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Engagement of Parliamentarians with the IMF – A Study Prepared for the IEO by the One World Trust

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Abstract

Through case studies of the United Kingdom, Czech Republic, and Togo this paper examines how IMF staff have engaged with parliamentarians, with respect both to the global and regional economic outlook and IMF policies, and to prospects and policies at the country level. It finds that during 2000-08 the level of potentially beneficial engagement with parliamentarians appeared quite low in the case study countries. Educational outreach by the Fund could help parliamentarians in overseeing their countries' relationships with the IMF and in their broader oversight of policy, as well as helping to enhance popular understanding and potential support for Fund policies and programs. Such engagement must remain sensitive to tensions that may arise from a greater visibility of the IMF, and its analysis and views, in national policy debate. The paper recommends ways for the IMF to improve its interactions with parliamentarians in member countries, while respecting the role of country financial authorities as the Fund's primary interlocutors.

The views expressed in this Background Paper are those of the author(s) and do not necessarily represent those of the IEO, the IMF or IMF policy. Background Papers report analyses related to the work of the IEO and are published to elicit comments and to further debate.

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I. INTRODUCTION

1. The Independent Evaluation Office (IEO) of the IMF is conducting an evaluation of IMF interactions with member countries, covering the 2000–2008 period. The Issues paper for the evaluation defines interactions to include “exchanges of information, analysis, and views between IMF officials and country authorities, or other people or entities in member countries.”¹ It specifically states that the evaluation will cover the implementation of the policies and guidance to staff covering interactions “not just with the country authorities but also with other channels, including parliamentarians...”

2. With giving attention to this area the evaluation takes stock of important shifts recorded in the responsibilities and interests of parliamentarians in a globalizing world. While traditionally focusing primarily on domestic issues, today, parliamentarians recognize that the boundaries between what are domestic and external policy issues are increasingly blurred. National policy, implemented through and with international institutions as well as domestic ones, affects millions of people both within and outside their own borders. In turn, the policies applied by global organizations as a result of government led negotiation processes and agreements affects people domestically in their everyday lives more than ever before. Yet in most countries the conduct of foreign policy, including in relation to global organizations such as the IMF, remains largely a domain controlled by the executive. This privilege is often protected not only by national traditions but through the privileged relationships between global organizations and institutions of national executives. Stepping outside this established channel of communication has proven difficult for both parliamentarians and global organizations. At the same time in most countries, parliaments are the most important bodies tasked with holding the executive branch of government to account over the development and conduct of the nation’s policy.

3. To provide an insight into how in different illustrative case studies the potential discrepancies of oversight roles of parliament and engagement with the IMF as a global organization pan out in practice, the One World Trust has conducted research seeking to:

- (i) understand how intensively and effectively IMF staff have engaged with MPs—both on a general basis, with respect to the global and regional outlook and IMF policies and more specifically with respect to the outlook, prospects, and policies at the country level;
- (ii) explore the opportunities for and barriers to greater engagement with MPs on global, regional, and country issues (e.g., the extent to which MPs are in a position to receive and make use of financial and economic data and how information can be presented in an accessible manner); and

¹ See <http://www.imo-imf.org/eval/ongoing/051508.pdf>

- (iii) develop recommendations for how the IMF could improve the quality of its interactions with MPs in its member countries, mindful of the role of the country financial authorities as the IMF's primary interlocutors.

II. METHODOLOGY

A. Case Study Approach

4. A case study approach was selected for the study, using a sample of countries from three categories of IMF member countries: advanced, emerging market, and PRGF-eligible. Key target countries were drawn from among the 51 country sample of IMF members that the IEO had previously identified in its Issues paper. The three selected case study countries, while not intended to be a fully representative sample of all IMF member countries, represent differing levels of economic development, types of experience with the IMF, and countries in which the key IMF interlocutor has had varying levels of support for IMF engagement with MPs.

5. The United Kingdom was selected as the advanced economy due to its generally high level of public discourse and parliamentarians' engagement on domestic economic and financial policies. The Czech Republic was selected as an emerging and former transition economy case. It is also a country that with limited involvement of and with the IMF allows some conclusions to be drawn about opportunities and obstacles to develop a greater engagement of parliamentarians. Togo was selected as the third case study for its PRGF and HIPC participation and as a Francophone country. As a low income developing country it shares many features with other economies from all continents in that group, and also many characteristics of countries in which for both resource constraints and political developments parliaments are weak as institutions. In each country, 10 parliamentarians representing all political parties were to be interviewed.

B. Background Research and Selection of Interlocutors

6. Background research was undertaken on each of the case study countries to establish the context and political and economic parameters of its engagement with the IMF during the 2000–08 study period. Key interlocutors were identified from within the parliamentary committees that work on macroeconomic and budgetary issues and among other parliamentarians who have been engaged in financial and economic policy-making, oversight, and IMF relations during the study period. Across all case study countries 148 parliamentarians were invited to take part in the study. In addition, Speakers, Committee Chairs, and leading economic and financial affairs spokespersons of political parties in the three parliaments were kept informed and asked for their support. Interviews were then conducted in the first half of 2009 on a voluntary basis using an interview guide prepared through background research. However, interviews were left open to enable parliamentarians to express their concerns and interests as freely as possible. Most interviews were conducted in person, though a few parliamentarians who preferred telephone contact were interviewed

in that manner. In a few cases parliamentarians also added further views to initial exchanges on the subject via email.

III. CASE STUDIES

A. Parliamentary Engagement with the IMF in the United Kingdom

Background: Role and operations of the U.K. Parliament

Monetary system

7. The U.K. uses the Pound Sterling as its currency, an institution cherished by the British public as much as city bankers and some government officials for both emotional and economic reasons. Since the U.K. is not part of a currency union it has greater freedom than other countries in Europe to pursue its own independent monetary policy. As a consequence, monetary policy decisions may more easily be scrutinized by Parliament.

Political system

8. The United Kingdom Parliament with its two chambers, the House of Commons and the House of Lords, is the heart of the political system of governance of the United Kingdom. Members of the House of Commons (MPs) are elected via a first-past-the-post electoral system single member constituency system whereas members of the House of Lords (Peers) are appointed. While acknowledging the existence of the monarchy this constitutional arrangement effectively curtails both royal power, and that of the electorate, with only limited use made of plebiscitary tools. In turn, Montesquieu's republican democratic separation of powers is incomplete, or, put positively, powers are in practical terms interwoven with a bias towards parliamentary decision-making.

General role of Parliament in governance

9. This bias towards parliamentary decision-making is illustrated by the dependency of the Government on the situation in Parliament. While by name the extension of the will of the monarch, the U.K. Government rules solely on the basis of its command of a parliamentary majority, derived from a direct constituency mandate. Prime Ministers come and go in function of the majorities in Parliament, rather than the popular vote, and all government ministers are MPs, subject to the local test of public confidence as much as everybody else. Over the past decade more Peers have been appointed to government roles and following reforms of the House of Lords in recent years Peers are also now largely appointed on the basis of political party recommendations (including drawing on previous members of the House of Commons), broadly proportional to the number of seats a party

holds in parliament at the time).² Despite the traditional “expert” base of the House of Lords, and the unique “cross-bench” option open to Peers who wish to explicitly retain a greater party political independence, the increasing expectation of full involvement of the House of Lords in the legislative process has led to a greater political perspective being applied in the work of the House of Lords.

10. Similarly, while reform towards a U.K. Supreme Court is underway,³ currently, the judiciary for all intents and purposes culminates in the upper house of Parliament, the House of Lords. It is effectively a prerogative of Parliament to determine the final judgment when it comes to balancing public interest and the rule of law.

11. The Civil Service, critically at arm’s-length regulatory institutions, such as in the area of the economy and monetary policy the Bank of England (BoE) or the Financial Services Authority (FSA), is formally independent. Yet senior appointments to these key financial governance institutions are largely a matter of Government initiative. There is, however, an increasing trend towards parliamentary vetting of some senior positions in the civil service,⁴ which also has the power to call for “papers, people and records”⁵ from the BoE or the FSA as and when it deems necessary. Of late, especially calls for people, i.e., individual sessions to gather information and query action and discuss policy applied, have been more frequent.

