PARLIAMENT'S ROLE IN POVERTY REDUCTION: ENHANCING MACRO-ECONOMIC POLICY APPROACHES

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Analysis, Monitoring and Evaluation of Pro-poor Macro-economic policy: Role of a Pro-active Parliament

by

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Abstract

The idea supporting pro-poor macroeconomic policy is not new. What is new is the momentum it has gathered over the past 30 years, and moreso, the array of theories, models and metrics that have emerged in the last decade and a half. Pro-poor policy in developing countries have been shown to be largely supply driven with high external capital and contribution. Africa's case magnifies this situation, as many of Her national economies are still encumbered by lack of indigenous capacity, rampant corruption, recurring tribal tension, border disputes and wars. Given the various competing demands on government limited resources, the role of parliaments have become even more critical in overseeing pro-poor policies and in monitoring the implementation processes. Linked to this initiative is the challenge to existing and emerging leaders to practice good governance and encourage broadbase citizens' participation in pro-poor policy formation and execution.

Introduction

Chenery:1974, a leading development theorist, viewed pro-poor policy as those that sponsor formal growth while at the same time promote access to employment and income stream for lower level skills and low income wage earners. Being one of the leading scholars, Chenery's perspective provided much fuel to the classical theory of wealth creation by a few and collateral benefits for masses, which argument was, in 1970's and 80s, popularized in Asia and Latin America through the "trickle down development" hypothesis. Ravallion: 2004, in his ex-post analysis of failed macroeconomic policies of the 70s and 80s in Latin America, gave credence to Chenery's notion with the evidence "that a 1% increase in *per capita* income may reduce income poverty by as much as 4% depending on the country and time period". Their perception of propoor growth underpinned, for nearly two decades, the Structural Adjustment Programmes (SAP) and the National Poverty Reduction Strategies (PRSs) of the World Bank, and the Poverty Alleviation Programmes (PAPs) and Poverty Reduction Rrogramme Strategies (PRPS) of the UNDP and drove their loan policy and technical cooperation programmes through most of the 80s and 90s. Despite the evident popularity of these programme strategies, Latin American countries, by the mid 80s had fallen into their worst debt crisis, which carried through to the 90s.

Pursuant to the series of pro-poor macro-economic policy failures of the 90s, the Millennium Summit of World Leaders in September 2000 conceived the Millennium Development Goals (MDGs), and set out an ambitious agenda for reducing poverty and improving living standards of poor nations. The adoption of the Millennium Declaration by all 189-member states of the UN General Assembly was a defining moment for global cooperation as it congealed new commitments from the industrialized countries toward a unified framework for aid, investment, trade and technical cooperation with poor nations. They also agreed on specific measures to assess the compliance and performance of aid recipient countries that included also a set of interrelated host country commitments, clear goals and targets on development objectives, governance systems, peace, security and human rights.

For each MD goal, one or more targets were set, most of them for 2015, using 1990 poverty data as benchmark. Foremost among those goals is the commitment to reduce by half the proportion of people living on less than a dollar a day by 2015, which goal is meaningless by today's

standards. The other MDGs include time-bound targets related to increasing primary education and eliminating gender-based educational disparity; improving environmental conditions; increasing access to safe water; reducing slums; reducing infant and maternal mortality; reducing the spread of HIV/AIDS, and improving access to information technology to support development. Since 2000, the new Poverty Reduction Strategy (PRS) promoted by the UNDP and the WB became the formal statement of development strategy adopted by most developing countries. Designed to provide the basis for concessional assistance and debt relief to poor countries under the heavily indebted poor countries (HIPC) initiative, the strategies were intended to be country-driven, and based on a participatory process of consultations between the government and civil society. Other non-HIPC countries have followed these countries in preparing their own poverty reduction strategies. Despite these initiatives the poverty remained adamant, and in some countries, widened.

According to a recent study done in 2004 by the Development Research Centre (DRC), University of Sussex, on "Migration, Globalisation and Poverty in West and East Africa in the 70s and 80s", a number of pro-poor policy flaws were identified. The researchers conceded that:

- there is scope to facilitate the trading and business networks that some diaspora communities have developed abroad
- in practice there is relatively little in the way of regional policy initiatives on migration and development
- there is scope for enhanced cooperation across West Africa to create a more integrated labour market for professionals within the region, in order to provide clearer paths for career development and training at a regional level.

