

Parliamentary Oversight *of*

International Loan Agreements & Related Processes

A GLOBAL SURVEY



JOINTLY UNDERTAKEN BY

- THE INTER-PARLIAMENTARY UNION (IPU)
- THE WORLD BANK



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Survey period: May to December 2011

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TABLE OF CONTENT

INTRODUCTION

MAIN FINDINGS

1. LEGAL FRAMEWORKS FOR PARLIAMENTARY OVERSIGHT OF BORROWING ARE COMMON, THOUGH FAR FROM UNIVERSAL
2. LEGAL FRAMEWORKS CANNOT BE EASILY BYPASSED BY THE EXECUTIVE
3. THE LEGAL AUTHORITY OF PARLIAMENT TO REQUEST AMENDMENTS IS OFTEN LACKING
4. PARLIAMENTS' OVERSIGHT PRACTICES APPEAR TO BE WEAK
5. PARLIAMENTARY INVOLVEMENT IN IMF MACROECONOMIC SURVEILLANCE IS LIMITED
6. A LEGAL FRAMEWORK CORRELATES WITH STRONGER OVERSIGHT PRACTICES

CONCLUSION

APPENDICES

ANNEX I: AGGREGATE FINDINGS

ANNEX II: COUNTRY OVERVIEW

ANNEX III: REGIONAL GROUPING

INTRODUCTION

Development effectiveness depends on strong country ownership. Representative, transparent and accountable policy-making with the active and informed engagement by parliament is critical to ensure national ownership of development programs.¹ Against this background, the IPU and the World Bank agreed to undertake a joint survey of legislative frameworks and practices regarding the ratification of World Bank and/or IMF programs; the IMF helped facilitate survey responses from IMF resident representatives. The funds and advice provided by international financial institutions (IFIs) – whether for development purposes or for macroeconomic adjustment – constitute an important tool of government policy. Indeed, many developing countries depend critically on external funds, including loans, to complement national revenues.

In those countries where parliaments play an oversight role with respect to budget processes and the design and implementation of national development strategies, parliaments can also be expected to scrutinize loans or advice from IFIs. There are a number of reasons for this: reforms agreed between the government and the IFI may have wider budget or policy impacts; support to a specific sector might free up resources for another sector; investment loans may have environmental or social consequences; and future budget cycles will have to take into account loan repayments and the expected returns on the investments.

Oversight can be exercised in a number of ways, from the informal - be it through meetings, briefings or consultations - to the structural, through formal legislation.² To exercise effective oversight of public finances, parliament - including both elected representatives and support staff - are dependent on being fully informed: transparent and public budgets are key. Technical knowledge is also important to enable elected representatives to effectively exercise their oversight, making capacity building an important element of strengthening the role of parliaments.

The present survey report focuses on the extent to which parliaments around the world possess proper legal authority to ratify loans as well as effective oversight practices of the loan approval process. While the World Bank and the IMF surveyed their respective country offices and representations, the IPU surveyed national parliaments with a view to explore parliaments' influence on governments' borrowing from IFIs, and – to a lesser extent – on the parliaments' influence on development-related policy decisions. The findings draw on responses from some 100 countries based on a survey completed in December 2011 and constitute the first attempt at a global mapping of parliamentary oversight related to World Bank and IMF lending.³

Overall, the study indicates that there is plenty of room for parliaments to exert influence in the loan approval process by instituting legal frameworks or by strengthening existing ones, as well as by improving a number of oversight practices. A common thread throughout the study is that these legal frameworks are often underutilized. More specific findings suggest that:

- Legal frameworks for parliamentary oversight of World Bank and IMF lending are common, though far from universal;
- Legal frameworks cannot be easily bypassed by the executive ;
- The legal authority for parliaments to request amendments is often lacking;
- Parliaments' oversight practices appear to be weak;
- Parliamentary involvement in IMF macroeconomic surveillance is limited;
- There is, however, a positive correlation between the existence of legal frameworks and more effective parliamentary oversight practices.

These findings, as well as the country data collected, constitute an important source of information to help guide the IPU, the World Bank and the IMF in their respective efforts to strengthen development effectiveness and country ownership.*

¹ The 2005 Paris Declaration on Aid Effectiveness and its subsequent 2008 Accra Agenda for Action and the 2011 Busan Partnership for Effective Development Co-Operation all emphasize this point. For an example of World Bank engagement with the parliament of a client country in the context of governance reforms, see case study on Mongolia on [page 13](#).

² Parliamentary oversight consists of reviewing, monitoring and supervising the exercise of executive authority. It is a measure for holding the executive accountable for its actions and for ensuring that it implements policies in an effective manner. The parliamentary oversight function is one of the pillars of democracy and an indicator of good governance, through which parliament can ensure a balance of power and provide a public arena where all of society's interests can be fairly represented. Most critically, parliamentary oversight helps ensure transparency and openness of the Executive's setting of priorities and management of public funds.

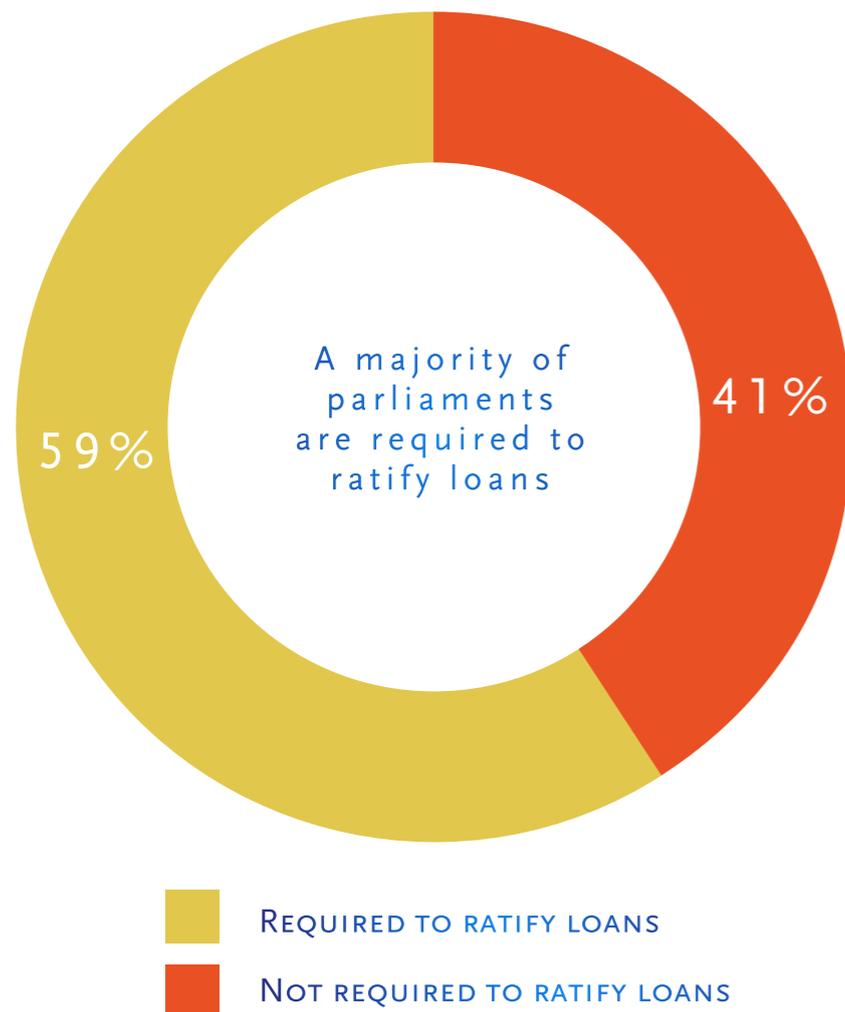
³ The survey was conducted from May to December 2011. Responses were received from 49 parliaments (facilitated by the respective offices of the speaker); 78 World Bank country offices; and 19 IMF representatives, from 99 different countries. Only developing countries and transition economies were canvassed. Where there is inconsistency in the responses from the different sources, the result is either discarded or, where the questions referred to parliament-internal practices, the parliament's response is taken as the default response [see [Appendices](#) for further detail].

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

MAIN FINDINGS

The following sections review the main findings of the survey based on a close reading of the data collected. At the end of each section a few questions for discussion are suggested to expand on the implications of the findings.

LEGAL FRAMEWORKS FOR PARLIAMENTARY OVERSIGHT OF LENDING ARE COMMON, THOUGH FAR FROM UNIVERSAL



More than half of the 99 countries (59 percent) for which data are available from any of the three sources – parliaments, the World Bank, and the IMF – have laws that require parliaments to ratify loan agreements before they become effective [appendix I: [chart 2](#)].⁴ In the remaining 41 percent of countries, parliament does not have a clear legal mandate to ratify loans.⁵

A breakdown of the data by regional groupings and income levels shows that legal frameworks for loan approval can be found across a large spectrum of countries. However, countries in Eastern Europe, Central and South America, and sub-Saharan Africa are more likely to have a legal framework in place [appendix I: [charts 3 and 4](#)]. In these three regions, approximately 60 percent of the countries require parliaments to ratify international loans.⁶ In comparison, only 1/3rd of the countries in the Asia-Pacific region have such a law in place.

Similarly, a breakdown of the data by income levels suggests a possible correlation between national income levels and the existence of legal frameworks [appendix I: [chart 5](#)]. Low-income countries are most likely to have a legal framework that gives parliaments a role in loan ratification: 61 percent of low-income countries have such a law in place compared to 50 percent of lower-middle income countries and 43 percent of upper-middle income countries.

- Why are some regions more likely to have a legal framework in place? Possible hypotheses include different democratic traditions; colonial heritage; and number of constitutional changes and reforms.
- What explains the possible correlation between national income levels and the existence of legal frameworks for the ratification of loans?
- Is having the legal authority to ratify loans particularly important for highly aid-dependent countries?

⁴ The overall response rate is 72 percent.

⁵ The survey differentiated between World Bank and IMF loans, but only Georgia has different laws covering loans from the two institutions.

⁶ Thereafter, any data examined in this report refers to the data that are available for each subsection.

LEGAL FRAMEWORKS CANNOT BE EASILY BYPASSED BY THE EXECUTIVE

Among the countries requiring parliamentary ratification, 83 percent do not allow for any exceptions to the law, meaning that – in principle at least – it is not easy for the executive to override parliament’s ratification authority [appendix I: [chart 7](#)]. In some cases where exceptions to the law are allowed they appear to be intended to minimize the institutional burden, with loans below a certain amount not requiring parliamentary ratification .

*In the case of **Ethiopia** and **Tonga** only loans above a certain threshold – approximately \$5 million and \$8.5 million, respectively – must be ratified by parliament. In Poland, the parliament is not given the legal authority to ratify loans, but international agreements that have considerable financial responsibilities imposed on the State nevertheless require prior parliamentary approval.*

In other cases, the rules under which exceptions to the law are granted are very vaguely formulated.

*In **Lebanon**, the executive can override parliament’s legal authority to ratify loans when it deems the loan approval process particularly urgent. In Benin, the parliament’s decision to reject a loan agreement may be overruled by executive decree. In Uruguay, parliament is required to authorize the Executive power to take on public debt, but legislative ratification is not required for contracts or agreements between the Executive and international organizations of which Uruguay is a member country.*

The majority of the surveyed countries (61 percent) have the same legislative process in place for the ratification of loans as for projects financed by grants [appendix I: [chart 9](#)]. In 74 percent of the surveyed countries the law requires parliaments to ratify each loan one-by-one rather than grouping them as part of government programmes [appendix I: [chart 8](#)]. Even where the legislation allows for loans to be ratified as a package, the general practice in many countries is to ratify loans separately or to examine loans individually before they are bundled.

*In **Mauritania**, the usual practice is that each loan is reviewed by the responsible committee before it is brought to the plenary for ratification together with other loans.*

- Is there a correlation between effective legal frameworks for loan ratification, and the general budget oversight and influence of parliament?
- What should be the key features of a strong legal framework?
- Is parliamentary oversight stronger when loans are ratified as a bundle or one-by-one?
- Does it make sense to exempt loans below a certain amount from having to be ratified by parliament?
- Should legal frameworks require that loan agreements conform with government programs?

THE LEGAL AUTHORITY OF PARLIAMENT TO REQUEST AMENDMENTS IS OFTEN LACKING

Parliament's right to amend loan agreements constitutes a strong tool to influence the outcome of loan negotiations.⁷ However, among the surveyed countries with a legal framework for ratification of loans from IFIs in place, almost half (47 percent) of the parliaments are limited to accepting or rejecting loan agreements in their entirety, and only 29 percent are able to request actual amendments to the loan agreement. For another

24 percent, the law is not specific as to whether parliament can request amendments [appendix I: [chart 6](#)].

Looking at other dimensions of the development process, the study indicates that few parliaments are able to influence the final adoption of the Poverty Reduction Strategy Papers (PRSPs) or of the Country Assistance Strategies (CAS) discussed between the

government and the World Bank. A total of 85 percent of parliaments do not have legal authority to approve PRSPs before they are adopted by the government [appendix I: [chart 19](#)]. Parliaments' legal authority to adopt CAS and similar strategies was reported by only 2 percent of respondents [appendix I: [chart 18](#)].⁸

Montenegro's parliament does not have legal authority to approve PRSPs, but this has not precluded the parliament from involvement during the process. During the preparation and implementation of the 2003 PRSP, the Parliamentary Advisory Committee, comprised of representatives from a number of portfolio committees, was responsible for addressing sensitive issues. The Committee also consulted with representatives of vulnerable groups.

However, it should be noted that 94 percent of parliaments report to have the formal right to request amendments to the budget bill before adopting it [appendix I: [chart 23](#)]. In those cases where loan ratification occurs as part of the budget approval process, it is possible that amendments to the loan can be made. The likeli-

hood of this happening in actual fact, however, may depend on a number of factors, including the extent to which budget documents are made public and the time allowed for budget review (both of which are generally inadequate), or the number of loan agreements that are attached to the budget document (the higher

the number the less stringent the parliamentary review is likely to be).⁹ In some cases, loan approval through the general budget process may allow parliaments to set debt ceilings or other parameters for loan agreements.

In Cameroon the government proposes a debt strategy that includes the profile, the amount, and potential lenders through the finance law that parliament is required to approve.

- Is parliamentary oversight of programs supported by loan agreements weakened when parliaments do not have the authority to amend such agreements?
- How effective is parliamentary oversight of loan agreements when it occurs as part of the budget approval process?

⁷ It should be understood that the authority of parliament to amend a loan agreement may well be established by the law but that it may still be limited in practice to only some parts of the agreement, depending on the nature and legal characteristics of the agreement itself. For example, the general provisions of the loan agreement cannot be negotiated even by the government, as these have already been agreed to by the member countries in the Board, in the case of the World Bank.

⁸ It should be noted however that this does not reflect parliaments' full engagement on the CASes: 75 percent of World Bank country offices in a 2009 survey reported to have undertaken informal consultations with parliamentarians when introducing a new CAS.

⁹ The authoritative 2010 Open Budget Survey of the International Budget Partnership documents a number of reasons why in many parliaments budget oversight remains weak. Among other issues, the report establishes that a large number of parliaments lack sufficient time to examine adequately the Executive's budget proposal.

PARLIAMENTS' OVERSIGHT PRACTICES APPEAR TO BE WEAK

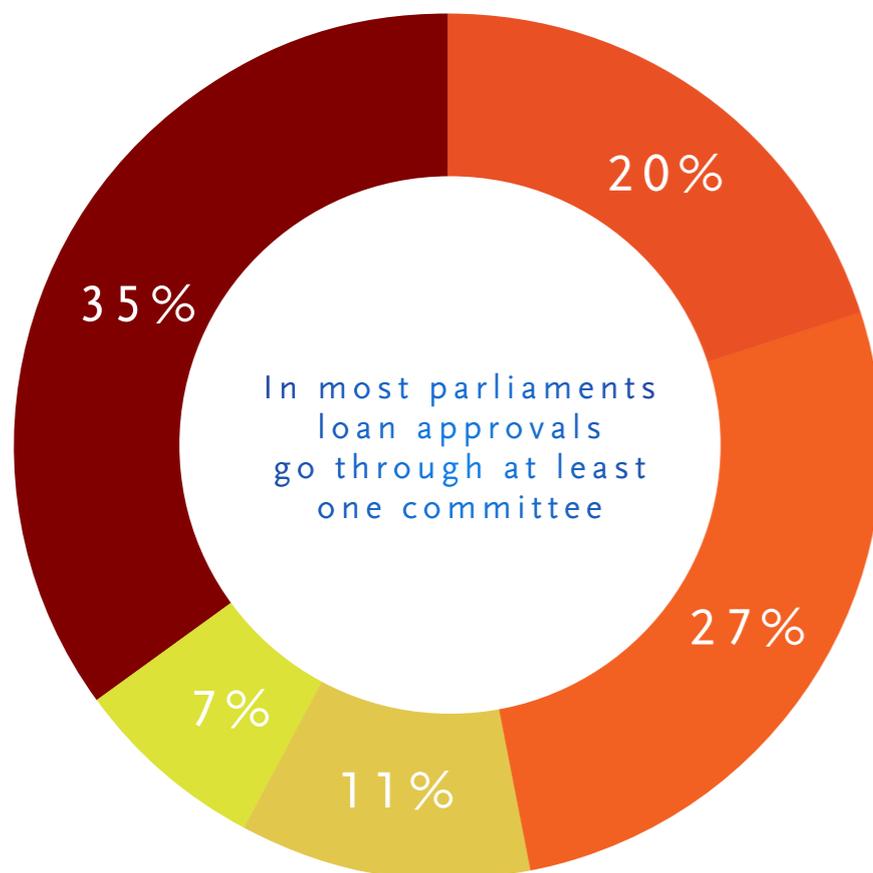
Regardless of the legal frameworks that may or may not be in place, the survey further assessed the strength of the institutional practices of parliaments in the actual loan approval process by looking at the kind and number of parliamentary committees involved, the stage of the process where parliaments are involved, and other such “proxy” indicators. The findings suggest that a number of factors related to capacity and

institutional issues lead to a relatively weak ability of parliaments to properly scrutinize loan agreements, including in cases where parliaments enjoy ample legal authority.