12. Parliament is therefore the crucial entity for all processes of governance in the U.K., more than in many other democratic systems. Yet despite the curtailment of the Monarch’s powers over centuries, vestiges of the royal prerogative, embodied in the Government, are still felt in certain policy areas, such as foreign affairs, defense, and relations with international institutions. Parliament as a body corporate has been found overall, across both Houses, relatively weak in the exercise of its formal role of constitutional center of

² In difference to the House of Commons, where party members sit only in very exceptional cases as independents, many Peers who are as a person a member of a political party, sit on the cross-benches, which brings the formal tally of party seats to approximately equal shares, yet in practical terms votes will often continue to follow party membership. Data lifted from http://www.parliament.uk/mpslordsandoffices/mps_and_lords/analysis_by_composition.cfm, updated 31/05/2009, and http://www.parliament.uk/mpslordsandoffices/mps_and_lords/party.cfm, updated 23/06/2009.

³ The new Supreme Court is to start work in October 2009, assuming the jurisdiction of the current Appellate Committee of the House of Lords and the devolution jurisdiction of the Judicial Committee of the Privy Council. The court will be an independent institution, presided over by independently appointed law lords (<http://www.justice.gov.uk/about/supreme-court-about.htm>).

⁴ This is particular true, and amply recorded, in the case of appointments to the FSA, Bank of England, and the Bank of England’s MPC, by the Treasury Committee.

⁵ U.K. Parliament; House of Commons (2002): Standing Orders, Section 152(4), <http://www.publications.parliament.uk/pa/cm200102/cmstords/27519.htm>.

accountability for how government works and crucially relates to others in the world.⁶ A crucial factor in the development of this difference has shown itself to be the difference between the way the formation and decision making on policy works on domestic issues, and also increasingly European Union affairs on the one hand, and in international affairs including international institutions, on the other. While domestic and EU policy-making is largely structured around legislative processes including formal stages of early scrutiny and public inquiry, external relations are essentially policy driven, and rely on treaties or other negotiated agreements, on which conventions of U.K. parliamentary involvement are far weaker, and largely *ex post*.⁷

13. However, research has shown these differences and resulting weaknesses in oversight are not only the result of history and subsequent imbalance of structures and resources in the way that Parliament deals with different policy areas. Parliamentarians as individuals have found it difficult to claim the ground that by the logic of the constitutional arrangement is theirs in relation to external issues. Key factors include a general sense of being overwhelmed by the complexity of international affairs, the high demands of local constituency work, particularly for backbenchers, and entry routes into parliamentary work which favor abilities to project connectedness to key national groups of high electoral importance (be it rural populations, farmers, industrial workers, or professionals and high earning business people) over and above professional qualifications or a knowledge base that allows engagement with issues of national importance that may be more difficult to convey to MPs' electoral base. Finally, for Select Committees as much as legislative scrutiny committees, appointments are decided effectively by agreement of the party whips, who for different reasons seek to balance party loyalty against expertise in ways that do not always encourage the development of fully independent views by parliamentarians.⁸

Key government entities involved with the IMF

14. The key government department involved in the work of the IMF is HM Treasury, led by the Chancellor of the Exchequer, usually considered to be the second most important office in Government after the Prime Minister. The Chancellor also traditionally plays the role of a Governor in the IMF, and until July 2007 also chaired the IMF's International Monetary and Finance Committee (IMFC).⁹ He appoints the U.K. Executive Director (U.K. ED) to the IMF, a role which is at times shared with the position of Executive Director to the

⁶ Not in our Name (2006): Democracy and Foreign Policy in the U.K., One World Trust / Politicos, London, and also Brazier, A.; Flinders, M.; McHugh, D. (New Parliament – New Politics? A review of parliamentary modernization since 1987, London, Hansard Society.

⁷ A World of Difference (2007): Parliamentary Oversight of British Foreign Policy, One World Trust, London.

⁸ Interviews with MPs in April and May 2009.

⁹ The current Chair of the IMFC is Youssef Boutros Ghali, Finance Minister of Egypt.

World Bank. The latter institution however falls within the remit of the Secretary of State for International Development and its Department for International Development (DFID), requiring in those situations good interdepartmental agreement concerning the dual appointee.¹⁰

15. Currently, the U.K. Director at the IMF and World Bank is Alex Gibbs, who is also Economic Minister at the British Embassy to the U.S.A. Stewart James, also Treasury, is Alternate U.K. Executive Director to the World Bank.¹¹ James Talbot (formerly Bank of England) is Alternate U.K. Executive Director to the IMF.¹² Within the Treasury the U.K. ED and Alternate ED are based within the International and Finance division, headed by Tom Scholar, a former U.K. ED to both the IMF and the World Bank. Within this division International Finance is headed by Nicholas Joicey, and there the specialist team for Global Economics, looking after IMF issues in detail, by Lindsey White. The government commits to report annually to Parliament on its relationships with the IMF. Its last dedicated report was published in March 2007, covering the year 2006.¹³

16. In addition to the Treasury, the Financial Services Authority (FSA), HM Revenue and Customs, and the Bank of England (BoE) complete the key institutions involved in the development and implementation of macroeconomic and monetary policy issues relevant to the work of the IMF.¹⁴

Parliamentary oversight of macroeconomic policy in the U.K.

17. Oversight of the Treasury and DFID are split on the side of Parliament. While the Treasury Select Committee is responsible for oversight of the Treasury, whose portfolio includes the U.K. relationship with the IMF, the International Development Committee (IDC) oversees the work of DFID. In the House of Lords, there is no specific committee that oversees the Treasury; however, the remit of the Economic Affairs Committee comes closest to issues of relevance to the IMF.

¹⁰ This study does not deal with the World Bank.

¹¹ United Kingdom; HM Treasury (2009): Treasury Organizational Chart, http://www.hm-treasury.gov.uk/d/hmt_orgchart.pdf (June 2009). Previously Stewart James was listed as alternate Director to the IMF.

¹² See <http://imf.org/external/np/sec/memdir/eds.htm>.

¹³ United Kingdom; HM Treasury (2006): The U.K. and the IMF - Delivering prosperity for all; London; TSO; http://www.hm-treasury.gov.uk/d/imf2006_290307.pdf

¹⁴ These bodies are not dealt with as part of this study.

The Treasury Select Committee

18. Working from 1979 to 1994 as the Treasury and Civil Service Committee the current Treasury Select Committee performs since 1994 a narrower departmental oversight function, meaning that it oversees the work of the Treasury as a government department and associated bodies.¹⁵ While like with the other Select Committees, Parliament seeks to capture with such a remit the broader policy issues associated with the work of a department, the departmental or regulatory institutional reporting does not always facilitate this broad oversight. A key technique for the Treasury Committee to discharge its broader oversight duties are therefore inquiries whose topics, length, witnesses, research and format of reporting the Committee determines itself.¹⁶ A good example for this type of work is the 2007 report *Globalisation: prospects and policy responses*, in which the Committee began to address among other topics the issue of major global imbalances in current accounts (deficits in the OECD countries, thesaurisation in the Eastern economies), and the risks associated for the U.K. and others with a “disorderly unwinding of global imbalances.”¹⁷

19. Concerning the role of the IMF specifically, the Committee prepared a report entitled “Globalization—the role of the IMF” in 2006. While primarily looking at substantive policies of the IMF, IMF governance and IMF decision making, the report also scrutinized the country’s relationship with the IMF, and made recommendations for greater transparency in it, including regarding the dealings of the U.K. Executive Director at and with the Executive Board of the IMF.¹⁸ This report was preceded by an inquiry into the U.K. relationship with the IMF in the 2001–02 session which focused on evidence from Treasury officials, the then U.K. ED to the IMF, and external observers.¹⁹ Interviews with Parliamentarians do not suggest that much progress has been made in terms of the quality

¹⁵ “The remit of the Treasury Committee, as determined by the House of Commons, is to examine the expenditure, administration and policy of HM Treasury, HM Revenue & Customs, and associated public bodies, including the Bank of England and the Financial Services Authority,” http://www.parliament.uk/parliamentary_committees/treasury_committee.cfm. The Civil Service oversight is now part of the remit of the Administration Select Committee.

¹⁶ Interviews with Parliamentarians April and May 2009. For a wider history of parliamentary reform in relation to the role of Select Committees see also House of Commons Research Library (2002): Departmental Committees, Research Per 02/35, London, TSO.

¹⁷ U.K. Parliament, House of Commons Treasury Select Committee (2007): *Globalization - prospects and policy responses*, HC 90, London, TSO, <http://www.publications.parliament.uk/pa/cm200607/cmselect/cmtreasy/90/90.pdf>.

