

## THE PARLIAMENTARY NETWORK

On The World Bank & International Monetary Fund

### **Establishing Inclusive Economic Growth in a post-conflict setting**

## Mission Report

**Parliamentarians in the Field programme**

Colombo, Sri Lanka  
26 - 29 November 2012

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“It is the donors’ money that is used. And this money does not become automatically the government’s money, but the entire nation’s financial support. We do not care about how many cars, how many hospitals are built... but we do care about how effective these programs have been and what the long term plan is. The World Bank and IMF do enable us to communicate. But they have to encourage more participation which will produce sustainability in the long run. There will never be a monopoly of knowledge.”

**Dr. Janette Garin, Member of Parliament of the Philippines**

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## **EXECUTIVE SUMMARY**

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The program “Parliamentarians in the Field” is one of the Parliamentary Network’s flagship events and is jointly organized with the World Bank and the International Monetary Fund. The 2012 Field Visit was organized for a delegation of ten Members of Parliament in Sri Lanka, 26 - 29 November 2012. The delegates came from Bangladesh, Burundi, the European Parliament, France, Indonesia, Malaysia, New Zealand, the Philippines, Senegal and Uganda. The program involved all participants in the work of the World Bank and IMF, while also providing insight into the two organizations’ dialogue with other development partners. For donor country parliamentarians, it presents an opportunity to see development cooperation in practice. Borrowing country MPs can use field visits as benchmarking exercises and opportunities to exchange views and experiences. The three days of the visit were focused on a variety of development topics such as Sri Lanka’s macroeconomic development, urban planning as well as public health in Sri Lanka, the changing schemes of Sri Lanka’s development cooperation, Good Governance and Parliamentary Cooperation with Civil Society.

### **Macroeconomic development**

In working sessions with the IMF Resident Representative of Sri Lanka and the Maldives as well as other high-level speakers from government and the private sector, the delegation discussed Sri Lanka’s high fiscal deficit, regional trade and the country’s potential for foreign direct investment. In comparison to other countries in South East Asia, Sri Lanka has excessive debt, a very high inflation rate and an unstable currency. But more generally, the Sri Lankan economy in the post-conflict scenario grew by 7.1 per cent in the first half of 2012 following two consecutive years of robust growth of over 8 per cent. In 2009, the national authorities, in cooperation with the IMF, have designed a policy programme supported by IMF financing, which is conditioned on effective implementation of this programme. In July 2012, the IMF approved the last portion of the \$2.6 billion loan to Sri Lanka from 2009. The IMF’s overall intervention helped to take Sri Lanka out of a very difficult balance of payments and now fiscal discipline and consolidation by the government will need to be on the top of the political and macroeconomic agenda.

For a complete list of main issues and recommendations identified by the delegation, see page 8.

### **Urban planning**

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

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

For a complete list of main issues and recommendations identified by the delegation, see page 10.

### **Public health**

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

For a complete list of main issues and recommendations identified by the delegation, see page 12.

### **Development Cooperation**

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

For a complete list of main issues and recommendations identified by the delegation, see page 14.

**Good Governance Parliamentary Cooperation with Civil Society**

The delegation discussed with the Deputy Speaker of Parliament, other local Members of Parliament and local civil society organizations how to increase civil society participation in the legislative process. Particularly, they focused on media control in Sri Lanka and how to ensure an efficient separation of powers and checks & balances. The delegation concluded that Members of Parliament have to continue to exercise their primary role in the oversight of the budget. In fact, MPs do have an increased role in providing transparency to their respective electorate by continuously monitoring implementation and performance of government policies and programmes.

For a complete list of main issues and recommendations identified by the delegation, see page 17.



# Establishing Inclusive Economic Growth in a post-conflict setting

A “Parliamentarians in the Field” mission report



Note to readers: This report does not use a chronological structure, instead, it provides a one-page visit introduction (section I) in preparation for the main content of the report (section II), which is divided into five thematic focuses: macroeconomic development in Sri Lanka, managing sustainable urban development, public health in Sri Lanka, development cooperation in Sri Lanka, and good governance and parliamentary cooperation with Civil Society. Each thematic focus is discussed in three pieces: 1) background; 2) main issues; and 3) delegation recommendations. We hope you will find this structure both intuitive and helpful.

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## I. INTRODUCTION

In May 2009, the 26-year-long conflict in Sri Lanka between government forces and the Liberation Tigers of Tamil Eelam came to an end. The conflict claimed about 130,000 lives and the UN estimates that 40,000 civilians alone died in the five months before the war's end in May 2009, when the Liberation Tigers of Tamil Eelam surrendered. Since 2011, Sri Lanka has seen a continuous improvement in security.

Following the conflict, the government focused its efforts on economic development projects, many of which are financed by international donors such as the World Bank and the IMF, but also bilateral donors like China. The government is also trying to resettle civilians who were displaced during the conflict.

The operational environment for donors is now shifting from humanitarian aid to early economic recovery and subsequent development. Given the changing country context in recent years, Sri Lanka's macroeconomic situation is improving today, to a large extent due to large-scale reconstruction and development projects following the conflict. Developing small and medium enterprises as well as increasing agricultural productivity are priority areas. However, the government faces high debt and budget deficits, as well as an expensive public administration. Attempts to remedy these issues include tax reforms to increase revenue.

