



THE PARLIAMENTARY NETWORK

On The World Bank & International Monetary Fund

**Inclusive Growth, Urbanization and Fiscal Consolidation:
Tanzania Field Visit Report**

Parliamentarian's in the Field Programme

Mission Report

Dar Es Salaam, Tanzania

27 April - 2 May 2014



SUMMARY

A Delegation of the Parliamentary Network visited Tanzania from 27 April to 2 May 2014 within the *Parliamentarians in the Field* programme. The Delegation comprised three Board Members and fifteen Parliamentary Network members. Parliamentarians came from Burundi, Canada, Denmark, DRC, Kenya, Lithuania, Malawi, Niger, Uganda and the United Kingdom. The purpose of the visit was to assess the work of the World Bank Group (WBG) and the International Monetary Fund (IMF) in Tanzania, as well as learn about the two institutions' dialogue with other development partners. For donor country parliamentarians, *Parliamentarians in the Field* programme 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.

During the visit parliamentarians met with several development partners such as the World Bank Group, the International Monetary Fund, officials from the Government, the Speaker of the Parliament, and the Budget Committee. The visit focused on five different topics:

- Macroeconomic situation: in meetings with the IMF and WBG officials, the Permanent Secretary of Finance of the Government, the Delegation had the opportunity to discuss Tanzania's macroeconomic situation. Overall, the country has grown significantly over the last decades (last year's growth was 7%), primarily led by finance, communications and construction. The IMF has presented Tanzania's GDP growth average for 2004-2013; it outperformed the East African Community (EAC) averages¹, Sub-Saharan African (SAA)

¹ <http://www.imf.org/external/pubs/ft/wp/2014/wp14150.pdf>

medians, and Low-Income Country (LIC) medians.² The exploitation of natural gas reserves, if managed correctly, might help to expand Tanzania's economy in the future too. The government has recently shifted to an expansive fiscal policy, pushing further the economy, and a tight monetary policy which is keeping inflation in check (it dropped from 20% in 2011 to 6.3% in 2013). However, one of the main challenges is to make this growth expansive to all the population. Tanzania is still a poor country in terms of GDP per capita (US\$ 627 in 2013) and most of the people, especially in rural areas, do not benefit from the economic improvements. This is largely due to the relative underdevelopment of agriculture compared to other sectors, which employs about 80% of the total labour force. Moreover, it does not grow quick enough to provide employment to the fast-growing population. Another challenge for Tanzania is its increasing fiscal deficit and public debt as a result of the Government's expansive fiscal policy.

- Urban development and infrastructure: together with the exploitation of natural gas reserves, a feature that will change Tanzania's economy in the next few years is its rapid urbanisation process. According to the IMF, where agricultural growth has slowed from the time periods 2007-2012 and 2002-2006, manufacturing, transport/telecom, and trade and hotel growth has expanded significantly during the same time period. Such is indicative of quickly approaching urbanisation of Tanzania.³ The Dar es Salaam is one of the fastest-growing cities in the world and this raises several development issues such as traffic congestions, the emergence of slums, and environmental and health problems. The Delegation of the Parliamentary Network visited one of the most important projects on urban development in Dar es Salaam: a bus-based mass transport system that is expected to improve dramatically the public transport infrastructure in the city, thus reducing traffic congestions, increasing mobility and saving travel time to citizens. The project is financed by the WBG and managed by a public agency, the Dar Rapid Transit Agency. Delegates were first briefed on the project in the agency's offices and then visited the constructions works. Buses are expected to be operational by 2015 after Phase 1 of the project is completed.
- Poverty reduction: despite the country's economic growth, most of the Tanzanian people remain poor. The Government and development partners are investing in infrastructure and large scale development projects, but the benefits will take some time to reach all the population. The IMF calculated that the national poverty rate has decreased since 1992 by all statistical categories (national, rural, Dar es Salaam, other urban areas).⁴ Meanwhile, the WBG is funding a cash transfers system that targets directly the poorest households. The programme is based on the premise that giving them money will improve their living standards. This kind of development assistance had been dismissed for many years, yet successful experiences in Mexico, Brazil and the pilot programme in Tanzania have encouraged the WBG and the Government to scale up the project. It is expected to reach 925,000 households that earn about US\$ 1,000 per year and give them an extra US\$ 300. Beneficiaries must satisfy certain conditions to receive the transfers, most importantly invest the money in health and education. The Delegation travelled to one of the poorest regions in

^{2,3,4} <http://www.imf.org/external/country/TZA/rr/2014/042814a.pdf>

Tanzania, the Bagamoyo district, and visited two villages benefiting from the cash transfers system.

- Technical Assistance: delegates discussed the main technical assistance issues with the WBG and IMF officials, as well as with other official development agencies from Finland, Germany, Japan, the United Kingdom and the UNDP. The main topics that were touched upon were rehabilitation and construction of infrastructure, promotion of the private sector and business environment, agriculture, and technical assistance and training. The IMF has taken significant steps towards technical assistance and training in East Africa, founding the East AFRITAC for capacity building and policy support for institutions, housed in Tanzania.⁵ Partners also collaborate with the Government on its development plan: the *Vision 2025* complemented by the *Big Results Now* initiative. Its three main objectives to be achieved by 2025 are: a) quality and good life for all; b) good governance and the rule of law; c) a strong and competitive economy.
- Good governance, parliamentary oversight and civil society cooperation: the Delegation also met with the Speaker of the Parliament, the Budget Committee and several CSOs. One of the main issues was the relation between the Parliament, and the WBG and IMF. MPs would like to have more communication with these two institutions, and WBG and IMF officials expressed their will to engage more with the legislative. However, they also recognised that their traditional counterpart has been the government, and sometimes it is reluctant to involve the Parliament and that holds the WBG and the IMF back. Another topic was the engagement of MPs with the civil society. Both parts agreed that there should be more exchanges between them, and they were happy that Tanzania is one of the most liberal countries in the region in terms of civil society participation.

During the debriefing session delegates expressed their satisfaction with the visit and appreciated the value of the *Parliamentarians in the Field* programme. However, they also mentioned the need to be better prepared for future visits, for instance having more information on the project and analysis of the WBG and IMF work in the country. Overall the impression was positive and encouraged the Parliamentary Network to organise more field visits.



⁵ <http://www.eastafritag.org/>

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I. INTRODUCTION

A socialist economy since the decolonisation process in the 1960s, the first twenty years of the independent state of Tanzania were characterized by strong efforts to build a national identity which would help to achieve political stability in the following years. In the 1980s the country started to shift to a market economy by removing controls on prices, and exchange and interest rates. These reforms brought a rapid economic growth that lasts up until now.

However, economic development has not reached all the population and Tanzania is still one of the poorest countries in the world in terms of GDP per capita (US\$ 627 in 2013). Other indicators improved over the last decades, although in recent years they have deteriorated: Human Development Index: 152th out of 182 countries; Business environment: 134th out of 185 countries; Government effectiveness: 135th out of 212 countries.