¹⁸ U.K. Parliament, House of Commons Treasury Select Committee (2006): *Globalization - the role of the IMF*, HC 875, London, TSO, <http://www.publications.parliament.uk/pa/cm200506/cmselect/cmtreasy/875/875.pdf>.

¹⁹ U.K. Parliament, House of Commons Treasury Select Committee (2002): HC 868-i, ii and iii, of 12 December 2002, <http://www.publications.parliament.uk/pa/cm200102/cmselect/cmtreasy/cmtreasy.htm>.

and level of information flow between Treasury and Parliament, and that reports on the relationships with the IMF, and of the U.K. ED to it remain sparse and ad hoc.²⁰

20. Internally the Committee has formed a subcommittee to be able to split or delegate work. Formal membership of both main and subcommittee are however the same. Given that their membership consists of 14 MPs, this arrangement allows for flexibility in managing a very full workload, with the subcommittee focusing primarily on the mechanics and expenditure associated with the Treasury and domestic policy vehicles.²¹ The main or whole committee would generally focus on the meatier substantive policy issues and the budget. In comparison to other Select Committees the Treasury Committee could draw on a greater number of special advisers especially in the last two years during which the global economic storm became more obvious. These, under the management of the Committee Clerk, support the MPs in their research, analytical work and writing. Most of the advisers are seconded from the Civil Service, others are on the staff of Parliament.²²

21. The Chair of the Committee is the Rt. Hon. John McFall (Labour), and Michael Fallon (Conservative), chairs the Subcommittee. John McFall has been in this post since 2001. In contrast, turnover amongst committee members is higher. With the exception of five members including the Chair and Subcommittee Chair, no current member has served longer than the current Parliament (which started in 2005). One current member was previously on the committee, and returned after a break. Only one current member was newly appointed in 2009.

The House of Lords Economic Affairs Committee

22. Within the House of Lords, the remit of the Economic Affairs Committee, one of the House's five permanent investigative committees, is closest to issues associated with the IMF. Currently (and previously) comprising 13 members,²³ it is charged with examining "the operation of the Monetary Policy Committee of the Bank of England as well as other

²⁰ Interviews with Parliamentarians April and May 2009.

²¹ Members include as of May 2009 Nick Ainger MP, Mr Graham Brady MP, Mr Colin Breed MP, Jim Cousins MP, Mr Michael Fallon MP (Sub-committee Chairman), Ms Sally Keeble MP, Mr Andrew Love MP, Rt Hon John McFall MP (Chairman), Mr George Mudie MP, John Mann MP, John Thurso MP, Mr Mark Todd MP, Mr Andrew Tyrie MP, Sir Peter Viggers MP. Of these two belong to the Liberal Democrats, four to the Conservatives, and the remaining eight to Labour.

²² Interviews with MPs, April and May 2009.

²³ Lord Vallance of Tummel (Chairman), Lord Best, Lord Currie of Marylebone, Lord Eatwell, Lord Forsyth of Drumlean, Lord Griffiths of Fforestfach, Baroness Hamwee, Baroness Kingsmill, Lord Levene of Portsoken, Lord MacGregor of Pulham Market, Lord Moonie, Lord Paul, Lord Tugendhat.

macroeconomic issues and more specific economic topics.”²⁴ Its main inquiries and reports in the current session of Parliament focused on financial and banking regulation, while during the study period regular reports were published on monetary and fiscal policy particularly in the years 2003–07.²⁵ The focus of these reports is largely domestic and evidence from the Bank of England and members of its Monetary Policy Committee central to their findings. The wider engagement of other witnesses to the monetary and fiscal policy inquiries was and remains weak, and may have contributed to a domestic focus of attention despite the clear global ramifications of the questions addressed. The 2003–04 report is the only one which sought to examine U.K. domestic policies in a global comparative context, even if only briefly. Parliamentarians then acknowledged worries voiced by academic observers about trade and account deficits, but thought these concerns overdrawn.²⁶ Yet the Committee upheld throughout its reporting a careful and critical view on potentially problematic income estimates prepared by Government in view of its problematic effects on future budget deficits and borrowing needs. This criticism was roundly rejected by Government in March 2007.²⁷ Overall, however, committee members clearly see their focus on the domestic policy front, acknowledging the gaps left by this orientation in view of more recent developments to different degrees.²⁸

23. While in comparison to 2003 the changeover of members to date has been complete, including in the Chair, practice of appointments shows that the annual progression works in a way that ensures some rolling continuity.

Other formal means of parliamentary oversight in the U.K.

24. Other key means for parliamentarians to exercise their engagement and oversight function of government policy include more day to day working techniques such as oral and written parliamentary questions, so called Early Day Motions, and debate contributions, which all, with varying degrees of force, serve as markers of political interest in policy and political issues. In addition, in the U.K. Parliament the practice of forming cross-party special interest groups, the so called All Party Parliamentary Groups (APPGs), has proven to be an

²⁴ See http://www.parliament.uk/parliamentary_committees/lords_economic_affairs.cfm, and reports for previous sessions of Parliament.

²⁵ See <http://www.publications.parliament.uk/pa/ld/ldeconaf.htm>

²⁶ U.K. Parliament; House of Lords, Select Committee on Economic Affairs (2004): Monetary and Fiscal Policy: Present Successes and Future Problems, HL Paper 176-I, November 2004, London, TSO, p. 26–29 <http://www.publications.parliament.uk/pa/ld200304/ldselect/ldeconaf/176/176.pdf>.

²⁷ U.K. Parliament, House of Lords Select Committee on Economic Affairs (2007): Government Response to the [Report on the] Current State of Monetary Policy, HL paper 97, May 2007, London, TSO, <http://www.publications.parliament.uk/pa/ld200607/ldselect/ldeconaf/97/97.pdf>.

²⁸ Interviews and exchanges with members of the Committee in April and May 2009.

effective means to broaden parliamentarians' insight in specialist issues, heighten and maintain attention for them, and at times provide informal ways for the public to gain insight into the state of parliamentary thinking on topics which are either not yet at a formal legislative stage, or such as policy on international issues, would often not reach it anyway (see section on General role of Parliament). Both domestic and some external policy issues, including international development questions, feature amongst the topics targeted through this approach. However, for both national or global macroeconomic policy issues, as well as the work of the IMF in particular, no relevant APPG has been formed.²⁹ Given that there are currently 556 APPGs (including about 140 country groups),³⁰ this is both surprising and disappointing in terms of development of a key venue for IMF engagement.

Engagement of Parliamentarians with the IMF

25. In summary, the substantive engagement with the IMF by Parliamentarians from both Houses of Parliament in the U.K. is weak, yet given some points raised, unnecessarily so. From them, some recommendations could evolve

Parliamentarians' interests in engagement with the IMF

26. Five key issues were raised repeatedly by U.K. parliamentarians in the course of research. Each of these areas points to avenues for enhanced engagement between the IMF and U.K. parliamentarians.

Macroeconomic analysis training and education

27. Currently, there is no induction into crucial macroeconomic topics for those who govern the country. Parliamentarians described the complexity and apparent remoteness of macroeconomic policy and IMF issues, and how little was done to assist them, citing a "sink or swim" attitude to parliamentary induction. MPs reported their own capacity to engage with macroeconomic policy issues was limited primarily because they did not have the time to develop the necessary expertise. Peers suggested that they should do more, but that for the majority amongst them for whom these areas were not the natural terrain, there were little incentives to learn. In contrast to MPs, Peers pointed to the fact that the Economic Affairs Committee does not have a focus that encourages global thinking on macroeconomic issues.

28. Parliamentarians therefore recommended that IMF work be suggested to become part of **more regular government reporting and scheduled scrutiny processes**, enabling Parliamentarians to legitimize the time and effort involved in engagement as part of their

²⁹ See the parliamentary register of APPGs, as of April 15, 2009
<http://www.publications.parliament.uk/pa/cm/cmallparty/register/memi01.htm>.

³⁰ Register of APPGs on www.parliament.uk, as of March 3, 2009.

political calendar, and building capacity through regular exposure. This could also be developed through **support for an APPG on Global Macro-Economic Policy, and specific international networking** for Parliamentarians. Furthermore, the IMF should offer and prepare with House authorities or other qualified providers **specific induction support in relation to both global macroeconomic policy issues and the role of the IMF** for parliamentarians more generally.

