongoing training on primary health care delivery, management and strategy, bringing their knowledge in line with worldwide advances in medicine, and health management. Training was delivered in accordance with training curricula developed with the Iraqi Ministry of Health, ensuring relevance, and integration with existing training strategies.

Outreach was another substantial component, most notably through a Women Health Volunteer Program. Training in sanitation, hygiene, basic health care, and mother-child health care was provided to 1,000 local women who then conducted regular home visits to 30,000 families, delivering health education, acting as first-point-of-contact for health issues, and promoting awareness of local primary health care services. In this way, health education was delivered within the local cultural and traditional idiom, challenging attitudes and beliefs – including those relating to gender – that were negatively impacting the health of the community.

Health education was also provided both to schoolchildren and to community groups by 300 Ministry of Education schoolteachers to whom the project gave supplementary training and support. A regular program of health education was established in 69 schools, providing children with lessons in basic health care, hygiene and sanitation. This work had a positive impact on the health behavior of large numbers of people, including through lessons being passed on from children to their families at home.

Three mobile clinics were launched and operated, providing primary health care and health education to over 16,000 people in very remote marshland communities. Four dedicated Tuberculosis clinics were also launched and operated, acting as centers of excellent diagnosis, treatment, and tracking of Tuberculosis within the catchment area.

## **Next Steps**

The focus now is to ensure that the Iraqi Ministry of Health strategy incorporates and sustains the various project elements – a goal which should be readily achievable given the close and positive involvement of the Ministry throughout its implementation.

Meanwhile, as Iraq and the World Bank take their first steps together in implementing the new Country Partnership Strategy, the model forged by the Marshlands initiative remains highly relevant in the context of the country's continuing development needs, and the World Bank's vision in identifying and supporting this new development model for the benefit of thousands of people at local level deserves wider recognition.

*Baroness Nicholson is a Member of the House of Lords of the United Kingdom and Prime Minister's Trade Envoy to Iraq. She is also Chairman of AMAR International Charitable Foundation and the Iraq Britain Business Council.*

# 100 Days Since Yolanda, Disaster Resilience Must Feature in the Post-2015 Debate

**Rt Hon Lord Jack McConnell of Glenscorrodale, Former First Minister, Scotland**

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*Lord McConnell has recently returned from his visit to the Philippines organized by Voluntary Services Overseas (VSO), where he met the Government and civil society, and discussed disaster relief, climate change, and development post-2015. He also visited the Typhoon area.*

In Filipino, the closest word for volunteerism is *Bayanihan*. It derives from the word *bayani*, which means ‘hero of the country.’ Volunteering is recognized as a pillar of active citizenship, and the country that has the most earthquakes, typhoons and other extreme weather events in the world needs those heroes all year round.

Typhoon Haiyan is known in the Philippines as Yolanda because the typhoons each year are named locally in alphabetical order, and in 2013, there had already been two dozen by November.

Yolanda killed over 6000 people. It destroyed 1.2 million homes and 33 million coconut trees. The global effort to help those who live in Leyte, Samar, and other affected islands has been immense, with private donations and aid from the UK particularly appreciated: the most generous in the world. Posters everywhere in Tacloban thank the world: they are a genuine tribute from locals, but 100 days on there remains much to be done.

“Building back better” has become the key objective for the next phase when reconstruction replaces emergency relief. The farmers need seeds to grow new crops and replace the coconut trees that will take 7 years to grow again. The replacement of hundreds of thousands of destroyed homes is the biggest program of its kind anywhere, ever, and it will need kit as well as cash. Old rusty nails will not hold even the most resilient of new materials in place for long here. Moreover, schools and factories need to be rebuilt, providing the hope that will stop the drift of people into Manila and other cities abroad, where trafficking and exploitation can be the horrific truth behind the ‘new job’ promised by the smiling strangers.

I went to the Philippines with the charity Voluntary Service Overseas. VSO is working for the long term, building the capacity of local people by working alongside them. These days it’s a two-way process as VSO also sends Filipino volunteers to share their skills in other countries.

When VSO asked me to be a volunteer in the Philippines, I did not hesitate to accept the challenge. I was being asked to work with VSO Bahaginan (their local Filipino partner) and Beyond 2015 (a coalition of Filipino campaign groups) to help them influence the development goals that should replace the Millennium Development Goals after 2015.

That was attractive enough as a challenge, but this placement also gave me the chance to

learn more about the Philippines where the global challenges of poverty, inequality, climate change, and conflict come together in a rare and significant way.

The Philippines will not meet the MDG's; real poverty remains high, they are hit more often by extreme weather events than almost anywhere else, and the Filipinos have suffered from conflicts that have taken lives and curbed development.

So this experience gave me a chance to assist those campaigning for change, but also provided fresh evidence for me to campaign for the new global agreement that I believe to be vital if we are to end extreme poverty globally by 2030.