Tanzanian economy depends on agriculture, which accounts for more than one-quarter of the GDP and employs about 80% of the work force. Other sectors such as finance and communications are growing fast, and the Government is investing large sums of money in infrastructure construction. The International Monetary Fund (IMF) places great interest in program implementation, sustaining core inflation to adequate levels, and increasing the tax revenue base for the government to function at the fiscal level. The IMF also monitors the economic growth in Tanzania, noting that macroeconomic performance is strong and commensurate with program targets. Overall, the IMF believes that with cautious spending programs, Tanzania's fiscal and economic system will become even stronger and produce even better results in the years to come.

The World Bank Group (WBG) has focused on top development priorities such as the improvement of urban infrastructures and transport, improvement of the business environment to facilitate private sector-led growth, investment on agriculture to reduce poverty and incorporate the growing workforce into the labour market. Donors also provide technical assistance and training to government officials and CSOs to improve the country's performance.

The Parliamentary Network Delegation met with the main development actors in the country, including: the WBG and IMF staff, CSOs, the donor community, the Ministry of Finance, the Speaker of the Parliament and the Budget Committee. The Delegation also visited one of the most successful businesses in Tanzania, a project to improve public transportation in Dar es Salaam, and the conditional cash transfers programme in the Bagamoyo region.

The program "Parliamentarians in the Field" is jointly organized by the Parliamentary Network on the World Bank & IMF (PN), the World Bank and the International Monetary Fund. The program aims to involve Members of Parliament (MPs) from donor and borrowing countries 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. At the conclusion of a visit, the delegation shares its observations and recommendations on the development program of the host country in an independent report. More than 175 MPs from over 50 countries have participated in over 20 country visits to Africa, Asia, the Balkans, Latin America and the Middle East since the program began in 2001.

This report is structured in five thematic sections: macroeconomic situation, urban development and infrastructure, poverty reduction, technical assistance, and governance, parliamentary oversight and civil society cooperation. Each part includes key issues and Delegation's recommendations.

II. THEMATICAL FOCUSES AND RECOMMENDATIONS

MACROECONOMIC SITUATION

Relevant agenda items: Welcome session by WBG and IMF; Africa Economic Promises; Tanzania and the IMF; Meeting with Permanent Secretary of Finance.

The diagnostic of Tanzania's macroeconomic situation is moderately positive, a view shared both by the World Bank Group and the IMF. The economy is expanding at a regular pace and forecasts point that this trend will continue in the next years. However, growth is below its potential and the country still faces several challenges such as a high fiscal deficit and public debt.

Tanzania's economy has been expanding steadily in the recent past at an annual growth rate of 7% and the trend is expected to continue. This expansion is mainly driven by capital intensive sectors such as communications, finance and construction, and located in urban areas. Inflation is effectively kept in check thanks to a tight monetary policy and a decline in food and energy prices: it fell from a rate of 20% in 2011 to a 6.3% at the end of 2013. The IMF projects a further decline of inflation to around 5% until 2016/2017.⁶ This declining inflation has helped stabilize the real exchange rate, which appreciated by more than 20% in 2012. Tanzania's economy has significantly opened up to external markets over the past decade with a shift of the trade-to-GDP ratio from 13.5% in 2000 to a 30% in 2011. The strong performance of the export sector has contributed to improve the current accounts balance. The most exported goods continue to be primary commodities such as gold, coffee, tea and cashew nuts.

Despite these rather positive figures, Tanzania still faces several challenges. Thomas Baunsgaard (Resident Representative of the IMF in Tanzania) notes that steady, robust growth of the Tanzanian economy in the last decade and beyond;⁷ however, as Jacques Morisset (Lead Economist of the WBG for Tanzania, Burundi and Uganda) continues, Tanzania has a dual economy, with high and stable growth rates on one hand, while on the other most of its population still living below the poverty line and missing this growth. One of the main explanations is the slow development of the agricultural sector, in which about 80% of the households are engaged, with a growth rate of 4.2% in 2012. According to the Tanzanian Permanent Secretary of Finance, the Government already acknowledges this weakness as one of its biggest challenges. Similar trends, however, are observed in other labour intensive sectors, which are not sufficient to provide employment to the 700,000 people who are incorporated into the domestic labour market every year. Tanzania has a GDP per capita of US\$ 627 (2013), one of the lowest in the world.

^{6,7} <http://www.imf.org/external/country/TZA/rr/2014/042814a.pdf>

The tight monetary policy that has contributed to reduce inflation has also raised the cost of credit – real lending rates surged from a negative 5% in November 2011 to a positive 7% in July 2013. Consequently the financial burden on borrowers is larger, which makes the expansion of businesses more expensive and hampers the growth of the real economy. According to Jacques Morisset, this new monetary policy is accompanied by an expansive fiscal policy that facilitates growth, but at the same time it has led the government to overrun its goal of fiscal deficit. From 2011/12 to 2012/13 it grew from 5% to 6.2%. Further, the IMF shows an increase in public debt since 2006, much of which can be attributed to external, non-concessional loans.⁸ Thus, the financial situation of several public companies and agencies has deteriorated in the last years and threatens their sustainability. As an example, TANESCO, the public electricity company, accumulates a deficit of US\$ 240 million. Furthermore, as the states needs funds for its fiscal policy, public debt rose from around 33% to 43% between 2010/11 to 2013/14.

Looking forward, Tanzania's growth trajectory will continue, driven by the rapid expansion of the financial and communications sectors, and the public investment in construction. Moreover, the recent discovery of natural gas reserves in the south of the country is a great opportunity to push Tanzania's economy forward, if managed correctly. However, the country needs to tackle several challenges if it wants to achieve its potential. Agriculture development must be one of the most important priorities in order to reduce poverty and incorporate the growing labour force. Future economic growth will also depend on the state of physical infrastructures which will help businesses to develop, deal with the rapid process of urbanisation, and narrow the rural/urban gap. At the same time, all these developments will need to be balanced with a controlled fiscal deficit and the sustainability of public agencies.

Key Issues

- How will expansive fiscal policy by the government contribute to growth;
- Exploitation of natural gas reserves as a crucial element to shared prosperity;
- Tanzania's fast urbanisation process;
- Growth must be inclusive and extensive to the majority of the population;
- The development of the agricultural sector as a vital component to macroeconomic success;
- Risk of an impending fiscal deficit;
- Sustainability and capacity of public agencies

Delegation Recommendations

- Importance of maintaining political and economic stability;
- Exploring new, innovative ways to achieve regional integration;
- Democratisation should be regarded also as a path to economic prosperity;
- Country-specific assistance programmes should be adapted and tailored appropriately;

⁸ <http://www.imf.org/external/country/TZA/rr/2014/042814a.pdf>

- Government effectiveness in responding to old and new challenges needs to be continually addressed



URBAN DEVELOPMENT AND INFRASTRUCTURE

Relevant agenda items: Welcome session with WBG and IMF; Field visit to the Bus Rapid Transit.

