



Report on Wilton Park Conference 817

**in association with the Commonwealth Parliamentary Association and
the World Bank Institute**

REDUCING POVERTY: THE ROLES OF PARLIAMENTS, GOVERNMENT AND NON-STATE ACTORS

Monday 5 – Friday 9 June 2006

Summary

The conference sought to examine the role of parliaments, governments and non-state actors in the poverty reduction process. In particular, the conference looked at ways parliaments, donors, business, and NGOs co-operate and build partnerships to reduce poverty and fight corruption. More specifically, the discussions touched upon the following issues: how Poverty Reduction Strategies (PRSPs) links economic growth and poverty reduction, correlation between Millennium Development Goals (MDGs) and PRSP, improvement of capabilities in economic, social, political, transparency and security dimensions, and what could be learnt from poverty reduction efforts in Africa in particular.

1. WHAT SHOULD BE PARLIAMENTARIANS' PRIORITIES TO REDUCE POVERTY?

Fighting poverty is the biggest development challenge. While most countries have achieved varying degrees of success in improving the quality of life of their citizens, the existence of poverty in almost every region of the world is a hard reality. It is increasingly recognised that being “income-poor” or “consumption poor” is not the only dimension of poverty. In a larger context, poverty has been seen as a state of deprivation, implying the inability of a person to satisfy his/her minimum needs for

leading a reasonably productive life. Globally, about 1.2 billion people (nearly one-fifth of the world population) are still living in extreme poverty, and the majority of them are in Africa and Asia.

Poverty is a multi-dimensional problem. Representative institutions and participatory processes of democracy offer the most effective means of addressing poverty. Involving the elected representatives of the people in the process of poverty reduction is necessary for the sustainability of the process and its legitimacy. The major challenge for parliamentarians is to build an inclusive system of governance that will facilitate equitable growth, mitigate poverty and empower the poor to enable them to participate in the growth process. To achieve this, parliamentarians must work in close co-operation with their respective governments, civil society and other development partners to provide policy guidance, mobilise resources and channel them to pro-poor programmes.

Greater parliamentary involvement in the poverty reduction process helps to ensure that a country's poverty strategy is generated, implemented and evaluated through national institutions with adequate political legitimacy to ensure ownership and sustainability. To secure accountability and good governance in administration, parliamentarians must necessarily become proactive partners. Thus designing, implementing, and monitoring poverty reduction policies and programmes require an active and committed leadership on the part of parliamentarians. Furthermore, individual input at the constituency level and collective input at the national level is essential for a successful and inclusive poverty reduction strategy. Parliamentarians need to build on the following priorities to fight poverty: develop national consensus on fighting poverty, show the requisite political will to democratise and decentralise at a greater pace, utilise parliament as a tool to empower and enable the poor, show greater commitment to reducing corruption and to increasing accountability and transparency in governance systems.

In many political systems the poor are politically marginalised, having little opportunity to influence the policies that impact their lives. Several studies suggest that civil and political rights are intimately associated with higher rates of

economic growth, lower corruption and poverty reductions thus empowering the poor should be an important priority for parliamentarians. Citizens should have access to information therefore legislations such Right of Information Acts are important. Greater transparency will make the system more efficient, responsive and equitable.

As the world becomes more integrated, poverty anywhere becomes a threat to prosperity and peace everywhere, and in the larger sense, it also undermines the foundation of democracy. The problem of poverty may be seen as a country-specific, but it is in the interest of the international community to recognise that ramifications of poverty are often global. Rather than looking at the developing countries merely as potential markets, helping them along the path of development should be also seen as part of the larger responsibility of the developed world. It is important to recognise the right of the poor for a dignified existence as not the only most fundamental human right, but also as a pressing and urgent pre-condition to build stable order. Facilitating that is one of the major developmental challenges for parliamentarians everywhere, but more so in the developing countries.

It is important to remember that parliamentarians in developed countries like elsewhere tend to be occupied with domestic and constituency issues, which does not leave much time for discussions on international issues and aid. Parliaments themselves in developed countries do not spend much time on international development issues. For example, in the United Kingdom, MPs are restricted to 30 minutes for questions specifically on international development once a month. Also the MPs themselves do not want to debate aid because it is not perceived as an important issue to their constituencies. Many parliamentarians do not travel (if invited by international bodies, they worry that they might be accused of going on free trips), and often follow the party line on international issues.

2. WHAT POVERTY REDUCTION ACTIONS AND RESULTS CAN REASONABLY BE EXPECTED OF DEVELOPING COUNTRY GOVERNMENTS AND PARLIAMENTS?

