

MACRO-POLICY FORMULATION PROCESS: CHALLENGES FOR THE LEGISLATURE FOR ENHANCING PRO-POOR POLICY MAKING AND IMPLEMENTATION

Introduction

Macro policy represents the overarching vision of a country and contains broad statements of national goals and priorities. It sets aspirations and defines direction for implementation mechanisms in order to achieve targets outlined in pre-determined goals. It is a document which relates to a number of several other key documents. In the case of developing countries, and Africa particularly, macro policy at the national level will relate to other key documents such as the Structural Adjustment Programs (SAP), the Millennium Development Goals (MDGs), New Partnership for Africa's Development (NEPAD), the Poverty Reduction Strategy Papers (PRSPs), the United Kingdom's Commission for Africa (CFA) and the United States' Millennium Challenge Account (MCA) initiatives. Within the context of the emerging concept of inclusiveness and ownership of macro policy, the implementation mechanisms for any such macro policy initiative generally involve actions required by state agencies, intentions to modify the behaviour of non-state institutions and agents. One institution of the state whose input into any macro policy is of paramount importance is the legislature.

It has often been stated that the legislature can ensure greater accountability and transparency in issues of implementing national policies as this is in line with their three functions – legislative, oversight and representative. Moreover, incorporating the input of legislatures in macro policy formulation creates a sense of public ownership and thereby engendering the building of public consensus around very important development interventions and initiatives. Since parliamentarians represent constituencies, the legislature's involvement in macro policy initiatives ensures that national and local priorities are fully incorporated and in the process mitigating excessive executive indiscretion in instances where there is a dominant executive in the formulation and implementation of policies.

Following this introduction in *section two* is a discussion of reasons underlying macro policy formulation. It will highlight some of the macro policies relevant to Africa with particular reference to pro-poor macro policies in *section three* and examine the role of the legislature in policy formulation in *section four*. Key challenges that confront parliaments in the process of macro policy formulation will also be discussed in *section five*. The paper makes certain concluding remarks in *section six*.

2. Why the macro policy formulation process

The process of formulating policies is the first in a series of actions to be undertaken in order to achieve an objective and several reasons may account for why there is even the need at all to go through the macro policy formulation initiative. Every policy initiative has an objective to achieve and additionally policies determine the performance of economies at the national and international level. For instance the reference to the 1980s

and 90s as 'lost decades' for sub Saharan Africa (SSA) has partially been attributed to the implementation of inappropriate policies.

The PRSP process for instance has the overarching objective of alleviating poverty. In formulating policy to address such an issue the building blocks need to be put in place, thus the causes of poverty have to be identified, just as the nature and incidence of poverty. Additionally, there is the need to define how countries intend to reduce poverty which could be through a number of major policy decisions – increasing public spending on primary health care and/or basic education. A formulation process will determine the likely steps to take in order to achieve the ultimate goal.

Major policy decisions are as time bound as they are time constrained thus in order to arrive at appropriate outcomes a process of formulation is required. Policy decisions cannot wait, and once taken it takes a very long time if it should be reversed. This therefore calls into play a careful analysis of the policy decision at the planning phase before it is implemented. To combat the plethora of health problems requires in depth research and huge amount of tangible resources. Expected outcomes take quite some time to manifest, reversing an inappropriate policy will further stretch into later periods.

A corollary of the time-sensitive nature of macro policies is buttressed by the resistance that greeted the Structural Adjustment Programs of the 1980s. It was felt that the SAPs, wherever they were implemented, saw deterioration in standards of living; reduced access to public services; devastated environment; and plummeted employment prospects among others. Interestingly this policy was meant to affect the lives of a people positively. In the wake of resistance the policy had to be revised and certain mitigating measures had to be implemented. A diligently undertaken formulation process for such a policy would have come up with some of the concerns raised by its critics, for instance, it could have detected that user-fees, on basic social services, for a people living on less than \$1 a day was unrealistic and unacceptable; that a reduction of support to social programs such as education and health for a people with disproportionate numbers of illiterate living with inadequate health facilities could be detrimental.