The country faced a near-crisis in its balance of payments in early 2009, which led to an agreement with the IMF that helped to stabilize the situation and facilitate strong economic growth. Inflation has been restrained, reserves at the Central Bank have been built up, and the fiscal position has improved. An unfortunate attempt to fix the exchange rate, leading to a loss of reserves, happened in 2011, but a set of flexible macroeconomic policies was introduced in early 2012 and strengthened the economy's fundamentals once again.

With regard to the Millennium Development Goals, Sri Lanka's achievements so far are considered to be very successful. UNDP has identified Sri Lanka as an early achiever on 10 of the 21 indicators, including those related to the goals of universal primary education and gender equality. Sri Lanka is also expected to meet the goals of maternal health and HIV/AIDS. However, Sri Lanka is making slower progress on the goals related to malnutrition and child mortality.

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.

## II. THEMATIC FOCUSES and RESULTING RECOMMENDATIONS

### 1. Macroeconomic development in Sri Lanka: fiscal consolidation, trade and FDI

[Relevant agenda items: Working session with the IMF and national Ministry of Finance and Planning; meeting with donors; meeting with the private sector]



One of Sri Lanka's structural macroeconomic problems is its high fiscal deficit (80 %). The development of regional trade as well as an efficient financial sector is a key priority for Sri Lanka's economic growth. In comparison to other countries in South East Asia, Sri Lanka has excessive debt, a very high inflation rate and an unstable currency. More generally, the Sri Lankan economy in the post-conflict scenario grew by 7.1 per cent in the first half of 2012 following two consecutive years of robust growth of over 8 per cent.

With the support of an IMF Standby Arrangement, the authorities from 2009 to 2012 succeeded in boosting growth, reducing inflation, building up reserves at the Central Bank, and bringing down the fiscal deficit. The current account deficit grew sharply in 2011 and the authorities sought to mobilize capital inflows to finance it, instead of taking steps to reduce the financing need. The Central Bank lost a substantial portion of its reserves, trying to defend the currency, which was virtually pegged to the dollar. Early in 2012, the authorities reversed course and introduced a comprehensive package of policy measures to reduce the current account deficit—this included exchange rate liberalization (and the rupee has now depreciated some 17 percent), monetary tightening (curbing the credit growth that fuelled import demand last year), and fiscal tightening as well. These sudden measures have slowed growth and put pressure on government finances but were absolutely necessary and have strengthened Sri Lanka's economic fundamentals and prospects. The overall IMF partnership with Sri Lanka is considered to be a very productive relationship.

“Sri Lanka is at cross-roads of rapid economic growth that can take place, but which is maybe not the correct way. Self-determination and own decision-making on the loans will make a difference in governing this country.”

**Ravi Karunanayake, Member of Parliament of Sri Lanka**

Looking forward, Sri Lanka has the potential to grow fast but needs some reforms to achieve this potential. One of the most important priorities is building up physical infrastructure—which the government has emphasized—and doing so with private-sector involvement. The financial markets

need to be developed, with broader participation, deeper trading, and stronger regulation with respect to the stock market, and development of a corporate bond market to provide long-term finance. Next is the need to strengthen education—while Sri Lanka has a highly literate population, university and vocational education needs strengthening as does training in English and IT skills. Another priority is promoting trade—exports have fallen as a share of GDP and as a share of world exports for close to 20 years, and promoting a change in regional orientation, to focus more on India, China, and other markets in Asia, will be key.

Finally, the IMF points to the need to boost FDI and to improve the business climate for investors, both domestic and foreign. As foreign investment has been one of the most disappointing issues in the post-conflict scenario, Sri Lanka will have to focus on how to satisfy existing investors and how to establish confidence to new foreign investors.<sup>1</sup> Long-term means have to be found to stabilize Sri Lanka's rule of law in order to avoid breach of commercial contracts by the state. Only a secure regulatory framework can ensure that projects remain stable over years and that investors do not leave the country.

However, the most important problem remains increasing inequality and Sri Lanka's objective should be to enable inclusive growth, by enabling its entire population to be involved into the growth process of the country. According to Dr. Yves Sahinguvu, a Member of Parliament from Burundi, post-war reconciliation of the population remains a key factor for economic growth.

## **KEY ISSUES**

- The synchronization between the IMF and government public policies;
- Analysis of the political economy in Sri Lanka has to take into account the post-war reconciliation process as well;
- The shift from an agricultural nation to a service provider and its implications for trade and foreign direct investment;
- Creating a stable business environment in a post-conflict setting

## **DELEGATION RECOMMENDATIONS**

- Ensuring a precise post-conflict management program that takes into account post-war reconciliation;
- Sri Lanka should continue to focus on good fiscal management and maintaining serviceable debt levels;
- Members of the Sri Lankan Parliament's economic and financial committees should increase collaboration with the CSO community with a view towards balancing relations between private business interests and the public sector

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<sup>1</sup> The development of Sri Lanka's mobile phone industry is considered to be a successful example of how Sri Lanka should deal with existing foreign investors.