Although, poverty is falling, progress is uneven. In 1990, there were 472 million people living in East Asia under \$1 per day but in 2002 the number was reduced to 214 millions, and it is expected that in 2015 it will fall to 14 million. In Sub Saharan Africa the number of people living in extreme poverty increased from 227 million in 1990 to 303 million in 2002 and it is expected that it will still increase to 336 million in 2015. Thus governments along with parliaments must work together to elevate people out of poverty. The rights and concerns of the poor must be central to the legislative agenda and governments must allow parliaments to have the capacity to serve as an effective check-and-balance, which is often not the case in developing countries.

There is a great variability in terms of parliamentary engagement in PRS. Some parliaments have been significant actors; others have been marginal in the process. Overall, engagement has been the best means to monitor strategies. It seems clear that work on policy development and involvement of the poor in PRS process has been difficult to undertake since the links between parliaments and the poor are not well developed in any systematic way. Furthermore, oversight of PRSPs in the budget cycle process has been generally complex and opaque (for instance, Highly Indebted Poor Countries (HIPC) allocations are not even included in the budget in some countries) and parliaments have found it difficult in most countries to connect PRSPs effectively with the budget process.

Crucial political processes or constraints such as ethnic tensions, mean the implementation of PRSP, is not necessarily the focus of the parliament, which might have to concentrate on more urgent issues. There is also an admirable vision of PRSPs as a policy framework in which poor speak out effectively and shape policy directions in their own interests to reduce poverty. However, there are bound to be political representatives in parliament influenced by social forces that are more affluent and privileged who may be seriously threatened by policy change in the interest of the poor, and often they dominate the key political parties. Those MPs,

who work actively for the poor in a PRSP context, may face opposition or even retribution from key party establishment figures. Many parliaments in most African and Asian countries are vastly under-resourced and overworked. Parliamentarians often do not have offices, access to internet and support staff. Given those and other political constraints, MPs face many basic obstacles limiting their involvement in the PRS.

While parliamentarians are suffering in many developing countries from constitutional limitations, lack of political and technical capacities, there is a number of positive developments and good initiatives:

- Tanzanian MPs pushed for free primary education as a centrepiece of the country's first PRSP and followed this up by working in their constituencies with communities to see that almost 13,000 new classrooms were built and 7300 new primary teachers recruited.
- Ghanaian MPs organised Poverty Reduction Committee in order to track PRSP work more seriously, and set up outreach hearings in the poorer Northern parts of the country to connect with civil society groups, and to bring their views on poverty conditions into key discussion in the parliament.
- Ugandan MPs followed up training on PRSP community monitoring by introducing on permanent basis poverty monitoring tools to be used to develop reporting to parliament in that country.
- Nigerian MPs moved from reliance on a small and temporary Special Committee on the PRSP in the past parliament to a continuing and larger Poverty Reduction Network, with parliamentary staff support in the present parliament.

In most developing countries non-state actors like civil society have emerged as viable institutional framework to serve as catalyst for development and change. It is believed that NGOs perform better than governments in reaching marginalised groups and the poor, identifying and responding to their needs. They are also instrumental in organising the poor to enable them to pursue their self-development and to fight for their rights.

3. HOW ARE DONORS HELPING TO REDUCE POVERTY IN THE DEVELOPING WORLD?

Aid aims to achieve the Millennium Development Goals (MDGs) and reduce poverty. The first MDG calls for halving the proportion of people living in extreme poverty between 1990 and 2015. The MDG will be met globally because of the success in Asia, but Africa will not meet it, the number of people living in extreme poverty will in fact increase. Asia is succeeding because of effective states promoting private sector growth. The challenge for donors is to help Africa do the same.

The volumes of aid are falling thus improving quality of aid is essential. Therefore, donors need to improve aid delivery; the funds need to be poverty focused and better allocated so more money actually will reach the poorest. Governments in recipient countries have been overwhelmed with conditions attached to aid. One of the goals for donors should be streamlining excessive documentation and limiting lengthy procedures. Experience has shown that policies and projects to reduce poverty are most effective when priorities are set by countries receiving the aid based on broad consultations rather than by donors. By passing governments does not constitute sustainable aid. For example, donors have been channelling a lot of aid to Afghanistan through NGOs while the Government of Afghanistan has been complaining that it did not have funds in its budget for basic sectors. In order to deliver better aid, donors need to build rather than undermine government systems. The UK's Department for International Development (DFID) for example, started providing aid through budget support rather than project support.