3. Macro policies in Africa

It has been said of Africa that “fresh starts for the continent are nothing new”. Over the last four to five decades, the continent has witnessed and experienced a list of macro policy shifts and changes both at the national and the international levels. At the national level there have been such policy initiatives as the Structural Adjustment Programs (SAPs), the Highly Indebted Poor Country Debt Relief Initiative (HIPC) and the Poverty Reduction Strategy Papers (PRSP). There is the Lagos Plan of Action and the New Partnership for Africa's Development (NEPAD) at the regional level and the Millennium Development Goals (MDGs) at the international level.

Structural Adjustment Programs (SAP)

Structural Adjustment Policies were economic policies designed and implemented by the two Breton Woods Institutions – the International Monetary Fund (IMF) and the World Bank – which countries followed in order to qualify for new loans and helped them make debt repayments on older debts owed to commercial banks, governments and the World Bank. Although SAPs are designed for individual countries these policies had common guiding principles. The features of a typical SAP policy included export-led growth; privatization and liberalization; and the efficiency of the free market. They generally required countries to devalue their currencies against the dollar; lift import and export restrictions; balance their budgets and not overspend; and remove price controls and state subsidies. Resistance to the adverse nature of the policy on beneficiary countries led to its demise after several losses of lives through rioting.

Highly Indebted Poor Country Debt Relief Initiative (HIPC)

The HIPC Initiative was first launched in 1996 by the IMF and World Bank, with the aim of ensuring that no poor country faces a debt burden it cannot manage. The Initiative entails coordinated action by the international financial community, including multilateral organizations and governments, to reduce to sustainable levels the external debt burdens of the most heavily indebted poor countries. Following a comprehensive review in 1999, a number of modifications were approved to provide faster, deeper and broader debt relief and to strengthen the links between debt relief, poverty reduction, and social policies culminating into what came to be referred to as the enhanced HIPC debt relief initiative. The HIPC initiative had certain eligibility criteria which among others included that a beneficiary country must: (1) be International Development Association – only (IDA-only) and Poverty Reduction and Growth facility – eligible (PRGF-eligible); (2) face an unsustainable debt burden, beyond traditionally available debt-relief mechanisms; (3) establish a track record of reform and sound policies through IMF- and IDA-supported programs; and (4) have developed a Poverty Reduction Strategy Paper (PRSP) through a broad-based participatory process.

Poverty Reduction Strategy Papers (PRSPs)

PRSPs describes the macroeconomic, structural and social policies and programs that a country will pursue over several years to promote broad-based growth and reduce poverty, as well as external financing needs and the associated sources of financing. They are prepared by governments in low-income countries through a participatory process involving domestic stakeholders and external development partners, including the IMF and the World Bank. Five core principles underlying the PRSP development approach states that poverty reduction strategies should be: **country-driven**, promoting national ownership of strategies through broad-based participation of civil society; **result-oriented** and focused on outcomes that will benefit the poor; **comprehensive** in recognizing the multidimensional nature of poverty; **partnership-oriented**, involving coordinated participation of development partners (government, domestic stakeholders, and external donors); and based on a **long-term perspective** for poverty reduction.

New Partnership for Africa's Development (NEPAD)

The New Partnership for Africa's Development is a pledge by African leaders, based on a common vision and a firm and shared conviction, that they have a pressing duty to eradicate poverty and to place their countries, both individually and collectively, on a path of sustainable growth and development, and at the same time to participate actively in the world economy and body politic. The objective of NEPAD is, to provide an impetus to Africa's development by bridging existing gaps in priority sectors to enable the continent catch up with developed parts of the world. NEPAD is envisaged as a long-term vision of an African-owned and African-led development program. The long term objective of NEPAD is to: eradicate poverty in Africa and to place African countries, both individually and collectively, on a path of sustainable growth and development and thus halt the marginalization of Africa in the globalization process; and promote the role of women in all activities.