## **2. Managing sustainable urban development in Sri Lanka**

[Relevant agenda items: presentation of the Metro Colombo Urban Development Project (MCUDP); Colombo Municipal Council; meeting with donors]



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

- (i) **Flood and drainage management:** this supports priority improvements to flood and drainage management infrastructure in the Colombo Water Basin, development of an integrated flood management system (IFMS), and complementary interventions to improve environment and public facilities along the water bodies.
- (ii) **Urban development, infrastructure rehabilitation and capacity building for Metro Colombo local authorities:** this component aims to strengthen strategic planning processes at the metropolitan level, and support local authorities in the Colombo Metropolitan Area to rehabilitate and manage streets and drainage infrastructure, and improve local public facilities and other urban services.
- (iii) **Implementation support:** this component provides support to implementation agencies in areas such as project management, monitoring and evaluation (M&E), procurement, financial management, and environmental and social safeguards; construction supervision; communications and public awareness; and operating costs and equipments needed by the Project Management Unit (PMU), Project Implementation Agencies and Project Local Authorities.

Projects of such an extent can result in involuntary resettlements and local opposition. Members of Parliament inquired about the government's approach to relocate people. As such, a balance has to be struck between involuntary resettlements and the provision of effective natural disaster management. Mansour Sy, a Member of Parliament from Senegal, welcomed this particular

presentation of the MCUDP, because “it showed existing solutions of natural disaster management that [he] can use for policy-making in his own country”. Countries experiencing similar problems can learn from Sri Lanka’s experience, while taking into account decisive governance issues, such as the involuntary relocation of inhabitants. During the presentation of the project by Rosetta Nitti, Senior Urban Specialist at the World Bank, the delegation engaged in a cross-country comparison of successful natural disaster management. As an example, Dr. La Ode Ida, a Member of Parliament from Indonesia, mentioned the Indonesia Drainage Project and explained how his country tries to deal with similar problems.

The delegation was also invited to the Colombo Municipal Council by the Mayor of Colombo, A.J.M. Muzammil, for further information on Colombo’s urbanization. The annual budget of the city of Colombo amounts to 80 million US dollars. The budget is always discussed with community leaders from NGOs, trade unions and other important stakeholders. The city of Colombo is very clean and more than 10 million US dollars of the annual budget are spent for the public cleansing service. However, some parts of the city are still suffering from poverty, especially with regard to housing and health issues. These two concerns result from a high fluctuation of the population. The Mayor of Colombo mentioned that garbage and waste management are not a top priority for private investors, unless there is another funding source. As private investors think that these programs are not financially viable, public-private partnerships or World Bank-funded projects could counterbalance the current situation. The Mayor of Colombo agreed with the delegation that the goal is to serve the people in need. Dr. Janette Garin, a Member of Parliament of the Philippines and the Sri Lanka Field Visit Delegation Leader, suggested the Philippines’ waste management and garbage segregation: biodegradable garbage and worms are proved to be excellent fertilizers. In addition the separation of waste in public bins facilitates recycling.

## **KEY ISSUES**

- Effectiveness of World Bank projects and implementation with regard to rapid urbanization and natural disaster management;
- Increasing sustainability of World Bank-funded projects and developing the capacity of implementing (local) service providers through public-private partnerships;
- Governance and project implementation;
- Engaging local governments in development-cooperation initiatives

## **DELEGATION RECOMMENDATIONS**

- The World Bank country office in Sri Lanka to follow up with NGOs specialized in waste management technologies to secure technical assistance for waste re-use technologies in Bank-funded programs;
- Learning from cross-country comparisons through regional or geostrategic similarities;
- Including community leaders (NGOs, trade unions, etc.) in urban planning and budget proposals
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### **3. Public Health in Sri Lanka**

[Relevant agenda items: Visit to Base Hospital in Gampaha; meeting with donors]



Health care in Sri Lanka is universally subsidized by the government through fiscal income. One per cent of the GDP is spent on health care, which corresponds to 4.5 per cent of the overall budget. Primary and secondary health care are managed on a regional level, whereas the Ministry of Health intervenes for tertiary health care. Sri Lanka offers 70,000 hospital beds to patients in over 450 facilities across the country. However, it is important to mention that there is a very high out-of-pocket expenditure (50 per cent) for patients as hospitals are not always fully equipped with medication. The World Bank in Sri Lanka puts an emphasis on public health with an important focus on preventive health care (i.e. communicative disease control, immunization, sanitation, and food safety). According to the World Bank's Country Assistance Strategy (CAS) for Sri Lanka in fiscal years 2009 – 2012, twelve Analytical and Advisory Activities (AAA) were created. These clearly defined programs have then subsequently been increased, modified and shaped in order to better reflect Sri Lanka's development reality. One of these AAA focuses on the role of the private sector in health care in Sri Lanka, because the role of the private sector in hospitals has been very successful 40 years ago before the civil war started. A more recent AAA is centred on chronic and non-communicable diseases. As a matter of fact, 70 per cent of deaths that occur in Sri Lanka are due to non-communicable diseases. Cancer is also prevalent. Most commonly, women are suffering from breast cancer, whereas mouth cancers are more common to male patients. Also diabetes and hypertension are very frequent illnesses in Sri Lanka.

“The World Bank and the IMF are often de-characterized and their intentions come across as deformed. It is important to show what the Bank and the Fund are really doing. These field visits enable us to show in our local Parliaments what is going on behind the scenes. Then we – as Members of Parliament – can make this known to everybody in our respective countries.”