Donors should help countries absorb scaled-up aid. Experience in countries like Uganda, which was receiving too much aid and had problems absorbing it, illustrates the need for donors to take into account the country's need for and capacity to use aid. Thus donors need to build institution and capacity by setting up technical assistance programmes. It is also vital to provide sufficient information to both donors and recipients, in order to ensure good allocation and greater aid predictability.

With increased aid volumes, there is a greater need for aid effectiveness on both donor and recipient side. The Paris Declaration on Aid Effectiveness is a welcome development increasing accountability on the donor and recipient site. Shifting powers to shared accountability will also help the recipient countries to be more motivated and empowered in order to become “good performers” in terms of aid. In the declaration donors signed set of targets thus partner countries will be able to say whether the donors are delivering or not. The declaration helps to harmonise, broaden and integrate in aid assistance issues such as employment, gender, governance, environment etc., and sets the goals more clearly. However, the gap between real effectiveness and common perception continues to be a major challenge, especially in donor countries.

Overall, donors need to work differently in different states to make their aid more effective: (i) In fragile states (in-conflict and post-conflict) donors need to focus on building and strengthening institutions e.g. building a state in Afghanistan; (ii) In low income countries, donors need to tailor their lending facilities to meet the evolving needs of those countries. While the PRSP remains the central co-ordinating framework, different countries are at different stages e.g. 1st generation PRSP was donor-driven, 2nd generation is nationally owned, and some like Uganda reached 3rd generation. More donors continue to offer their development cooperation assistance as budget support and basket funding linked with the PRS; (iii) The relationship with the Middle-income countries should be based on partnership on policies rather than aid e.g. policy engagement in middle income countries like Brazil or Indonesia on footprint issues. Without doubt, increasing aid volumes and ensuring aid effectiveness needs to remain at the centre stage.

Generally donors tend to underestimate local accountability systems. Therefore, another way to make aid more effective is for donors to invest in parliamentary activities in those countries. Although, the rhetoric of today’s development discourse is all about enhancing countries ownership but donors all too often still dominate national processes and determine country policy choices. MPs need to do more to ensure that donors are not using conditionality (the giving of funds on the basis of a government undertaking a given reform, act or process) to impose non country-owned policies choices on nations. Therefore, there is a need for greater

parliamentary oversight of donor loan documents. Parliamentarians in developed countries play a role by asking questions and demanding answers in their respective countries and that should be also the case for developing countries.

4. THE ROLE OF PARLIAMENTS IN THE POVERTY REDUCTION STRATEGY (PRS) PROCESS: PERSPECTIVES OF THE INTERNATIONAL FINANCIAL INSTITUTIONS (IFIs)

Well-functioning parliaments promote development and the rule of law. Engaging elected representatives on development issues and strengthening the capacity of parliamentary institutions should be important objectives of the International Financial Institutions (IFIs). In countries providing development assistance, parliamentarians can be advocates for development. They debate and approve foreign aid budgets, shape and review development policies, and promote coherence across policy areas. In a progressively borderless world, parliamentarians exercising their oversight role are also paying more attention to matters handled by multilateral organisations.

IFIs are adapting policies to the changing global environment. The IFIs learnt what works and redirected their efforts. Decades of development programmes were not able to deliver growth and poverty reduction and needed a new paradigm thus PRSP became new form of involvement where poverty reduction expenditures were given priority. However, not all governments want to give priority to poverty-reduction expenditures and parliaments can be influenced by special interests and thus not support pro-poor measures. Therefore, IFIs need to be aware of political realities when designing economic programmes. Furthermore, not all donor aid is disinterested and there are political considerations. Also excessive negativity can upset public opinion in developed countries, which question providing more aid if overall aid is ineffective. IFIs can be bureaucratic and reluctant to admit their mistakes.

However, there is a genuine change in how IFIs are approaching growth initiatives and programmes. For example, the first generation of PRSPs was donor-driven while the second generation tends to be nationally own. First generation of PRSPs

was rushed to allow countries to qualify for Highly Indebted Poor Countries (HIPC) initiative and there was not much parliamentary involvement. However, there were extended consultations with the civil society. Unfortunately, many NGOs are lobbying for special interests thus in general; they are not representative of the people thus there has been a concern about the lack of involvement in the PRS process by critical political decision-making and representative bodies such as parliaments. The early focus on civil society engagement in PRS formulation may have drawn attention away from the involvement of representative bodies. There is a concern that bypassing existing processes of deliberation and dialogue and creating parallel structures may undermine formal channels of representation such as parliaments. Nonetheless, there has been an upward trend in parliamentary involvement in the PRS process. The 2005 World Bank/ IMF PRS Review concluded that parliamentary involvement was growing.