Millennium Development Goals (MDGs)

The Millennium Development Goals (MDGs) is a blueprint in development aimed at addressing the needs of the world's poor particularly eradicating the incidence of extreme poverty and hunger by the year 2015. There are eight goals and eighteen targets. The goals include: Eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability; and develop a global partnership for development.

The success at achieving these goals requires sustained action by all stakeholders between now and the year 2015. Issues and concerns have been raised at the ability of poor nations achieving these goals judging from the slow progress that is being made at some of the major targets. The 2006 United Nations' report on the MDGs posits that while some of the goals and targets are firmly within achievable limits, there is a great deal of challenge meeting others.

Pro-poor macro policies

One of the overriding concerns of policy initiative in Africa has been how to alleviate poverty since it is the one most important development issue that sets the progress of the continent back. Thus objectives of the above outlined policies either at the national, regional or international levels has been to arrive at this outcome. Thus SAP for instance aimed at reducing poverty by embarking on free market policies; HIPC initiative through lessening the debt burden of developing countries to free up resources for spending on social services; and the PRSPs through broad-based poverty reducing policies.

The essential ingredients of poverty reduction informed the pro poor policies – namely expenditure on social services, human development and rural development. These policy initiatives have achieved some reasonable level of success, however the modification to and the review of these initial policies reinforces the need and importance of paying

attention to detail in the macro policy formulation. For instance, SAPs were abandoned after a barrage of criticisms had been leveled against the policy initiative, in fact degenerating into violent resistance and rioting. It was modified incorporating certain mitigating measures for the social costs of adjustment. The HIPC debt relief initiative was modified into enhanced HIPC and most recently it incorporates the Multilateral Debt Relief Initiative (MDRI). The MDRI – seeks to provide for 100 percent relief on eligible debt from three multilateral institutions – the International Monetary Fund (IMF), the International Development Association (IDA) of the World Bank and the African Development Bank (AfDB) – to a group of low-income countries advance toward the MDGs.

4. Role of parliaments in macro policy formulation

Macro policy affects the life of a people thus it is paramount that the people and their representatives are offered the opportunity to make inputs. At all levels this perception has been highlighted. For instance the World Bank and the IMF invited public consultations to help define the PRSP strategies. Additionally, the World Bank asserts that there is strong evidence that opening up the PRSP process to public debate and scrutiny has created space for previously excluded voices. For parliaments and parliamentarians, their role in macro policy formulation as the law making arm of the state is required.

In some countries, it is a constitutional requirement that major policy initiatives are subjected to debate by the legislature. Thus issues of national concern receive input from parliamentarians who themselves, by virtue of their work are involved and engaged with several organizations – civil society organizations, the private sector, the media, and most importantly their own constituents. Diverse interaction with all these stakeholders means that parliamentarians gain access to diverse and useful information which can help shape policy.

Involvement of parliaments in policy formation gives credibility to policy initiatives and interventions. It is consistent with the much agitation for consensus building and ensuring participation through the development of effective harmonious linkages. For instance the guiding principles of the PRSP process include not only that they be country-led initiatives but also that they be developed in a participatory manner. Additionally, participation of parliaments in policy formulation is another avenue for strengthening their representative function – as they have a direct access to constituents and the ultimate beneficiary of policy initiatives their input will be informed by the needs of the people they represent. One of the observations made by a work undertaken by Canadian Parliamentary Centre and German Technical Cooperation (GTZ) is that gender equality considerations seem to be massively underemphasized in the PRSP process. Certain PRSPs did not specify measures to address gender balance.

In some democracies, particularly those with dominant positions in parliaments (majority members of parliament), there is the tendency to either over indulge or excessively employ its dominant position in the process of enacting policy. Though most of these

parliaments get away (most of the time), subjecting policy to parliamentary scrutiny serves as a useful check in the process of formulation.