**Jean-Luc Reitzer, Member of Parliament of France**

The visit to the Gampaha District presented key issues of Sri Lanka's current public health policies. This hospital has been chosen as a successful example of public health programs in Sri Lanka. For instance, the District General Hospital Gampaha (DGH Gampaha) has been receiving productivity awards and health excellence since 2006. The most recent achievements are the National Health Excellence merit Award in 2011 and the Productivity Award in 2012. The Gampaha District has a population of 2.3 million people, which is 12.3 per cent of the overall national population. The public health sector in Gampaha is divided into a preventive and curative sector. Whereas the first consists of 16 Ministry of Health offices, the latter includes 16 hospitals. In 2006, Gampaha's maternal mortality rate was largely above the national average (60.7/10,000 LB compared to 44.3/10,000 LB). Since then, it has been continuously decreasing and is now at 19.1/10,000 LB. The Gampaha District has also been particularly innovative with the establishment of Family Medical Clinics (FMCs) in 2011. In fact, 87.5 per cent of Gampaha's major hospitals have now established FMCs which better serve the patients' needs. The result is a considerable reduction in waiting times and a significant increase in the patients' privacy through the use of individual consultation rooms. The delegation then visited a preventative health centre for pregnant women in order to see how confidentiality in medical consultations is implemented. This centre can be seen as the counterpart of the Young Fathers' Clubs of the DGH Gampaha.

#### **KEY ISSUES**

- Effectiveness and long-term sustainability of World Bank-funded public health programs;
- High out-of-pocket expenditure on pharmaceuticals;
- Fully subsidised health care sector;
- Management of non-communicable diseases;
- Serving the needs of particularly vulnerable groups of the population (e.g. young parents)

#### **DELEGATION RECOMMENDATIONS**

- Necessity for the World Bank to develop precise sectoral public health strategies in order to better implement financial means in the future;
- Ensuring sustainability through a long-term and general public health program with quantifiable indicators: evidence-based public health programs;
- Reducing the cost of out-of-pocket on pharmaceuticals;
- Allowing some privatisation in the health sector instead of subsidising it completely.



#### **4. Development Cooperation in Sri Lanka: from international aid to capacity building**

[Relevant agenda items: meeting with donors; meeting with the private sector and chambers of commerce; Working session with the IMF and national Ministry of Finance and Planning]



The World Bank and the IMF are one of Sri Lanka's oldest development partners and cooperate with donor countries and other donor institutions in order to ensure economic growth in Sri Lanka. Sri Lanka joined the IMF in August 1950 and more recently the IMF has been very active in Sri Lanka, particularly in the post-conflict scenario. For the World Bank, the main development challenge is that Sri Lanka is progressively becoming a middle income country. The current economic development goal of the President of Sri Lanka Mahinda Rajapaksa is to double the per capita income. Five different issues are key in reaching this goal: inclusive growth, foreign direct investment, innovation (R&D), the youth and Sri Lanka's capacity to ensure consistent policies.

##### A. Inclusive growth:

As has been previously discussed, the out-of-pocket expenditure in health is very high for the population. The fact that the government spent 70 billion more on health in 2009 than 20 years ago does not change the situation as pharmaceutical drugs remain expensive due to innovation. Looking at unemployment, while it decreased from 7.6 per cent in 2000 to 4.9 per cent in 2010, a considerable concern remains the unemployment of educated young professionals and women. Margaret Kibojana, a Member of Parliament from Uganda, wanted to know which data has been used in order to measure poverty in Sri Lanka. The Institute of Policy Studies in Sri Lanka responded that they use cross-district comparisons in order to create a more reliable picture of the existing inequality between different regions. For the EU, one of the donors in Sri Lanka, big challenges remain more specifically with regard to the data and statistics of the positive growth. Data collecting in the north of the country is still considered to be insufficient. The EU considers that regional gaps need to be closed.

##### B. Foreign Direct Investment

To sustain Sri Lanka's growth rate (7.1 per cent in the first half of 2012), investment must rise from 26 per cent of GDP to at least 35 per cent of GDP. Sri Lanka will have to differentiate between "more" and "better" FDI, meaning that ready-made hotels do not necessarily improve the living conditions of the poor. In addition, MP Shane Jones from New Zealand pointed out that the Sri Lankan government should advertise more the safety of the country, its cultural programs, nature and wildlife in order to attract tourists. Currently, the government is giving money for these projects, but it will take two to

three years in order to have tangible results. However, the World Bank's report Doing Business 2012 has revealed a better investment environment for Sri Lanka than in previous years.<sup>2</sup> The United Kingdom, a donor country in Sri Lanka, proposes to create a one-stop shop for setting up a company in order to speed up the creation of business facilities for foreign investors. Existing administrative and legal procedures are still very burdensome and remain the main obstacles to overcome.

“As soon as I come back to my country, I will ask for a special bilateral meeting with the lending institutions: it is the only efficient way to find out what donors really think and how they interact.”

**El Hadji Mansour Sy, Member of Parliament of Senegal**

#### C. Innovation: Research & Development

Although R&D is extremely low in Sri Lanka, nanotechnology could potentially become a success story for the country, especially with regard to SLINTEC (Sri Lanka Institute of Nano Technology) which is a public-private partnership. In the first year of operation, 15 international patients came to Sri Lanka for that purpose.