Levels and motivations for engagement with IMF relevant issues

29. Most interviewed MPs and Peers suggested there was little to be done to generate more interest in the IMF and its work simply for its own sake. They described their engagement with any topic as mainly concern driven; as long as there was a concrete problem at hand, legislation to review, etc., something could be done. Yet the current situation, with little exposure to IMF issues on a regular basis, undermines the continuity required for fuller appreciation of issues. One Parliamentarian suggested that a maximum of 40 MPs [of 644] were really interested in these topics, and that even less could be de facto engaged. In the House of Lords a very similar picture emerged from exchanges: “You’ll be lucky to find 12 Peers [of 724] who have the interest and competency and energy to engage ...”

30. On the other hand, parliamentarians in the U.K. feel that there is no desire within the IMF to communicate results of its research and analysis to them, that the IMF fails to be sufficiently pro-active in its engagement of parliamentarians. Information from the IMF was received largely on an irregular basis, although its importance was theoretically recognized and most suggested that they would know where to find the main elements of information published by the IMF. Yet, a perception dominates that the IMF has no real interest in parliamentarians. In result for most MPs, IMF views were therefore just one amongst many other views to consider. Upon probing, the extent of surveying and research done by the IMF are largely unknown, and how it works as well. Yet, amongst those interviewed, a perception dominated that the IMF has no real interest in parliamentarians.

31. Parliamentarians recommend that IMF staff dealing with the U.K. should therefore make a point of **developing and maintaining relationships with MPs and Peers** through regular and targeted provision of information and contact. There are no indications for such contact to be seen as difficult from the side of government or the Bank of England.

Developing an independent parliamentary perspective

32. MPs interviewed suggested that the last time the U.K. ED appeared before their committee may have been in 2002. While neither the Treasury nor the BoE were seen as hostile to engagement, they were certainly not seen as forthcoming. In fact, it was seen as important for Parliament to strengthen its independent view. Meetings with IMF senior staff, although occasionally occurring during information visits to Washington DC, were very rare. Contact with regular IMF staff was also described as virtually non-existent, and when in DC

reduced to benevolent but superficial introductions to the work of the IMF characterized by one interlocutor as being “like for any other visitor.” Amongst those who had agreed to be interviewed, no meetings were reported to have taken place during IMF missions to the U.K. Those who did engage with questions relevant to the work of the IMF often mentioned the importance of international parliamentary networks, such as in existence on the World Bank.

Need for differentiated research methods and reporting on policy impact

33. Several respondents suggested that the research methods of IMF used or that were visible in its reports do not sufficiently capture national regional differentiation in the U.K., and that macroeconomic policy advice is often blanket and ill adapted for use by MPs. Comparisons with the BoE regional research models suggested that this did not have to be the case and may help to improve engagement.

34. It was suggested that IMF staff should **reach out consciously to others in the country** during their research and survey work, **and make this obvious to MPs**, helping these also to communicate more positive aspects of the IMF to their constituents.

Other reasons for non-engagement

35. Parliamentarians from both Houses suggested that current interest in the IMF centered on its role in development, with much civil society action driven by church groups interested in poverty issues. Its role in terms of monetary policy around the world was not visible to most, and hence also not to them. Differences between the World Bank and the IMF were often unclear, to both constituents and interviewed Parliamentarians. This was, however, acknowledged as a weakness that should be addressed within parliamentarians.

36. Older MPs and those from formerly heavily industrialized constituencies in particular mentioned that the ‘crisis role’ of the IMF meant that many in their electorate, and also themselves, considered that the more limited the necessity was to take interest in the IMF, the better things were. The mid/late-1970s were quoted by interlocutors as having been for many in the U.K. an appalling experience, and there was limited interest in the constituencies to talk about the IMF apart from being a specter of the past.

37. This said, most MPs (less the Peers) referred positively to the recent move of the IMF to engage earlier, and with potentially less problematic levels of policy conditions in countries which could benefit from help before being sunk.

B. Parliamentary Engagement with the IMF in the Czech Republic

Background: Parliamentary system in the Czech Republic

38. The Czech monetary system, political system and history, as well as the rules of procedure of the Chamber of Deputies and Senate, set the stage for engagement between the

IMF and Czech Deputies. Both the modalities of any engagement and the interests of Czech Deputies and Senators in that engagement are defined by this context.

Monetary system

39. The Czech Republic maintains a nationally-based monetary system governed by the Czech National Bank. As a consequence, fiscal and monetary policy decisions are made at the national level. However, the Czech Republic has been a member of the European Union since 2004 and has plans to join the euro zone, though no date has yet been set. Many of its monetary and fiscal policy decisions are made with an eye towards meeting eventual entry requirements.

Political system

40. The Czech Republic has a relatively short history as an independent country, having emerged from Czechoslovakia through the Velvet Revolution (1989) and shortly thereafter separated from the Slovak Republic through the Velvet Divorce (1993). Although the Czech Republic has existed as an independent country for less than 20 years, its legislative tradition is notably longer, having continued to operate throughout the communist era.

41. Under the December 1992 constitution, the Czech Republic established a bicameral parliamentary system. Within former communist countries, this constitutional design is relatively unusual, with only the Czech Republic, Slovak Republic and Hungary having enacted a parliamentary system. Within the Czech system legislative power is vested in two separate houses each with its own electoral system. The Chamber of Deputies, established in 1993, consists of 200 seats elected to four-year terms via proportional representation. The Senate, established after first elections were held in 1996, consists of 81 members elected through a majoritarian system using 81 electoral districts. During the 2000–08 study period both houses of the legislature have included multiple parties, with the CSSD (Czech social democratic party) and the ODS (Czech liberal conservative party) as the dominant parties and the KSCM (Czech communist party) as the next largest caucus throughout the period. Significantly, policy-making and governance within the Czech Republic demonstrates a high degree of collegiality and cooperation at Cabinet level.³¹ As is the case throughout Central and Eastern Europe, power, including economic governance and fiscal policy decision-making, has been increasingly concentrated in the executive presidency regardless of which parties are represented in the National Assembly in the Czech Republic.³² Furthermore,

³¹ Brusis, Martin. "Europeanization, Party Government or Legacies? Explaining Executive Governance in Bulgaria, the Czech Republic and Hungary," *Comparative European Politics*, August 2004, Volume 2, Number 2, pp. 163–84.

³² Kopecký, Petr. "Power to the executive! the changing executive-legislative relations in eastern Europe," *Journal of Legislative Studies*, Volume 10, Numbers 2–3, Summer/Autumn 2004, pp. 142–53(12).

Czech Deputies are elected through proportional representation within each of the 14 Chamber of Deputies electoral districts of the country. As a result of proportional representation, an average of 14–15 Deputies represent each electoral district, making the link between Deputies and constituents less clear than the link between Senators and their constituents.

Role of the Chamber of Deputies and Senate

42. The Chamber of Deputies and the Senate both focus primarily on domestic affairs and Cabinet oversight. There is little specific focus on economic governance or oversight of the Czech National Bank. As a result, except for the oversight of the budget, the role of Deputies and Senators in economic governance oversight in the Czech Republic is quite limited, both legally and even more so in practice.

43. Constitutionally, as of 1992, the Prime Minister is directly responsible to the National Assembly, which approves his or her Government upon appointment and can make votes of no confidence. This procedure has been used on several occasions in the Czech Republic, particularly since 2006, indicating that the Czech parliamentary system is active in its oversight of the prime minister.³³

44. The legislative functions of the Chamber of Deputies and Senate are well established. Proposing legislation remains the exclusive domain of the executive; however, the Chamber of Deputies and Senate do review all legislation, including the annual budget legislation.

45. In terms of macroeconomic and fiscal policy, one of the key roles of the Chamber of Deputies is its approval of the annual budget, a task that does not include the Senate. The Act on the Rules of Procedure of the Chamber of Deputies requires that the Government submit the budget to the Chamber of Deputies at least three months before the commencement of the budget. For the purpose of this study, two committees were looked at in detail: the (Chamber of Deputies) Committee on the Budget and the (Senate) Committee on the National Economy, Agriculture and Transport. The Economic Affairs Committee of the Chamber of Deputies was not included as its remit does not touch upon macro-economic issues including monetary policy, but focuses on key sectoral policy or economic infrastructure projects such as power engineering, transport, industry, commerce, communications, tourism, and consumer protection.³⁴

³³ Although outside the 2000–2008 study period, it is worthy of note that the Czech government collapsed in March 2009 following a vote of no confidence.