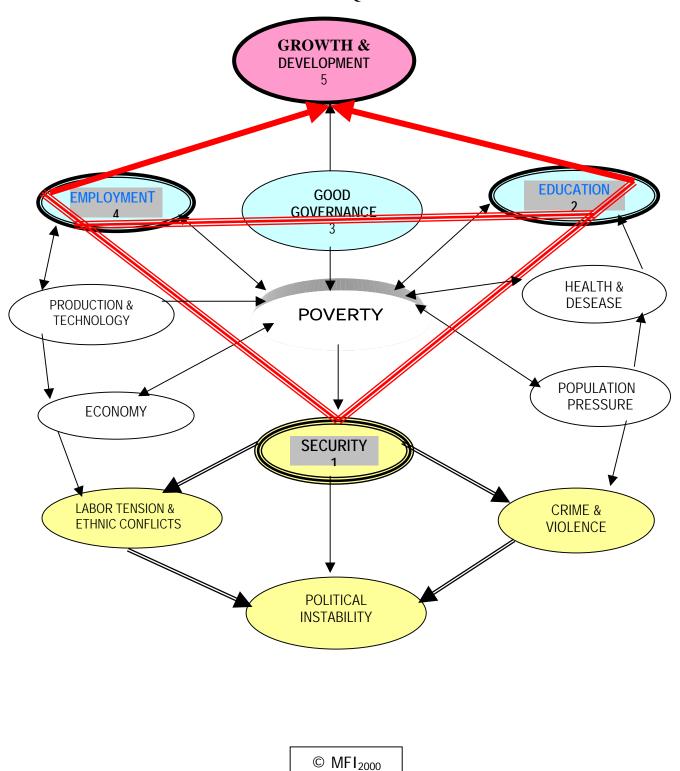
What do we mean by pro-poor growth policy

The objective of pro-poor growth is to enable that part of society that lacks social capital and personal equity and as a consequence, the ability to participate meaningfully in the country's development. Commitment to pro-poor policy obligates government, their development partners as well as the private sector to view equity and poverty as complementary processes to ensure a stable and progressive country. Pro-poor policy should not be collateral events on 'the national development agenda. Pro-poor policy refers to a set of integrated macro and micro measures that facilitate rapid and sustained reduction of economic poverty at a pace and through a pattern of growth that considers and empowers poor people, especially women, rural folks and vulnerable citizens, to meaningfully participate in, contribute to and benefit from growth. This include many things beyond an individual's monetary income, including the ability to play an active role in the community or to take control of his/her own life. Accordingly, no single indicator can address all the issues at hand. Factors unrelated to income, including the level of education, health and nutrition, housing, access to drinking water and land – all of which have a direct impact on poverty must also be considered. Such a comprehensive policy needs to be articulated by carefully with full involvement of private sector to deliver the intended services to the target groups and monitored constantly for impact, and implementation nuances.

What does poverty mean on the ground

In simple language, poverty is the situation that prevails when a member of society is unable with reasonable effort to find a job or an income generating venture that allows him/her an adequate means to feed, clothe, house, educate and access basic health care and communications for him/herself, or to provide such basics for his/her young family within a reasonably safe and stable socio-economic environment.

AFRICA'S POVERTY QUAGMIRE



Source: Taylor, E. S. (2003). "Debt, Poverty and Compliant Africa: The Classics of Retrogression" in Debt Relief Initiatives and Poverty Alleviation: Lessons from Africa. Ed. Mulinge, M. & P. Mufume, African Institute of South Africa, African Century Publications, No 13.

Metrics and dimensions of poverty: explicit and implicit

In the spectrum of development, poverty can be expressed in many ways and forms. Explicit poverty, or what I call the "chronic poor" lends itself to easy definition, measurement, motivation and response, whereas implicit poverty, what I will refer to as "the casual poor", is not as easy to define or deal with. For example, a person who is casual or causal poor can be happy in one circumstance, and unhappy in another. Thus, by definition, explicit poverty is need-based, visible and, left unattended, can be contagious. Typical pro-poor policy responses to explicit poverty are welfare and aid – i.e. food, another school, clinic, aid, in one form or the other. This solution is especially attractive to bilateral donors and multilateral institutions because they are searching for quick and visible fixes, early answers and impact, transparency in delivery and an early as possible exit. In the contemporary jargon that accompanies UNDP's PRSPs and the World Bank's SAPs such programmes are treated as additionality, and often described as "social safety nets".

On the other hand "implicit poverty" or "the casual poor" describes a condition of poverty that is usually open-ended and relative. This condition also expresses a temporary situation, which if left unattended for too long, can deteriorate into chronic poverty. Many cases illustrate this scenario, for example: Sierra Leone, once a net exporter of rice mainly through small farms, succumbed to the "blessings" of aid. Today, the country is a net importer of rice, as she wallows in abject poverty and wars.