#### D. Young professionals and education

As secondary education is essential for jobs, Sri Lanka will have to reconsider its strategies to allow education for everybody. Currently, 100,000 potential students cannot enrol in university. The discussion around the Private University Bill has been postponed due to significant student protests. In a cross-country comparison, Member of Parliament Dr. Janette Garin from the Philippines put an emphasis on English language and explained that thanks to the Philippines' will to reduce language barriers in the national education system subsequent economic development became possible as more investors were attracted to trade or even start businesses in the Philippines. The German Agency for International Cooperation also considers that language differences contribute to inequality and focuses in its educational programs on reducing language barriers.

#### E. State capacity and consistent policy

Sri Lanka, considered to be a “donor darling” in 1977, has more recently become a middle income country (MIC). Consequently the donor structure has been changing in recent years: decreasing amounts are aimed at completely different goals. Taxation and public finances are now becoming a vital part in Sri Lanka. The country's current trade portrait and regime is a free market economy. The private sector would like to see greater deregulation and higher liberalization of trade in Sri Lanka's policy-making. The delegation of MPs recommended that sustainability can be achieved through sector strategies and studies in order to enable more precise plans of action. Deregulation, for instance, could certainly attract more businesses in some sectors, but it is not necessarily an overall panacea.

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<sup>2</sup> <http://www.doingbusiness.org/~media/fpdkm/doing%20business/documents/profiles/country/LKA.pdf>

## KEY ISSUES

- Providing timely information to donor nations about where their development funding is going;
- Rapidly developing new mechanisms to react to a country's shift from a LIC to a MIC;
- Finding a balance between private sector, public sector and stakeholder interests

## DELEGATION RECOMMENDATIONS

- Promoting an environmentally friendly tourism in Sri Lanka in order to attract tourists;
- Creating an effective pro-business environment through shortened legal and regulatory procedures to set up a company;
- Encouraging the use of English language in primary, secondary and tertiary education in order to promote business relationships and international cooperation



## **5. Good Governance: Parliamentary Oversight and Cooperation with Civil Society**

[Relevant agenda items: budget debate on ports, highways and transport; CSO working lunch; meeting with donors]



The Sri Lankan legislative power corresponds to a unicameral Parliament with 225 seats. Members of Parliament are elected by popular vote on the basis of an open-list in a proportional representation system by electoral district to serve six-year terms. The last elections were held on 8 April 2010 and the next elections are to be held by April 2016. The United People's Freedom Alliance obtained 60.93%, the United National Party 29.34%, the Democratic National Alliance 5.49%, the Tamil National Alliance 2.9%, and other parties 1.94%. As a consequence, the United People's Freedom Alliance has 144 seats, the United National Party 60, the Tamil National Alliance 14 and the Democratic National Alliance 7 seats in Parliament.

“Inter-parliamentary cooperation has not only been enabled, but pushed to a whole new level. In the final report, the challenges Sri Lanka is facing now have to be emphasized. Maybe we learnt a lot, but we can also give something back to Sri Lanka, so that this country can also learn.”

**Imran Ahmad, Member of Parliament of Bangladesh**

The delegation watched a parliamentary budget debate on Ports, Highways and Transport during its visit to the Parliament of Sri Lanka. One of the foci was public procurement and techniques to promote fair and open competition for private businesses while minimizing Sri Lanka's exposure to fraud and collusion. During the debate, opposition members asked the ruling coalition (United People's Freedom Alliance) many questions regarding a past procurement to rebuild a university building. The results of this procurement are considered to be too expensive and insufficient. But also several other topics were covered during the budget debate, such as the recent property acquisition of New York office spaces by the Central Bank of Sri Lanka. In fact, this purchase has not been mentioned in the Bank's annual report. However, Deputy Finance Minister Dr. Sarath Amunugama responded that the purchase had been made in accordance with the approval from the Monetary Board of the Central Bank and prevailing international and Sri Lanka Accounting Standards. A major current concern of civil society organizations is the media control by the government and most recent tension between the judiciary and the executive power.

## KEY ISSUES

- How to increase civil society participation in the legislative process;
- Ensuring an efficient separation of powers and checks & balances: pending impeachment procedure against Chief Justice Shirani Bandaranayake;
- media control in Sri Lanka

“The challenges facing Sri Lanka are also facing us as a developing country. There are issues around accountability, because sometimes governments do not want to be open. But we are there as a watchdog, so that we can reinitialise the real values behind aid.”

**Margaret Namara Kibojana, Member of Parliament of Uganda**

## DELEGATION RECOMMENDATIONS

- Members of Parliament have to continue their primary role in the oversight of the budget
- Members of Parliament are having an increased role in providing transparency to their respective electorate by continuously monitoring implementation and performance of government policies and programmes;
- CSOs in Sri Lanka should prioritize working with foreign research institutions and international media effectively



### III. REPORTING REQUIREMENTS and ACTIONS FOR FUTURE VISITS

- Parliamentary Network secretariat to share delegation field visit report with the World Bank and IMF country offices in Sri Lanka in December 2012.
- World Bank and IMF Sri Lanka country office to provide a brief country situation update to delegates in 18 months time
- On future visits, Parliamentary Network to strive for greater balance between donor and recipient countries in the delegation, as well as for an improved gender balance.