According to the WBG, two things will change Tanzania's economy in the following years: first, the exploitation of natural gas reserves; second, the urbanisation of its population. The IMF shows a decrease of agriculture and fishing as a share of GDP between periods 2007-2012 and 2002-2006; further, slight increases are apparent in construction and real estate, manufacturing, trade and hotels, and transport/telecom.⁹ Urbanisation has been taken on seriously by both the Government and the development partners who have defined the construction of infrastructures as a top priority. Dar es Salaam is the largest city in Tanzania and it is one of the fastest growing cities in the world: its population has doubled over the last twenty years and it currently stands at more than 4 million. Moreover, it generates 84% of government's domestic revenue. This process requires a well designed urban development plan. As part of this goal, the WBG is funding a project to build a bus-based mass transit system that will relieve traffic congestion and avoid the overcrowding of central areas of the city.

Public transportation in Dar es Salaam is nowadays "chaotic, unreliable, unsafe, fragmented and run unprofessionally using numerous low capacity vehicles ", according to the Project Coordinator of the Dar Rapid Transit Agency, responsible for the construction of the new bus lines. This is mainly due to

⁹ <http://www.imf.org/external/country/TZA/rr/2014/042814a.pdf>

the incapacity of the current public transportation system to cope with the demand, which led the government to allow light trucks, pickups and minibuses to take part of the business. This, added to the fast urban population growth, has resulted in regular congestion and traffic jams, inefficient transportation and air quality and health issues.

The project is called “Bus Rapid Transport” and is financed by the WBG under the Second Central Transport Corridor Project, with an estimated total cost of US\$ 190 million, approved on May 2008. On January 2013 the WBG Board approved US\$ 100 as additional financing. The project consists of a bus-based mass transit system which will operate on exclusive lanes and use high capacity buses (around 140 people). Its main objectives are:

1. To increase the level of mobility
2. To promote the use of non-motorized transports
3. To meet the continuous increase of travel demand
4. Improve the quality of urban development

Phase 1 of the plan comprises 21 kilometres of road infrastructure, 2 bus depots, 5 terminals, 29 stations, and 6 feeder transfer stations, with a carrying capacity of about 406,000 passengers per day. In subsequent phases it is expected to reach 130 kilometres with 228 stations. The project includes the restructuring of the streets with the construction of separated bike and pedestrian lanes. It will also include a park-and-ride service to facilitate its use by people living beyond the terminals. Phase 1 works are expected to be finished by the end of 2015.

*The transit project in Dar es Salaam is a major project aimed at dramatically improving public transit by a cost effective exclusive bus lane system that is on the surface, rather than in prohibitively expensive subway tunnels. This facility will make it a downtown and central transit system available to people at affordable rates. It is very much a 21st century role model project for Africa. **Senator David Smith, Canada***

The Bus Rapid Transport will start operating through a Private-Public Partnership: two private bus operators, one private fare collector and a private fund manager. Current bus drivers are expected to be incorporated in the new system in order to “change the buses, but not the drivers” in the words of the Project Coordinator. The system is supposed to shorten travel times which will incentive users to leave their private vehicles at home.

Key issues

- World Bank Group’s commitment to support infrastructure development;
- Tanzania’s fast urban growth

Delegation Recommendations

- Infrastructures must be created commensurate to the estimated population growth;
- Provisions for disabled people promote equality and access for all citizens;
- Cross-country comparisons and shared-learning can help to anticipate future problems;
- Consideration of environmental issues, especially at the local level, is essential



POVERTY REDUCTION

Relevant agenda items: Field visit to the Tanzania Social Action Fund

Since 1992, the poverty rate has decreased in all categories measured by the IMF (national, rural, Dar es Salaam, other urban areas).¹⁰ However, as mentioned before, despite the country's economic growth, a large part of Tanzanian people is still very poor and does not have access to basic goods and services such as soap, clothes, health or education. While the Government, with the assistance of development partners, is investing in infrastructure and public services, it will take some time before these programmes reach all the population, especially its poorest segments. Financial access has dramatically improved between 2009 and 2013 by IMF statistics¹¹; however, poverty reduction is a long-term goal that requires all relevant actors to participate. As an effort to tackle this issue, the Government and WBG is implementing a cash transfer system expected to reduce extreme poverty.

¹⁰ <http://www.imf.org/external/country/TZA/rr/2014/042814a.pdf>

¹¹ <http://www.imf.org/external/country/TZA/rr/2014/042814a.pdf>



Cash transfers are based on the single premise that giving money to the poor can reduce poverty. In 2012, private credit represented less than 20% of GDP in Tanzania, according to the IMF.¹² Thus, there is a need for immediate short-term solutions to provide basic funds to those in need. Programs such as cash transfer had been dismissed until recently by many development experts because they were thought to create dependency and could be misused. However, successes in Mexico and Brazil have showed that if implemented and managed correctly they can have a positive impact. Through cash transfers, money goes directly to poor people while the state invests in welfare and services that will alleviate poverty in a longer term. Thus, funds enable them to purchase basic goods and access healthcare and education.

It must be noted that cash transfers are not a panacea and they are intended to complement other development programmes. They should be only one component of a comprehensive strategy for poverty reduction. Fiscal space, the structure of the labour market, economic growth and other variables must be addressed as well, and at the same time these will influence the outcomes of the cash transfers. Indeed, evidence shows that if implemented in isolation, cash transfers are not effective in lifting people out of poverty. Additionally, as a result of the transfers the demand for services will increase, and therefore the supply side of these services must be taken into account too. For instance, schools need to be ready to match the increasing number of children with enough teachers, resources and spaces. Otherwise the quality of the services will be affected negatively thus diminishing the impact of the cash transfers.

Furthermore, giving money to people might make them richer, but not necessarily healthier and more educated. For this reason such programmes must satisfy the following requisites:

1. Appropriate targeting: assessment of the geographical and social distribution of poverty, targeting costs and political acceptability. At the household level it is important to target the

¹² <http://www.imf.org/external/country/TZA/rr/2014/042814a.pdf>

appropriate decision maker; for instance when women receive the transfers, children are more likely to be prioritised.

2. Transparent and timely transfers: beneficiaries need to know when and how much they will receive in order to plan accordingly.
3. Reliable monitoring: checking if the transfers have timely reached the beneficiaries, and avoid elite capture; checking if conditions have been satisfied.

In 2009 the Tanzanian Government launched a cash transfer pilot programme that covered about 2,000 households. Given the success, the programme, known as Productive Social Safety Net (PSSN) is currently being scaled up and it is expected to reach 925,000 households (4.2 million people) and reduce the number of people living below the food poverty line by 50%. The total transferred amount will be about US\$ 250 million every year. The PSSN fundamentally consists of conditional cash transfers, complemented by a seasonal intensive public works labour programme, and its core objectives are:

1. Increasing household consumption, and thus reducing short-term extreme poverty and food insecurity.
2. Creating incentives for families to invest in the human capital of their children (education, health, nutrition) and thus reducing poverty over the long-term.