Working in Malawi in the early 90s, I was reminded by the late President Kamuzu Banda, when I was marketing UNDPs Poverty Alleviation Strategy (PAS) that "Malawi was a poor country with poor people but that there was very little trace of poverty". In fact, he told me point blank to change the UNDP programme title to read "People Equity Development Programme". Banda made the point to me that being poor was a temporary condition, and with appropriate tools, the people would change that status but poverty was a condition of the mind in which people saw little or no possibility of change, no hope for bettering their plight and had resigned to that condition, permanently. For what it's worth, readers may want to reflect on this, because in hindsight, Banda was asking UNDP to provide opportunities, access, tools, training and skills for small entrepreneurs, not handouts, welfare, aid or free meals. Banda reminded me that every Malawian had access to a plot of land, seeds to grow the food he/she needs, a small house, free education, unlimited access to health care, and above all, they were a proud and honest people.

Pro-poor macro policy: a need to revisit

Pro-poor macroeconomic policies tend to focus attention and resource on addressing explicit poverty, that is, poverty that is visible and chronic. By response, they provide "the what" in form of aid and welfare as the first solution because it is quick, easy to deliver, transparent and measurable. In addressing this challenge, the natural tendency for governments and donors is to view "poverty reduction" as though it were a one dimension dilemma, having one generic solution and common metrics. The other dimension of poverty (implicit poverty) is often ignored or misinterpret as it requires a deeper level of understanding and a response that is based on "the how", that is the tools and capacity to grow or to produce "the whats". By definition these solutions take more time, require more thinking and design but are more beneficial to the poor and sustainable in the long run. Such solutions favour SIE development instead of the traditional response of aid and welfare. Consequently, the poverty alleviation solutions (PASs) that emerged and preoccupied the agenda and concerns of national development plans in most African countries during the 80s and 90s were largely misdirected. And despite tremendous efforts made by respective governments, parliaments and politicians to track and evaluate pro-poor policies, the impacts and expectations have proven to be both illusive and inconclusive.

Pro-poor Poverty monitoring: the new approach

Using the above definition, a member of society is considered to be poor if his/ her living standard stays below an acceptable level that would enable him/her to afford the basic essentials to live. This is stated in purchasing power terms by the UN system as an amount less than US\$2.50 per day. Thus, a broad pro-poor policy monitoring system would be taken to be *any process that is designed to gather, store, analyze and disseminate information on the impact and distribution of the living standard of the poor within a given society (Taylor:2003). As the people's elected/nominated representatives, parliamentarians and parliament are major players.* For such a monitoring activity to be effectively carried out, it has to be linked to the country/corporate leadership capacity to design pro-poor policy and their analytical capacity to monitor and evaluate impact as well as the delivery processes. Appendix 1 shows a special matrix that would be useful to guide the parliamentary arrangements and the pro-poor outcomes to watch, measure and report.

Role of a pro-active Parliament in pro-poor policy monitoring

It is a fact that parliamentary approval is required to ratify national budgets which are presented in the whole in parliament. However, it is also a fact that the Executive Branch of government seldom presents specific programmes in parliament in any detail unless such programmes are mandated by parliament or specifically requested by parliament or its committees. Given the pervasive nature of poverty and its importance for procuring national stability and security, propoor policies need to be singled out, with its own budget, clear objectives, targets and implementation arrangements. Then and only then will Parliament be able to effectively scrutinize and monitor pro-poor policies and make the necessary recommendations in support or for change.

Parliaments' role in traditional economies is usually elevated too high where the citizens feel that they must service heir politicians and not the other way round. The role of the modern parliament is to enhance political accountability, ensure that civil society consultations are broad-based, that government does what it says it will, all things being equal, and that expenditures are effective done ethically and reported in a transparent manner. Should political accountability be absent in the pro-poor growth strategy, it renders technical assistance for financial accountability less effective. While representative capacity of parliament and civil society varies from one country to another, electoral mandates give parliaments legitimacy which can be instrumental in the country to spur the process forward. Parliaments provide a forum for building multiparty consensus on poverty reduction priorities. Through the holding of public hearings, and constituent relations bureaus, parliaments help to sustain the participatory processes underpinning the PRSP. The currently limited role played by most parliaments in this regard i.e. as a rubber stamp to approve measures not discussed by parliament, can undermine efforts to strengthen the development of democratic institutions.

Conclusions

After several decades of experimenting with pro-poor macroeconomic policies and the reported under-achievements of targets and expectations, it is clear that new approaches are necessary to provide a sustainable option for the poor to overcome the poverty trap. Keeping cognisance of the original target dates agreed under the MDG, and countries' national vision and development plans, the quantum of resource, commitment, pace of delivery and arrangements for monitoring pro-poor measures will need to be turned up to high priority by governments, their parliaments and the development partners. Secondly, a change in direction and approach is necessary from the delivery of "aid, welfare and general education" to equity, welfare and vocational education",

through small and informal enterprise development. A list of recommendations are made below in respect of the new approach and the role and arrangements for a pro-active parliament.