## IV. ANNEXES



### Programme

#### Field Visit to Sri Lanka, 25 – 29 November 2012

#### Venues

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**Hotel:**

Cinnamon Grand Colombo  
77, Galle Road  
Colombo 3, Sri Lanka  
Telephone: +94 112 437 437

**World Bank Country Office:**

2nd Floor, DFCC Bldg  
73/5 Galle Road  
Colombo 3, Sri Lanka

**International Monetary Fund Resident Representative Office:**

C/o Central Bank of Sri Lanka,  
Level 14,  
Janadhipathi Mawatha  
Colombo 1, Sri Lanka

**Parliament of Sri Lanka:**

Sri Jayewardenepura Kotte, Sri Lanka

#### Emergency contacts

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Parliamentary Network duty cell phone: +33 6 42 52 92 45  
Ambulance (Fire): 110  
Police: 11

## Programme

<b>Sunday, 25 November 2012</b>		
Upon arrival	Check-in at the Hotel	<b>Venue:</b> Cinnamon Grand
7.00 pm - 9.00 pm	Welcome Cocktail	<b>Venue:</b> Cinnamon Grand - Ivy Room
<b>Monday, 26 November 2012</b>		
7.30 am - 8.15 am	Breakfast at Hotel	<b>Venue:</b> Cinnamon Grand - Taprobane Resteraunt
8.15 am	Transport from hotel to Parliament	<b>Venue:</b> Cinnamon Grand
9.30 am - 10.15 am	<b>Watch the budget debate on Ports, Highways and Transport</b>	<b>Venue:</b> Parliament
10.15 am - 10.45 am	Tea Break	<b>Venue:</b> Parliament Members' Guest Dining
10.45 am - 11.45 am	<b>Welcome Program</b> <ul style="list-style-type: none"> <li>- Overview of the Field Visit</li> <li>- Introductions</li> <li>- WB / IMF overview</li> </ul>	<b>Venue:</b> Parliament Committee Room 8
11.45 am - 1.00 pm	<b>Meeting with Hon. Chandima Weerakkody, Deputy Speaker of Parliament, Sri Lanka</b>	<b>Venue:</b> Parliament
1.15 pm - 2.30 pm	Lunch	<b>Venue:</b> Parliament
2.30 pm - 3.00 pm	<b>Parliament Tour</b>	<b>Venue:</b> Parliament
3.00 pm - 5.30 pm	<b>Working session with the IMF and national Ministry of Finance and Planning: Moderator Murtaza Jafferjee, CEO of JB Securities / Speakers:</b> <ul style="list-style-type: none"> <li>• Koshy Mathai, Resident Representative to Sri Lanka and Maldives, IMF</li> <li>• Indrajit Coomaraswamy, (retired) Director of Economic Affairs Division of the Commonwealth Secretariat</li> <li>• Hemaka Amarasuriya, Chairman of Singer Group; Chairman of National Development Bank</li> <li>• Sarath Amunugama, Senior Minister of</li> </ul>	<b>Venue:</b> Parliament

	International Monetary Cooperation and Deputy Minister of Finance	
5.30 pm	Transport from Parliament to hotel	<b>Venue:</b> Parliament
7.30 pm - 10.00 pm	Gala Dinner	<b>Venue:</b> Cinnamon Lake Side Hotel - Dukes Court

## Tuesday, 27 November 2012

8.00 am - 9.00 am	Breakfast at Hotel	<b>Venue:</b> Cinnamon Grand - Taprobane Restaurant
9.00 am	Transport from hotel to World Bank Office	<b>Venue:</b> Cinnamon Grand
9.30 am - 10.30 am	<p><b>Field Visit 1: Presentation of the Metro Colombo Urban Development Project (MCUDP)</b></p> <p>The MCUDP is a World Bank funded, three year urban regeneration program aimed at reducing the physical and socioeconomic impacts of flooding in the Metro Colombo region and improving priority local infrastructure and services.</p> <p>The project is managed by the Project Management Unit of the Ministry for Defence and Urban Planning. The implementation responsibilities rest with three agencies: Sri Lanka Land Reclamation &amp; Development Corporation (SLLRDC), Urban Development Authority (UDA) and the Colombo Municipal Council (CMC).</p> <p>Key components of the project include:</p> <ol style="list-style-type: none"> <li>(1) Flood and drainage management.</li> <li>(2) Urban development, infrastructure rehabilitation and capacity building for metro Colombo local authorities.</li> <li>(3) Implementation support.</li> </ol>	<b>Venue:</b> World Bank Office
10.30 am - 12.00 pm	<b>MCUDP site visit on boat</b>	<b>Venue:</b> Colombo/ Kotte/ Battaramulla
12.30 pm - 2.00 pm	Lunch	<b>Venue:</b> Gallery Cafe
2.30 pm - 3.30 pm	<b>Colombo Municipal Council</b>	<b>Venue:</b> CMC
5.30 pm - 6.30 pm	<b>City Tour</b>	<b>Venue:</b> Cinnamon Grand