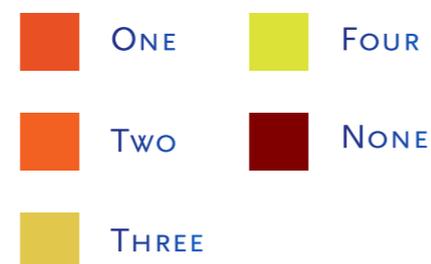
A total of 64 percent of parliaments in the surveyed countries are not involved in approval of World Bank and IMF loans at any stage of the process [appendix I: [chart 10](#)]. Parliamentary

involvement in policy discussions held between World Bank officials and the government prior to the actual loan negotiations, is even less common, with 68 percent stating that they do not take part in such discussions [appendix I: [chart 13](#)]. However, it should be noted that 46 percent of parliaments that are involved on some level during the loan approval process are also consulted or involved prior to loan negotiations [appendix I: [chart 14](#)].

In Georgia, the law gives parliament the authority to participate in the entire loan approval process, i.e., from the very early stages until final ratification. In practice however, the parliament does not utilize this authority to perform its oversight role to the extent allowed. In Nigeria, the Aid, Loans and Debt Management committee was set up specifically to examine loans that have conditions attached. The committee, however, was mostly inactive for the first few years.



When involvement prior to loan negotiations does occur, it is rarely within a formal setting. Governments seldom initiate or organize consultations between parliaments and the World Bank: only 9 percent of parliaments have been invited by their governments to such consultations [appendix I: [chart 13](#)]. While low, this number sends a positive signal that it is possible for parliaments to be included at this critical stage of consultations under the appropriate conditions. The majority of interactions between parliaments and Bank officials seem to be of an informal nature, such as through workshops or meetings with individual MPs, and in a majority of cases the IMF or the World Bank is the party initiating these interactions [appendix I: [chart 13](#); [chart 22](#)].



According to the responses from parliaments only (encompassing 43 parliaments), in the majority of parliaments polled (65 percent) the loan approval process is designed to go through the committee system. This may suggest a fairly high level of scrutiny, since committee review normally affords more time and interaction for informed debate than plenary meetings. Twenty percent of parliaments rely only on a single committee, primarily the finance, budget, or economic committee, while 45 percent have two or more committees involved, with the additional committees focusing on specific areas (infrastructure, agriculture, health, transport etc.) [appendix I: [chart 15](#)].

*In **Malawi**, following the rejection of an IDA loan for an Energy Infrastructure project by the Budget and Finance Committee, Bank officials began working more closely with MPs in various informal settings, such as workshops and joint field visits, which has since helped create more awareness in parliament of the Bank's development work. As a result of this closer cooperation, the parliament approved a bill for additional World Bank financing to the Malawi Social Action Fund to rebuild schools in an area that was affected by the 2009 earthquake after an MP visited the area with the World Bank Country Manager.*

It is noteworthy that, despite these apparent weaknesses in practice, 26 percent of World Bank and IMF officials report delays or blockages in the loan approval process as a result of parliamentary involvement [appendix I: [chart 21](#)].

*In **Uganda**, most projects are delayed between three to nine months as a result of the parliamentary approval process. In one case, the Public Service Performance Enhancement Program was rejected and restructured into a smaller project as a pre-condition for parliamentary approval, which delayed the process by more than one year.*

- Does the involvement of more than one committee strengthen parliamentary oversight, and how?
- Do informal consultations allow for sufficient in-depth parliamentary scrutiny of loan-financed projects and the like? And are they sufficiently utilized?
- What can governments, parliaments and World Bank do, respectively, to formalize consultations?
- What are the respective merits of informal and formal consultations?
- What circumstances lead to parliament not ratifying loans, projects or policy advice?
- What is more likely to be the cause of parliamentary delays or blockages of loans?

PARLIAMENTARY INVOLVEMENT IN IMF MACROECONOMIC SURVEILLANCE IS LIMITED

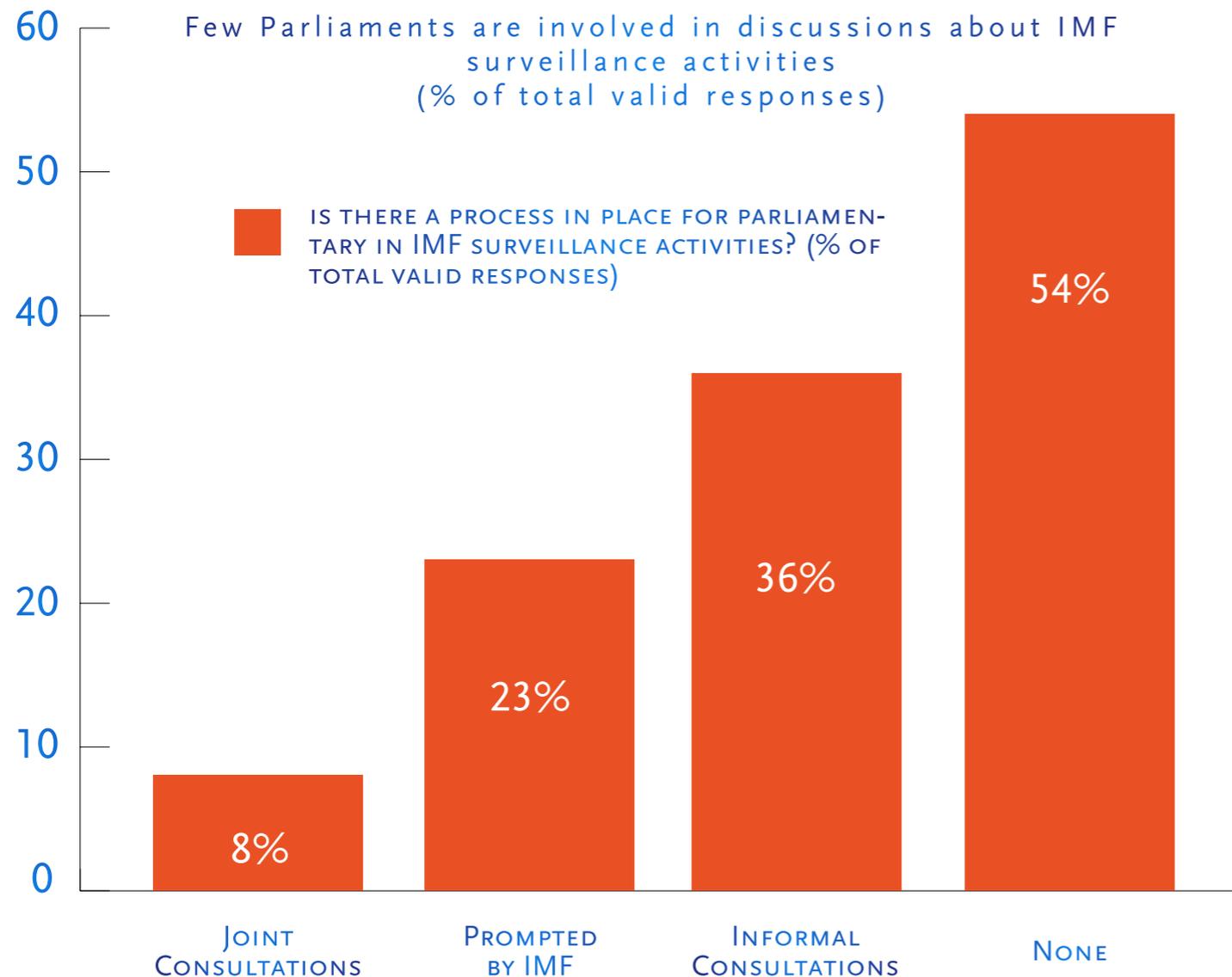
Aside from its role as a lender, the IMF's unique mandate is to provide advice to governments with the aim of helping them maintain or achieve macroeconomic stability. This advice, commonly referred to as surveillance, is often translated

into government policy, including through the budget process. In many countries, parliaments are interested in being informed of the IMF policy advice to the government before it leads to the adoption of a new policy course. Ideally, the involvement of par-

liaments in IMF surveillance should take place through a formal process with both government and IMF officials present.¹⁰ However, only 8 percent of countries surveyed appear to have such formal processes in place. It is more common (23 percent) for IMF officials alone to prompt meetings, most likely with the relevant parliamentary committee, to provide background information or further clarification. Relatively more common still (36 percent) is the practice of informal meetings between IMF officials and individual MPs.

As previously noted, in most cases (94 percent), parliaments are allowed by law to amend the budget proposal. This gives parliaments an indirect way to question decisions that result from IMF surveillance. However, in many developing countries involvement of parliaments in the budget process remains weak, due to limited resources and insufficient time to conduct an in-depth review of the budget document. Parliamentary input in IMF surveillance through the budget process is likely to be more effective when parliaments are kept abreast of the discussions at an early stage.

- How do governments include parliaments in surveillance talks with the IMF?
- How could parliaments be involved in such talks at an earlier stage?
- How effective is parliamentary input into IMF surveillance through the budgetary process?



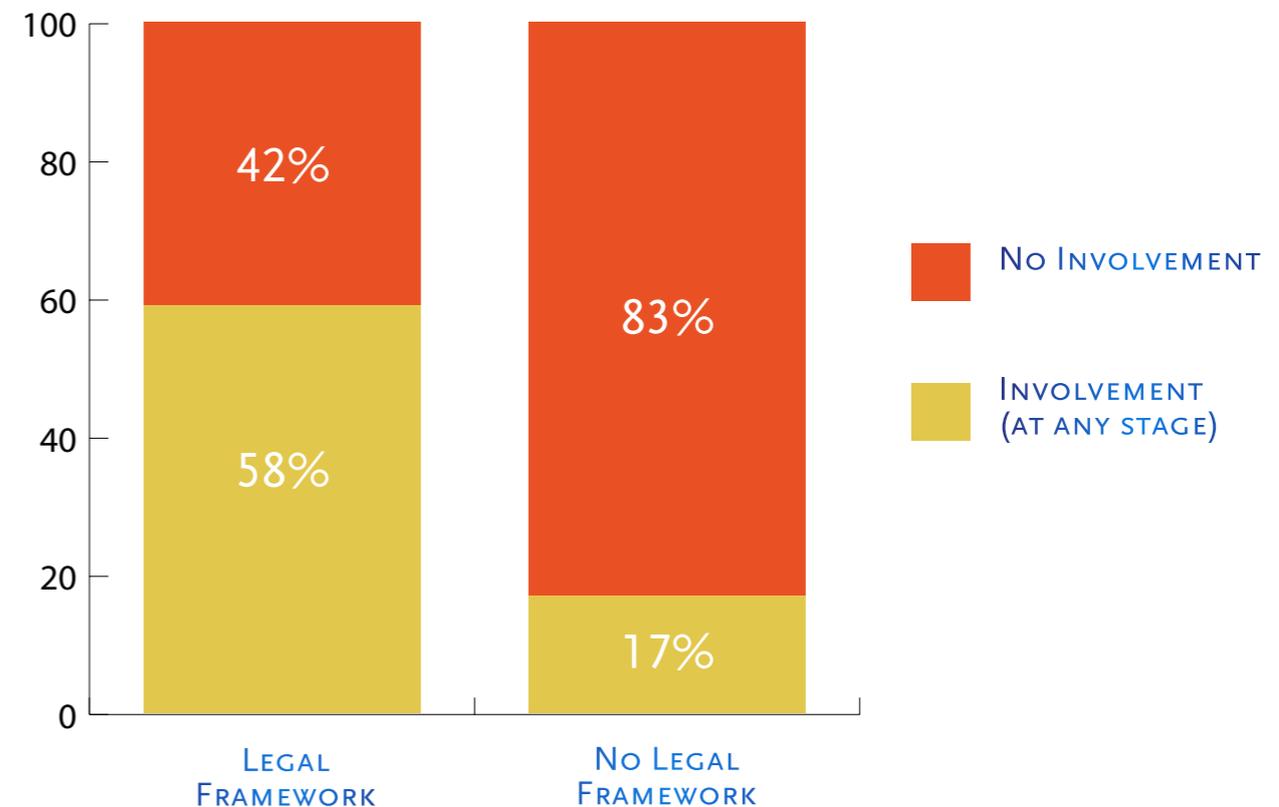
¹⁰ It should be noted that while the IMF's mandate and accountability rests with the government of its member countries, it makes every attempt to also engage with parliamentarians and other constituencies. When such consultations occur, they are almost always voluntary or by mutual agreement. In many cases, IMF officials will address parliamentary briefings or committee meetings only upon permission by the government or in the presence of government representatives.

A LEGAL FRAMEWORK CORRELATES WITH STRONGER OVERSIGHT PRACTICES

As noted, 64 percent of parliaments in the countries surveyed are not involved at any stage of the loan approval process. However, an important distinction must be made between those countries with legal frameworks (59 percent) and those without (41 percent). Among the countries where the law gives parliament ratification authority, a large number, 58 percent, are also involved in the loan approval process at some stage (i.e., either before, during, or in the final stages) [appendix I: [chart 12](#)]. This group is also more likely to have a stronger committee system in place, with 90 percent of the parliaments having one or more committees involved in the loan approval process [appendix I: [chart 16](#)]. In comparison, a mere 17 percent of parliaments in countries without such laws are involved at any stage of the process; and only 47 percent of those parliaments have committees involved in the loan approval process.

Finally, while few parliaments are required by law to approve the executive's Poverty Reduction Strategy Paper (PRSP), there appears to be a weak correlation between that process and the parliament's loan ratification authority. As noted, a strong majority of countries, 85 percent, have no laws giving parliament the authority to approve the PRSP before it is adopted [appendix I: [chart 19](#)].¹¹ Of the 14 countries surveyed where parliament is required by law to approve the PRSP, 12 also require parliament to ratify loans [appendix I: [chart 20](#)]. This suggests that in these countries at least a legal culture of parliamentary oversight of development processes has taken root.

Parliaments that are required to ratify loans are also more likely to be involved in the loan approval process

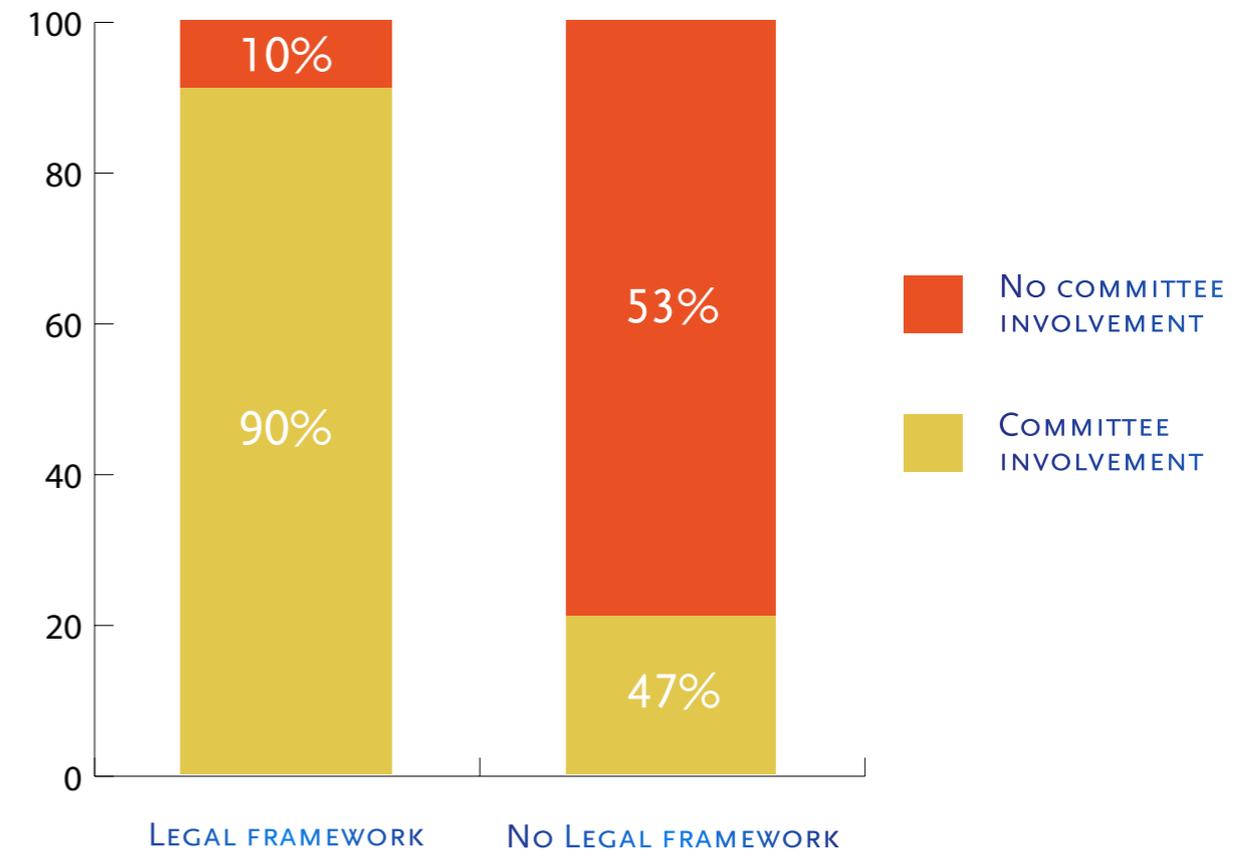


¹¹ The making of a PRSP constitutes another important process involving discussions between the government and the development partners in the country. While PRSPs are not directly related to loans, the study asked a question about them as a gauge of parliamentary ownership of development-related processes.