Poverty Reduction Strategies have been formally presented to parliament in about one third of the countries with full PRSPs. Strengthening links between active Civil Society Groups and parliaments could help to create a common platform to support pro-poor priorities.

The PRSP process involves international decisions with enormous impact on domestic policy, but parliaments have been left on the sidelines. Although, the IFIs has insisted from the outset that the PRSPs should be country owned, the in-country consultations and the negotiations with the IFIs and governments have so far largely bypassed parliaments. Parliamentary involvement has typically been limited to formal ratification of the PRSPs, and to monitoring the financial aspects of their implementation through the budget process. Even here, budgetary scrutiny of donor funds has been often taken over by the donors themselves. However, the IFIs can help parliaments to increase their role in poverty reduction by enhancing the dialogue and raising the awareness and skills of parliamentarians and parliamentary staff on poverty reduction and growth initiatives. IFIs can also help countries to achieve MDGs and absorb aid, prevent re-emergence of indebtedness after HIPC.

The IFIs have been also working with a number of parliamentary organisations including the Parliamentary Network on the World Bank (PNoWB), a global action-

oriented organisation of parliamentarians advocating for transparency and accountability in international development. PNoWB brings together parliamentarians from developing and developed countries to visit projects in PRSP implementing countries. The visits provide a forum for open information exchange and dialogue on poverty issues and PRSP itself between parliamentarians from the North and the South, and even within this diversity, there is an intersection of common interests. One of these is to ensure that the IFIs are doing a good job by addressing the real needs of the people that the parliamentarians represent. This shows the willingness of the IFIs to be more transparent and to work with parliamentarians more vigorously on poverty issues.

5. CONDITIONS FOR PARLIAMENTARY INVOLVEMENT IN THE PRS PROCESS

The participatory aspects of the PRSP process need to be far more embedded in existing or emerging domestic accountability mechanisms, rather than creating parallel processes, which has been the current focus. This must include work on strengthening budget monitoring, policy implementation, monitoring and general moves for greater transparency of information within countries. The following indicators can be used to measure the political environment for successful poverty reduction policies in developing countries: (i) reasonable political stability and continuity in economic reforms and policies, (ii) macroeconomic stability-prudent monetary and fiscal policies, (iii) high levels of domestic saving and investment, (iv) public investment in social infrastructure (health and education) and (v) economy open to trade and investment. To meet these indicators, an independence of parliament and ministerial accountability are essential. Ministers must be prepared to be accountable to parliament for their policies, especially for money allocation in the budget and how that money is spent. Parliamentary oversight of the budget is a key component of poverty reduction strategy but parliaments should also ensure pro-poor social agenda and exercise policy oversight through committees.

Concentration on parliamentary committees' work has contributed to parliamentary progress on PRSP work. Committees can achieve cross-partisan co-operation and benefit from gaining expertise in the areas of their specialisation. However, there is

a fundamental need for many committees to have a basic understanding of the budget cycle process. Many parliaments think of the budget as an “event” at which various documents are released and statistics provided, and they don’t understand that there is an ongoing cycle underway involving the planning of the budget. Strengthening of parliamentary committees can play a crucial role in helping MPs to address the serious challenge of poverty in a more effective manner thus internal training and support staff are needed to increase parliamentary understanding of and active participation in the review of budgets and providing useful inputs to the budget cycle process overall. Special concentration in such committee-oriented work needs to be given to committee chairs since they are crucial in achieving cross-partisan co-operation and building interactive links with ministries. Also establishing good relationships between key committees and civil society is vital for sharing of information, which provides the committees with an independent basis to scrutinise government budget preparation and implementation, in turn allowing people to have input to budget decisions and performance.

6. HOW BEST TO LINK THE BUDGETARY PROCESS TO THE PRS PROCESS?

The government budget is a key instrument for implementing the PRSP. The budget guidelines are a main framework in prioritising and sequencing the PRSP outcomes. Ministries, Departments and Agencies (MDAs) and regions are linked to PRSP operational targets and cluster strategies, which have their own strategic plans and budget estimates through their Medium Term Expenditure Frameworks (MTEFs). Those strategic plans clarify the institutional priorities and unify the staff in pursuit of shared objectives. The strategic plan provides a context for decisions made and outlines the logic for them. The plans are prepared on three year cycle and are a key instrument in reconciling MDAs objectives with those of PRSP.