The MDG's were important in their time. They addressed the urgent need for a step change in provision of health facilities, maternity care, clean water, school places, and vaccinations. But they were never designed to tackle the root causes of these problems. It would have been impossible in the politics of 2000-2002 to secure agreement to really tackle inequality and reduce conflict. Moreover, there was a totally separate track on climate change and the environment despite the obvious links.

But now, it is different. We have a chance to move to the next stage, and we need to grasp it with both hands. We are the first generation to have the resources, the know-how and the global reach to end extreme poverty. The goals agreed in 2015 will be key drivers on that journey, and we have to get them right. Global leaders will have failed if they do not set goals that recognize peace, environmental sustainability, and inequality, which will make the most difference.

We also have the technology and the resources to protect communities like Leyte from extreme weather events, so these new goals must address disaster risk resilience as well. It is possible to develop livelihoods that are strong and diverse enough to survive the wreckage, homes that withstand the water and the wind, and crops that feed families and are commercially viable all year round. So I strongly support the efforts of the UN Secretary General to include disaster resilience in these new global goals.

And during my time in the Philippines, I have seen the importance of organizations like VSO and Beyond 2015. They work with Filipino volunteers and civil society to make sure this is a locally led effort. I want the negotiations about future development goals to include these local voices. They are the key to ensuring that the political machinations of the past do not hold back our ambitions for the future. When the people's voices lead, the goals and the action they demand will change lives for good.

*Lord McConnell was First Minister of Scotland 2001-2007 and UK Special Representative for Peacebuilding 2008-2010.*

# Parliamentary Action and Democracy in Haiti

Jocelerme Privert, Senator, Haiti

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## Introduction

Au lendemain de la chute d'un pouvoir politique de nature autoritaire, largement dominé par les Duvalier, le peuple haïtien a largement opté pour un régime politique où les libertés publiques seront consacrées et respectées. Ce choix démocratique allait être confirmé par un vote par voie référendaire de la Constitution de 1987, l'une des plus démocratiques de la région.

Toutefois, si l'on convient de manière unanime de l'orientation, somme toute, irréversible du peuple haïtien de l'émergence d'un régime politique où l'intérêt général, le respect de la loi et la séparation des pouvoirs seront préservés, l'effectivité d'un tel régime repose essentiellement sur les mécanismes de fonctionnement et de contrôle que détient le Parlement.

## L'exercice du pouvoir de contrôle du Parlement de l'action gouvernementale

Le Pouvoir législatif, en Haïti, s'exerce à travers deux chambres représentatives dont les membres sont issus d'élections au suffrage universel direct. Il s'agit de la Chambre des Députés et du Sénat de la République. Ce dernier a complété cette année ses (207) deux cent sept années d'existence. La réunion de ces deux chambres en une seule assemblée constitue l'Assemblée Nationale qui se réunit à l'ouverture et à la clôture de chaque session et dans tous les autres cas prévus par la Constitution.

### *Les compétences communes à la Chambre des Députés*

Le Sénat de la République d'Haïti exerce, de façon indépendante de la Chambre des Députés, les fonctions classiques suivantes :

- Assurer la représentation politique des intérêts départementaux ;
- Approuver les lois proposées par les membres des deux branches du Parlement et celles présentées par le Pouvoir exécutif ;
- Contrôler l'action gouvernementale et particulièrement l'exécution du Budget.

### *Les compétences propres au Sénat*

En plus de ses fonctions traditionnelles communes aux deux chambres, le Sénat exerce les fonctions spécifiques suivantes :

- 1) Une fonction de recrutement

Le Sénat recrute et élit les (10) dix Juges à la Cour Supérieure des Comptes et du Contentieux Administratif (CSC/CA) et contribue avec la participation de la Chambre des Députés à l'élection de (3) trois des neufs Juges du Conseil Électoral Permanent.

2) Une fonction d'approbation

Le Sénat approuve les décisions de l'Exécutif relatives aux nominations suivantes :

- Le Commandant en Chef des Forces Armées d'Haïti ;
- Le Commandant en Chef des Forces de Police ;
- Les Ambassadeurs et les Consuls Généraux ;
- Les Membres des Conseils d'Administration des Organismes autonomes.

3) Une fonction de proposition

Le Sénat recrute et propose à l'Exécutif la liste des Juges à être nommés à la Cour de Cassation à raison de (3) trois noms par poste vacant.

4) Une fonction juridictionnelle

Le Sénat s'érige en Haute Cour de Justice pour juger les autorités visées par la Constitution pour crimes de haute trahison, fautes graves ou tous crimes et délits commis dans l'exercice de leurs fonctions.

### **L'action parlementaire : un aperçu périodique au contenu démocratique**

L'activité sénatoriale des derniers mois, en plus des différentes rencontres des Commissions permanentes et spéciales avec différents Ministres et Membres du Gouvernement sur des faits et actes de leur gestion, a été marquée par des événements majeurs.