In Mongolia, the government has no power to negotiate loans with the Bank without the authorization from at least three standing committees of the parliament. After the Board approval and signing of the legal agreement between the government and the Bank, the parliament has to ratify the loan agreement. Without ratification the loan cannot become effective.

- Should parliamentary budget oversight include involvement in PRSP discussions or approval?
- How can parliaments improve actual loan oversight practices short of acquiring full-fledged ratification authority? Which formal or informal mechanisms could be used?
- How difficult is it for parliaments to acquire the legal authority to ratify loans?

Parliaments that are required to ratify loans are significantly more likely to also involve committees



CONCLUSION

This study provides additional information about the extent to which parliaments may assume ownership over development processes in their countries. The findings indicate that a slight majority of parliaments are charged with ratifying loan agreements, and that existing legal frameworks are generally applied. Such laws appear to support a stronger involvement of parliaments throughout the loan approval process.

However, the data also indicate scope for considerable improvement to both legal frameworks and their application in practice. Almost half of the countries surveyed have no law requiring parliaments to ratify loans and related activities, and oversight practices in those parliaments are significantly weaker than in countries where a legal framework exists. In those cases especially, more frequent and structured dialogues between Bank officials and parliamentarians may go a long way toward strengthening ownership. Governments and parliaments themselves play the key roles in strengthening the oversight role of parliaments, and

should look to best practices in other countries. Best practices would likely include a strong legal framework for ratifying World Bank projects or implementing IMF macroeconomic recommendations, as well as for influencing other key policy or budget decisions; early involvement of parliament in these processes; the engagement of multiple committees; and the ability to make amendments to government propositions.

IFIs can also take actions to strengthen the oversight processes, technical capacity and knowledge level of parliaments, by pro-actively engaging in policy discussions and consultations with parliaments; and by working towards more openness and accountability in both their own projects and lending, and in budget processes in general. The recent World Bank decision to only provide budget support to countries publishing their budgets (or in exceptional cases, promising to do so within 12 months) goes very much in that direction. The IPU, for its part, will continue to support the capacities of parliaments to play their oversight, leg-

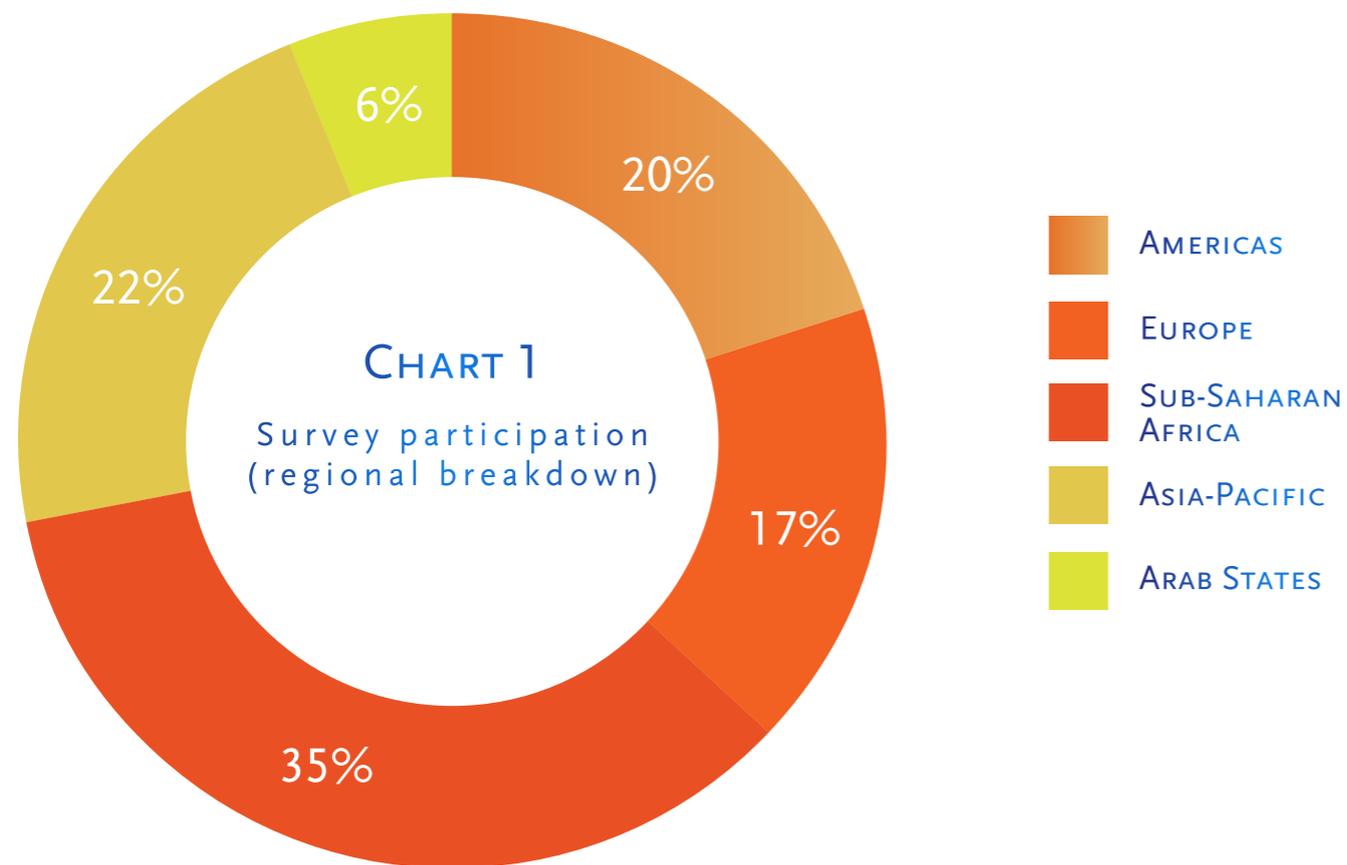
islative and representational roles in all areas of development policy, including the negotiation and approval of loan agreements.

The picture that emerges from this study suggests a situation in flux, with many parliaments clearly making progress in some oversight areas while lagging behind in others. More studies will be needed to dig deeper into the findings of this first survey. In particular, there is a need to better understand how parliamentary loan ratification authority is formulated in the various countries, as well as how parliaments actually apply their oversight. A second global survey may also be useful a few years from now to monitor progress in each parliament and better identify overall trends.

APPENDICES

APPENDIX I: AGGREGATE FINDINGS

Methodology: In case of significant response discrepancies among sources, attempts were made to reconcile the discrepancies. Whenever that was not possible, responses are dealt with as indicated in *italic* below each graph



Total number of country responses: 99

Overall response rate: 72%

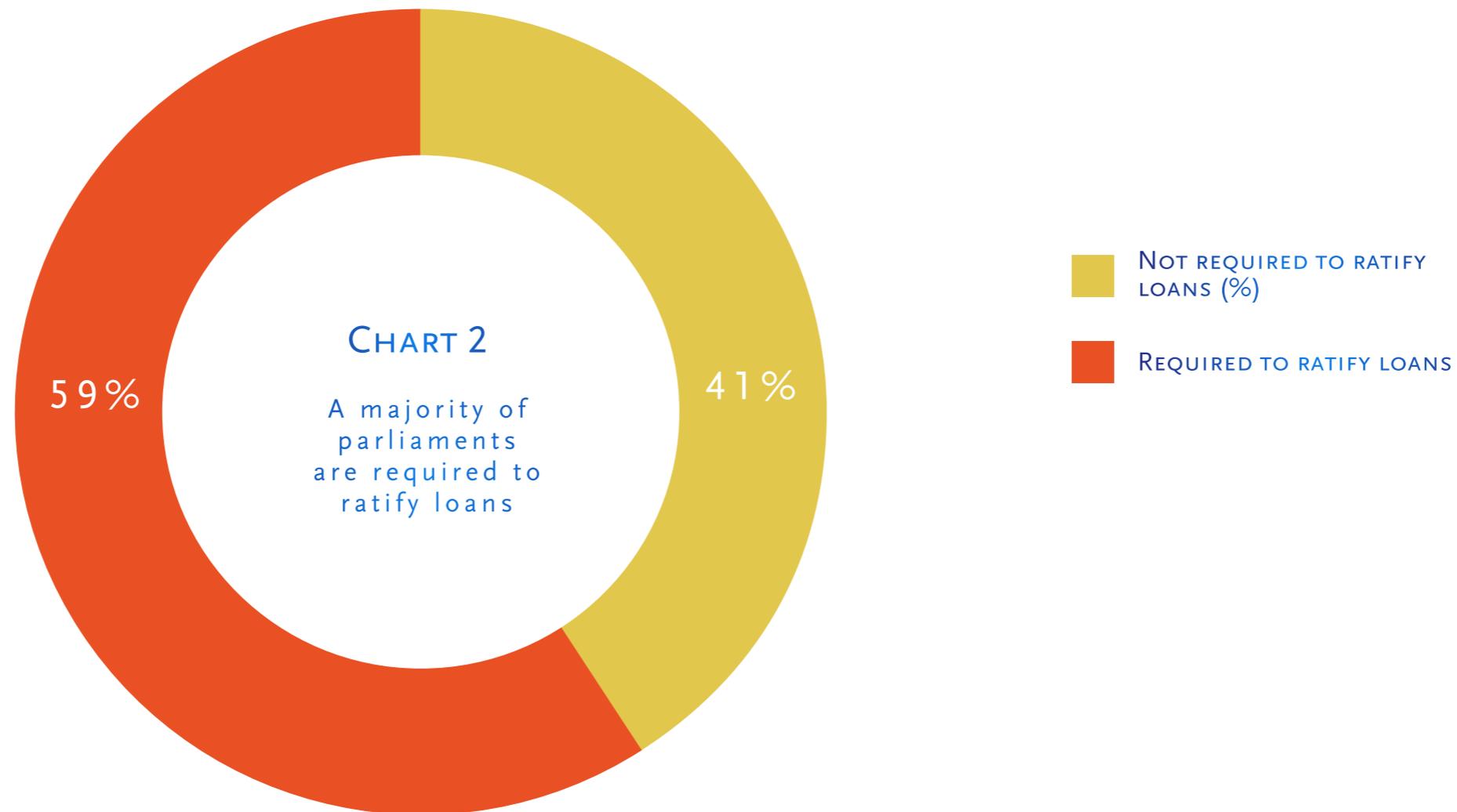
The survey was sent to a total of 137 countries, which have received World Bank or IMF loans and/or are subject to IMF surveillance activities (see [appendix III](#) for regional groupings).

The regional response rates are as follows:

- Americas (67%)
- Arab states (55%)
- Asia- Pacific (75%)
- Europe (77%)
- Sub-Saharan Africa (76%)

QUESTION 1:**IS PARLIAMENT REQUIRED BY LAW TO RATIFY LOANS OR CREDITS NEGOTIATED BY THE GOVERNMENT?**

(Total number of country responses: 99.¹² Responses were solicited from parliaments, the World Bank, and the IMF)¹³



¹² This number includes the West Bank, which has not had a functioning parliament since 2006, and Somalia, which has a non-elected Transitional Federal Parliament.

¹³ It should be noted however that some discrepancy was evident in the data provided by the three institutions. Only data that could be reconciled is reflected in Chart 2.

Benchmark I: Break-down of Q1 by region:

CHART 3

NUMBER OF COUNTRIES WITH LEGAL FRAMEWORK IN PLACE [BREAK-DOWN BY REGION]