The MTEF is a prioritised three year integrated performance budget supporting implementation of the strategic plans. It takes the objectives and targets that are developed in a strategic plan, and prepares activities and budgets. The resource requirements are presented in the institutions budget, and include the implementation of the PRSP targets and outcomes. The National Plan and Budget

Guidelines produce annually ensure that the budget is well linked to the strategy by directly allocating resources to implement it. Thus total financing requirements for implementing PRSP are established. Some of the budgeted outcomes are multi-sectoral; therefore the entire budgeting process encourages cross-sectoral linkages.

The planning, reporting and budgeting process have been designed to ensure a focus of all government departments and institutions towards the delivery of the goals set out in the national framework of PRSP. Every committee in the parliament monitors the PRSP activities in the ministry, which falls under this particular committee. There is also an organ of the parliament, which coordinates the results of the monitoring done by individual standing committees. It is highly desirable to have a mechanism, which will make the parliament an institution responsible for co-ordination of the results of monitoring of PRSP done by individual committees and advising the government to take effective measures.

The PRS remains the central co-ordinating framework and more donors continue to offer their development co-operation assistance as budget support and basket funding linked with the PRS. However, it is also important to monitor the overall effectiveness of the PRS. The Public Expenditure Review (PER) is analysis tool assisting governments in improving the quality expenditure and it appraises the budget process in terms of management, control and accountability. Therefore, during budget formulation, the PER provides inputs such as updated sector MTEF for PRSP clusters.

Parliamentarians have a significant role to play in influencing the government's poverty alleviation programmes through the budgetary process. A budget reflects the fundamental values underlying in the national policy of the government of the day. Parliamentarians, irrespective of party affiliation, can influence the drafting of the budget when it is discussed in the parliament. Overall, parliaments have been increasing their ability to contribute to PRS prioritisation, costing, policy co-ordination, and monitoring of poverty outcomes. Capacity building efforts that support PRS monitoring, including the link to the budget, have resulted in more targeted policy recommendations on the PRS from parliament to the Executive Branch.

7. HOW IS GENDER EQUALITY BEING BUILT INTO POVERTY REDUCTION STRATEGIES?

Gender equality means an equal visibility, empowerment and participation of both sexes in all spheres of life and full participation of women and men in the society. There is a growing awareness that gender has to be considered also at political and constitutional level. Policies and structures play a very significant role in shaping the conditions of life and in doing so they often institutionalise the maintenance and reproduction of the social construction of gender. Government and international institutions should recognise that women and men experience poverty differently and that causes of poverty are different. Since women are generally poorer than men, there is talk about “feminisation of poverty”.

Poverty can be traced to certain types and patterns of work, and to exclusion from rights and opportunities for decent work. Gender is one major determinant of rights, access and patterns of productive work. Hence, gender shapes how individuals and households experience and break out of poverty. In addition, the assumption that women in male headed households were not poor, and were better off than their counterparts in female headed households, is not necessarily true since resources are not always shared equally among members of the household.

Experience has shown the fallacy of the notion that economic growth automatically means benefits to all, including women who are poor and do not have opportunities to pull themselves out of poverty. Some of the most important interventions that have been embraced by governments in the recent years meant to address poverty as gender neutral. The structural adjustment, which meant to assist highly indebted countries, often had the impact on reducing government spending on social services. This has often resulted in women spending more time on unpaid work within households. Therefore, poverty reduction programmes must take into account that outcomes of poverty are embedded in gender relations.

Policy priorities and spending plans should be linked to gender poverty analysis and gender inequalities. This should then determine priorities for eradicating poverty and its causes. Governments should spend on social services and ensure the allocation

of sufficient funds to ministries and departments involved in programmes and projects addressing gender equality issues. The effects of poverty eradication policies must be monitored both from a gender and poverty perspectives.

Parliament is the highest law-making institution, but women who constitute the majority of the population are often marginalised from that decision-making process. Women's representation in Parliaments worldwide is usually much lower compared to men. Within parliament, women often occupy less powerful positions, which is a reflection of an unequal access to education (in developing countries) and social roles assigned to women in general.

8. HOW ARE PARLIAMENTS ENSURING THE EXECUTIVE MAKES POVERTY REDUCTION AN ECONOMIC DEVELOPMENT PRIORITY?

Parliaments in various developing countries worked their way into being active participants in the poverty reduction programmes and can help to ensure that the Executive make poverty reduction an economic development priority. It is necessary that at every state of the PRSP process, parliamentary engagement is ensured as a commitment by the executive and a reality in practice. Poverty is a compact between promoting democracy, encouraging the individual to succeed and allowing the state to intervene on the side of the vulnerable, the marginalised and the weak. For example, the constitution of Ghana recognises and gives legal backing to poverty reduction. Some of the institutional frameworks established by the constitution include; a National Development Planning Commission and local governments entities called District Assemblies. These institutions are entrusted by the constitution to lead the country in its study, diagnosis, formulation, implementation, monitoring and evaluation of development programmes including that of poverty reduction.

