A Bigger Role for Legislatures

As the body of elected representatives of the people, legislatures should be involved in developing national poverty reduction strategies and overseeing their implementation by the executive branch of government.

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The international community has changed its approach to poverty reduction over the past decade. Instead of developing programs for poor countries to execute, it now requires that these countries take the lead in formulating poverty reduction strategies.

The turning point was the World Bank’s launch, in 1998, of the Comprehensive Development Framework, which emphasized the interdependence of all elements of development – social, structural, human, governmental, environmental, economic, and financial – as well as the importance of countries’ directing and “owning” their development agendas and anti-poverty programs. The following year, the World Bank and the IMF developed a tool for implementing the framework – a national Poverty Reduction Strategy, which is formalized in a Poverty Reduction Strategy Paper (PRSP) (see diagram). Low-income countries receiving debt relief or loans from either institution must develop PRSPs with input not only from donors but also from their own citizens and civil society to ensure broad political support for antipoverty programs.

The PRSP approach has heightened interest in national budgets for two reasons. First, the allocation of budget resources to poverty reduction, which is contingent on two key aspects of the PRSP process—a country’s diagnosis of domestic poverty and its formulation of anti-poverty strategies—reflects the government’s understanding of the
problems it faces and the solutions it proposes. Second, the availability and allocation of budget resources say a lot about whether, how, and to what extent a government is able and determined to implement its pro-poor policies.

According to the constitutions of most countries, the legislature is the representative institution which is charged with holding governments accountable for achieving the objectives set forth in the PRSP; this mandate typically allows legislatures to represent the wishes and concerns of their constituents to the government and mediate between them. Legislatures in most countries also have the constitutional right to oversee national budgets—reviewing whether the government’s allocation of resources is consistent with their constituents’ demands as well as with the country’s developmental objectives, scrutinizing government expenditures and revenues (including loans and credits from the international institutions), ensuring that money is being allocated to programs that have won legislative approval, and identifying instances of financial dishonesty and irregularity.

Legislative oversight of government policies in general, and of the budget process in particular, are of vital importance in ensuring that governments carry out their duties efficiently, democratically, and in a fiscally responsible manner. This view of the role of legislatures is echoed in the IMF’s Code of Good Practices on Fiscal Transparency, which calls for regular government reporting to the legislature, a midyear budget report by the executive to the legislature, the presentation of final public accounts by the government to the legislature within 12 months of the end of the fiscal year, and the government’s annual presentation to the legislature of results achieved relative to the objectives of major budget programs.
Unfortunately, such fiscal oversight is often lacking in practice. In January 2001, the IMF and the World Bank reported to their Executive Boards that “in less than a fifth of highly indebted poor countries are audited government accounts forwarded to the legislature within 12 months of the end of the fiscal year. . . . [I]n some cases, the accounts are never fully closed and audited.”

But the inability or unwillingness of governments to submit their accounts to legislative scrutiny is not the only problem confronting legislatures. Many legislatures are ineffective because of their own shortcomings, hobbled by what Anders B. Johnsson, Secretary General of the Inter-Parliamentary Union, calls “lack of proper understanding by members of parliament of their role as law makers and overseers of government action.”

Unless these, and related, shortcomings are rectified, pro-poor policies may not be reflected in budgets any time soon and, by extension, governments are not likely to make much progress in reducing poverty. To keep Governments accountable, parliamentarians need to develop a clear understanding of how national budgets are drawn up, processed, and implemented. At the same time, the role and powers of both parliamentary bodies and independent institutions which report to parliament (including supreme audit institutions) could usefully be strengthened, including by making independent sources of information available to them and reinforcing legislative scrutiny and government financial accountability.

**Dialogue with legislatures**
The 1990s witnessed a shift, driven by international and cultural factors, in the relationships of the World Bank and the IMF with national legislatures. At the international level, a wave of democratization swept over the world. In 1974, there were only 39 democracies; by the mid-1990s, there were 117. At the cultural level, the international community, which had once believed that whether countries were governed effectively was more important than whether they were governed democratically, began to accept the superiority of democratic systems of government, of which elected legislatures are vital components.