The programme requires a long-term commitment and for this reason its sustainability must be ensured before its implementation. So far the PSSN has been mainly financed by development partners, including the WBG, yet in the medium/long-term resources from the natural gas exploitation could be devoted to finance it.

The Parliamentary Network Delegation visited Bagamoyo, one of the areas that participated in the pilot programme, and it was briefed by members of the Tanzania Social Action Fund (TASAF – the implementing agency in the field) and public officials of the Bagamoyo District. After the meetings the Delegation visited two villages that have benefited from the cash transfers programme. People from this region largely undertake subsistence farming, fishing and livestock keeping, and to a lesser extent small scale trading. According to TASAF staff, the implementation of the cash transfers has been a great success, with remarkable achievements such as an increase of primary school pupils' enrolment from 65% to 95%, improved food security at the household level, and increased number of children and elderly regularly attending health facilities from 40% to 90%. It needs to be reminded however, that cash transfers are not intended to radically transform the lives of poor people, but to provide them with some additional resources to access basic services and improve their living conditions. Furthermore, the staff also noted that one of the main challenges they have encountered has been how to deliver enough services to match the increasing demand.

Transfers enable people to save money and reinvest it. In the first village, the Delegation met a group of women who used some of their savings for the group in order to buy goats and two fridges to keep the fish. They also planned to buy a motorcycle to transport the fish to local markets. TASAF recognised their good performance and gave them extra money to build a common building to undertake their economic activities. In the second village a lady received the delegation and explained that thanks to the PSSN she was able to buy some ducks which she planned to feed and then sell.

Key issues

- How to tackle extreme poverty and reach isolated areas;
- Effectiveness and monitoring of cash transfer systems;
- Challenges to promote the agricultural sector

Delegation Recommendations

- Thorough monitoring of results;
- Importance of complementing cash transfers with other large-scale development projects

TECHNICAL ASSISTANCE

Relevant agenda items: Welcome session; lunch with donor community; visit of the Bakhresa company.

The Government of Tanzania's development priorities are defined in the *Development Vision 2025*, which sets the guidelines that the country should follow to become a middle income country by 2025. In particular, it establishes three main objectives:

1. Quality and good life for all: food self-sufficiency and security, universal primary education and the eradication of illiteracy, gender equality and empowerment of women, access to quality primary healthcare for all (including reproductive health), 75% reduction of infant and maternal mortality rates, universal access to safe water, life expectancy to the level of middle income countries, absence of extreme poverty.
2. Good governance and the rule of law
3. A strong and competitive economy: a diversified semi-industrialised country, macroeconomic stability (low inflation and macroeconomic balances), an annual growth rate of 8% or more, an adequate level of physical infrastructures to support the development goals.

The *Vision 2025* was reviewed in 2012 given its slow implementation and the government launched an initiative known as *Big Results Now* to boost the development of key sectors, namely energy and natural gas, agriculture, water, education, transport and mobilisation of resources. The initiative, supported by the WBG and other development partners, is inspired by the Malaysian experience and it is based on prioritisation, monitoring and accountability.

The World Bank Group, the IMF and other bilateral development partners are working with the government to achieve these goals. The IMF established AFRITAC-East (AFE) in 2002, housed in Tanzania. It seeks to provide capacity-building, technical assistance and training facility to East African countries such as Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda.¹³ The Parliamentary Network Delegation had the opportunity to meet with some representatives of the donor community (including Finland, Germany, Japan, the UK and the UNDP) who identified key issues in Tanzania's technical assistance:

¹³ <http://www.imf.org/external/np/sec/pr/2002/pr0224.htm>

- Rehabilitation and construction of infrastructure: this includes not only urban development, but also the improvement of the road network and the port of Dar Es Salaam, access to water and sanitation, the exploitation of natural gas reserves.
- Promotion of private sector-led growth: Tanzania's growth so far is to a large extent explained by external capital flows invested in sectors such as communications and finance, and public investment in construction. However, small and medium enterprises still find difficulties to develop and push growth further. Besides the construction of infrastructures that will facilitate their activities, there is still room for reforms such as the reduction of the number of days to start a business. The Delegation visited one of the most successful companies in Tanzania, Bakhresa Group, which received had received support from the International Finance Corporation in the past to expand its activities. The Group consists of a set a companies operating in Tanzania, Malawi, Rwanda, DRC, Uganda and Mozambique, and it has an annual turnover of US\$ 600 million. The core business is grain milling, but it also works on grain handling, food processing, bakeries, transportation, media, and residential and commercial buildings.

Agriculture: as mentioned before, agriculture employs about 80% of Tanzania's labour force. However, it lags behind other sectors and it does not grow as fast as it should in order to match the employment needs. Dependence on subsistence agriculture remains high and the WBG and other development partners believe that small reforms can have a big impact and improve the commercial side of the sector.

- Technical assistance and capacity development: the IMF, with the support of other multilateral and bilateral partners, assists regional governments in achieving macroeconomic stability through the East AFRITAC. Its core goal is to strengthen institutional capacity to design and implement sound macroeconomic and financial policies. The service is delivered through various modalities: multi-year capacity development programmes to individual or group of countries; field assignment of experts; ad hoc individual missions; HQ, regional and national courses; peer to peer learning through workshops and attachments. Currently, Africa amounts to 40% of technical assistance and 26% of training of the IMF's share of capacity development. Capacity building is focused on six areas: public financial management, revenue administration, macro-fiscal analysis, monetary policy and operations, financial sector regulation and supervision, and economic and financial statistics. As mentioned earlier, Tanzania faces some macroeconomic challenges; in particular a growing fiscal deficit and public debt that needs to be balanced with the investment in infrastructures. Moreover, according to East AFRITAC experts, its tax administration is quite inefficient and could be improved through the simplification of laws and procedures, and strengthening the audit and investigation capacity. East AFRITAC concludes by imploring the need for improving statistical quality, quantity, and access so that the legislators and development partners can meet the needs of Tanzanian citizens. Such suggestions are already being discussed and collaborated upon.¹⁴

¹⁴<http://www.imf.org/external/np/sec/pr/2014/pr14403.htm>

Key issues

- Importance of coordination between donors to avoid duplications within joint efforts

Delegation Recommendations

- Environmental issues must be a standing priority;
- Balancing WBG/IMF assistance with the country's freedom and autonomy;
- Need to improve the business climate through shorter legal procedures to set up a company
- Provide incentives to invest in infrastructures and entrepreneurial activities;
- Improving the quality of primary and secondary education



GOOD GOVERNANCE, PARLIAMENTARY OVERSIGHT AND CIVIL SOCIETY COOPERATION

Relevant agenda items: meeting with CSOs; visit to Parliament and meeting with Speaker and Budget Committee.