It has been widely acknowledged and urged that incremental parliamentary involvement in the PRS process strengthens the practices needed to actualise the PRSP core principles of participatory, country driven and country owned, results oriented, nationally comprehensive, prioritised implementation and finally partnership-orientation. With the understanding that parliamentary involvement does

reinforce the core principles of the PRSP, concentrated effort of parliament, development partners and parliamentary networks such as Commonwealth Parliamentary Association (CPA) and Parliamentarians for Global Action (PGA) persuaded government in Ghana to accept and include the parliament in the PRSP discourse.

During the formulation stage of PRSP, the emphasis on vulnerability and exclusion amply manifested by the National Development Planning Commission in its periodic poverty and social impact assessment document was a result of critical voice of the parliament and civil society empowered by development partners. The training provided by the partner institutions helped to build capacity of the parliament in understanding of the PRS process and thus increasing its involvement. The training sharpened the skills of members on how to influence policy direction towards pro-poor and gender issues. Furthermore, the parliament oversees implementation through budget hearings and activities of standing and select sector committees. At budget hearings, members apply the skills, knowledge and experiences acquired at the capacity building workshops to ensure that it captures well the programme. After budget approvals the usual function of monitoring and evaluation, in collaboration with civil society organisations, is embarked upon by parliament. For example, in Ghana parliament ensures that not less than five percent of total national revenue is disbursed to the local district units based on an approved formula (known as the Common Fund or in other countries Constituency Development Fund.) The money is only meant for development expenditure and cannot be used for recurrent or service expenditure.

Inter-parliamentary networking on cross-cutting poverty issues is another way by which parliaments and MPs can ensure that PRSP is made a priority in economic development. Through regional networks such Economic Community of West African States (ECOWAS), parliament or parliamentary associations, like the Inter-Parliamentary Union (IPU) and CPA, can ensure that cross cutting issues such HIV/AIDS remain topical in economic development policy dialogue for developing countries.

9. HOW ARE PARLIAMENTARIANS BUILDING PARTNERSHIPS AND BROAD BASED PARTICIPATION IN THEIR PRS EFFORTS?

In most developing countries, non-state actors such as civil society, media, labour unions and private sectors have emerged as a viable institutional framework to serve as a catalyst for development change. It is widely believed that Non Governmental Organisations (NGOs) perform better than governments in reaching the marginalised, and identifying and responding to their needs while promoting people's participation and evolving micro-level, cost-effective alternatives. Civil society including community-based organisations and self-help groups are instrumental in organising the poor to enable them to pursue self-development and to fight for their rights.

In the PRS process, parliaments have the potential to play a critical role together with the civil society actors in effective monitoring of policy implementation through independent scrutiny. Parliaments often lack the capacity to monitor policy implementation, but critically they often are the most legitimate and representative actors in a country. Civil society often has more capacity and outreach to monitor policy implementation, but can lack legitimacy especially in the eyes of the government. For example, in Malawi, civil society has been working with the Budget and Finance Committee of parliament. It has organised itself to monitor key Priority Poverty Expenditures identified in the budget. This information will be submitted to the Committee who will then raise the issues with Government. This maximises impact, and has the added benefit of building relations between parliament and civil society, and empowering both institutions. Similarly in Uganda a number of district budget monitoring committees have been set up to monitor the implementation of the Government's Poverty Action Fund.

Parliamentarians can work not only with domestic but also international NGOs, which can add regional or international perspective and help to identify best practices. Overall, NGOs have a role in identifying gaps and providing services where government services are weak or tailored to local needs. Furthermore, NGOs can develop and pilot innovative approaches on a small scale, so that parliaments can replicate successful initiatives. NGOs tend to have a better track record than many

governments and parliaments in promoting people's participation in development and in giving a voice to the poor. NGOs can help to build the capacity not only of community based organisations but also of parliamentary services. NGOs seek two main objectives in pursuing their development programmes. These are equity (equal access to productive resources) and social transformation (working with community-based organisations with the purpose of empowering them for self-development). Regular engagement of parliament with constituents through outreach activities and public hearings can also improve the quality of feedback to policymakers thus strengthening links between active civil society groups and parliaments could help to create a common platform to support pro-poor priorities.