<b>Wednesday, 28 November 2012</b>		
7.30 am - 8.15 am	Breakfast at Hotel	<b>Venue:</b> Cinnamon Grand - Taprobane Restaurant
8.15 am	Transport from hotel to Base Hospital in Gampaha	<b>Venue:</b> Cinnamon Grand
9.00 am - 11.30 am	<b>Field Visit 2: Base Hospital in Gampaha</b> Presentation by the Administrators of Hospital	<b>Venue:</b> Base Hospital in Gampaha
11.30 am	Transport back to Colombo	<b>Venue:</b> Base Hospital in Gampaha
12.30 pm - 2.00 pm	<b>Lunch with Civil Society Organisations</b>	<b>Venue:</b> Taj Samudra – Crystal Room (Lower)
2.00 pm - 3.00 pm	<b>Meeting with Donors</b>	<b>Venue:</b> Taj Samudra – Crystal Room (Lower)
3.00 pm - 4.00 pm	<b>Meeting with Chambers of Commerce / Private sector</b>	<b>Venue:</b> Taj Samudra – Crystal Room (Lower)
4.00 pm - 5.00 pm	<b>Conclusions, Lessons learned, Recommendations</b>	<b>Venue:</b> Taj Samudra – Crystal Room (Lower)
7.00 pm - 9.00 pm	Dinner	<b>Venue:</b> Tintagel
<b>Thursday, 29 November 2012</b>		
8.00 am - 9.00 am	Breakfast at Hotel	<b>Venue:</b> Cinnamon Grand
During the day	<b>Departure of Delegates</b>	<b>Venue:</b> Cinnamon Grand

## List of Parliamentary Delegates

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Imran Ahmad, Bangladesh  
Yves Sahinguvu, Burundi (Parliamentary Network Board Member)  
Nirj Deva, European Parliament  
Jean-Luc Reitzer, France  
Laode Ida, Indonesia (Parliamentary Network Board Member)  
Jaffar Kamarudin, Malaysia  
Shane Jones, New Zealand  
Janette Garin, Philippines (Parliamentary Network Vice-Chair, Field Visit Delegation Leader)  
Mansour Sy Djiamil, Senegal  
Margaret Namara Kiboijana, Uganda

## Contacts List

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### World Bank

Diarietou Gaye, Country Director World Bank Sri Lanka and the Maldives  
Ms Doina Petrescu, Senior Officer  
Ms Sandya Salgado, Senior External Affairs Officer  
Ms Nayé Bathily, International Affairs Officer  
Ms Rosetta Nitti, Senior Urban Specialist at the World Bank  
Ms Kumari Navaratne, Public Health Specialist  
Mr Patrick Vandenbruaene, World Bank  
Ms Jiwanka Wickremasinghe, World Bank

### IMF

Mr Koshy Mathai, Resident Representative to Sri Lanka and the Maldives  
Katherine Ferrey, Senior External Relations Officer  
Mr. Swarnapali Ratnayake, IMF

### Parliamentary Network

Mrs Gergana Ivanova, Programme Officer  
Mr Vedran Aladrovic, Junior Programme Officer

### Members of Parliament of Sri Lanka

Mr John Amaratunga  
Mr Al Haj A.H.M. Azwer  
Mrs Chandrani Bandara  
Mr Janaka Bandara  
Mr Vijitha Herath  
Mr Ravi Karunanayake  
Mr Y G Padmasiri  
Dr Ramesh Pathirana  
Mr Niroshan Perera  
Mr Suresh Premachandran

Mr Shehan Semasinghe  
Dr Harsha de Silva  
Mr Eric Prasanna Weerawardana  
Mr Eran Wickramaratne  
Mr Neranjan Wickremasinghe  
Mrs Sriyani Wijewickrama

**Colombo Municipal Council**

A.J.M. Muzammil, Mayor of Colombo

**Hospital Staff in Gampaha**

Dr A.L. Padmasiri, Regional Director of Health Services, Gampaha District  
Dr S. Dharmaratne, Medical Superintendent, Gampaha District Hospital  
Dr C. Murage Deputy Medical Superintendent, Gampaha District Hospital  
Dr (Mrs). S. Gunaratne, Medical Officer, Quality Control  
Mrs Priyadharshani, Matron  
Mrs P. Jayasinghe, Matron

**Civil Society Organizations**

Dr Mario Gomez, International Centre for Ethnic Studies  
Mr Tony Senewiratne, National Peace Council  
Dr V Ariyaratne, Sarvodaya

**Donors**

Mr Haruni Ao, JICA  
Mr Edward Archibald, Australian High Commission  
Mr James Bednar, USAID  
Mr. Jean-Louis Poli, France  
Mr Wilfried Liehr, GiZ (rep by Mr Tom Ansorg)  
Mr Willy Vandenberghe, EU  
Ms Rita O’Sullivan, ADB (rep by Mr Hasitha Wickramasinghe)  
Mr Subinay Nandy, UN  
Mr Manish, Indian High Commission  
Mr Pierre Heroux, Canadian Aid  
Mr Anushka Wijesinghe, IPS

**Private Sector – Chamber of Commerce representatives**

Dr Anura Ekanayake  
Mr Tilak de Zoysa  
Mrs Nirmali Samaratunga  
Mr Mohan Pandithage  
Mr Sharad amalean  
Mr Duminda Hulangamuwa  
Mr Chamly Gunaseela