#### *Quelques dates importantes*

S'agissant des dates, l'on peut relever trois événements majeurs :

- La convocation le 4 juin 2013 l'ensemble du Gouvernement pour répondre des faits et actes de l'administration publique nationale ;
- Le rejet par l'Assemblée des Sénateurs du Projet de Loi de Finances de l'exercice 2013-2014 au mois de septembre 2013 à du risque élevé de précarité qui découlerait de l'application d'une telle loi, obligeant de ce fait le Gouvernement à reconduire celle de l'exercice 2012-2013 jusqu'à l'adoption d'une nouvelle, laquelle est encore en attente ;
- L'interpellation le mardi 5 novembre de (3) trois Ministres du Gouvernement suite à une motion de censure déposée par 15 des 20 Sénateurs constituant l'effectif actuel du Grands Corps.

Si ces trois grandes actions n'ont pas produit des résultats tangibles et visibles, en terme de renvoi des Ministres incriminés ou de changement dans la conduite de l'action

gouvernementale par l'équipe chargée de la mettre en œuvre, il n'en demeure pas moins vrai qu'elles constituent la manifestation la plus solennelle de l'exercice d'une des fonctions traditionnelles du Parlement, à savoir « le contrôle parlementaire de l'action gouvernementale ».

Ces actions, loin d'être perçues comme des irritants dans les relations entre les deux Pouvoirs, mus par le même souci du bien-être collectif, lesquelles actions sont indispensables à la bonne gouvernance et participent largement à la sauvegarde des intérêts de la population.

#### *Les fonctions essentielles de contrôle parlementaire*

Les fonctions essentielles du contrôle parlementaire sont clairement établies par la Constitution et par les lois de la République. Elles ont pour objet de :

- Détecter et prévenir les abus, les comportements arbitraires ou les conduites illégales et inconstitutionnelles du Gouvernement et des organismes publics ;
- Protéger les droits et libertés des citoyens ;
- Exiger du Gouvernement la reddition de comptes sur la manière dont l'argent des contribuables est utilisé. Grâce au contrôle parlementaire, on détecte le gaspillage au sein des rouages de l'Administration et des organismes publics. On peut donc améliorer la gestion et l'efficacité des activités ;
- Faire en sorte que les politiques annoncées par le Gouvernement et validées par le Parlement soient effectivement mises en œuvre.
- Accroître la transparence des activités du Gouvernement et renforcer la confiance des citoyens envers celui-ci, condition préalable à la mise en œuvre effective des politiques.

### **L'objet du contrôle parlementaire : protéger les libertés publiques et préserver l'intérêt général**

Le contrôle parlementaire de l'action gouvernementale, selon une définition adaptée et consignée par l'Union Interparlementaire, est « *l'analyse, le suivi et le contrôle de l'action du Gouvernement et des organismes publics, y compris la mise en œuvre des politiques et de la législation* ». En effet, elle concerne les travaux des commissions parlementaires et des séances plénières, ainsi que les auditions tenues pendant la phase parlementaire des projets de loi et du cycle budgétaire.

La Constitution et les lois de la République mettent à la disposition du Parlement divers outils pour pouvoir exercer efficacement différentes missions de contrôle. Aussi, les règlements intérieurs fixent les procédures et modalités de mise en œuvre.

De ce fait, le Parlement peut :

- Demander à travers une correspondance des informations au Gouvernement ;
- Requérir au Gouvernement des explications au sujet d'une politique ;

- Rechercher et obtenir des informations de sources extérieures au Gouvernement ;
- Exprimer ses points de vue au Gouvernement et au public ;
- Inviter, convoquer et interpeller, un membre du Gouvernement ou le Gouvernement tout entier.

En conséquence, le Sénat dispose du pouvoir constitutionnel de renvoyer un Ministre ou le Gouvernement tout entier quand il semble que ceux-ci n'exercent plus leurs fonctions légitimes.

## **Conclusion**

Il n'existe pas de modèle parfait de démocratie, ni de mécanisme idéal dans le contrôle de l'action de l'Exécutif. S'il est établi que tous les peuples aspirent à plus de libertés et plus de bien-être, la façon la plus efficace de garantir la jouissance des droits et libertés, réside dans le contrôle exercé sur l'action publique.

Après l'expérience douloureuse d'un régime de confusion de pouvoirs sans les leviers de contrôles, le peuple haïtien n'a cessé de réclamer un changement. Ce changement se doit de poursuivre et le Parlement haïtien a cette lourde responsabilité. Elle consiste dans le fait de contrôler mais aussi de prévenir, à travers celui-ci, toute tentative d'un retour en arrière et d'inhiber toute velléité autoritaire d'un Exécutif insensible aux droits et aux libertés.

Ce n'est qu'à ce prix que les Parlementaires mériteront d'être appelés les dignes élus du peuple!

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## **CALL FOR SUBMISSIONS**

If you would like to contribute an article to the next issue of *The Parliamentary Network Review*, please contact Editor Eu Na Noh at [enoh@princeton.edu](mailto:enoh@princeton.edu) or Junior Program Officer Albert Orta Mascaro at [jpo1@pnowb.org](mailto:jpo1@pnowb.org).

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