Furthermore, parliamentarians should not depend on bureaucracy to develop poverty plans but in stead, collaborate and use policy institutes. If a MP spends 60% of his/her time on constituency work, there is not much time left for policy work. Parliamentarians need professional support but due to financial constraints such is not available or parliamentary staff is overworked or does not have an expertise in some areas. Working with a non-governmental organisation can address this need. NGOs have the capacity, expertise; understand poverty and access to academia. NGOs can play a role in monitoring of PRSP and policy advice. If MPs develop personal relations with NGOs, the NGOs can prepare their briefs. They can also help to prepare proposals during the budget process.

Parliamentarians should also build partnerships with trade unions since they have frequently campaigned for improvements to people's working lives that have benefited constituencies other than their members, including particularly these vulnerable groups. Unions have been highly critical of the influence of the IFIs on economic policy in developing countries. They have lobbied for greater consultation with IFIs which has contributed in part to the adoption of Poverty Reduction Strategy processes. A major contribution trade unions can make to the formulation of a poverty-reduction strategy is to ensure that employment promotion forms a central part of the strategy itself. However unions can bring more to PRSPs than narrow labour issues by incorporating the views of members on a broad range of topics such as: equity, taxation, agriculture, investments and social protection.

10. WHAT SEQUENCING OF ECONOMIC AND SOCIAL POLICIES CAN BEST ENSURE MILLENNIUM DEVELOPMENT GOALS ARE ACHIEVED?

Positive economic growth is an essential requirement and a major contributing factor in reducing poverty. Empowering the poor is imperative in bringing about the policies and investments needed to address the multiple dimensions of poverty. To achieve this, governments and their policy-making processes need to be open, transparent and accountable to the interests of the poor. Policy choices should be based on understanding the binding constraints through analysis of growth, poverty and inequality experience and the results of poverty impact assessments. The poor need to participate in and influence the policy reform process that goes with poverty reduction strategies. To pursue this approach, social expenditures should be dealt with in line with economic growth policies. Endeavours, such as better health, nutrition and education, lift people from poverty and enhance their capabilities, creativity and labour productivity, which are main determinants of growth and its sustainability.

Governments should therefore, prioritise and sequence the achievement of the MDGs through the rationalisation of programmes. Sequencing of public investments in priority sectors (especially infrastructure and social sectors such as education) is critical because it can lower total costs for MDG achievements and allow for more speedy progress towards them given the interrelatedness of the MDGs. Sequencing of Policy Priorities for Developing Countries should be geared towards:

- Improving the enabling climate for private sector activity, by solidifying progress on macro-economic stability, further reducing barriers to trade, and shifting emphasis from regulating business operations to strengthening market institutions. An improved enabling economic climate is essential both for mobilising domestic investment and attracting more foreign investment.
- Strengthening capacity in the public sector and improving the quality of governance as essential tools in poverty eradication. The most serious shortcomings are in transparency, accountability, and control of corruption. Governments should re-examine existing expenditure patterns with a view to ensuring that there is no wastage or embezzlement. In procurement of goods

and services, each government should ensure that it gets value for money spent.

- Enhancing Investment in infrastructure. There should also be follow up mechanisms to ensure maintenance of existing infrastructure. Priority in this field should be closely linked to basic needs such as, transport, water and sanitation. The pace of the increase and rate of maintenance depends upon institutional capacity and macro-economic conditions in the country concerned.

While discussing sequencing, once look at it from the perspective of policy formulation, implementation and the outcome. Such policies must be consistent with the country's overall goals and strategic objectives. The policies, which have been put in place by the current government of Kenya, which came to power in December 2002, are geared towards ensuring that sustainable development is achieved and that it benefits the most vulnerable and disadvantaged groups in the country.

The parliament in Kenya enacted the Constituencies Development Fund Act (CDF). This was a departure from a centralised mode of disbursement of funds, which was riddled with corruption and bureaucratic red tape, to a more participatory, open and direct mechanism. To implement this new policy dispensation, parliament allocated 2.5% of the total national budget to direct development within the 210 constituencies in Kenya. Each constituency has a CDF Bank account to which the government channels the money. The amount that goes to each constituency is calculated on an established poverty index. Therefore, the funds that reach each constituency are dependent on the existing poverty levels without consideration whether the constituency supports government or not.

Each constituency has a representative committee that determines the needs, prioritises them, decides on the allocation and oversees the implementation. The projects that are being supported through the CDF funds touch on all areas that are within the MDGs. In general, the funds have been used to support activities in education, environment, infrastructure, health, water and sanitation which form the core of the MDGs. The labour force for CDF projects is sourced from the constituents of the recipient constituency.