³⁴ For more information on the committee, please see : <http://www.psp.cz/cgi-bin/eng/sqw/hp.sqw?k=93&ido=763>.

Resources and training of Deputies and Senators

46. Eligibility for the parliamentary office has no specific educational requirements in the Czech Republic, although Deputies must be at least 21 years old and Senators at least 40. In practice, the vast majority of Deputies and Senators have at least an undergraduate degree.

47. Deputies and Senators receive induction training, including in the work of their assigned committees. Committee assignments tend to extend throughout the life of Deputies' and Senators' four or six-year terms in office, enabling the development of specialized expertise. Senators typically have previous experience in executive office in government, often as mayors or regional governors. This tends to enhance their ability to understand tradeoffs at the executive and budget levels. Furthermore, within each committee, individual members have assigned portfolios in a particular sub-area such as examination of transport-related aspects of the budget. However, none of the Deputies or Senators interviewed felt that either they, or others on key economic governance committees, had the skills necessary to perform effective monitoring and oversight of Government economic policy beyond budget implementation.

48. Both Deputies and Senators have offices and assistants. It is notable that few Czech parliamentarians or their assistants either speak or read English effectively. This severely limits their access to IMF reports. The Czech Chamber of Deputies and Senate do have a parliamentary research service, the Parliamentary Institute. However, its reports and information services are focused primarily on Czech and European legislation as well as compiling information from the Czech Statistical Office. It does not receive information such as Article IV reports on the Czech Republic from the IMF.³⁵

Role and mandate of the (Chamber of Deputies) Committee on the budget

49. The Committee on the Budget is established through the internal procedures governing the operation of the Chamber of Deputies, along with several other permanent committees including the Committee on Economic Affairs and on Budgetary Control. The remit of the Committee on the Budget is limited primarily to analysis and approval of the annual state budget. All committee members represent the approximate party composition of the Assembly, as do its elected officers, and work within these committees is described as collegial. Specific expertise in finance, economics, or accounting is not a membership requirement for any of these committees. Meetings of parliamentary committees are open to the public except for cases where issues of defense and security are on the agenda. Thus an IMF engagement with these committees would likely take place within the public domain. In practice, few members of the public choose to attend proceedings.

³⁵ Based on an interview with a Parliamentary Institute Librarian.

Role and mandate of the (Senate) Committee on the National Economy, Agriculture and Transport

50. There is no Senate Committee responsible for overseeing the budget process. However, the Committee on the National Economy, Agriculture and Transport has the most related portfolio. Members of this committee interviewed for this study did not feel that oversight of the Czech National Bank or macroeconomic policies of the Ministry of Finance were very much within the remit of their committee. Meetings of Senate committees, like those in the Chamber of Deputies, are open to the public except for cases where issues of defense and security are on the agenda. Thus, an IMF engagement with these committees would also likely take place within the public domain.

Oversight capacity of the Committee on the Budget

51. The Committee on the Budget has several tools at its disposal for oversight of macroeconomic policy, primarily through its budget oversight role. First, it is charged with analyzing the annual budget, a task which both its members and Government recognize as within its remit. In fact, oversight of the annual budget is perceived as the primary task of the Chamber of Deputies according to studying examining the views of Czech Deputies between 1993 and 2003.³⁶ Second, the Committee can seek testimony from Government ministries in its meetings, a frequent and expected occurrence. Outside the Commission meetings, individual members can seek oral and written responses from ministers to inquiries, a practice also available to Senators.

52. Committee members feel that they are able to be quite effective in their oversight and analysis of the state budget. Several factors contribute to this perception. First, committee members develop expertise through focusing on a narrow sub-area. While this may limit their ability to engage with big picture macroeconomic issues, it does facilitate the detailed analysis of specific areas of the budget. Second, the committee has access to the Parliamentary Institute and Ministry of Finance documents. Members from all parties felt that they were able to obtain information when they sought it out, though many acknowledged that the extent to which a Deputy sought out information was based on his or her interests and available time.

Work of the Parliamentary and Senate Committees regarding macroeconomic policy issues and the IMF, 2000–08

53. Members of both committees demonstrated strikingly limited interest in engaging with high level macroeconomic policy issues. Most felt that scrutiny of these institutions was beyond their remit and resources. Interest in engagement with these issues may be low due to

³⁶ Staphenurst, Rick; Riccardo Pelizzo; David Olson; and Lisa Von Trapp. *Legislative oversight and budgeting*, World Bank, 2008, p.282.

the Czech Republic's comparatively successful transition to a market economy, including its lack of experience of IMF borrowing or substantial destabilizing inflation or currency crises. Many of the interviewees expressed little understanding of the work of the IMF in a country like the Czech Republic, how IMF operations globally might impact the economy, or what types of research and information that IMF might be able to share with members of the Czech legislatures.

Lack of engagement with institutions governing Czech macroeconomic policy

54. The Ministry of Finance and the Czech National Bank are the key institutions of economic governance in the Czech Republic. Direct parliamentary engagement through either individual Deputies and Senators or the committees is quite limited on questions of macroeconomic policy. This lack of engagement is not viewed as problematic by most Czech parliamentarians whose interests lie primarily in budget oversight, national development, and trade relations with key trading partners such as Germany. However, there is regular and frequent engagement over budget process and implementation from both Houses.

Evidence of contact with the IMF

55. None of the interviewed members of either the Committee on the Budget or the Committee on National Economy, Agriculture and Transport could recall having engaged with any IMF staff or having met with the Executive Director or Alternate Executive Director for the Czech Republic. In addition, none of those interviewed knew what the IMF might be doing with the Czech National Bank or the Ministry of Finance. Among interviewed Deputies, none had ever read any IMF publications, reports or communiqués. None reported regularly receiving copies of IMF reports relevant to the Czech Republic nor did such information appear to be available through the Parliamentary Institute, whose staff could not locate any IMF documentation upon request during the research visit. This quite categorical result from the interviews is interesting in the context of an assertion made in the 9th of January 2009 IMF Article IV Consultation Staff Report³⁷ that consultations were held with representatives of the Czech Parliament in preparation of the report in November 2008. From this situation one may at least conclude some lack of communication within the Czech parliament and between parliamentarians regarding engagement with the IMF.

Deputies' interests in engagement with the IMF

56. Deputies and Senators did express that meeting with IMF officials to learn more about its work would be both interesting and useful. Unlike the Togolese or U.K. cases, Czech parliamentarians from all parties expressed overall confidence in the macroeconomic policies of their government and were not seeking independent information sources, such as

³⁷ IMF (2009): Staff Report for the 2008 Article IV Consultation, IMF Country Report No. 09/122, published April 14, 2009, <http://www.imf.org/external/pubs/ft/scr/2009/cr09122.pdf>, page 2, box.

the IMF, to learn more. Unlike in either the U.K. or Togolese cases, there is little suspicion of the motivation or actions of the IMF. Instead, there was a general ignorance of what the IMF does and how its work could be of assistance to Czech parliamentarians.

57. None of the parliamentarians interviewed felt that the Government would be hostile to IMF engagement with them provided such engagement remains non-partisan. Instead, most felt that joint presentations between the Senate and Chamber of Deputies open to all interested staff would be welcomed by all parties, including the Ministry of Finance.

58. Overall, although levels of interaction are currently low between the IMF and Czech parliamentarians, it seems that for a minimal investment in time and effort on the IMF end, there could be great gains for both the IMF and Czech parliamentarians in terms of building a relationship. This relationship building during a period when economic times are good could provide a model for more proactive IMF engagement in countries well before crisis strikes and relations become inherently more difficult.

Macroeconomic analysis training and education

59. As indicated in the background information, only a minority of Czech Deputies and Senators have the background and experience necessary to effectively engage with macroeconomic policy issues, whether through the Government or through the IMF. More importantly, few recognize the role and relationship of the IMF with key Czech institutions of economic governance. None seemed aware of the rich data the IMF generates and makes available, although in discussions most were interested in learning more about the macroeconomic situation in other countries, particularly the outlook in the wake of the financial crisis given the export focus of Czech economic development. As a direct consequence, almost all interviewed Deputies and Senators expressed that meeting with IMF officials to learn more about its macroeconomic policy advisory services in the Czech Republic, and its work more broadly worldwide would be desirable.