One-party rule in Tanzania ended in 1995 with the first democratic elections held in the country since the 1970s. The current Parliament has 357 seats: 239 elected by popular vote, 102 allocated to women, 5 elected by the Zanzibar House of Representatives, 10 appointed by the President, and 1 seat reserved for the Attorney General. The last elections were held on 31 October 2010 and the

Chama Cha Mapinduzi obtained 259 seats, Chadema 48, the Civic United Front 34, the National Convention for Construction and Reform-Mageuzi 4, and independents 7.

At the time of the visit the Parliament of Tanzania was undertaking a constitutional review process, but despite being very busy, the Speaker, the Deputy Speaker and the Budget Committee received the Delegation of the Parliamentary Network. One of the topics that came up during the discussions was the relationship between the Parliament, WBG and IMF. Hon. Anne Makinda, Speaker of the Parliament, mentioned that the legislative maintains good relations with these two institutions, although parliamentarians would like to have more exchanges with them. Thomas Baunsgaard, IMF Resident Representative from Tanzania, added that he is keen on having regular meetings with members of the Parliament; however, it is true that the executive is the normal interlocutor of the WBG and IMF, plus the government is often reluctant to put the IMF and WBG in contact with the legislative, which holds the two institutions back to engage with MPs.

A second topic, brought up by Hon. Patrick Mariru from Kenya was how to make the Parliament more accountable and transparent. The Speaker responded that the new constitution will create the possibility to recall MPs, limit the number of terms MPs can be in office, and give more autonomy to the Parliament. The question of gender equity was also raised, and the Speaker explained that currently 36% of Tanzanian MPs are women, and in the new constitution the proportion will be increased to 50% with one man and one woman elected in each constituency. Hon. Pana Merchant enquired about the relation between parliamentarians and their parties, and in particular whether they have freedom to vote. According to the Speaker, that depends on the issue at stake; when questions such as budget and constitutional review are discussed, MPs vote along party lines.

The Vice Chair of the Budget Committee asked the Delegation whether the Parliamentary Network has any experience which Tanzanian MPs can learn from, especially from similar and neighbouring countries. Hon. Nathan Nandala-Mafabi briefly explained that the Parliamentary Network aims to be a platform to exchange ideas and best practices among parliamentarians to improve governance and accountability, therefore there are many experiences Tanzanian MPs can learn from, especially through national or regional chapters.

*The opportunity to understand, appreciate and in a way input into WBG and IMF work in Tanzania was instructive. This also confirmed the need for both WBG and IMF to work closely with MPs not only in Tanzania but in other countries. This certainly creates synergy and mutual accountability. **Patrick Mariru, MP, Kenya***

The Delegation also met with several representatives from Tanzanian civil society organisations and all participants were particularly happy as meetings between MPs, civil society members and the WBG and IMF are uncommon. Several issues were discussed, such as sexual rights, gender equity, CSO's accountability, and development priorities. One topic that generated considerable debate was CSO's involvement in politics and their relation with MPs. Audax Rukonge, from the Agricultural Non-State Actor Forum, explained that parliamentarians and the government sometimes consult them to get expert advice on particular area. Other members of CSOs acknowledged that Tanzania is a rather liberal country in terms of civil society participation, compared to its neighbours such as Uganda. Hon. Sunjeev Birdi from Kenya added that in fact the only difference between parliamentarians and CSOs is that the formers undertake the same activities within the parliament, whereas the latter do it within the society. A second topic that was discussed was the *Development Vision 2025*. Most members of civil society organisations welcomed the strategy since the guidelines give some

coherence and consistency to the country's development policies. However, they reminded that the country's development needs are not limited to this plan and encouraged politicians to look beyond it.

Key issues

- Maintaining a consistent process of constitutional review;
- Government, Parliament and CSO accountability to each other in improving the economic and democratic prospects for Tanzania;
- Increased participation and efficiency of civil society organisations;
- Tanzania's *Development Vision 2025*

Delegation Recommendations

- Importance of project-monitoring and open data capabilities;
- Strengthening parliamentary oversight to observe and take action on behalf of citizens;
- Improved cooperation between CSOs, parliamentarians, and the donor community;
- More engagement between the Parliament, WBG and IMF
-



III. REPORTING REQUIREMENTS AND ACTIONS FOR FUTURE VISITS

- The Parliamentary Network Secretariat will share the report of the field visit
- A briefing session/document 1 or 2 weeks before the visit would help participants to take full advantage of it (more information on the programme, the visits and the country)
- World Bank and IMF Tanzania country office should provide a brief country situation update to delegates in 18 months time.
- The Parliamentary Network should have more resources and autonomy to increase its effectiveness

IV. ANNEXES

ANNEX 1: PROGRAMME

Sunday, 27 April 2014		
Upon arrival	Check-in at the Hotel	Venue: Hyatt Regency
7:00 pm - 9:00 pm	<i>Dinner for participants arriving in the evening</i>	Venue: Hyatt Regency
Monday, 28 April 2014		
8:30 am - 9:30 am	<i>Breakfast at Hotel</i>	Venue: Hyatt Regency
9:30 am	Transport from hotel to World Bank Office	
10:00 am - 12:15 pm	<p>Welcome Programme</p> <ul style="list-style-type: none"> - Overview of the Field Visit - Introductions - IMF overview - WB overview <p>Speakers:</p> <ul style="list-style-type: none"> - Nathan Nandala Mafabi, MP Uganda, Board Member of the Parliamentary Network - Sabina Bhatia, Division Chief, Public Affairs, IMF - Philippe Dongier, Country Director for Burundi, Tanzania and Uganda, World Bank 	Venue: World Bank Mirambo Conference Room
12:30 pm - 1:30 pm	<i>Lunch</i>	Venue: Hyatt Regency Lake Victoria Room, Mezzanine Floor
2:00 pm - 3:30 pm	<p>Africa Economic Promise – Challenges Ahead</p> <p>Presentation of the latest Africa Regional Economic Outlook followed by discussion</p> <p>Speaker:</p> <ul style="list-style-type: none"> - Abe Selassie, Deputy Director, AFR, IMF 	Venue: East AFRITAC office
3:30 pm - 4:00 pm	<i>Coffee Break</i>	Venue: East AFRITAC office
4:00 pm - 5:00 pm	<p>Tanzania and the IMF, a partnership for economic prosperity</p> <p>Speaker:</p> <ul style="list-style-type: none"> - Thomas Baunsgaard, Tanzania Resident Representative, IMF 	Venue: East AFRITAC office