Targeted support to the constituencies has been in realisation that in order to ensure the guarantee for sustainable development, all the eight MDGs are inter-linked, inter-related and inter-twined. All the goals compliment one another in defining the roadmap to a better future and cannot be addressed in isolation from the rest. However, in order to achieve sustainable development and ensure the attainment of all the MDGs, a lot of emphasis must be given towards poverty reduction, which is the end result envisaged by the MDGs. In addition, while MDGs are long-term objectives that have to be embodied and funded within the strategic priorities for a country's national budget, the targets set may not be achieved if government does not mainstream MDGs in their respective development frameworks. Achieving MDGs requires scaling up of public investment and allocating the same to MDGs' prioritised sectors and activities. Selecting the appropriate options reduces the cost of the MDG agenda. However, different countries have their own unique challenges and therefore, only the national stakeholders can do so within their national contexts. The importance of achieving the MDGs in Africa is underscored by the many challenges, which include but are not limited to the following: high incidence of poverty, limited access to health services, high prevalence of HIV/AIDS and other infectious diseases, low levels of education, marked gender disparities in access to basic social and productive services, high unemployment rates and unsustainable debt burden in several countries.

11. GOVERNANCE, CORRUPTION AND POVERTY

Good governance and anti-corruption is central to poverty reduction. The World Bank estimates that worldwide transactions tainted by corruption come close to US\$1 trillion a year. Governance is defined as the traditions and institutions by which authority in a country is exercised for the common good, while corruption is traditionally defined more narrowly as the "abuse of public office for private gain." Governance can be broadly defined as the set of traditions and institutions by which authority in a country is exercised. This includes (i) the process by which governments are selected, monitored and replaced, (ii) the capacity of the government to effectively formulate and implement sound policies, and (iii) the respect of citizens and the state for the institutions that govern economic and social interactions among them. There is by now a strong consensus among both

academics and policymakers that good governance provides the fundamental basis for economic development.

The World Bank Institute identified six indicators of good governance to provide a "snapshot" of governance performance for individual countries. The indicators include: Voice and Accountability, Political Stability and lack of Violence, Quality Regulatory Framework, Government Effectiveness, Control of Corruption and Rule of Law. Perceptions-based or subjective measures of governance contain important information often not captured by objective indicators, particularly in emerging economies. For example, the firm's perceptions of the difficulty of starting a new business, or of their tax burdens, do not depend solely on the relevant legal framework governing business entry and taxation. Rather, firms' views on these issues are also importantly influenced by the degree of corruption in their country (particularly so in developing countries), suggesting that not only do formal rules matter, but also the institutional environment in which these rules are applied and enforced. The indicators can serve the purpose of providing individual countries with a set of monitorable indicators of governance they can use to benchmark themselves against other countries and over time.

In order to contribute to the fight against corruption, parliamentarians ought to demonstrate personal accountability by complying with ethical standards, strengthening conflict of interest rules and financial disclosure laws. Furthermore, they can ensure greater transparency of parliamentary processes, open committee meetings to the media, conduct public hearings and engage in anti-corruption networks. Parliamentarians can also strengthen their oversight role by questioning government spending, initiating inquiries and ensuring adequate time to analyse budget proposals. Also it is crucial to build the coalition between parliaments and civil society in order to strengthen/sustain political will to act against corruption and improve governance generally. It can make citizens less vulnerable to corruption and the inclusive and participatory approach to addressing governance issues creates a consensus for reform. Political will is not just a matter of elites deciding to be good; they must believe that it is in their interest to do so where as for civil society, citizens need leadership, a measure of security, and credible prospects that their action will yield benefits.

The World Bank Institute has been working with the CPA and other organisations to build capacity of parliaments to fight corruption and reduce poverty by improving financial scrutiny of the executive, promoting freedom of information, liberating the administration and financing of parliaments from the executive, making the budget process more transparent and training parliamentary staff.

CONCLUSION

Greater parliamentary involvement in the poverty reduction strategy process helps to ensure that country's poverty strategy is generated, implemented and evaluated through national institutions with adequate political legitimacy to ensure ownership and suitability. By securing accountability and good governance in administration and management of all pro-poor activities and programmes, parliamentarians must necessarily become proactive partners in the continuing crusade against poverty.

Luiza Nora
July 2006

Wilton Park Reports are brief summaries of the main points and conclusions of a conference. The reports reflect rapporteurs' personal interpretations of the proceedings – as such they do not constitute any institutional policy of Wilton Park nor do they necessarily represent the views of rapporteurs.