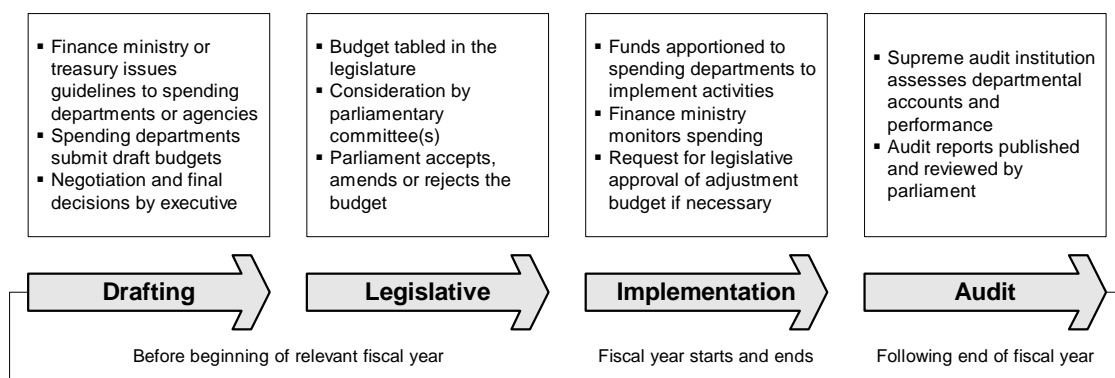
Macro policy formulation: parliament’s role in the budget process

The national budget is the most important political statement of the executive and it represents government’s major blueprint for a nation’s socio-economic policies for each fiscal year. At the core of the Parliamentary role in a functioning democracy is the authority of the people’s representatives over the annual spending and revenue plans that make up the national budget. The budget fulfils a number of critical functions including: allocation of resources to priority sectors; the distribution of wealth and incomes and fulfilling and adhering to pre-determined macro economic targets. Two key elements in the budget process are the stages involved in the process and the relationship between the executive and the legislature.

Stages in the Budget Process

The budget process assigns responsibilities to several arms of the state in its cycle which typically includes: planning and preparation (drafting); approval (legislative); implementation; and monitoring and evaluation (audit). In the budget process (cycle) parliaments are involved in two or three of the stages depending on how the stages are categorized. Parliaments, for some systems, are involved with debating, approving and monitoring and evaluation (Audit), for others, they may be involved in approving and monitoring and evaluation (Audit) only. The latter represents the more typical involvement of parliaments in the budget process.