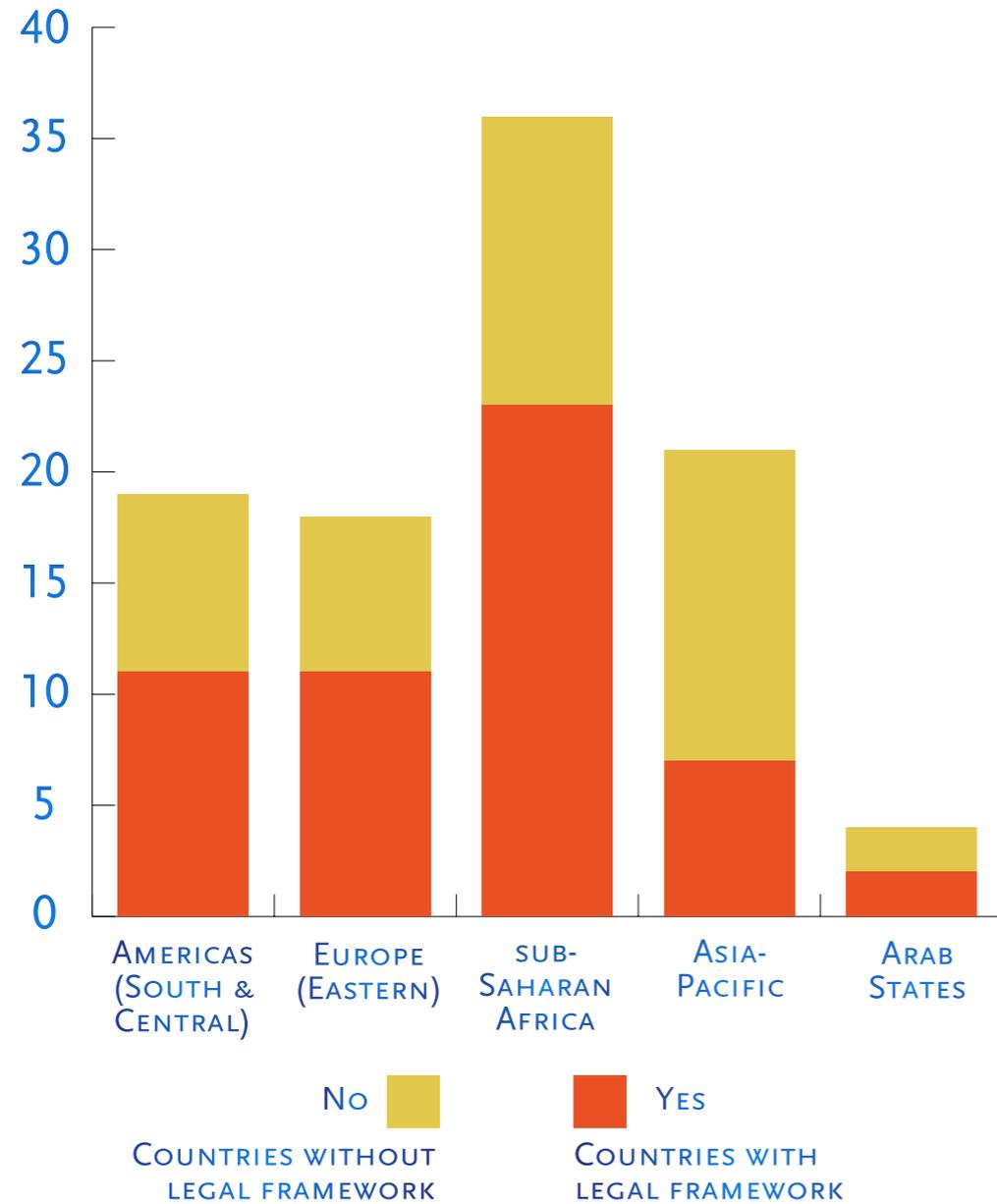
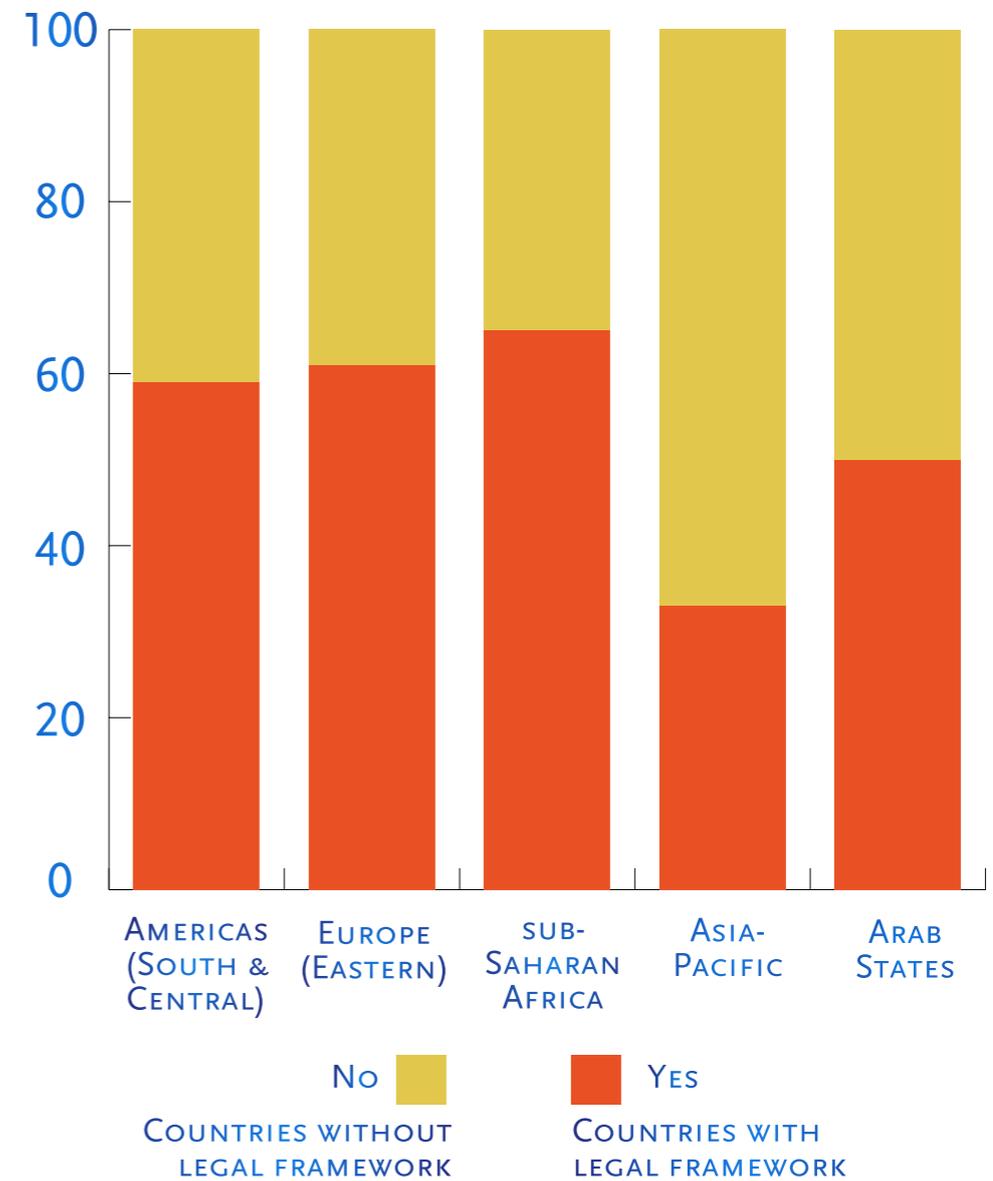
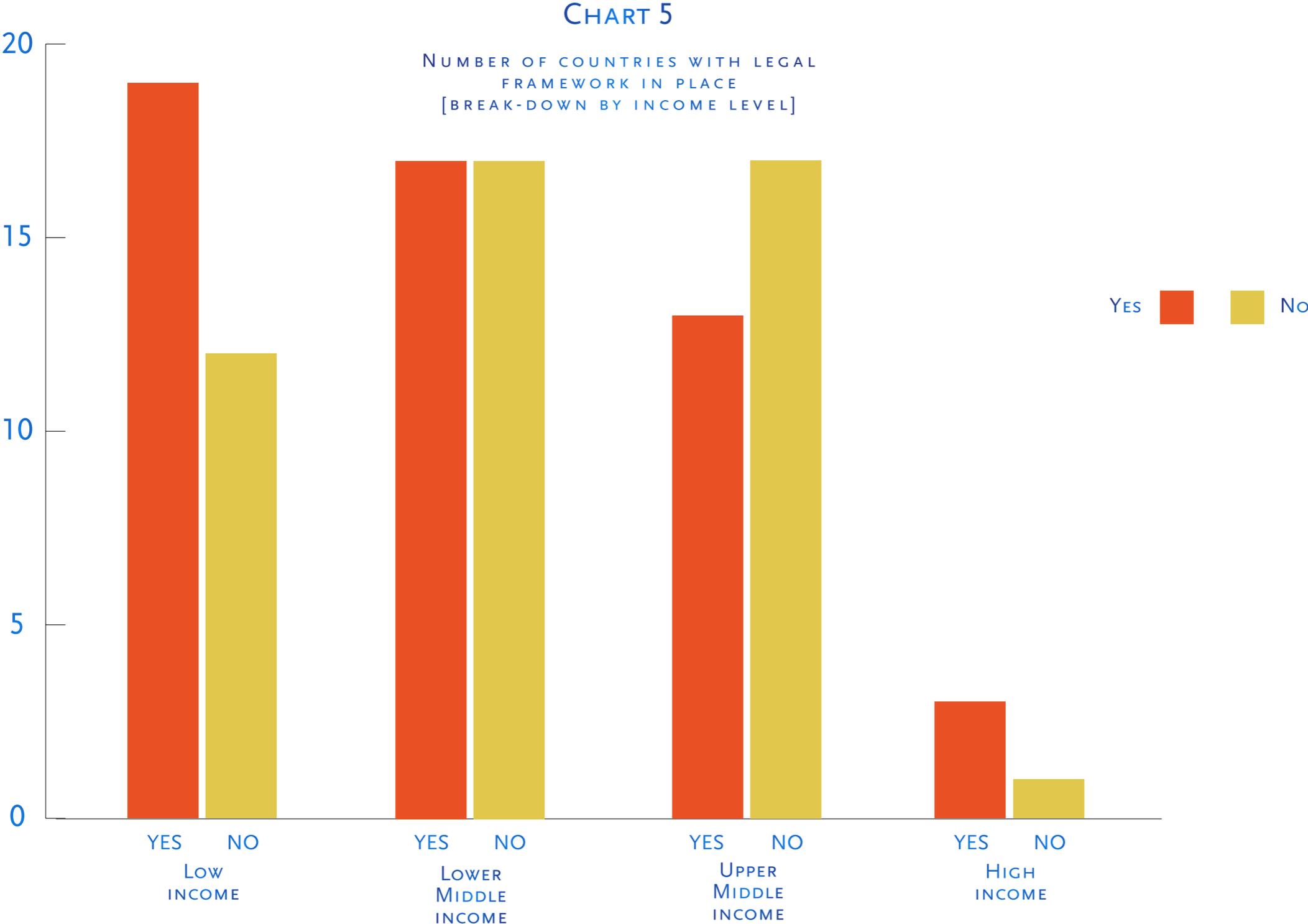


CHART 4

POURCENTAGE OF COUNTRIES WITH LEGAL FRAMEWORK IN PLACE [BREAK-DOWN BY REGION]



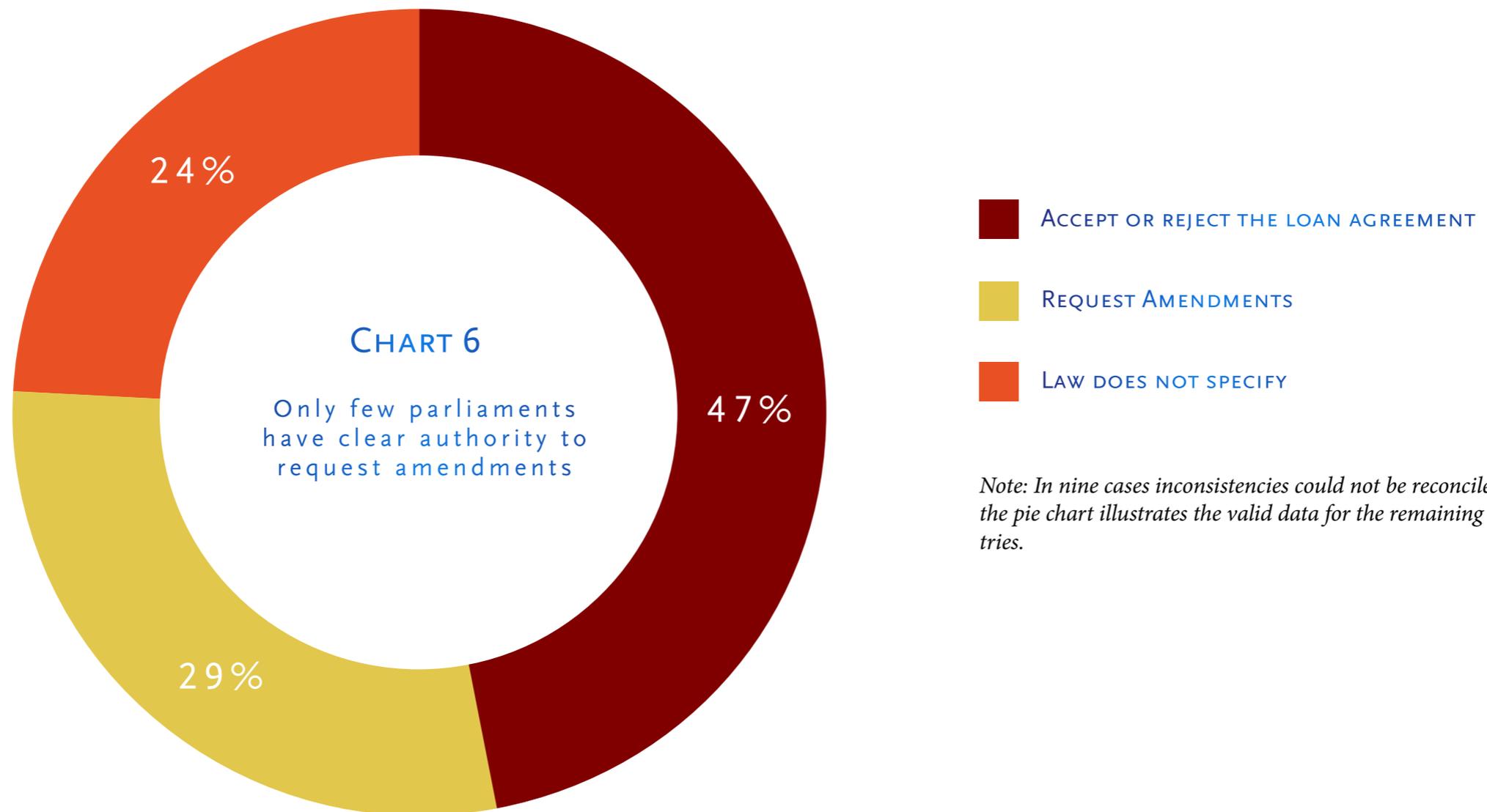
Benchmark II: Break-down of Q1 by income levels:



QUESTION 1A:

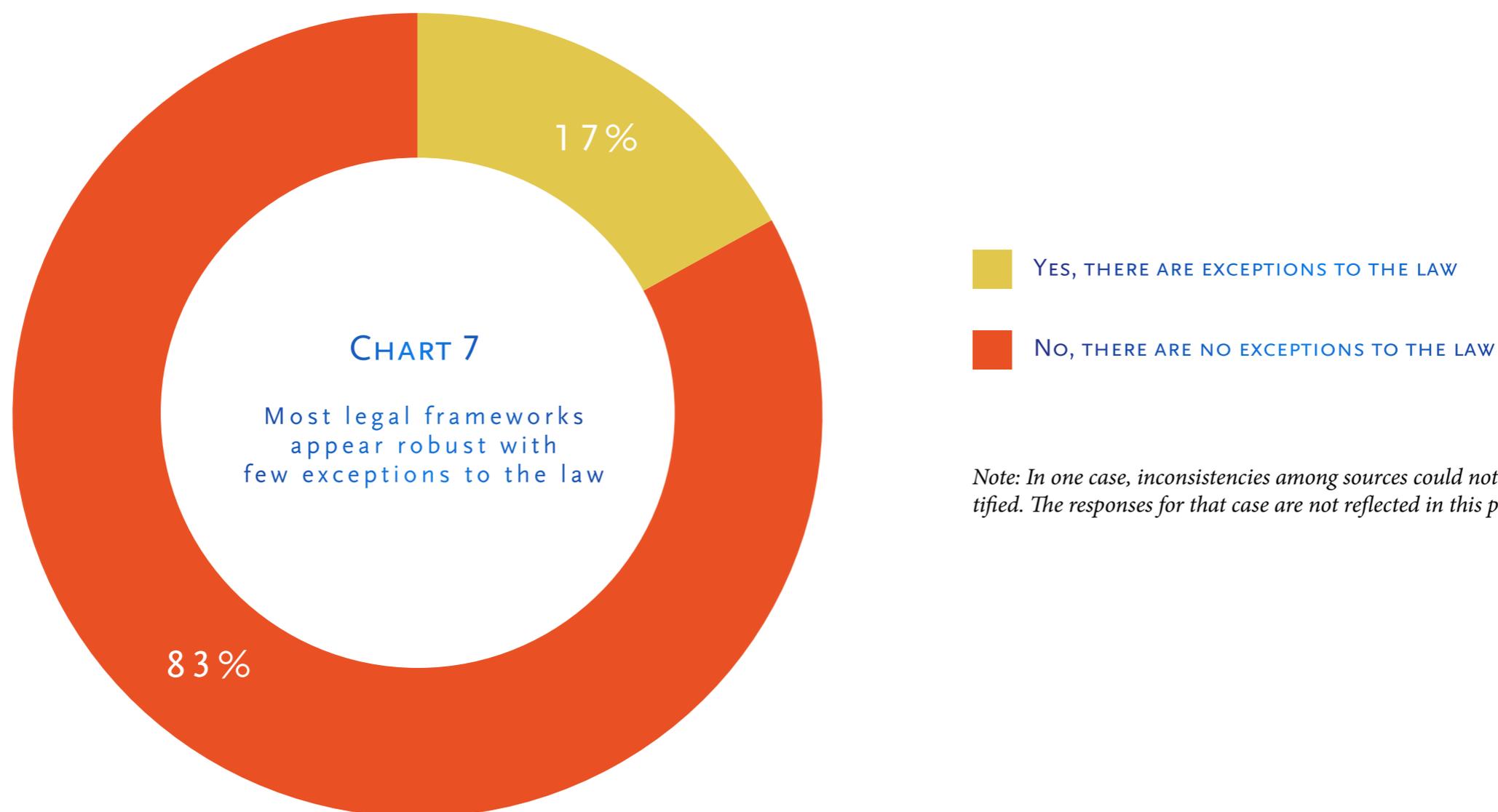
DOES THE LAW LIMIT THE ROLE OF PARLIAMENT TO EITHER ACCEPT OR REJECT THE LOAN AGREEMENT, OR CAN THE PARLIAMENT REQUEST AMENDMENTS TO THE LOAN AGREEMENT?

(Total number of country responses: 55. Responses were solicited from parliaments and the World Bank)



QUESTION 1B:**ARE THERE EXCEPTIONS TO THE LAW WHICH ALLOW LOANS TO BECOME EFFECTIVE WITHOUT HAVING BEEN SUBJECT TO PARLIAMENTARY RATIFICATION?**

(Total number of country responses: 53. Responses were solicited from parliaments, the World Bank, and the IMF)



QUESTION 1C:**IF THERE ARE EXCEPTIONS, ARE THEY OFTEN INVOKED?**

(Total number of country responses: 9. Responses were solicited from parliaments, the World Bank, and the IMF)¹⁴

Four state that exceptions are invoked **regularly**.

Three state that exceptions are **not often** invoked.

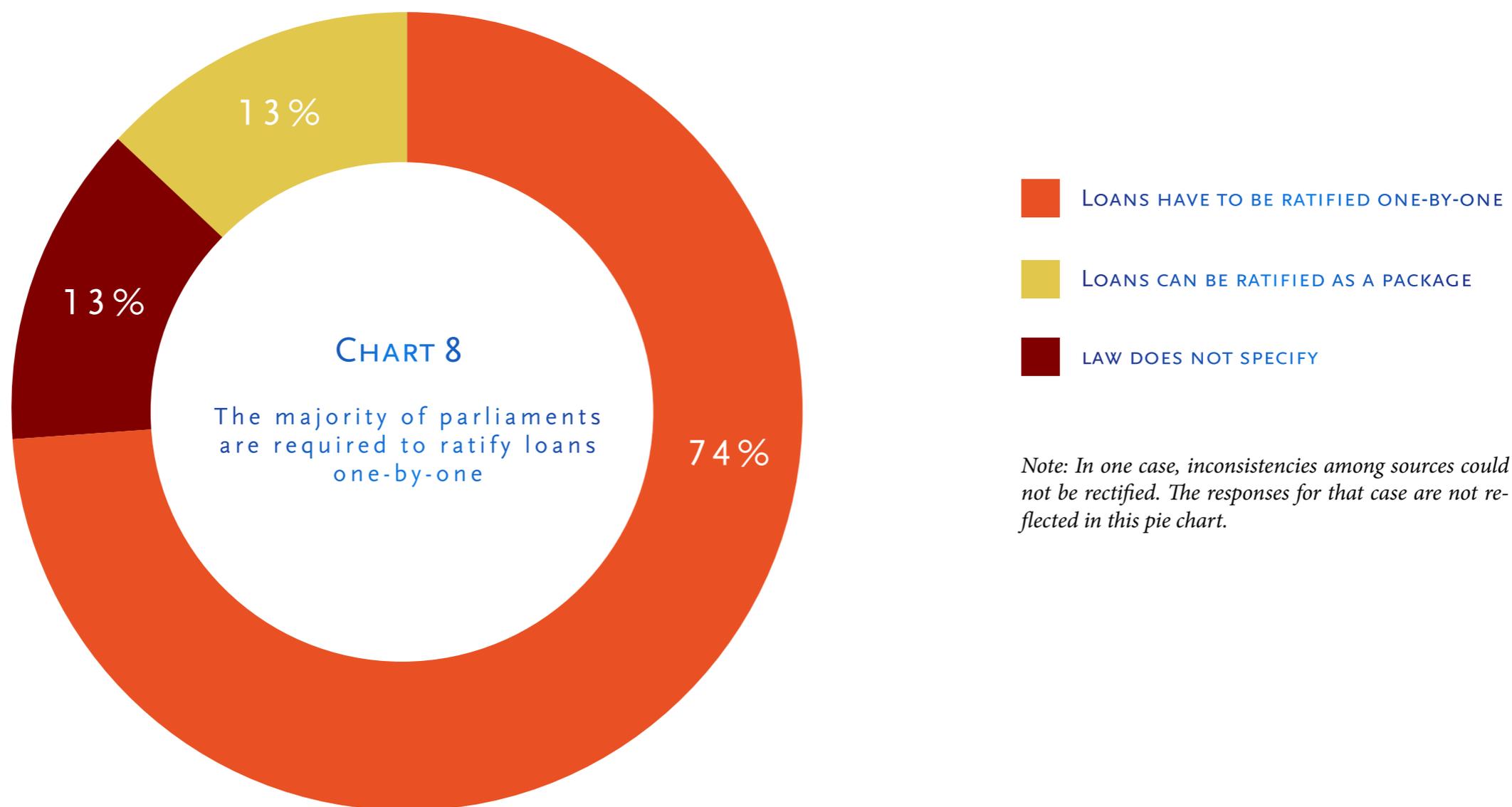
One states that exceptions are **never** invoked.