60. Some parliamentarians, primarily those in the Senate, also expressed an interest in information sharing on the broader economic outlook for the Czech Republic, countries in the Euro zone, and in particularly key trading partners. Interest in comparator post-transition countries was, by contrast, quite low. Several of the most macro-economically engaged parliamentarians expressed interest in discussing path to entry into the Euro zone. All expressed that seminar and presentation style meetings are preferable to sending lengthy documents and reports, and these meetings could be combined between both Houses. However, there was also a strong interest in receiving short summary documents at the level of committees and the Parliamentary Institute to feed into committee work.

Communication tools for use with constituents

61. Most interviewed parliamentarians expressed that macroeconomic policy and IMF policies were for the most part of limited interest to their constituents and had not come up as

a concern beyond the local level. However, basic informational seminars provided to parliamentarians could provide them with the background necessary to bring these issues to interested constituents.

Availability through an ongoing relationship

62. A few parliamentarians felt that the best means of engagement would be the development of relationships between the IMF and committee secretariats which could funnel specific questions as needed. These parliamentarians felt that the IMF would respond to specific questions and provide relevant information if asked, noting that up to this point little of this engagement had taken place from the Czech side, if any. While building relationships over time requires continuity and a certain turnover in committees is inevitable, especially the rolling elections for Senate seats could help as there is no sudden change to be expected.³⁸

Comparability of Czech case study with other middle income countries

63. The Czech Republic provides an interesting case study in low levels of IMF engagement with parliamentarians. Several unique features may limit its comparability to other middle income countries. First, compared to others, it had not experienced such serious currency or macroeconomic crisis over the past twenty years. As a result, parliamentarians do not tend to have the IMF or macroeconomic policy issues high on the agenda nor has there ever been substantial and publicly visible IMF engagement with the country overall. Second, because the Czech Republic is focused on joining the Euro zone, for which there is widespread support, there is limited discussion of policy tradeoffs due to perceptions that the Government is doing what is necessary and that any negative repercussions that may take place must be accepted. Third, the Czech Republic is a post-transition economy whose development has not resulted in the disparities in wealth seen in many middle income countries.

64. There are several aspects of the Czech case that make it a good comparator to other middle income countries. First, the Czech Chamber of Deputies and Senate are relatively well-resourced and engaged with domestic and local policy issues. Second, parliamentarians are sufficiently free of local development concerns to examine national level policy issues in detail, and debates are lively and well-attended.

³⁸ On the Senate, One third of Senators face re-election every two years (they have six year terms), so the committee is unlikely to face changes in its membership greater than a third each year at maximum.

C. Legislative engagement with the IMF in Togo

Background: Role and operations of Togolese National Assembly

65. Engagement between the IMF and Togolese Deputies occurs within the context of the Togolese monetary system, political system and history, and rules of procedure of the National Assembly. Both the modalities of engagement and the interests of Deputies in that engagement are delimited by this context.

Monetary system

66. As a member of the West African Economic and Monetary Union (UEMOA, the Union Économique et Monétaire de l'Afrique de l'Ouest), many aspects of Togolese fiscal and monetary policy are governed by decisions of the Central Bank of the West African States (BCEAO, the Banque Centrale des États de l'Afrique de l'Ouest) in Dakar. As a consequence, Togo's relationship with international institutions concerned with macroeconomic policy issues remains nearly entirely the domain of the Ministry of Finance, with little oversight by the National Assembly.

Political system

67. Like many developing countries, Togo has been an independent nation for approximately fifty years. During that time period Togo has had limited experience with either multiparty governance or parliamentary engagement with policy-making. The country underwent major political and governance changes with a return to multiparty elections and a new constitution in 1992, and again in 2005 upon the death of longtime president, Eyadéma Gnassingbé.

68. Under the 1992 constitution, there are 81 seats in the National Assembly. During the 2000–08 study period opposition parties have only been substantially represented in the National Assembly since late 2007.³⁹ Thus, multiparty participation in the National Assembly has been quite limited during this period. Significantly, policy-making is largely the purview of the executive presidency, including economic governance and fiscal policy, regardless of which parties are represented in the National Assembly. Furthermore, Togolese Deputies are elected through proportional representation within each of the 30 prefectures of the country. As a result of proportional representation, multiple Deputies (two or three) typically represent each electoral district.

³⁹ The March 1999 election returned 79 RPT Deputies and two Independent Deputies; the October 2002 election 72 RPT Deputies and nine Deputies from four minor opposition parties plus an Independent (a coalition of major opposition parties boycotted the 1999 election); whereas the October 2007 election returned 50 RPT and 31 opposition party Deputies (27 UFC and 4 CAR).

Role of the National Assembly

69. The National Assembly is relatively weak in relation to the executive/ presidency in Togo. As a result, the role of parliamentarians in economic governance in Togo is quite limited, both legally and even more so in practice.

70. Constitutionally, as of 1992, the Prime Minister is directly responsible to the National Assembly, which approves his or her Government upon appointment and can make votes of no confidence.

71. The legislative functions of the National Assembly remain weak with the institution making few substantive amendments before bills are passed.⁴⁰ Proposing legislation remains the exclusive domain of the executive; however, the Togolese Assembly does review all legislation, including the annual budget legislation.⁴¹

72. While 2002 constitutional amendments provided for a second legislative chamber, in practice this Senate has not been established. Thus this study has examined only the role of the National Assembly.

73. In terms of macroeconomic and fiscal policy, one of the key roles of the National Assembly is its approval of the annual budget. The *Reglement Interieur* (internal procedures of the National Assembly) requires that the Government submit the budget to the National Assembly at least one week before the budget session opens in October of each year.

Resources and training of Deputies

74. Eligibility for the office of Deputy has no specific educational requirements, although competence in French is mandatory. Deputies receive only limited induction training, including in the work of their assigned committees. As a consequence, some Finance and Trade Committee members lack the basic skills necessary to perform effective monitoring and oversight of Government economic policy and budget implementation. The lack of extensive induction training poses particular challenges given the high turnover rate within the National Assembly between elections; currently, only five of 81 Deputies elected to the National Assembly had served in the Assembly prior to their 2007 election.⁴²

⁴⁰ Kossi, Somali. Le parlement dans le nouveau constitutionnalisme en Afrique: Essai d'analyse comparée à partir des exemples du Bénin, du Burkina Faso et du Togo, Université de Lille 2: Droit et Santé, 2008, p. 277.

⁴¹ Kossi, Somali. Le parlement dans le nouveau constitutionnalisme en Afrique: Essai d'analyse comparée à partir des exemples du Bénin, du Burkina Faso et du Togo, Université de Lille 2: Droit et Santé, 2008, p. 255.

⁴² In the 2002 Assembly, just over half of all Deputies were new to the position (approximately 52 percent). The 2007 National Assembly election returned only five of 81 Deputies to the National Assembly, a turnover rate of nearly 94 percent.

75. The National Assembly of Togo is also comparatively weakly resourced in relation to the executive ministries, a situation unlikely to change in the near term. Its current building, the *Palais des Congrès*, was never intended to house a legislature and lacks infrastructure to support Deputies such as offices, a well-resourced library or sufficient dedicated committee support staff to provide background research.

Role and mandate of the Commission des Finances et des Échanges

76. The *Commission des Finances et des Échanges* is established through the internal procedures governing the operation of the National Assembly, along with six other permanent committees.⁴³ Its members represent the approximate party composition of the Assembly, as do its elected officers, a practice established in the procedures. Membership criteria do not include any expertise in finance, economics, or accounting.⁴⁴ Instead leaders of parliamentary party groups indicate their preferred committee assignments and National Assembly leadership then makes the appointments. Members are required to participate in committee meetings, ensuring that attendance is not a concern. Sessions are closed to the general public, although the topics discussed, attendance, and any votes are, in theory published regularly. However, all permanent committees must submit their agendas to Government at least two days ahead of meetings and Government representatives may attend any meeting. Thus, in terms of IMF engagement with the *Commission*, meetings are outside the public eye, but could include Government representatives.

77. The remit of the *Commission des Finances et des Echanges* includes the following specific areas: budgetary support laws, execution of the annual budget, currency and credit, domestic and foreign financial transactions, budgetary control of public enterprises, state ownership of land, consumption, domestic and foreign commerce, and taxation and revenue. Notably absent from these areas of focus are Government borrowing and Togo's relationship with the BCEAO. During the annual budget process, this committee takes the lead in analyzing the budget and related legislation, although other committees may designate their own representatives to participate in its meetings without voting rights.