In light of these changes, the World Bank and the IMF are paying more attention to the role that legislatures can play in poverty reduction. In collaboration with the Parliamentary Centre, a nongovernmental organization based in Canada, the World Bank Institute launched the Laurentian Seminar, whose purpose is to promote dialogue and build consensus on the role legislatures (and individual legislators) should play in the development of effective anti-poverty strategies—for example, curbing corruption, promoting good governance, or simply devising better solutions for the reduction of poverty.

The reduction of poverty was specifically addressed in the 2000 Laurentian Seminar, “Parliamentarians and Policies to Reduce Poverty.” The first objective of the seminar was to identify practical contributions parliaments and parliamentarians could make to poverty reduction—for example, giving it a higher priority in all phases of the policy process, from policy formulation and implementation to policy evaluation and reform; facilitating the participation of the poor and the organizations that represent them in the political process and the activities of the state; keeping a watch on, and engaging in
a dialogue with, international institutions whose policies have a major impact on the poor; and sharing policy information and experience with other parliamentarians.

The second, no less important, objective was to prepare the *Handbook for Parliamentarians: Parliamentarians and Policies to Reduce Poverty*, which was based on discussions among seminar participants, online discussions involving 351 parliamentarians from 18 countries, and the videoconferences in which the original participants and others reviewed the feedback generated by the online debate. The *Handbook*, which was published in April 2001, underlined the four contributions legislatures could make to the healthy functioning of PRSPs:

- assuring broad participation of the country and the poor in the diagnosis and analysis of poverty;
- checking that assistance and services were delivered where needed;
- reviewing the budget for any misallocation or misappropriation of resources; and
- monitoring program outcomes.

Another important initiative is the creation of the Parliamentary Network on the World Bank to enhance dialogue between legislatures and World Bank management. Comprising more than 200 legislators from both developed and developing countries, the Network has made PRSPs a priority for dialogue with the Bank, and legislators have made study visits to countries implementing PRSPs, in part to assess the constraints to greater legislative involvement in them.

This does not mean that PRSPs have not been implemented without the participation of legislatures. Indeed, a recent study by the Overseas Development
Institute found that legislatures played a minor role in the four countries that have completed full PRSPs so far (Burkina Faso, Mauritania, Tanzania, and Uganda). The study also noted that, “the tendency to involve parliaments only marginally is evident in other African countries.” In fact, parliamentary involvement in the PRSP processes has been the exception rather than the rule, according to the joint review of the PRSP by the World Bank and the IMF. However, there are promising exceptions to this rule: legislatures are involved in the preparation of PRSPs in Albania, Azerbaijan, Burkina Faso, Ethiopia, Guyana, Honduras, Mauritania, Nicaragua, Niger, and Zambia.

**Implications**

If “responsive and accountable institutions of governance are often the missing link between anti-poverty efforts and poverty reduction,” as the United Nations Development Program (UNDP) claimed in its *Poverty Report 2000: Overcoming Human Poverty*, stronger legislative institutions may contribute to its solution.

This point has been clearly recognized by both the international community and developing countries themselves. At a regional seminar held in Mali in November 2001, “Parliaments and the budgetary process including from a gender perspective,” organized by the National Assembly of Mali and the Inter-Parliamentary Union, with the support of UNDP and the World Bank Institute, the General Rapporteur made the following observation: “The national budget is crucial to the implementation of all public projects. It marries that which is desirable, i.e., the ambitions of an effective policy, and that which is sustainable, notably financial means. Consequently, this combination enables the Executive to strike a balance between economics and finances in its policy. The national budget is the principal instrument for modernizing public management. Through it,
policies which promote equality between men and women can be identified. Finally, it is an essential tool for combating poverty.”
The poverty reduction strategy paper process

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For more information on this subject:

*The Inter-Parliamentary Union, 2001, “Parliaments and the budgetary process including from a gender perspective,” The World of Parliaments, Vol. 4 (December),*  
[www.ipu.org/news-e/4-5.htm](http://www.ipu.org/news-e/4-5.htm)


The Parliamentary Network on the World Bank,

http://wbln0018.worldbank.org/eurvp/web.nsf/Pages/Parliamentarian+Home