In one case, the responses from the different resources could not be rectified.

¹⁴ Malawi and Mali state that exceptions are invoked often, but stated in 1b/1a that there were no exceptions in place.

QUESTION 1D:**DOES THE LAW REQUIRE PARLIAMENT TO RATIFY EVERY LOAN AGREEMENT SEPARATELY OR CAN PARLIAMENT RATIFY ALL PROJECTED BORROWING AS A PACKAGE?**

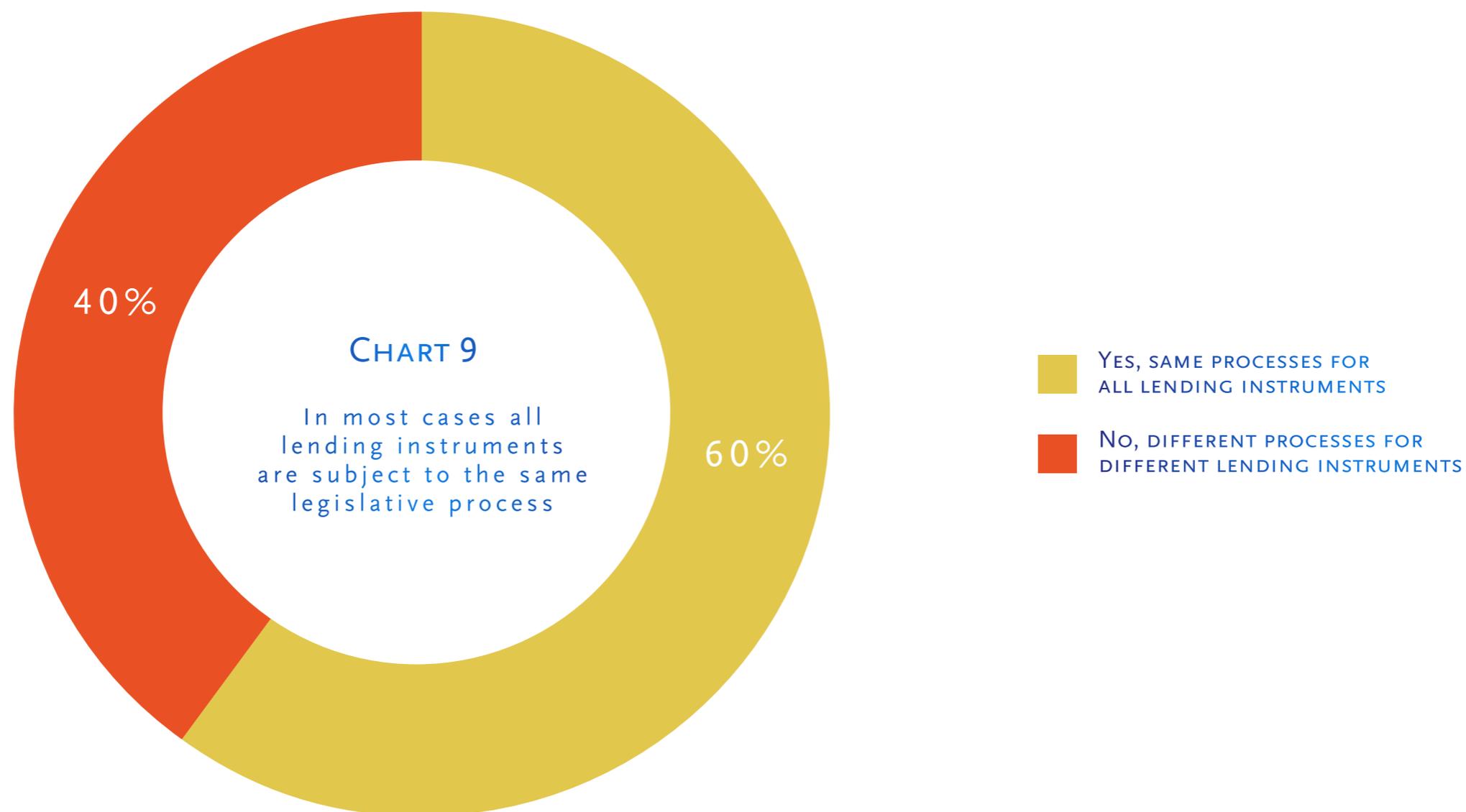
(Total number of country responses: 44. Responses were solicited from parliaments and the World Bank)



QUESTION 1E:

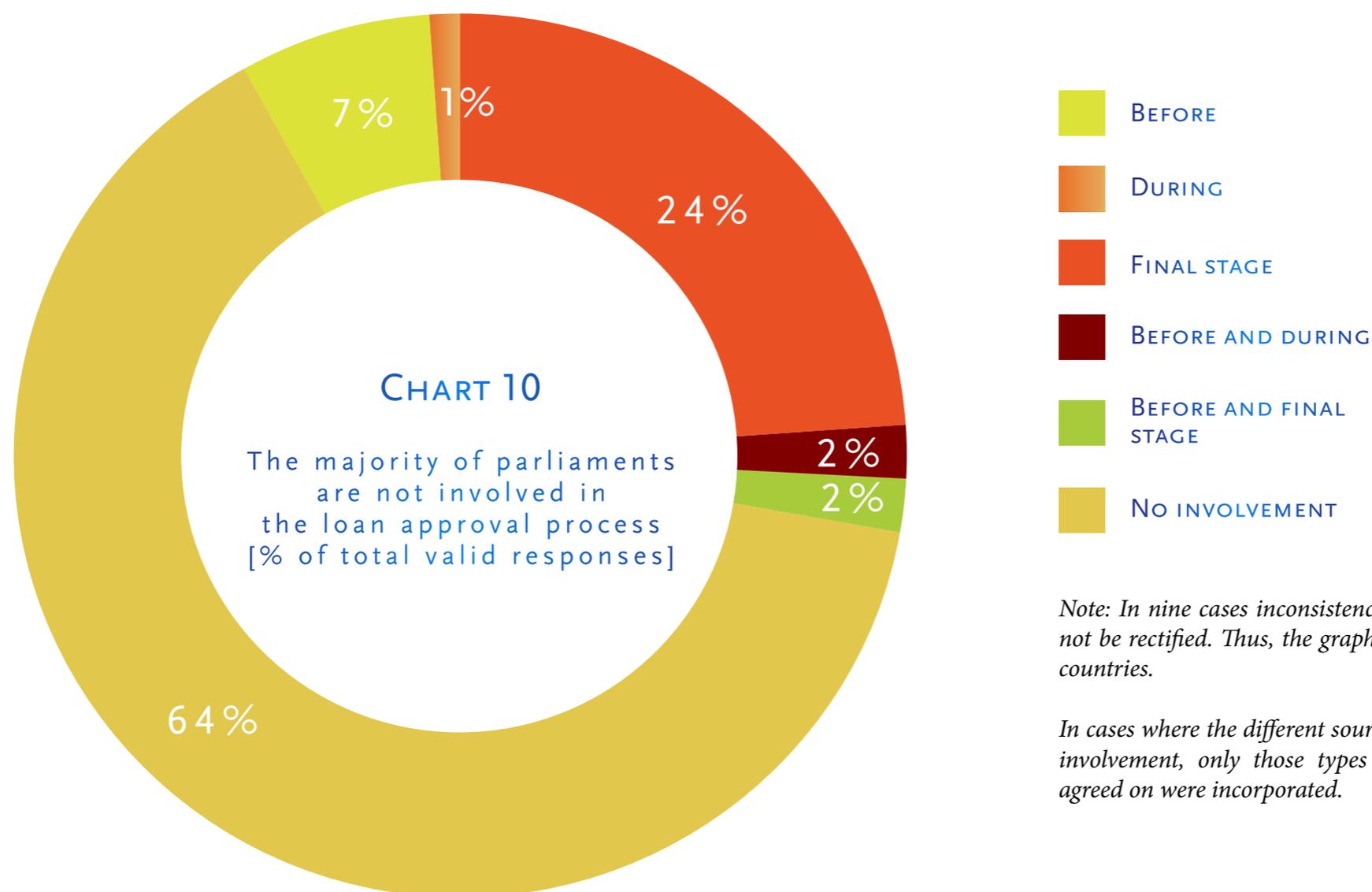
**ARE ALL LENDING INSTRUMENTS SUBJECT TO THE SAME LEGISLATIVE PROCESS?
(GRANTS VS. LOANS; DPLS VS. INVESTMENT LENDING; IN BLEND COUNTRIES: IBRD VS. IDA)**

(Total number of country responses: 45)



QUESTION 2:**IS PARLIAMENT INVOLVED AT ANY STAGE OF THE LOAN APPROVAL PROCESS?
(CHECK AS MANY AS APPLY)**

(Total number of country responses: 95. Responses were solicited from parliaments, the World Bank, and the IMF)



Breakdown of responses by source
(Parliament, WB representative, IMF representative; all 134 responses are incorporated)

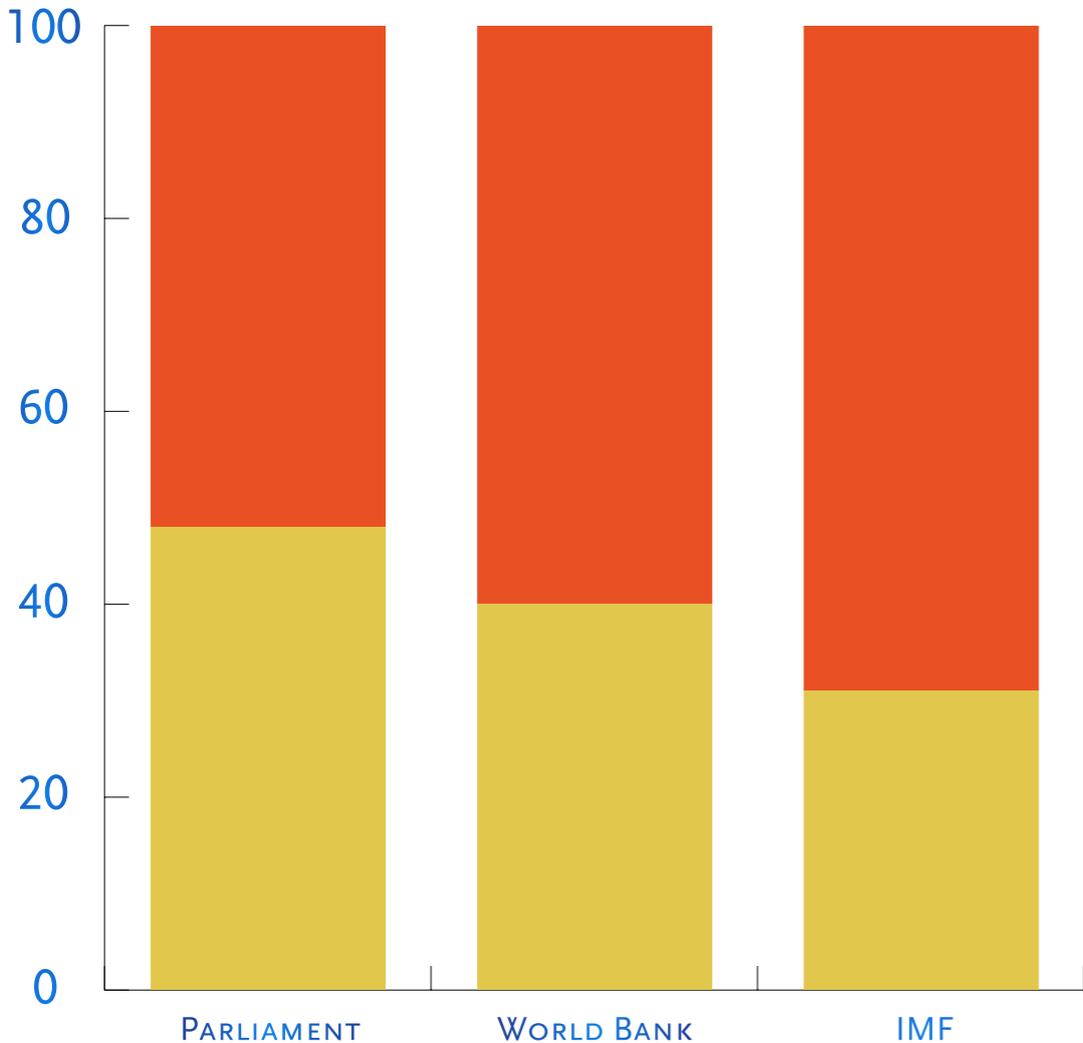


CHART 11
Parliaments are more likely to claim involvement in the loan approval process

- NO, PARLIAMENTS ARE NOT INVOLVED IN THE LOAN APPROVAL PROCESS
- YES, PARLIAMENTS ARE INVOLVED IN THE LOAN APPROVAL PROCESS

Breakdown of involvement (at any stage v. no involvement) by countries with and without legal framework
(The graph below is based on an analysis of the data received for Q2 and Q1)