Stages of the annual budget process

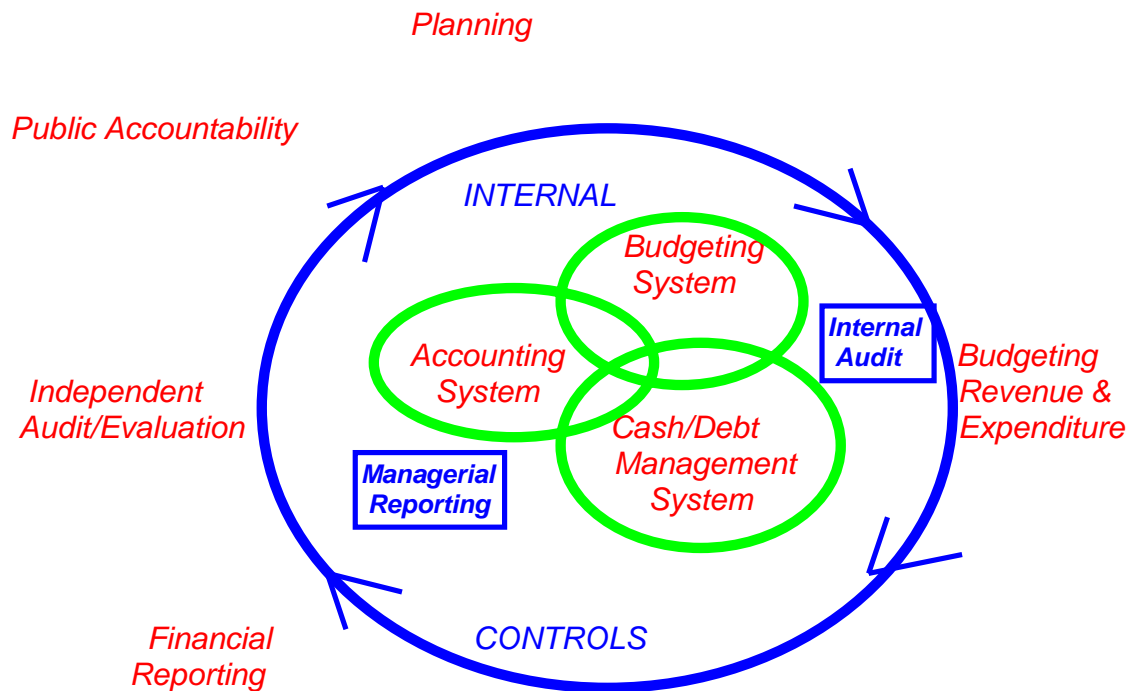


Executive and Legislative relationship in the budget process

At the heart of the relationship between the executive and the legislature is ensuring internal and external controls. The legislature, the world over, performs several functions among them being its authorization, oversight and supervisory role in the budget process. Primarily and in principle, the legislature’s role in the budget process is limited to

debating and subject to its satisfaction, approving the budget statement prepared and brought before it by the executive for subsequent implementation.

Thus it scrutinizes and approves budget proposals and authorizes the expenditure necessary to respond to these proposals thus ensuring transparency and accountability in governance. Parliament's involvement with planning and making inputs into the budget process remains a contentious undertaking given that the division of powers between the three arms of governance also mandates it to debate, seek reviews and revisions where necessary and approve for implementation by the executive. In Tanzania for instance, improvements in Executive-Legislative relations played a key role in this effort. Through various PC interventions, the Committee on Poverty Reduction in Tanzania developed a good working relationship with the office of the Vice President in Tanzania – the office is responsible for coordinating all PRSP and poverty related policies in Tanzania. This relationship has been useful in ensuring Parliament's participation in Tanzania's second PRSP – they were ignored in the first one.



5. Macro policy formulation: key challenges

A process whose outcome affects the lives of a diverse group of people each with their different expectations poses a lot of challenges and raises another set of issues. In macro policy formulation key challenges are as applicable to parliaments as they are to other stakeholders. Among the major challenges in policy formulation are those of: participation (Consultation, Communication and dissemination); monitoring and evaluation; access to knowledge and information; Implementation; Embedding macro

policy in the broader development agenda; Developing monitoring systems; Developing linkages between beneficiaries of macro policies and programs; and Appropriate pro-poor policies and programs.

Within the context of building consensus and gaining broad participation around a national development agenda, consultation, communication and dissemination of information on policy issues are critical. In the PRSP process for instance, participation has been problematic. Ironically, participation, which was supposed to be the hallmark of the process to ensure local country ownership, was one aspect of the PRSP that suffered significantly. In most instances, PRSPs, like many other economic policies, were seen as exclusive tasks of the Executive – mainly finance and planning ministries, with support from donor groups. What was worrying was the fact that Parliament, a key player in shaping economic policy issues, was completely left out in the process leading up to shaping PRSP documents.

In Malawi, while Parliament as an institution has not had an active involvement in the PRSP process, efforts were made by Government to invite a number of parliamentary committee chairpersons to join the twenty-one preparatory thematic working groups for the PRSP formulation. The Chairperson of the Budget and Finance Committee for example, chaired the Public Expenditure Thematic Group. A limited number of parliamentarians also participated in the district consultation at the invitation of the PRSP Technical Committee but it is estimated that only a third of the Parliament participated in those district consultation which the government considered the main vehicle for parliamentary involvement in the PRSP process. Officially, the Malawi Government has not included Parliament or any of its committees in the official institutional structures responsible for the implementation and monitoring of the PRSP.