Mr Rasika Rajapaksha  
Mr Suresh de Mel  
Mr M A Thassim  
Mr Harin Malwatte

## The World Bank in Sri Lanka

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The government strategic vision is laid out in the Mahinda Chintana document of 2010. The strategy describes three clear goals: doubling per capita income through sustained high investment; shifting the structure of the economy; and ensuring inclusive growth, improvement in living standards, and social inclusion. Consequently, the World Bank focuses on:

Doubling of per capita income to \$4,000 by 2016. This goal is to be achieved through sustained high economic growth (8% per year), which is in turn to be achieved through high investment rate. Of the targeted investment rate (33%-35% of GDP per year), 6%-7% of GDP per year is expected to come from public investment, with the remainder coming from the private sector. The public sector investment target was nearly achieved in 2010 and 2011 but will be a challenge to sustain unless fiscal space increases. Private-sector investment fell far short of the target: Efforts to improve the investment climate will need to be expanded.

Shifting the structure of the economy. The second goal is shifting the structure of the economy to be more knowledge-based, globally integrated and competitive, environmentally friendly, internally integrated, and increasingly urban. Sri Lanka has a solid base for achieving this goal, with a well-educated population and a wealth of environmental assets. Challenges include providing systems and incentives to give the labor force the types of skills needed for a knowledge economy, establishment of economic policies that encourage competitiveness, stronger efforts on environmental sustainability and adaptation to climate change, and modernizing infrastructure systems to integrate the disparate parts of the country and meet the needs of an increasingly urban population.

Ensuring improvement in living standards and social inclusion. Thanks to a long history of attention to access to basic services, Sri Lanka excels for its income level on most social indicators. Malnutrition, however, is an exception. As Sri Lanka becomes a middle-income country, new challenges are emerging (e.g., a rapidly aging population) and improving the quality of services will be a major issue. The health system needs to be modernized befitting a middle-income country, in line with international standards, so that it can handle the new health challenges facing the country in terms of non-communicable diseases, while maintaining the past achievements with regard to maternal and child health and communicable diseases. While increasing the quality of services, the Mahinda Chintana aims to ensure that benefits are equitably shared across all segments of the population and that social inclusion is a priority.

The World Bank's forthcoming Country Partnership Strategy is focused on strengthening Sri Lanka's position as a middle-income country. The World Bank will support the government's efforts to address the challenges and constraints for achieving its vision, specifically by:

- Facilitating sustained private and public investment through improving the investment climate and increasing fiscal space and public spending efficiency;
- Supporting structural shifts in the economy through assistance for a knowledge-based economy, and increased internal and international integration and competitiveness; and

- Promoting improved living standards and social inclusion through support for increasing quality of services, reducing the prevalence of malnutrition and promoting social inclusion and equitable access.

## **The IMF in Sri Lanka**

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Eighth Review Under the Stand-By Arrangement

Prepared by the Asia and Pacific Department in Consultation with Other Departments

Approved by Hoe Ee Khor and Taline Koranchelian

July 6, 2012

**Economic performance.** Activity is moderating, the external current account deficit is narrowing, and official international reserves have stabilized. Headline inflation has moved up, but core inflation remains stable.

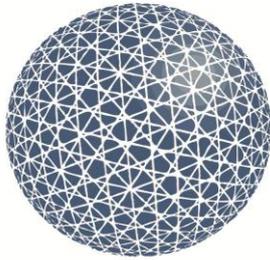
**Policies.** Monetary conditions have tightened, credit growth is slowing, and the authorities are consolidating the shift to a flexible exchange rate regime. Easing activity and imports are adversely affecting revenues, and the interest bill is rising, but the authorities are committed to meeting their budget deficit target.

**Program performance.** The end-June net international reserve target was met, and available data suggest that net domestic financing and reserve money met end-June indicative targets. All structural benchmarks have been implemented except for reform of the regulatory framework for private pension funds which, as anticipated, will not be passed before the program expires.

**Outlook and risks.** Policy actions appear sufficient to deliver an adjustment in the external current account deficit needed to stabilize reserves with a relatively modest impact on growth and inflation. However, growth risks are on the downside as the economy is still vulnerable to external shocks, particularly if global conditions were to worsen sharply.

**Mission.** A June 4–18 mission consisted of Messrs. Nelmes (Head), Anand, Mathai (Resident Representative), Tulin (all APD), and Ms. Khachatryan (SPR). Mr. Weerasinghe (OED) joined the discussions.

**Stand-By Arrangement:** A 20-month Stand-By Arrangement in the amount of SDR 1.65 billion (400 percent of quota) was approved by the Executive Board on July 24, 2009, and extended at the second and third reviews and at the seventh review. The completion of the eighth and final review will enable a purchase of SDR 275.6 million.



# 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 [ww.pnowb.org](http://ww.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](http://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](http://www.pnowb.org)**)*

Name .....

Nationality.....

Address .....

Tel .....

Fax.....

Mobile .....

E-mail.....

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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## Parliamentarians and the World Bank

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### 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.

### **Legislators and the IMF**

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

#### Legislators can be key to the success of Fund policies

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

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

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

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

### Dialogue helps IMF understand and explain

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

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

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

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

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

### A dynamic relationship

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

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

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

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### **Credits, Rights and Permissions**

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Editor: Gergana Ivanova / Parliamentary Network

Independent Rapporteur: Vedran Aladrovic / Parliamentary Network

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