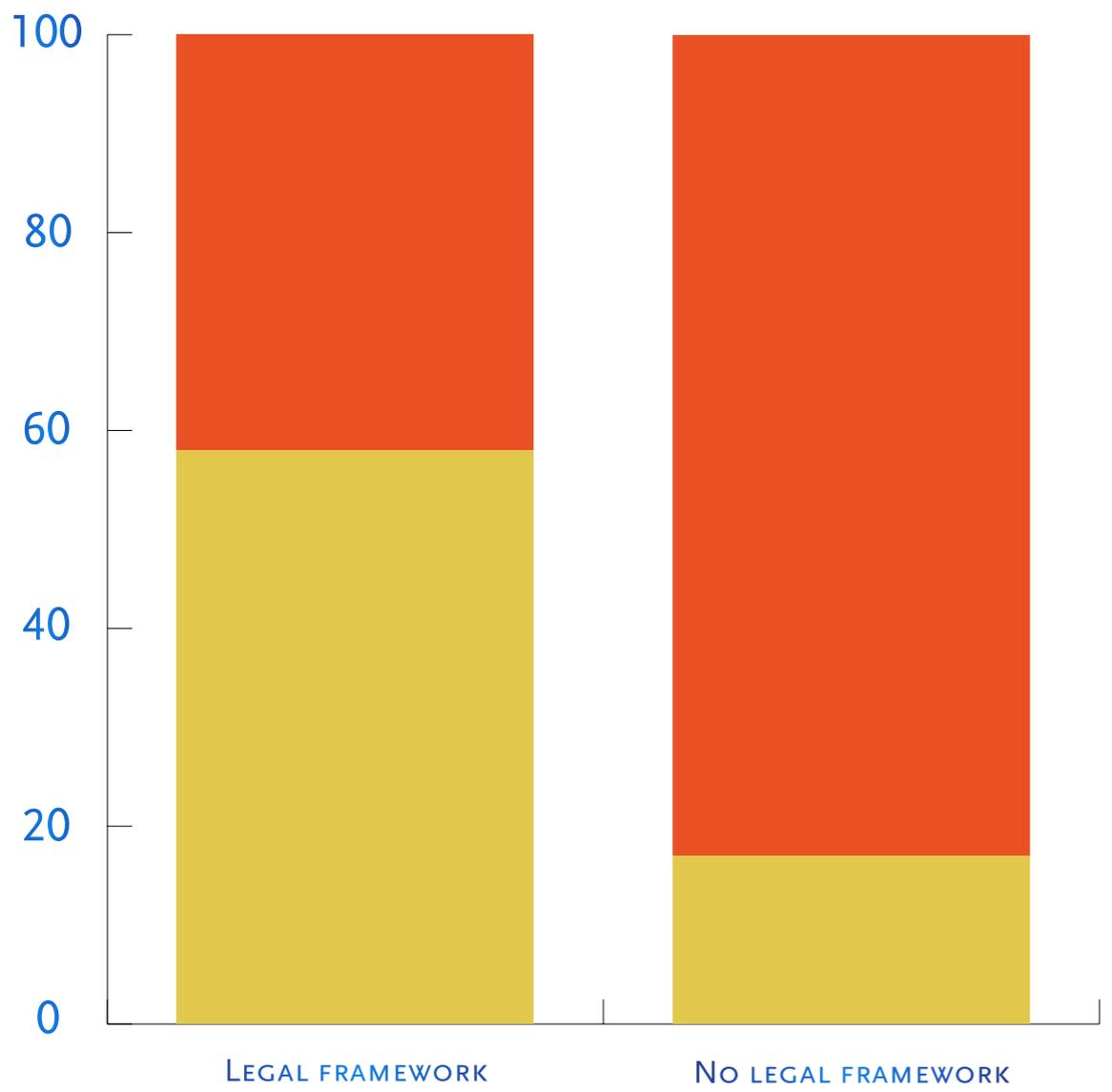


CHART 12

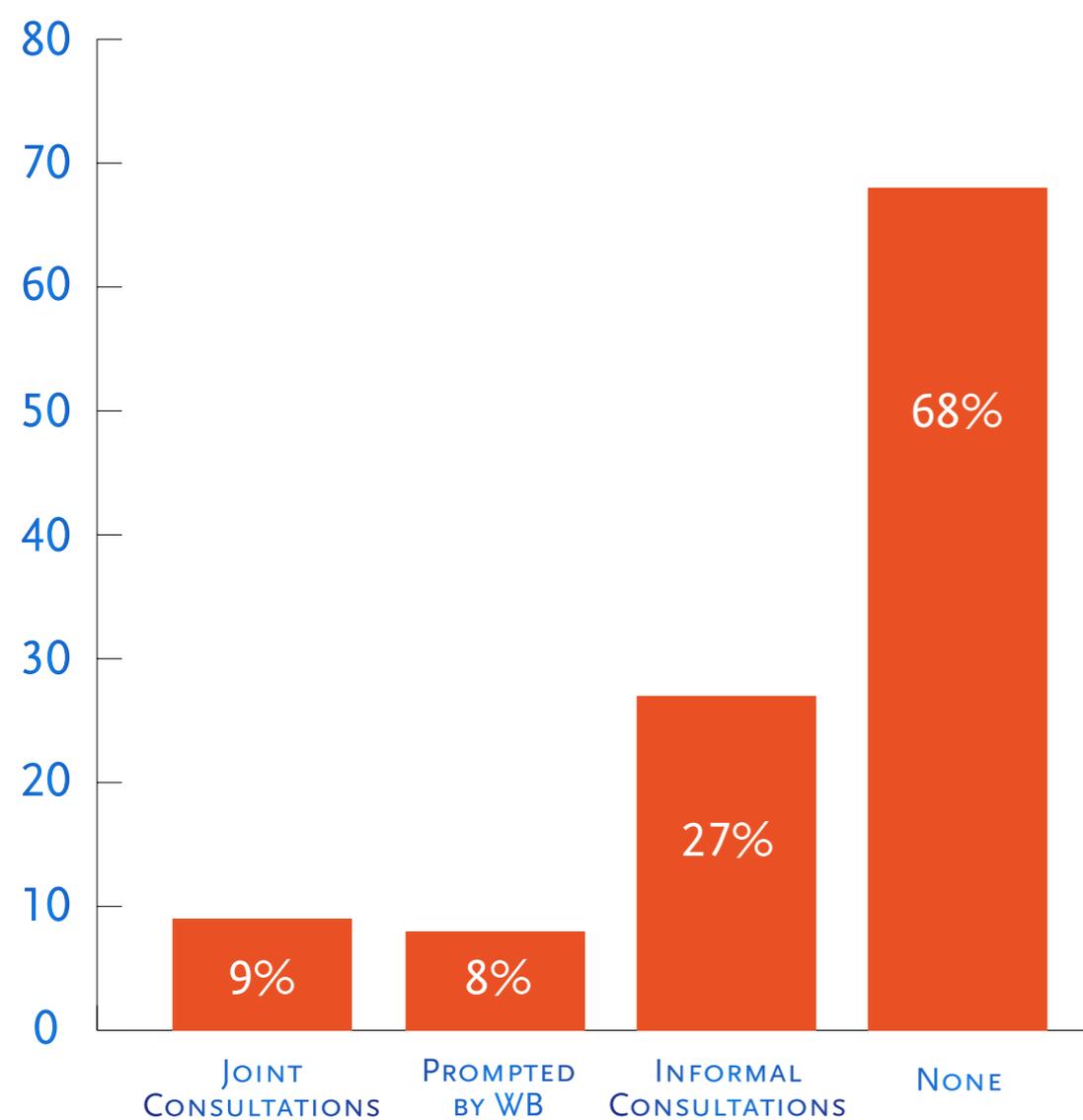
Parliaments that are required to ratify loans are also more likely to be involved in the loan approval process

- No INVOLVEMENT
- INVOLVEMENT AT ANY STAGE

QUESTION 3:

IF THERE IS A PROCESS IN PLACE WHICH ALLOWS FOR PARLIAMENTARY INVOLVEMENT IN POLICY DIALOGUE PRIOR TO LOAN NEGOTIATIONS, PLEASE INDICATE WHICH OF THE FOLLOWING APPLIES (CHECK AS MANY AS APPLY)

(Total number of country responses: 90. Responses were solicited from parliaments and the World Bank)

**CHART 13**

Few parliaments are involved in formal pre-negotiation policy dialogues [% of total valid responses]

Note: In nine cases inconsistencies among the sources could not be rectified. Thus, the graph illustrates the valid data for 78 countries.

In cases where one of the different sources indicated several types of involvement, only those types of involvement that all sources agreed on were incorporated.

Breakdown of involvement (at any stage v. no involvement) in pre-negotiation policy dialogue by parliamentary involvement in loan approval process (at any stage v. none)

(The graph below is based on an analysis of the data received for Q2 and Q3)

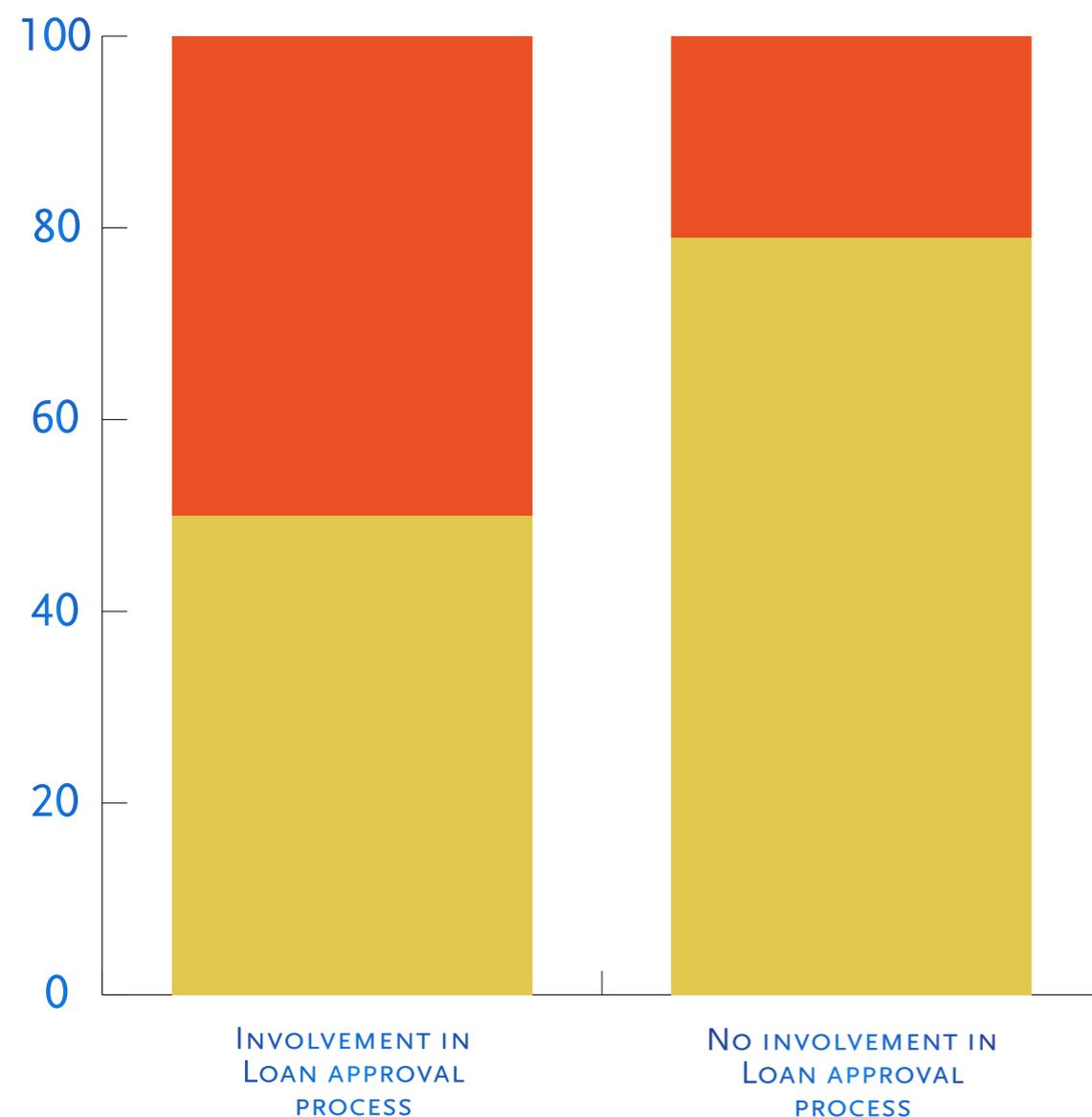


CHART 14

Parliaments that are involved in the loan approval process are more likely to have been involved in pre-negotiation policy dialogues

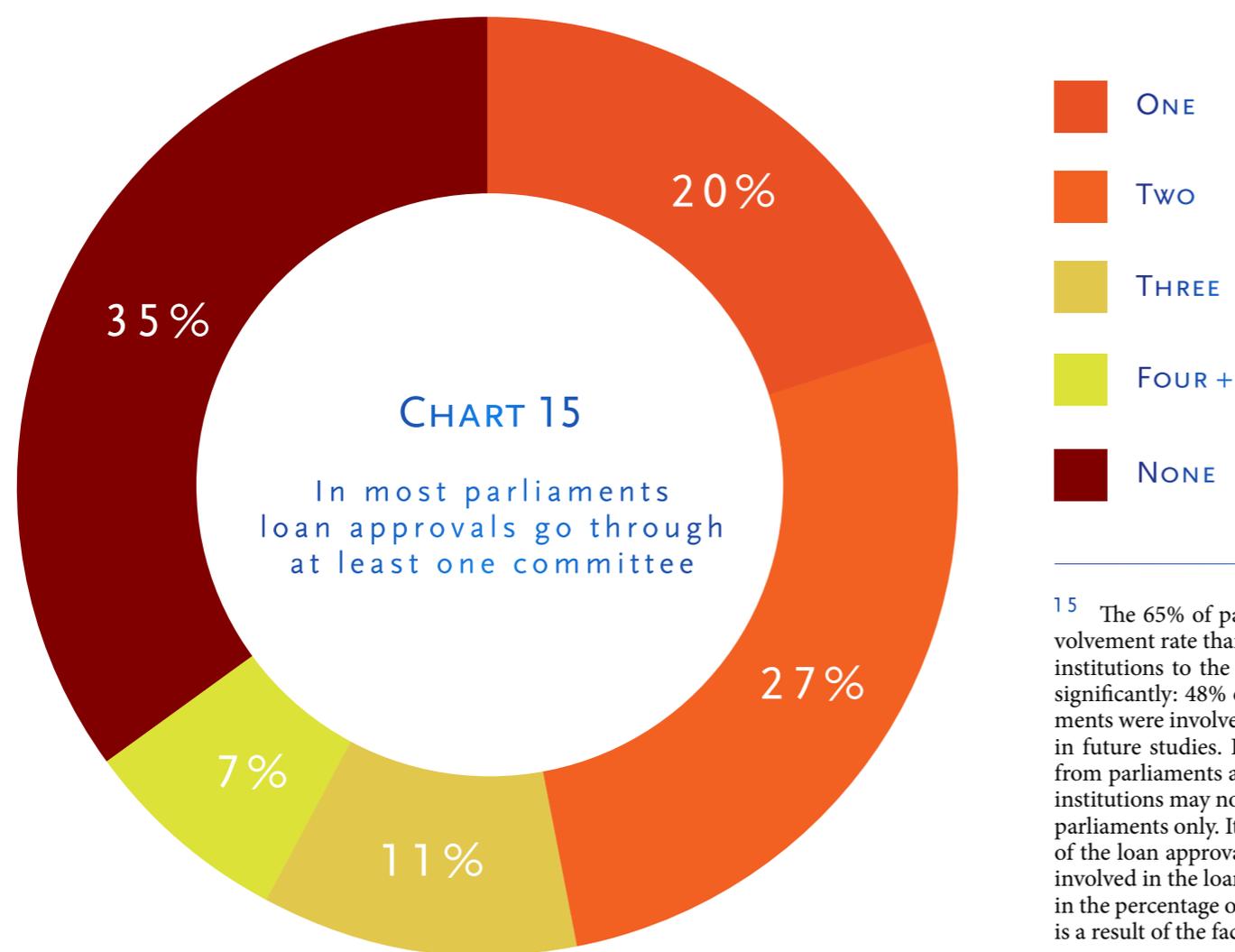


QUESTION 4:**WHICH PARLIAMENTARY COMMITTEE(S) IS NORMALLY INVOLVED IN LOAN APPROVALS AT ANY STAGE OF THE PROCESS?**

(Total number of country responses: 45. Responses were solicited from parliaments, the World Bank, and the IMF)

Committees that are generally involved in loan approvals are finance, budget, foreign affairs, but portfolio committees (e.g., health, education) may also be involved.

Breakdown of responses by number of committees involved in the loan approval process



Note: Although WB and IMF officials responded to this question, only parliamentary responses are taken into consideration here given that committee systems are parliament-internal processes.¹⁵

Two responses were inconsistent with the answers given for Q2, so the pie chart illustrates the responses of 43 parliaments.

¹⁵ The 65% of parliaments where committees are involved in the loan approval process indicates a higher involvement rate than indicated in the previous paragraph [chart 10]. Indeed, the responses from the three different institutions to the question whether parliament was involved in the loan approval process at any stage differed significantly: 48% of parliaments, 40% of WB representatives, and 31% of IMF representatives stated that parliaments were involved. The reasons for these inconsistencies, where they could not be rectified, have to be addressed in future studies. In order to provide the most accurate picture of committee involvement, only the responses from parliaments are reflected here, as committee involvement is an internal process of parliament which outside institutions may not be intimately familiar with. Thus, the 65% committee involvement reflects the responses from parliaments only. It should be noted that all but one of the parliaments that stated they were involved at some stage of the loan approval process also indicated committee involvement, and all parliaments that stated they were not involved in the loan approval process also stated that no committee was involved in the process (the inconsistency in the percentage of parliaments that indicated involvement and parliaments that indicate committee participation is a result of the fact that less parliaments responded to the question pertaining to the latter).

Breakdown of parliaments with committee systems in place for loan approvals (at least one v. none) by countries with and without legal framework (The graph below is based on an analysis of the data received for Q4 - total # of committees v. none - and Q1)

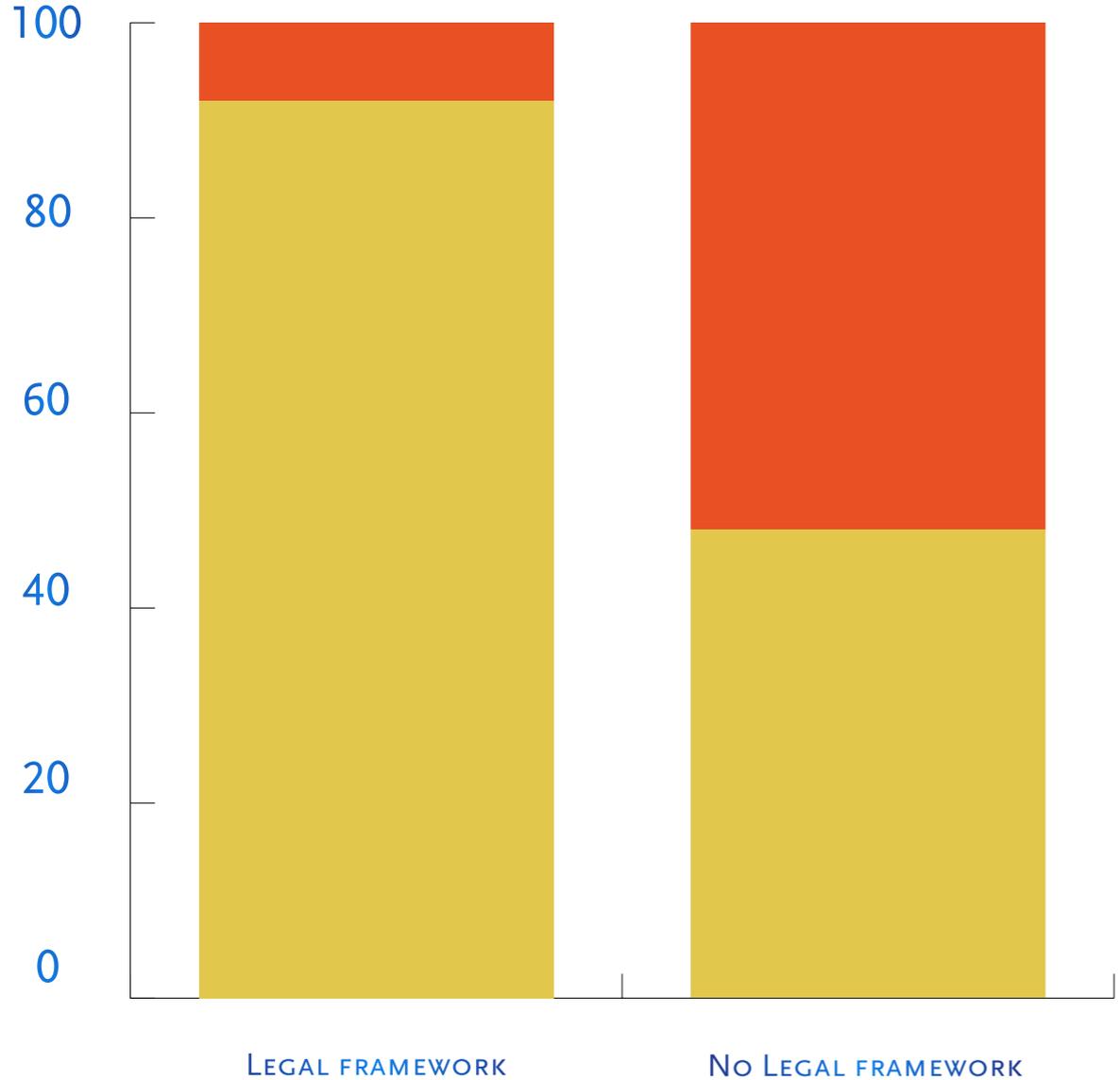


CHART 16

Parliaments that are required to ratify loans are significantly more likely to also involve committees