Oversight capacity of the Commission des Finances et des Echanges

78. The *Commission* has several tools at its disposal for oversight of macroeconomic policy, primarily through its budget oversight role. First, it is charged with analyzing the annual budget, a task which both its members and Government recognize as within its remit. Second, the *Commission* can seek testimony from Government ministries in its closed session meetings, a frequent and expected occurrence. Outside the Commission meetings,

⁴³ *Règlement intérieur de l'Assemblée Nationale de la République du Togo*, Articles 8 and 35.

⁴⁴ Kossi, Somali. Le parlement dans le nouveau constitutionnalisme en Afrique: Essai d'analyse comparée à partir des exemples du Bénin, du Burkina Faso et du Togo, Université de Lille 2: Droit et Santé, 2008, p. 320.

individual members can seek oral and written responses from ministers to inquiries presented via the President of the National Assembly. Although not a formal or official tool, many Deputies, particularly those from the ruling party and with previous experience in Government or within public enterprises, rely on personal knowledge and relationships as a means to access macroeconomic data and other fiscal information.

79. The capacity of the *Commission* to achieve its goals is limited in several important ways. First, institutional knowledge is limited due the high electoral turnover rate, which affects the entire Assembly and all its Commissions every five years. The current *Commission*, which was appointed in October 2007, includes none of the same members as the 2002–05 Commission and only its chair has previous experience in the National Assembly. This challenge is somewhat mitigated by *Commission* appointments being for a duration of five years, the full mandate of Togolese Deputies, thus enabling Deputies to develop expertise over the five-year period. Secondly, the *Commission* is quite small, like other *Commissions* in Togo, with only 11 members, only some of whom have any background in macroeconomic policy, country budgeting, or fiscal management. Furthermore, the lack of a strong parliamentary research service or consistent access to either Government or independent information sources such as think tanks and policy research institutes means that the *Commission* is largely reactive rather than proactive in its oversight. The experience, knowledge base, and political clout of the current *Commission* President, Payadowa Boukpassi, while beneficial to the *Commission* in some ways, may also limit the extent to which all members feel comfortable participating.⁴⁵ Finally, although the *Commission* is charged with reviewing the annual budget and any bills with fiscal impact, it has little practical capacity to make substantial amendments.

Work of the Commission des Finances regarding macroeconomic policy issues and the IMF, 2000–08

80. Members of the *Commission des Finances et des Echanges* demonstrate limited interest in engaging with high level macroeconomic policy issues. Several Deputies, including those most knowledgeable about the role of the BCEAO and the IMF, felt that scrutiny of these institutions was beyond their remit and resources.

Annual budget process

81. The *Commission* typically spends at least a month each year analyzing the annual budget. This process represents the largest share of the work of the Commission and is the area of greatest interest of its members. As a result of this process, the *Commission* produces at least one report annually on its analysis of the annual budget and supporting legislation.

⁴⁵ Payadowa Boukpassi is a former Minister of Finance as well as minister in various ministries and served as IMF Governor for Togo in 2006. He is also one of only five Deputies with previous experience in the National Assembly.

Access to these reports however is hindered by the limited degree of electronic record keeping.⁴⁶

Lack of engagement with institutions governing Togolese macroeconomic policy

82. In the Togolese context, the Ministry of the Economy and Finances, and the BCEAO are the key institutions of economic governance. Direct parliamentary engagement through either individual Deputies or the *Commission des Finances et des Echanges* with these key institutions is quite limited on questions of macroeconomic policy. This lack of engagement is not viewed as a problem by Deputies whose interests lie primarily in how macroeconomic policies impact local development and service delivery.

Evidence of contact with the IMF

83. Washington-based IMF staff have provided briefings to the *Commission des Finances et des Echanges*, though these meetings have been less than annual according to Togolese Deputies. Deputies who attended these meetings, including the President of the National Assembly, have found them quite useful, and reviewed the preparation and depth of information positively. However, none of the Deputies interviewed could recall ever having met with the IMF Executive Director for Togo or with the Alternate ED for Togo who was himself Togolese.

84. Among interviewed Deputies, only a few had any in-depth contact with IMF publications, reports or communiqués. None reported regularly receiving copies of IMF reports relevant to Togo nor did such information appear to be available through the small documentation centre within the building which houses the National Assembly. Most of the Deputies interviewed are primarily interested in communiqués where they feel that the IMF has praised the Togolese Government for its performance in areas such as budget planning.

Deputies' interests in engagement with the IMF

85. Togolese Deputies are hopeful that the IMF is trying to assist in the development of their country. Yet many still associate the IMF with the specter of conditionality and austerity from the 1990s and are suspicious of its interest in ensuring development in Togo. With the backdrop of the financial crisis, some have expressed concerns over the right of IMF to provide policy guidance encouraging Western governments to assist struggling banks, given prior advice to Togo to allow weak domestic banks to fail. In order to overcome these suspicions, the IMF could take a more proactive role in explaining its recommendations to the Togolese Ministry of Finance as well as to the CEDAO and BCEAO to Togolese

⁴⁶ Despite promises from the Assemblée Nationale library staff we were unfortunately eventually unable to obtain a list of the reports issued by the Commission since 2000. The main reason cited was that the information is not available in electronic format.

Deputies. To further demonstrate that the IMF is an ally interested in the development of Togo, IMF staff could provide support to the Commission des Finances et des Echanges in its annual analysis of the budget.

86. As demonstrated by the engagement of the President of the National Assembly, the Togolese Government is not hostile to IMF engagement with Deputies provided such engagement remains non-partisan. This finding bodes well for future IMF engagement with Togolese Deputies.

87. This said, there are also tensions which may arise from a greater level of engagement of the IMF with parliamentarians, as analysis and views held by the IMF on national macro-economic developments policy may become more visible in the national policy debate. In order to avoid this concern becoming an obstacle to greater engagement with parliamentarians, which is clearly seen by interlocutors as useful, the IMF may wish to foster an environment for its engagement with parliamentarians where beyond IMF analysis also research and access to other sources of information is improved, placing any resulting debate or views in a context of broader expertise and contributing to the building of capacity of parliamentarians on the issues rather than with regard to the workings of the IMF alone.

Macroeconomic analysis training and education

88. As indicated in the background information, only a minority of members of the Commission des Finances et des Echanges, and an even smaller minority of Togolese Deputies overall, have the background, experience and education necessary to effectively engage with macroeconomic policy issues, whether through the Government or through the IMF. In addition, although most recognize the significance of IMF and other macroeconomic policies, beliefs that decisions on monetary policy are made entirely at the BCEAO level, rather than nationally limit Deputy interest in engagement. As a direct consequence, almost all interviewed Deputies cited training on interpreting the national budget and national economic data as a key accessible area in which they would like to see greater IMF engagement. Some deputies also expressed an interest in information sharing on the broader economic outlook for Togo and comparator countries. Several of the most engaged Deputies expressed particular interest in holding frank discussions of the implications, both of positive and negative, of Togo's participation in the BCEAO and regional integration efforts of the CEDEAO. All Deputies expressed that seminars, workshops and other face-to-face style meetings are preferable to sending lengthy documents and reports.

89. Overall, the relatively low entry level of knowledge on detailed issues associated with the work of the IMF, limited fluency with tools of research and organizing information, and a weak research support basis available to parliamentarians in Togo with regard to macro-economic policy issues including and especially in relation to the IMF and other global organizations, emerged from the interviews as obstacles to a more proactive stance on the

side of Togolese parliamentarians. Despite the additional effort involved the IMF may be well positioned to seek to address this with a view to building the necessary capacity.⁴⁷

Budget analysis: Constraints and recommendations

90. Many Togolese Deputies do not differentiate between the roles of the IMF and the World Bank when it comes to areas of competence since both provide loans to Togo and other developing countries and have shown an interest in the PRSP process. Togolese Deputies, at least those on the Commission des Finances et des Echanges, are, however, quite aware that it is the IMF that makes comments on the macroeconomic outlook and progress of Togo as well as the level of adherence of its annual budget to IMF recommendations.

91. Their primary interest in IMF engagement surrounds understanding the parameters of the budget elaboration process. In particular, Deputies very much want to know what advice and recommendations the IMF gave to Government prior to budget development. There is also significant scope for educational seminars outlining which choices are made at national level and which are made, or are the direct result of, BCEAO policies and practices. The Deputies would like to use this information to enhance their understanding of the choices and tradeoffs made by the Government in the development of its annual budget. This understanding would enable Deputies to focus their critiques and suggested changes on areas where such changes are most feasible.