	- Government Official/Bank of Tanzania (tbd)	
5:00 pm - 6:00 pm	East AFRITAC capacity building presentation (Tanzania, Kenya, Malawi and Uganda case studies) Speaker: - Sukhwinder Singh, Coordinator, Regional Technical Assistance Centre, IMF	Venue: East AFRITAC office,
6:00 pm- 6:15 pm	Transport to Cocktail	
6:15 pm - 8:30 pm	<i>Cocktail</i> Invitees: - Government - Private Sector - Civil Society Organizations - Project Coordinators - Development Partners - WB/IMF Staff	Venue: Serena Hotel, Marquee

Tuesday, 29 April 2014

7:00 am - 7:30 am	<i>Breakfast at Hotel</i>	Venue: Hyatt Regency
8:00 am	Transport from hotel	
9:00 am - 10:30 am	Visit of the Bakhresa Company	Venue: Bakhresa Company
12:00 pm - 2:00 pm	Lunch with Donor Community	Venue: Serena Hotel, Kivukoni -1
2:30 pm - 4:30 pm	Meeting with CSOs	Venue: World Bank Mirambo Conference Room
5:00 pm- 6:00 pm	Meeting with PS Finance (Dr. Likwelile)	Venue: Conference Room Ministry of Finance
7:30 pm - 9:30 pm	<i>Dinner</i>	Venue: Hyatt Regency Lake Victoria-Mezzanine Floor

Wednesday, 30 April 2014

7:00 am -	Transport from hotel	
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8:30 am - 10:00 am	Field Visit - Bus Rapid Transit (Central Transport Corridor) - Ubungo	Venue : Dar es Salaam and vicinity
10:00 am - 2:00 pm	- Tanzania Social Action Fund (TASAF) (Lunch box served in the vehicle)	
2:30 pm- 5:00 pm	Visit to Parliament	Venue: Parliament offices Dar es Salaam
6:30 pm - 9:30 pm	<i>Cocktail</i>	TBC

Thursday, 1 May 2014

10:00 am - 12:00 pm	Debriefing session over brunch with - Philippe Dongier, Country Director for Burundi, Tanzania and Uganda, World Bank - Thomas Baunsgaard, Tanzania Resident Representative, IMF	Venue: Hyatt Regency, Lake Victoria Room, Mezzanine Floor
12:00 pm	Transport from hotel	
Afternoon	Visit to traditional Markets : - Msasani Slipway - Mwenge	
7:30 pm - 9:30 pm	<i>Evening Free for Delegates</i>	

Friday, 2 May 2014

During the day	Departure of delegates	
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ANNEX 2: LIST OF DELEGATES

Country	Last Name	First Name
Burundi	Nkengurutse	Emmanuel
Burundi	Muhungu	Jean Bosco
Canada	Smith	David
Canada	Merchant	Pana
Denmark	Holm Andersen	Liv
DRC	Lubaya	Claudel André
DRC	Kambinga Katomba	Germain
Kenya	Birdi	Sunjeev
Kenya	Ole Metito	Katoo
Kenya	Mariru	Patrick
Lithuania	Vareikis	Egidijus
Malawi	Chihaula Shaba	Rabson
Niger	Mai Tanimoune	Moustapha
Uganda	Nandala Mafabi	Nathan
Uganda	Mpuuga	Mathias
Uganda	Wadada	Femiar
United Kingdom	Duddridge	James

ANNEX 3: CONTACTS LIST

World Bank Group

Philippe Dongier, Country Director for Burundi, Tanzania and Uganda
Nayé Bathily, International Affairs Officer
Monthe Biyoudi, Senior Economist
Rosalie Ferrao, Communications Officer
Jacques Morisset, Lead Economist for Burundi, Tanzania and Uganda
Loy Nabetta, Communications Officer

IMF

Thomas Baunsgaard, Tanzania Resident Representative
Sabina Bhatia, Chief of Public Affairs and Communications
Tilla McAntony, Public Affairs and Communications
Abe Selassie, Deputy Director, African Department
Sukhwinder Singh, Coordinator of the Regional Technical Assistance Centre

Parliamentary Network

Gergana Ivanova, Programme Officer
Albert Orta Mascaró, Junior Programme Officer

Parliament of Tanzania

Anne Makinda, Speaker
Job Ndugai, Deputy Speaker
Amina Amour Abdulla, Budget Committee
Cyril August Chami, Budget Committee
John Andrew Chenge, Chairman, Budget Committee
Sinkamba Josephat Kandege, Budget Committee
Festus Bulugu Limbu, Budget Committee
Shanif Hiran Mansoor, Budget Committee
James Francis Mbatia, Budget Committee
Rita Louise Mlaki, Budget Committee
Hamad Rashid Mohamed, Budget Committee
Assumpter Nshunju Mshama, Budget Committee
Christina Lissu Mughwai, Budget Committee
Mwigulu Lameck Nchemba, Budget Committee
Saleh Ahmed Pamba, Budget Committee
Joseph Roman Selasini Shao, Budget Committee
Kidawa Hamid Saleh, Budget Committee
Beatrice Matumbo Shellukindo, Budget Committee

Government of Tanzania

Servacius Likwelile, Permanent Secretary, Ministry of Finance

Civil Society Organisations

David Chanyeghea, Tanga Civil Societies Coalition

Semkae Kilonzo, Policy Forum

Oscar Kimaro, Restless Development

Irenei Kiria, SIKIKA

Hoseana Lunoghelo, ESRF

Peter Masika, Tanzania Youth Alliance

Elizabeth Missokia, Haki Elimu

Audax Rukonge, Agricultural Non-State Actor Forum

Donors

Sinikka Antila, Department for International Development Cooperation, Finland

Hans Koeppel, German Federal Ministry for Economic Cooperation and Development, Germany

Masaki Okada, Ministry of Foreign Affairs – Official Development Assistance, Japan

Marshall Elliot, Department for International Development, United Kingdom

Mandisa Mashologu, UNDP

ANNEX 4: THE WORLD BANK IN TANZANIA

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

The commitment to accelerate economic growth and fight poverty has been implemented through a series of strategies and plans. In 2005, the government adopted a results and a Millennium Development Goals (MDGs) based strategy commonly known as the National Strategy for Growth and Reduction of Poverty (NSGRP, popularly known in Kiswahili as MKUKUTA). NSGRP was adopted to sustain and scale up achievements while addressing the challenges to growth and poverty reduction. A second MKUKUTA, covering FY11-15, is under implementation. Concurrently, the Revolutionary Government of Zanzibar finalized the Zanzibar Strategy for Growth and Reduction of Poverty (MKUZA II), covering the same period. MKUKUTA II and MKUZA II are the vehicles for realizing the MDGs and Tanzania's Development Vision 2025, designed to help transform Tanzania into a middle-income country. The strategies aim to accelerate economic growth and poverty-reduction efforts by pursuing pro-poor interventions and addressing implementation bottlenecks. The strategies scale up the role and participation of the private sector in economic growth and employment generation and emphasize investment in people and infrastructure development. Tanzania's Poverty Monitoring website provides a variety of resources on poverty reduction and has the MKUKUTA II text and results matrix available for download.