- No COMMITTEE INVOLVEMENT
- COMMITTEE INVOLVEMENT

Note: Only parliamentary responses regarding committee involvement have been incorporated

Breakdown of parliaments with committee systems in place for loan approvals (at least one v. none) by parliamentary involvement (any type of involvement v. none)
 (The graph below is based on an analysis of the data received for Q4 - total # of committees v. none - and Q2; only parliamentary responses are taken into consideration)

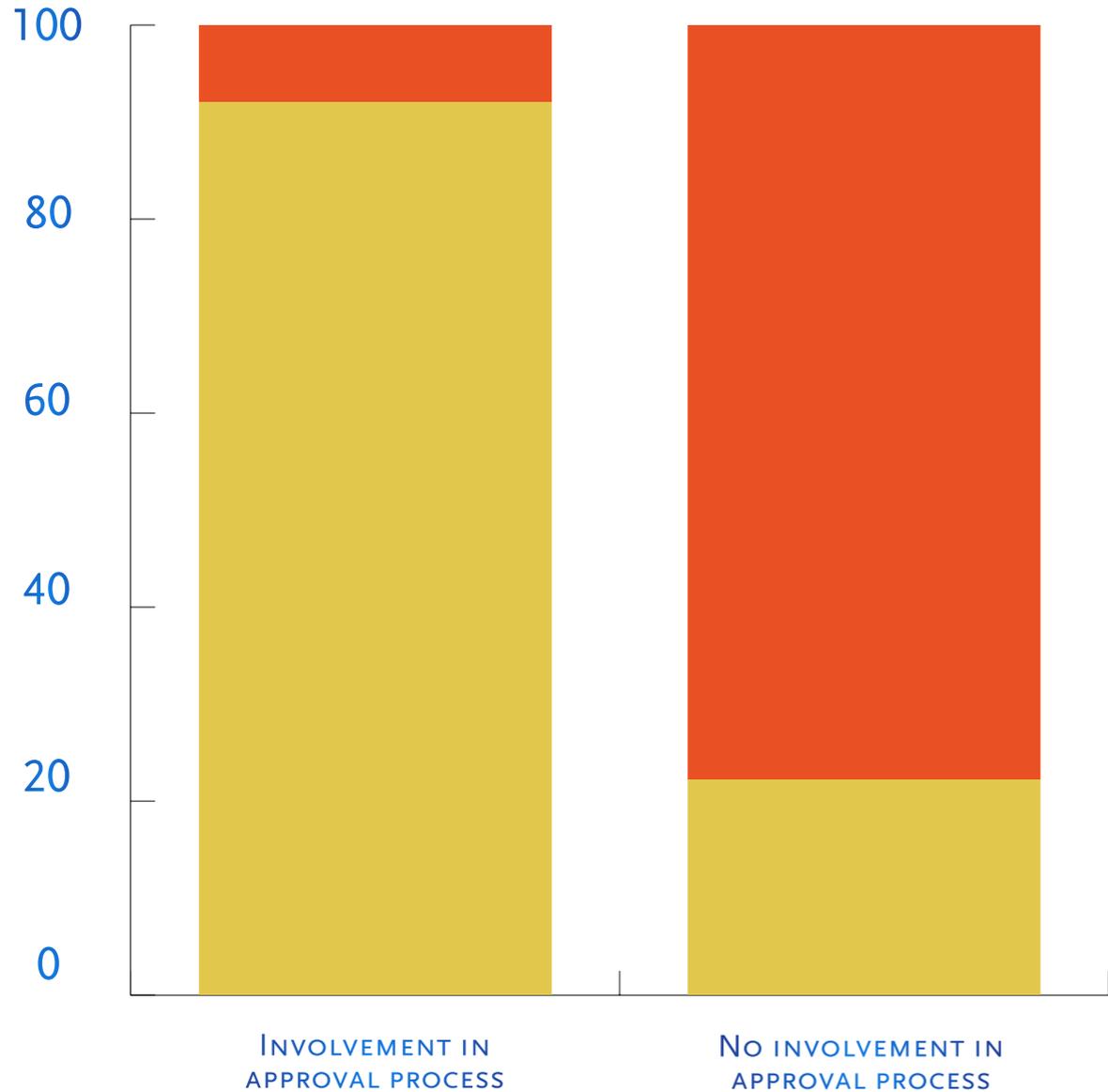


CHART 17

Parliaments that are involved in the approval process are likely to make use of committees

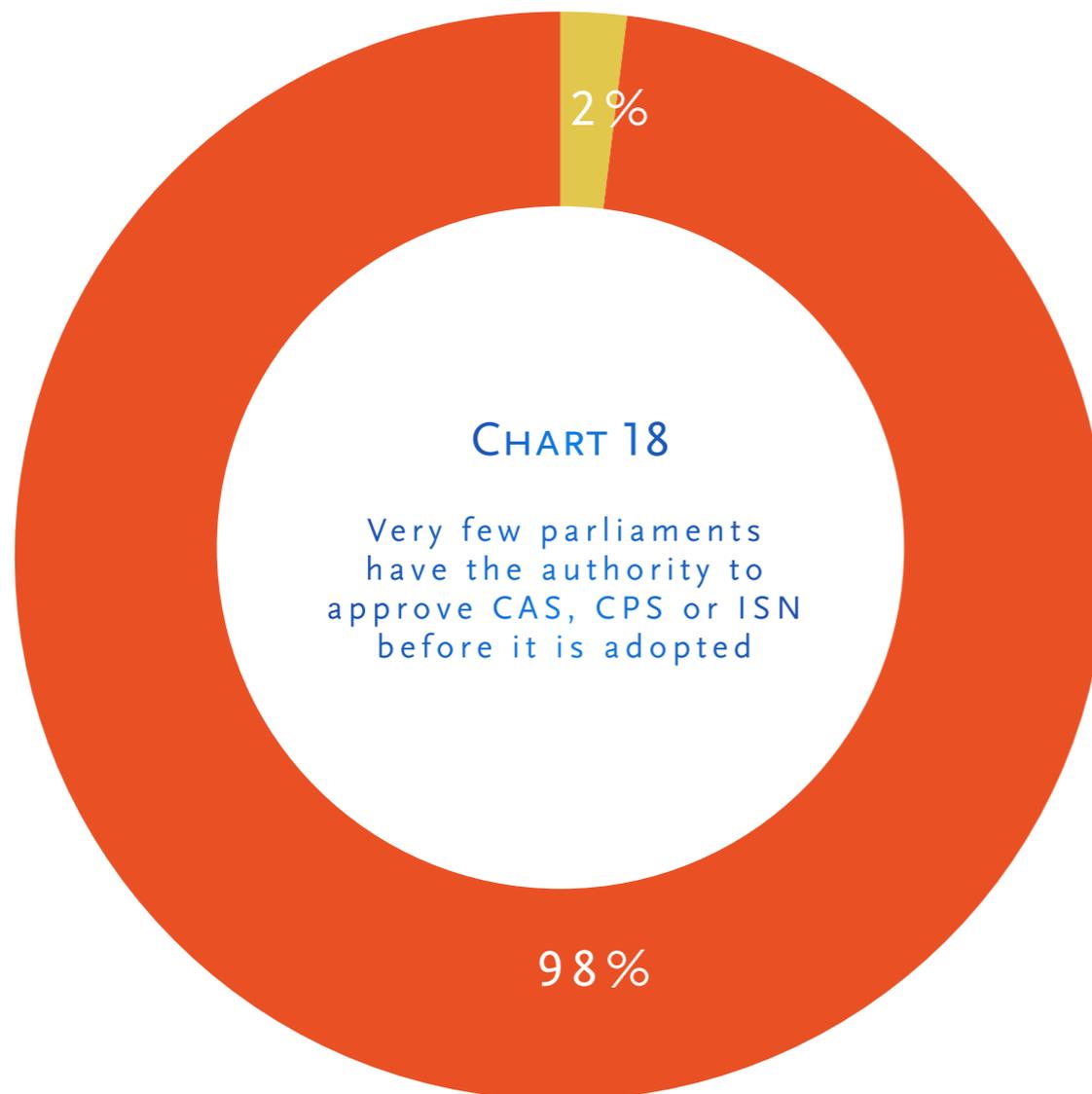
- NO COMMITTEE INVOLVEMENT
- COMMITTEE INVOLVEMENT

Note: Only parliamentary responses regarding committee involvement have been incorporated

QUESTION 5:

DOES THE LAW ASSIGN PARLIAMENT THE AUTHORITY TO APPROVE THE BANK'S COUNTRY ASSISTANCE STRATEGY (CAS), COUNTRY PARTNERSHIP STRATEGY (CPS) OR INTERIM STRATEGY NOTE (ISN), AS THE CASE MAY BE, BEFORE IT IS ADOPTED BY THE GOVERNMENT?

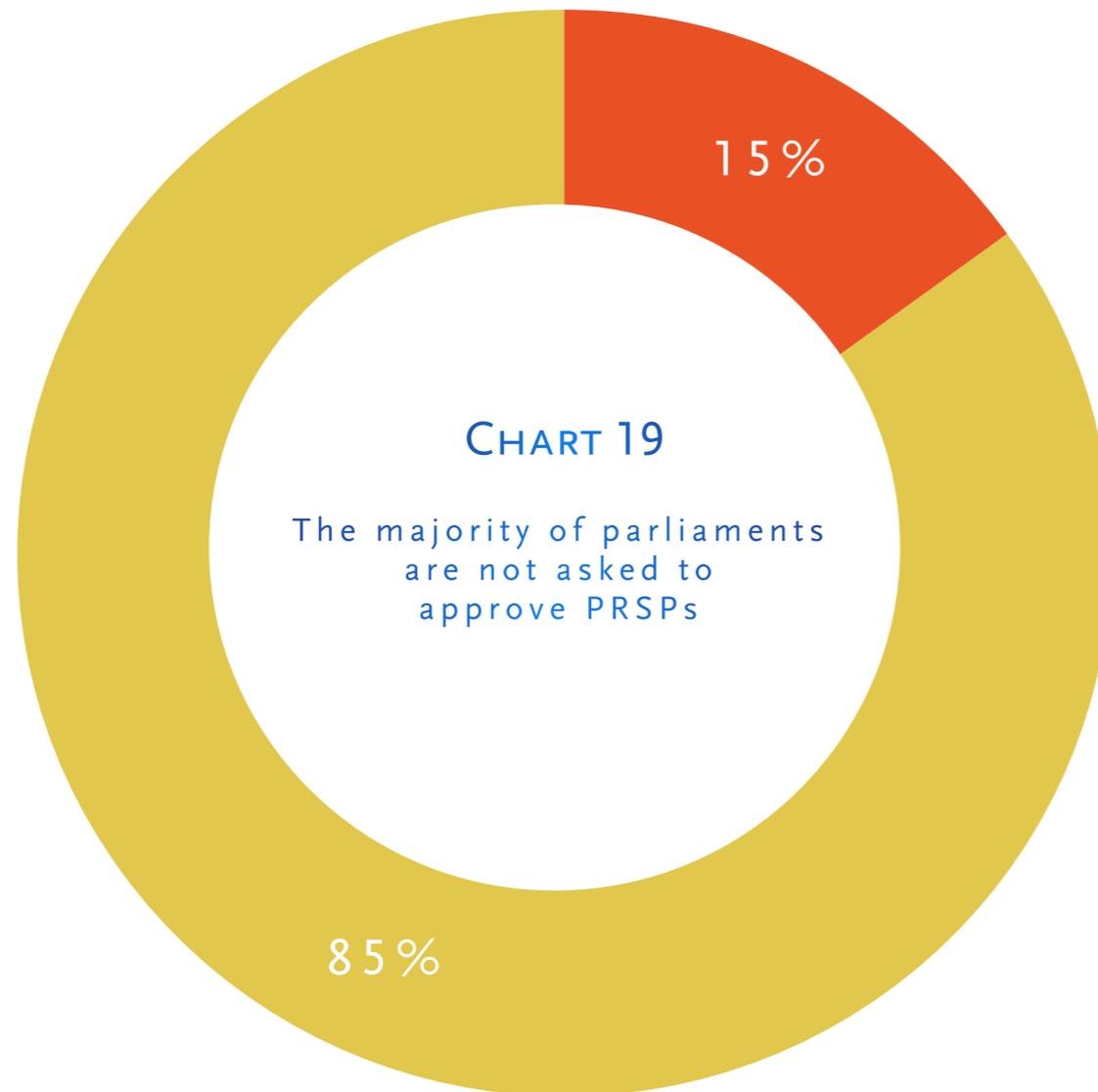
(Total number of country responses: 82. Responses were solicited from parliaments and the World Bank)



Note: Since this question refers to parliamentary processes, parliamentary responses were taken as the default answer for the three cases where inconsistencies between the two sources could not be rectified.

QUESTION 6:**DOES THE LAW ASSIGN PARLIAMENT THE AUTHORITY TO APPROVE POVERTY REDUCTION STRATEGY PAPERS (PRSP) BEFORE THEY ARE ADOPTED BY THE GOVERNMENT?**

(Total number of country responses: 92. Responses were solicited from parliaments and the World Bank)

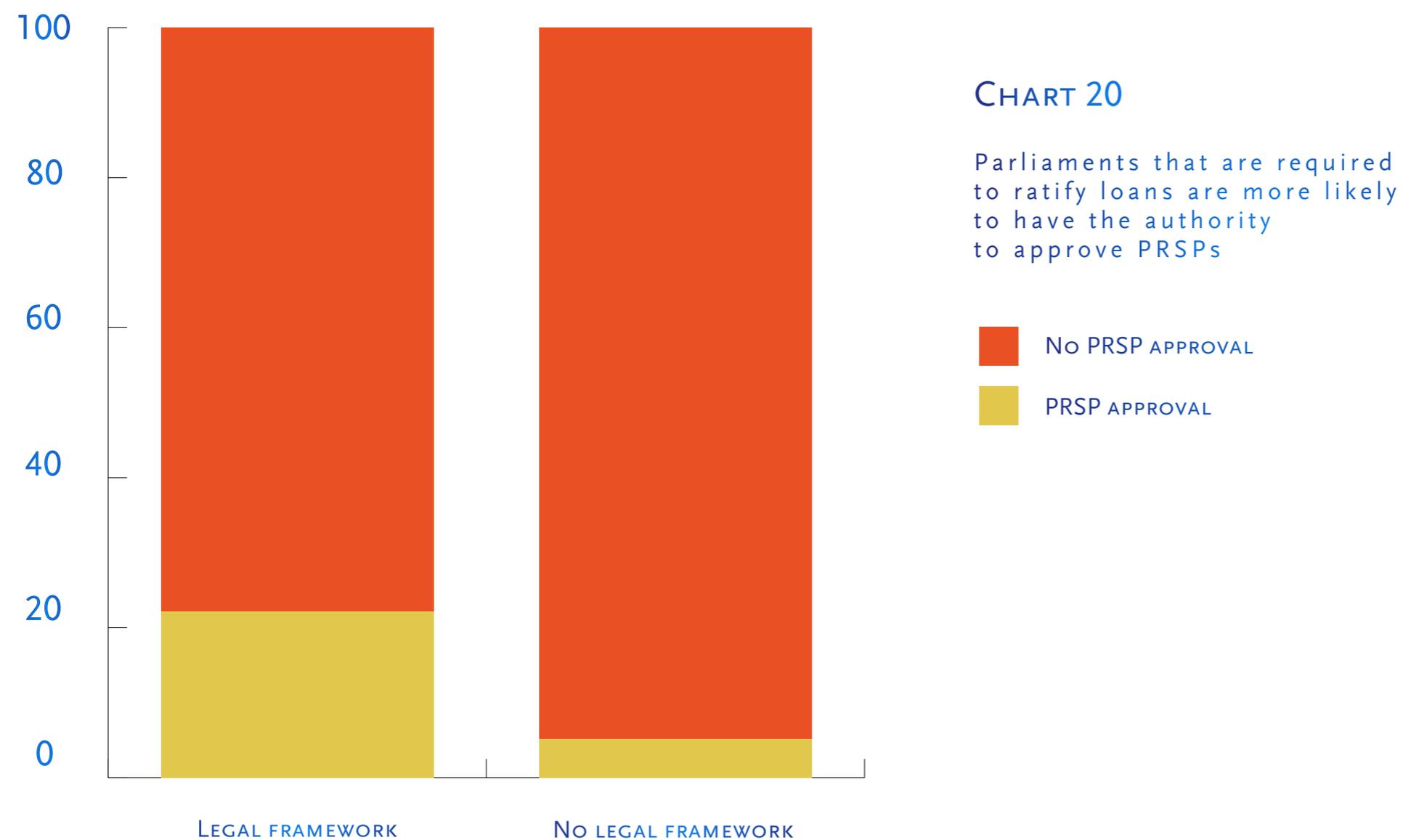


It should be noted that only 47 of the 92 countries for which data is available actually have a PRSP in place.