92. Deputies also expressed interest in IMF seminars to assist in their budget implementation oversight role. Several Deputies indicated that they want to understand why IMF communiqués tend to positively review the Government budget, though that budget is not normally implemented in practice. Engagement with this topic is again primarily due to Deputies' interest in being able to explain to their constituents what they can expect from each year's annual budget in terms of local development.

93. Additionally, a few Deputies felt that due to the high turnover rates at the end of each five-year term training efforts in budget and macroeconomic analysis should also include National Assembly staff. These staff members could form the basis of institutional knowledge and bring an historical perspective to the work of the Commission and the National Assembly as a whole.

94. Finally, several Deputies representing both governing and opposition parties expressed interest in understanding the purpose, specific projects to be funded, and any other

⁴⁷ Above and beyond the immediate framework of this study the IMF may wish to connect with the wider work conducted in the area of parliamentary strengthening by organizations such as the Commonwealth Parliamentary Association, the Parliamentary Network on the World Bank, and different relevant Research and Capacity Building organizations such as the Canadian Parliamentary Centre, the Westminster Foundation for Democracy, the Overseas Development Institute, and in the area of engagement with global organizations and foreign policy oversight, the One World Trust.

conditions under lending agreements with bilateral and multilateral donors. Of particular importance for the IMF, Deputies felt that their constituents' interests lie in specific local development initiatives and that support for IMF, and other IFI, policies in Togo could be enhanced if citizens were better informed, via their Deputies, of how these policies were intended to benefit them. Deputies also felt that their capacity for effective oversight of macroeconomic policy would be enhanced by having the IMF explain the contents and purpose of any lending agreements, preferably before the agreements are signed although such information sharing workshops would still be quite useful after agreements have been fully negotiated and signed.

95. Overall, Deputies' interest in engagement with the IMF is to enable them to know if the Togolese Government making an accurate representation when it indicates that the IMF has required it do things in certain ways. In effect, there are suspicions that the Government is using the IMF as a scapegoat for its own politically unpopular policy choices. Also, there is substantial concern surrounding how the IMF will reference good progress and generally praise a Government budget when even its trimmed down final form is not implemented on the ground.

Communication tools for use with constituents

96. Most interviewed Deputies expressed that macroeconomic policy and IMF policies were for the most part very complex and difficult for them to understand, let alone share with their constituents. Furthermore, most Deputies feel that their constituents are even less interested in national level macroeconomic policy. They report that the general public has little interest in or understanding of the IMF and that the vast majority of constituents have never heard of it and do not know what it does other than that it may be related to cuts in Government spending. With constituent concerns being focused on how IMF policies impact the annual budget and therefore local development, most Deputies would prefer to see the IMF's engagement with them emphasize this area of macroeconomic policy impact. With a better understanding of the concrete impacts of IMF policies and decision-making on their constituents, Deputies feel that they would then be in a better position to communicate what the IMF does and how its policies are beneficial to Togo. Given the particular challenges of communicating the work of global organizations and the complex issues at hand in country in which access to education remains a problem, further dialogue with parliamentarians should also include discussions about educational materials that are tailor made to suit the situation and any support the IMF may be able to provide to develop them.

Information sharing

97. While Deputies are interested in hearing IMF perspectives and analysis of the Togolese and wider regional and global context, they are also interested in sharing information with the IMF. Several Deputies felt that the IMF relied too heavily on government statistics and information and would like to see the IMF engage with

parliamentarians in order to provide the IMF with a more complete picture of realities on the ground, including visits to their constituencies where feasible. Deputies seek this engagement during IMF missions, but feel that it has, to this point, been lacking in their previous experiences engaging with IMF representatives.

Comparability of Togolese case study to other low income countries

98. Togo provides an excellent case study for extrapolating results for the broader community of Francophone and developing countries. Like many developing countries, it is dependent on foreign assistance, including IFI loans and ODA, and struggles to provide even the most basic of citizen services including in terms of access to information and education. This severe poverty thus limits its macroeconomic autonomy. In addition, and in part due to Togo's political history, its legislature is not very well developed. It is poorly resourced, its Deputies not consistently economically literate, and it lacks the institutional clout or popular support to demand improvements. Furthermore, its Deputies face a high likelihood of serving only one term in office, limiting institutional knowledge development. Like most parliamentarians, Deputies in Togo face conflicting demands—interests in local development from vast majority of their constituents and a focus on national policy at the National Assembly.

99. While the case of Togo provides many lessons that could be applied to other low income countries with which the IMF works, there are two key aspects that limit its utility as a global representative of all low income countries. First, the Togolese political situation is particularly fragile with the death of its president and one of the world's longest standing leaders, Eyadéma Gnassingbé in 2005. Togo has been largely politically closed since independence and throughout the 2000–08 study period.⁴⁸ The National Assembly remains closely tied to and dependent on the presidency, in part due to the proportional representation party lists system through which Deputies are currently elected. Most developing countries, in Africa and globally, have been more open to political debate, at least during the past decade. Secondly, Togo is part of an economic and monetary union, meaning that much macroeconomic analysis and decision-making takes place at a regional, rather than country, level. This makes Togo an excellent comparator country for other Francophone African countries, both within the CEDEAO and within the CEDEAC, but a difficult comparator for cases in which a national level Central Bank has greater autonomy.

IV. CONCLUSIONS AND RECOMMENDATIONS

100. The current level of parliamentary engagement with the IMF in case study countries is quite low, a finding that would most likely be replicated in other IMF member countries.

⁴⁸ See Freedom House Maps of the World, 2002–2008, in which Togo is identified as 'not free' for the majority of the study period and "partly free" in 2002 and 2008 only.

This conclusion holds true in both countries with IMF lending and financial instability as well as countries with stronger macroeconomic performance.

101. During the 2000–08 study period, and today, the IMF has not done as much as it could have done to foster engagement that could be beneficial to both the IMF and member country parliamentarians. However, there are many promising avenues for enhancing engagement in the future.

102. In all three case study countries, there were common interests in IMF engagement and needs for how that engagement could best be structured. First, despite a visibly low entry level amongst some, parliamentarians are keen to make use of IMF knowledge and experience to enhance their induction process. Educational outreach by the IMF could assist parliamentarians in being more engaged in both oversight of their countries' relationships with the IMF and in their larger macroeconomic and fiscal policy oversight roles. Furthermore, educational outreach could assist both parties in enhancing popular understandings of, and potentially support for, IMF policies and programs. Macroeconomic policy reading and interpretation, explanations of inherent policy tradeoffs, comparator country examples, and fiscal policy theory and practical application are among the key educational areas to be addressed. This may be particularly important in countries in which there is to date very limited exposure of parliamentarians to the work of the IMF.

103. In all cases, engagement must be ongoing and regular, but not necessarily frequent. Such engagement must also remain sensitive to tensions which may arise from a greater visibility of the IMF, its analysis and views in national macro-economic policy debate. To address such risks the IMF may wish to foster an environment for its engagement with parliamentarians where beyond IMF analysis also research and access to other sources of information is improved, placing any resulting debate or views in a context of broader expertise and contributing to the building of capacity of parliamentarians on the issues rather than with regard to the workings of the IMF alone.

104. For most countries, as a regular engagement and contact pattern a once or twice annual meeting would be sufficient, focusing on the development and elaboration of the national budget in developing countries and current policy debates in OECD countries. As a courtesy, IMF staff should pay a brief informational visit to the relevant parliamentary committees during each country mission. Direct contact with the Chairs and appropriate scheduling may help ensure relevant attendance and attention by concerned parliamentarians.

105. In the developing country case study, due in large part to the lack of information access, parliamentarians are particularly interested in hearing IMF explanations for its country, regional and global policies and outlook. Explanations of post-mission communiqués and summaries of what recommendations have been provided to Government (and why) would be especially welcome. Sharing of paper documentation with parliamentary research services could also be beneficial, and at low cost to the IMF, easily implemented.

However, short summaries and simplified versions of reports are always more appreciated by parliamentarians who lack the time, and often the educational background and interest, to review more in-depth IMF research reports.

106. In the OECD country case, constituent, and consequently parliamentary, interest focuses on the role and policy impact of the IMF in developing countries and the current financial crisis. Tailoring engagements to address current, pressing interests and constituent demands at the national level could assist in bringing parliamentarians on board.