A 2012 review of the Tanzania Development Vision 2025 led to the candid recognition by the Government that the implementation of projects and reforms was slow in key sectors. This compelled the authorities to adopt Big Results Now (BRN), a new framework inspired from the Malaysian development strategy. The BRN program oversees and monitors the implementation of projects in order to accelerate the delivery of results in six key sectors; namely energy and natural gas, agriculture, water, education, transport and the mobilization of resources. The BRN is managed by the Presidency under the President's Delivery Bureau and is supported by several development partners including the World Bank, USAID, Swedish International Development Agency, DFID, and the Bill and Melinda Gates Foundation. The BRN program started in mid-2013 and it is expected to have achieved its main targets by 2015.

World Bank Assistance/Engagement

The World Bank Group assists Tanzania's development plans through a mix of investment projects, basket funds, and budget support. In addition, the Bank mobilizes financial and technical resources through trust funds, conducts economic analyses to ensure value for money in public spending, and works closely with the government and other development partners to strengthen aid coordination and harmonization. Since 1995 the Bank has provided more than US\$6 billion to Tanzania in credits and grants. About 30% of the Bank's support has been provided through development policy operations during the last four years focusing on improving public expenditures, increasing growth, and improving the delivery of social services.

The Country Partnership Strategy (CPS) provides the framework for World Bank Group support from 2012 to 2015. The CPS is based on the Bank's Africa Region Strategy and highlights partnerships as a means for implementation, building on the core partnership with the government; knowledge products to support reforms; and financing. A review of the CPS for Tanzania is ongoing but it will not change the priorities and programs described under the current CPS, as they remain

valid. Nevertheless, the Bank hopes to realize four key adjustments to the program to align with evolving country priorities as well as evolving WBG corporate goals. The review is therefore focusing on support to making Tanzania's growth more inclusive and creating jobs; scaling up targeted support to alleviate extreme poverty, support to the BRN initiative and helping mobilize new financing solutions for the country. The World Bank Group's private sector financing arm, the International Finance Corporation (IFC), has mobilized over US\$185 million in investments in Tanzania to date and offers a broad range of advisory services to support the private sector.

Recent recipients of IFC support include the ETC Group (US\$70 million) to support the group's expansion to Africa and increase its reach to smallholder farmers; and Williamson, a Tanzanian mining company US\$50 million (in equity and a senior loan). A Joint Development Agreement was also signed between IFC InfraVentures, Aldwych International and Six Telecoms (Tanzania) to develop a 100 MW wind farm at Singida. The IFC has also committed US\$21.8 million to support the construction of a US\$68 million mixed-use property to house a 250 room hotel and 8,100 sqm of office and retail space in Dar es Salaam as a joint venture between China Railways Jianchang Engineering and the Mwalimu Nyerere Foundation. Kagera Sugar Limited and Mikoani Traders are currently being considered for expansion support.

In addition to other major investments in the pipeline, IFC continues to provide financial to micro and small businesses through innovative financing to the financial sector. Recent transactions include a US\$5 million trade finance facility and a US\$5 million credit line to Exim Bank to support trade and women entrepreneurs; a US\$3 million loan equivalent in local currency loan to Finca Microfinance through a swap transaction with Barclays Capital; a US\$4 million financing to Alios Finance to support its leasing and other lending operations; a US\$4.5 million subordinated loan facility to Bank of Africa (Tanzania) and a US\$5 million facility to Diamond Trust Bank for SMEs. IFC will also support CRDB's growth strategy.

The IFC-supported Credit Reference Bureau program to Bank of Tanzania and Tanzania Bankers Association has helped develop a databank for public credit registry while the Tanzania Leasing Program has contributed significantly to the development of the leasing sector in the country by establishing appropriate commercial legislation and regulation to facilitate leasing. Furthermore, IFC's infrastructure advisory team is in discussion with the Bank for a possible collaboration following a request for assistance from the Minister of Energy to help structure PPP projects in the energy sector.

Tanzania became a member of the Multilateral Investment Guarantee Agency (MIGA) in 1992. MIGA is the component of the World Bank Group that provides guarantees and political risk insurance for private investments. At present, MIGA does not have any commitments in Tanzania.

The World Bank Institute (WBI) focuses on support to oversight institutions (media and parliament), economic competitiveness (public private partnership and financial sector management), and support to enhance service delivery (water and nutrition). The Global Development Learning Center was launched by WBI in 2000.

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ANNEX 5: THE IMF IN TANZANIA

Article IV Consultation with Tanzania: Executive Board Press Release

Accessible here: <http://www.imf.org/external/np/sec/pr/2014/pr14227.htm>

On April 25, 2014, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation¹ with Tanzania and completed the third and final review of the country's performance under an economic program supported by a Standby Credit Facility arrangement (see Press Release No. 14/182).

Economic growth in Tanzania is projected to remain strong at 7 percent next year and in the medium term. Inflation is at 6 percent, gradually converging to the authorities' 5 percent medium term objective. The external current account deficit remains among the largest in the region, at 14 percent of GDP this year. Fiscal revenue shortfalls and overruns in domestically-financed spending led the deficit to rise to 6.8 percent of GDP in 2012/13. Revenue shortfalls in 2013/14 compared to the budget approved by parliament have prompted the authorities to undertake expenditure cuts during the fiscal year in an effort to meet their 5 percent of GDP deficit target. Based on the debt sustainability analysis, Tanzania remains at low risk of debt distress. A major opportunity for the long term, not yet incorporated in the baseline projections, relates to sizable finds of offshore natural gas that, if confirmed as commercially viable, could generate significant exports and government revenues during the 2020s.

Executive Board Assessment

Executive Directors commended the skilful macroeconomic management that has delivered rapid growth, falling inflation, and continued poverty reduction in the context of Fund-supported economic programs. Noting risks to the outlook and remaining vulnerabilities, Directors encouraged the authorities to consolidate the gains so far by stepping up efforts to improve the policy frameworks, reconstitute buffers, and push ahead with structural reforms in a variety of areas.

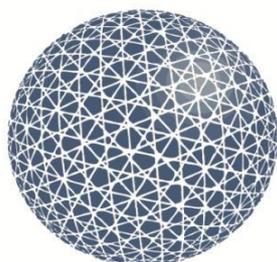
To safeguard the sustainability of the public finances, Directors recommended containing public spending within the limit of the mid-term budget review, while addressing poverty alleviation and the large infrastructure deficit through careful expenditure prioritization. They also encouraged the authorities to intensify revenue mobilization, including through accelerated VAT reforms. More broadly, Directors agreed that the achievement of fiscal targets would benefit from further improvements in public financial management, which would prevent the recurrence of arrears and facilitate their resolution. It would also be important to improve the quality and dissemination of fiscal data.