Note: Since this question refers to parliamentary processes, parliamentary responses were taken as the default answer in the six cases where inconsistencies between the two sources could not be rectified.

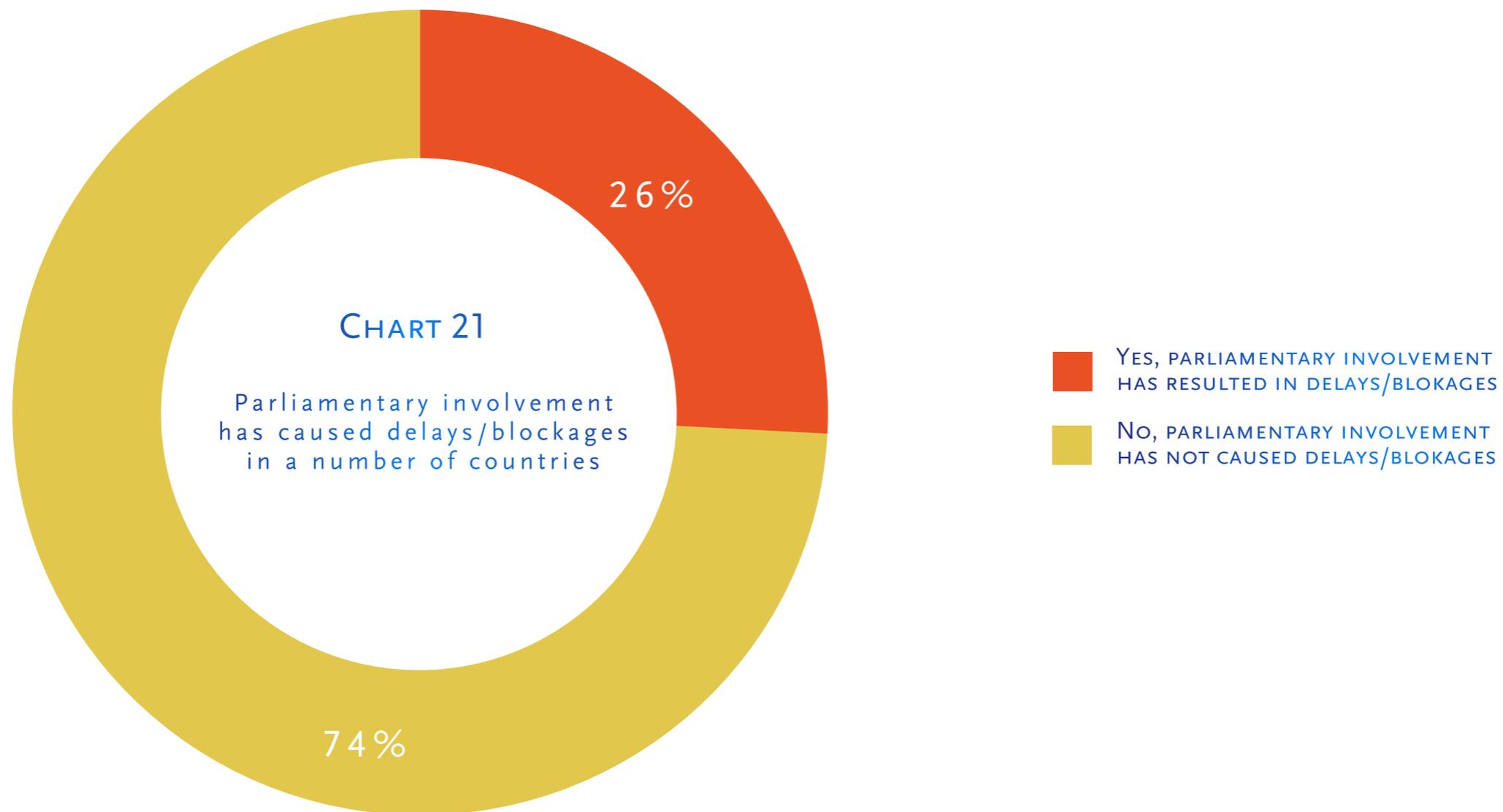
Breakdown of countries into those where parliament does or does not have legal authority to approve PRSPs by countries with and without legal framework

(The graph below is based on an analysis of the data received for Q6 and Q1)



QUESTION 7:**HAS YOUR COUNTRY OFFICE EVER EXPERIENCED ANY DELAYS OR BLOCKAGES DURING THE NEGOTIATION AND/OR RATIFICATION PROCESS BECAUSE OF PARLIAMENT?**

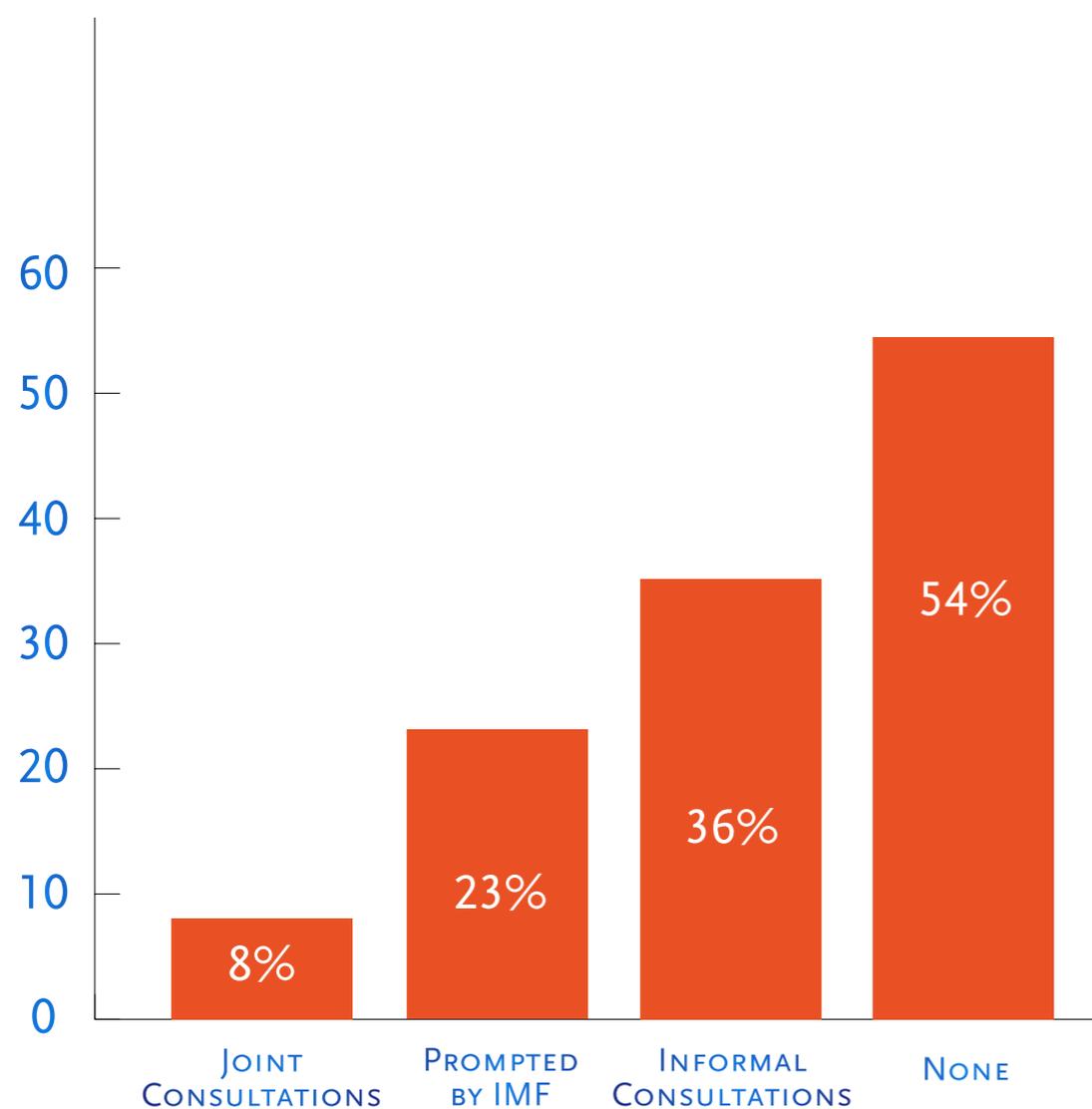
(Total number of office responses: 90. Responses were solicited from the World Bank and the IMF)



QUESTION 8:

IF THERE IS A PROCESS IN PLACE WHICH ALLOWS FOR PARLIAMENTARY INVOLVEMENT IN THE CONTEXT OF REGULAR IMF SURVEILLANCE ACTIVITIES OF GOVERNMENT MACROECONOMIC POLICY, PLEASE INDICATE WHICH OF THE FOLLOWING APPLIES [CHECK AS MANY AS APPLY]:

(Total number of country responses: 56. Responses were solicited from parliaments and the IMF)

**CHART 22**

Few parliaments are involved in discussions about IMF surveillance activities [% of total valid responses]

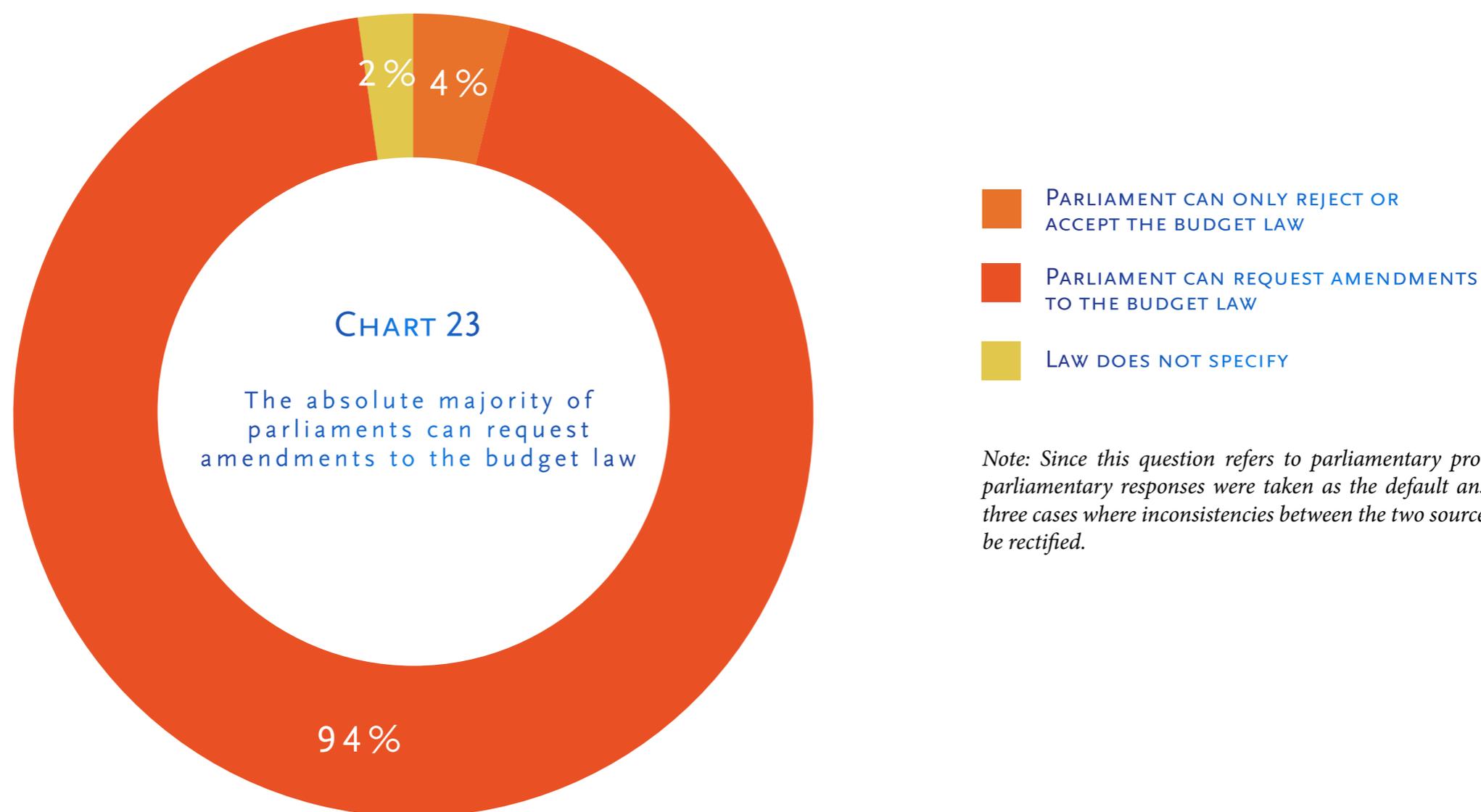
■ IS THERE A PROCESS IN PLACE FOR PARLIAMENTARY INVOLVEMENT IN IMF SURVEILLANCE ACTIVITIES? (% OF TOTAL VALID RESPONSES)

Note: In seven cases inconsistencies between the sources could not be reconciled. Thus, the graph represents the valid data for 49 countries

QUESTION 9:

DOES THE LAW LIMIT THE ROLE OF PARLIAMENT TO EITHER ACCEPT OR REJECT THE BUDGET LAW, OR CAN THE PARLIAMENT REQUEST AMENDMENTS TO THE BUDGET?

(Total number of country responses: 59. Responses were solicited from parliaments and the IMF)



APPENDIX II: COUNTRY OVERVIEW

#	QUESTION [For complete questions, as stated on the survey, please refer to the corresponding questions in Appendix 1]	RESPONSE COLOR SCHEME			
		Inconclusive		Not Applicable	
1	Is parliament required to ratify loans or credits negotiated by the government?	YES		NO	
1A	Does the law limit the role of parliament to either accept or reject the loan agreement, or can the parliament request amendments?	Amend Loan	Accept or reject	Law does not specify	
1B	Are there exceptions to the law which allow loans to become effective without having been subject to parliamentary ratification?	NO		YES	
1c	If there are exceptions, are they often invoked?	Never	Rarely	Often	
1D	Does the law require parliament to ratify every loan agreement separately or can parliament ratify all projected borrowing as a package?	Loan by loan	As a package	Law does not specify	
1E	Are all lending instruments subject to the same legislative process?	YES		NO	
2	Is parliament involved at any stage of the loan approval process? [check as many as apply]	Before negotiations start	During negotiation	At the final stages	None
3	If there is a process in place for parliamentary involvement prior to loan negotiations? [check as many as apply]	Joint meeting with WB and government	WB prompts meeting	Informal meeting	None
4	Is at least one committee involved in loan approvals at any stage of the process?	YES		NO	
5	Is parliament authorized to approve the Bank's development strategies?	YES		NO	
6	Is parliament authorized to approve the PRSP?	YES		NO	
7	Has your country office experienced any delays or blockages because of parliamentary intervention?	YES		NO	
8	Is there a process in place which allows for parliamentary involvement in the context of regular IMF surveillance activities of government macroeconomic policy? [check as many as apply]	Joint meeting with IMF and government	IMF prompts meeting	Informal meeting	None
9	Does the law limit the role of parliament to either accept or reject the budget law, or can it request amendments to the budget?	Amend law	Accept or reject	Law does not specify	

1, 1B, 1c, and 2: responses were solicited from all three sources;
1A, 1D, 3, 5, and 6: responses were solicited from parliaments and the WB only;
1E: responses were solicited from WB officials only;
4: only parliamentary responses are reflected in the data;
7: responses were solicited from WB and IMF only;
8 and 9: responses were solicited from parliaments and the IMF only.

APPENDIX III: REGIONAL GROUPINGS

For the purpose of this study, countries were assigned to the following regional groups in keeping with IPU practice. Countries whose parliaments and WB/IMF officials were asked to respond to the survey are indicated in bold. Countries, for which responses are available are indicated in orange.

AMERICAS:

Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, **Dominica**, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Kitts & Nevis, Saint Lucia, Saint Vincent and Grenadine, Suriname, Trinidad & Tobago, United States of America, Uruguay, Venezuela

ARAB STATES:

Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Syrian Arab Republic, Tunisia, United Arab Emirates, Yemen, Palestine (West Bank Gaza)

ASIA-PACIFIC:

Afghanistan, Australia, Bangladesh, Bhutan, Cambodia, China, Democratic People's Republic of Korea, India, Indonesia, Iran (Islamic Republic of), Israel, Japan, Kiribati, Lao People's Democratic Republic, Malaysia, Maldives, Marshall Islands, Micronesia (Federates States of), Mongolia, Myanmar, Nauru, Nepal, New Zealand, Pakistan, Palau, Papua New Guinea, Philippines, Republic of Korea, Samoa, Singapore, Solomon Islands, Sri Lanka, Thailand, Timor-Leste, Tonga, Tuvalu, Vanuatu, Viet Nam

EUROPE:

Albania, Andorra, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Italy, Kazakhstan, Kyrgyzstan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Republic of Moldova, Romania, Russian Federation, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tajikistan, The Former Yugoslav Republic of Macedonia, Turkey, Turkmenistan, Ukraine, United Kingdom, Uzbekistan

SUB-SAHARAN AFRICA:

Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Cote d'Ivoire, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Swaziland, Togo, Uganda, United Republic of Tanzania, Zambia, Zimbabwe

¹

West Bank Gaza, as a recipient of international loans, has been included in the list