Monitoring and evaluation is one critical element of macro policy and this has been demonstrated in the PRSP process, particularly in situations where there isn't effective participation. Within Parliament, if committees are involved in monitoring poverty reduction, they are doing so indirectly by monitoring progress and implementation of programs in specific sectors but there is no record of a parliamentary committee report on the PRSP specifically and its implementation.

In terms of monitoring of public allocations, there is no mechanism in Zambia to ensure that the allocations stated in the budget are implemented. Regular reporting is not available to inform Parliament and the public on how the monies are being disbursed. There is actually a tendency in Zambia for the government to overspend, over expenditures that Parliament does not get to approve. "The legal framework in Zambia allows for virtually limitless expenditure with approval after the fact and requires very little information to be published" (IDASA, 2002). This has for effect to increase the debt, especially the country's internal debt, while the country is on its way to reducing its international debt through the HIPC initiative.

There is a growing perception that there is a general lack of knowledge and information relating to a macro policy such as the PRSPs. This is the case, particularly in Zambia,

probably because for a long time, despite the existence of the PRSP, the framework for the development in Zambia has been the National Development Plan. This is a trend noticeable in a good number of PRSP countries in Sub-Saharan Africa as well. Most MPs seem to be aware of the PRSP process, its existence as a national development strategy as well as some areas of focus but only a minority of MPs appears to be truly knowledgeable about the targets, priorities and commitments set for the country to reduce poverty in the national strategy.

Additionally, in countries like Zambia and Tanzania, MPs awareness and understanding of PRSPs is on the rise when compared to 3 or 4 years ago when these strategies were starting to be implemented. This may be explained by a range of factors including increased interest by MPs to better grasp issues of national, regional and international development as these shape national policy and development. In reaction to the marginalization of Parliament in the PRSP process, parliamentarians are getting more engaged in PRS debates and conversant with the subject through their involvement in regional and international network's of parliamentarians, by taking part in international conferences, by creating linkages with CSOs, and by demanding to be systemically included in national development planning consultations with the World Bank and the IMF.

One other challenge in macro policy particularly in the PRSP process has been countering the assertion that Civil Society groups (CSOs), women and the poor in general continue to be 'voice-less' in the poverty dialogue across a number of countries. Thus the issue has been how to connect and fully engage with the vulnerable and excluded – gender issues and women and children who constitute a disproportionate numbers of the intended beneficiaries of policies. Zambia has a vibrant and active civil society and NGO sector which seems to be well organized. Relationship between Civil Society Organizations and the parliamentary research department in Zambia is qualified as good especially on gender issues. Parliament is compiling a directory of more than 300 CSOs that could be of assistance to Parliament.

Implementation of macro policy is another key challenge. Implementation of tasks outlines objectives, targets and timelines, expected results, and strategies to achieve objectives. The formulation process greatly influences the outcomes to be expected. Hence policy formulation should incorporate appropriate implementation mechanisms and tools to achieve expected outcomes. In the PRSP process for instance it has been asserted that, generally, pro poor spending has not performed as projected because of budgetary implementation weaknesses: In Tanzania, budget envelopes in many poverty-related ministries are much under-utilized because of cash constraints that emerge through each year; in Malawi a similar cash-budget allocation system means spending has not taken place in various key areas (such as mainstreaming HIV/AIDS policy measures throughout all ministries), but has gone to finance initiatives of the President's Office (such as communications and publicity initiatives).

6. Conclusion

Several reasons have been advanced to explain the rationale behind the policy formulation process with particular emphasis in the African context. While the role of the legislature is very important as it relates to enacting pro-poor policies in the case of Africa its role particularly in the budget process is of utmost importance. The macro policy formulation process is saddled with several challenges among them being: the appropriate ways to build consensus and gain broad participation in the consultation process; adequately monitoring and evaluating macro policies; the lack of knowledge and information, connecting the “voiceless” in the policy dialogue and implementation. Success has been achieved in macro policy formulation this far however the extent of involvement of the legislature is key as much as the ability to address the outlined challenges will determine and ensure successful implementation of formulated macro policy.