Directors commended the Bank of Tanzania for reducing inflation to the mid-single digits and preserving financial stability. Looking ahead, they advised to further strengthen prudential oversight, including as regards the regime against money-laundering and the financing of terrorism. Directors also welcomed the central bank's intention to transition to an interest rate-based monetary policy framework, and encouraged a review of the foreign exchange market to promote greater transparency and efficiency.

Directors took note of the staff's assessment that the Tanzanian shilling appears to be somewhat overvalued in real effective terms, but agreed that Tanzania's ongoing structural transformation amplifies the uncertainty surrounding such assessment. They nonetheless considered that the persistently high external current account deficit points to the need to boost external competitiveness through enhanced exchange rate flexibility as well as additional reforms to reduce implements to trade, promote financial deepening, and improve the business climate.

Noting that the recent offshore discoveries of natural gas could present a major opportunity for Tanzania, Directors recommended establishing over the medium-term transparent institutional frameworks for natural gas taxation and wealth management with a view to fostering good governance and inter-generational equity.

ANNEX 6: ABOUT THE PARLIAMENTARY NETWORK ON THE WBG AND IMF



THE PARLIAMENTARY NETWORK

On The World Bank & International Monetary Fund

About the Network

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

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

For more information, please visit www.pnowb.org

Development Policy

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

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

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

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

Funding

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

Activities

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

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

Policy Resources

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

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

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

Join the Network

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

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

Name

Nationality.....

Address

Tel.....

Fax.....

Mobile.....

Email.....

Gender.....

Date of Birth.....

Governing Party/Opposition

Position

End of mandate.....

The Parliamentary Network on the World Bank & International Monetary Fund

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Check our website at <http://www.parlnet.org>

ANNEX 7: PARLIAMENTARIANS AND THE WORLD BANK GROUP

Open Knowledge

The World Bank recognizes transparency and accountability as essential to the development process and central to achieving the Bank's mission to alleviate poverty. Driven by a desire to foster public ownership, partnership and participation in development from a wide range of stakeholders, the World Bank shares its wide-ranging development knowledge freely and openly. The World Bank provides free and open access to a comprehensive set of data about development in countries around the globe, and also maps and shares the results of its projects and programs, allowing policymakers to make better informed decisions and measure improvements more accurately.

Capacity Building

During the past 10 years, the World Bank Institute (WBI) has trained more than 10,000 members of parliament in partnership with parliamentary organizations. Acting both as a knowledge broker and a centre for action research the Bank works with development partners around the globe to strengthen the capacity of institutions, individual parliamentarians, and parliamentary staff. Consistent with the Bank's mandate, WBI seeks to enhance the capacity of parliaments to effectively perform their functions (oversight, representation and lawmaking) in order to better contribute to open and collaborative development. WBI does this by strengthening regional parliamentary networks to act as platforms for south-south exchange, structured learning, and knowledge sharing. Action-planning and peer-review mechanisms assist in translating global and regional best practice into national level action. In particular, WBI works in the area of open budgeting, climate change, and extractive industries. WBI is also on the Board of the recently created multilateral portal for parliamentary development AGORA.

Ongoing Dialogue

The Bank interacts with parliamentarians through regular workshops, information sharing, seminars, informal briefing sessions, and parliamentary field visits. For example, the Bank regularly engages members of parliament to contribute to consultations on Bank policies or country assistance strategies. Together with the IMF the World Bank organizes 1-day Parliamentary Workshops around the Spring and Annual Meetings, and the Bank regularly receives parliamentary delegations visiting its headquarters in Washington, D.C. World Bank Senior Management often have informal meetings with foreign policy, finance or development policy appropriation committees when visiting member countries. The Bank also interacts with a number of parliamentary organizations, notably the Parliamentary Network on the World Bank & IMF (PNoWB); the Global Legislators Organizations (GLOBE); and the Inter Parliamentary Union (IPU).

Consultations

The Bank involves parliamentarians in the preparation of its Country Assistance Strategies, and encourages parliamentary participation in Poverty Reduction Strategy processes. A survey of World Bank Country Office engagement with Parliamentarians showed that the World Bank was involving parliamentarians in three out of four Country Assistance Strategies in 2009. Parliamentarians are also invited to comment on sector strategies: the Global Organization of Parliamentarians Against

Corruption (GOPAC) for instance commented on the recent update of the World Bank strategy to strengthen engagement on Governance and Anticorruption (GAC).

Restrictions

Although the Bank works with parliamentarians in various capacities as outlined above, the Bank maintains its official relationships with the governments of its 187 member countries, whose ministers of finance, economy, development, or foreign affairs sit on its Board of Governors. As mandated by its charter, the Bank does not involve itself in the domestic political affairs of a country. This means that except in rare cases, Bank staff cannot testify before a legislative body.

ANNEX 8: LEGISLATORS AND THE IMF

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

Legislators can be key to the success of Fund policies

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

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

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

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

Dialogue helps IMF understand and explain

The IMF is governed by and is accountable to the governments of its 188 member countries. According to the IMF charter, the Articles of Agreement, its main interlocutors are the financial authorities—in most cases the finance ministry or central bank of the member countries. Recognizing that the principal responsibility for communication to legislators rests with the national authorities, the IMF's interaction with legislators is tailored to the specific country circumstances, and closely coordinated with each country's respective financial authorities and representative on the IMF Executive Board.

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

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

- At the national level, IMF management, Executive Directors, and staff meet frequently with legislators during visits to member countries and when legislators visit IMF headquarters in Washington, D.C.
- The IMF organizes an increasing number of country and regional seminars for legislators. Examples include: a conference in Kigali, Rwanda in March 2012 that brought together

parliamentarians from 40 different African countries to discuss private sector development in the region; seminars held in Liberia and Ghana in February 2010, and one in Tanzania in March 2009.

- The Fund also offers Joint Vienna Institute for legislators from the former transition economies of Eastern and Central Europe and Central Asia. In July 2009, a seminar brought together legislators from many of the crisis countries in Eastern and Central Europe to discuss the impact of the global financial crisis on the region.
- At the international level, the IMF has a well-established relationship with the Parliamentary Network on the World Bank and International Monetary Fund; IMF management and staff participate in its annual conference, regional events, and field visits.
- The IMF also cooperates with other global and regional parliamentary organizations, including the Global Organization of Parliamentarians Against Corruption (GOPAC); Parliamentarians for Global Action (PGA); the Parliamentary Centre; the Commonwealth Parliamentary Association (CPA); and the Inter-Parliamentary Union (IPU).
- In addition, the Fund organizes a workshop for Parliamentarians during its Spring and Annual Meetings.

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

A dynamic relationship

The IMF has been expanding its contacts with legislators in accordance with the high priority given to this by both the IMF Executive Board and IMF management. A January 2004 report of an Executive Board working group stressed that the IMF “should expand its outreach efforts and listen to legislators...to improve the understanding of the political and social context in which economic decisions are being taken” and to “help build understanding of the IMF.”

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

Credits, Rights and Permissions

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