From the research findings and discussion, there seems to be a general misdirection of resources into pro-poor programmes due to lack of intimate knowledge by pro-poor policy designers and implementers of the diverse and complex characteristics of poverty in Africa and consequently the type of solutions desired to address them. Based on the analysis, the poverty dimension that is popular with governments and donors is the one that seems least to address pro-poor growth and sustainability in that resources have been donated more for welfare than as tools, skills and equipment.

Bearing in mind the longer term development objective of pro-poor policy, the study finds that resource allocation has emphasized education as the main driver for change which is correct if the education is tilted toward the demand and delivers functional skills and facilities for income bearing and leverage. Thus, a new direction for **education and poverty** is needed to address the explicit poor and this solution should emphasize and deliver technical, vocational and craft skill directed toward formal employment, and to some extent initially, for self-employment. Similarly, a new set of resources are needed to address **implicit poverty** i.e. (the casual or causal poor) who have some skill, training or experience but fall victim to redundancy, retrenchment, recession or a non-growing economy. This solution requires equity with pro-poor strategies to provide collateral, access to working and venture capital resources coupled to training in functional business skills.

Finally, the enhanced role of parliament for monitoring evaluation of pro-poor policy implementation has to be negotiated between the executive branch and the legislature and in consequence, the functions of parliamentary standing and special committees will need to be revisited in light of the recommendations and negotiations. The negotiations will consider the normal procedures for public hearings, site visits, investigations, reports and submission by various portfolio ministries, offices and agencies as well as government departments and state owned enterprises.

Key questions for monitoring pro-poor growth strategies

- In which areas /sectors are pro-poor growth strategies not functioning effectively?
- Are sufficient and adequate mechanisms in place to facilitate the poor to access social services?
- What are the mechanisms through which the voice of the poor can be heard in pro-poor policy formation, and execution and are they working effectively?
- Impact of public policy and the extent to which relevant information is available for programme/project analysis, monitoring and evaluation ay national and local levels
- Pace and pattern of poverty indices reduction and sectors of community that are outliers
- The pro-poor programmes and strategies.

Arrangements for monitoring national poverty reduction strategy

Objective 1: Accelerating pro-poor growth with equity

- Monitor the stable and impact of governments pro-poor macroeconomic policy
- Monitor the competitiveness of the economy and by how much factor costs have reduced/increased, especially in rural areas
- Monitor the pace and pattern of development in the rural sector inclusive of land, road, agricultural services e and small and informal enterprise (SIE) development initiatives

 Monitor the quality and impact of the support infrastructure provided or facilitated by government to encourage the productive sectors especially in intra-sectoral linkages and with small enterprises

Objective 2: Guaranteeing that the poor have access to basic social services

- Monitor the cost and ease of access of the poor to basic, technical and vocational education;
- Monitor the cost, quality and ease of access of the poor to health services;
- Monitor the cost, reliability and ease of access of the poor to water, electricity and information technology;
- Monitor the quality and standard of the environment in which the poor live including housing and social facilities.

<u>Objective 3</u>: Expanding access/opportunities for employment and income-generating activities for the poor

- Monitor the degree of vulnerability of the poor to disease, farm produce and other agriculture-related activities;
- Monitor value added linkages being created between agricultural, mineral and manufacturing sectors in rural communities;
- Monitor the range and complexity of rural income generating activities;
- Monitor the supply and quality and roads opened to rural areas for market access.

<u>Objective 4</u>: Promoting good governance systems in public enterprise for performance and quality service

- Monitor the quality and performance of leadership and governance systems devoted to pro-poor growth programmes
- Monitor the role of parliamentarians and councillors and their capacity to exercise leadership, resolve conflicts and carry out their oversight functions;
- Monitor the capacity of regional & local government and their critical needs
- Monitor arrangements and facilities to build linkages pro-poor linkages with agriculture, tourism and lands;
- Monitor Government policies, practices and institutions responsible for regulating and combating corruption.

Monitoring Role of Parliament

Objective 5: Enhancing Parliament's role in monitoring and evaluation of pro-poor strategies

- Monitor the role of the State, its refocusing, commercialisation proceeds, exit and support strategies
- Monitor Government practices in Good Governance, performance management and public accountability
- Monitor government gender equity policy implementation
- Monitor competitiveness of the economy, all factor and transaction costs
- Monitor regional opportunities, programmes and disparities
- Monitoring the impact of Government-private sector dialogue
- Monitor OMA's performance, public service dialog with private sector
- Monitor foreign investment decisions and impacts

• Monitor performance of SOEs and public sector institutions and their compliance with measures to combat corruption

Recommendations

- Policy-makers and planners should develop clear perception of the causes of poverty, region by region and make a distinction between the "explicit and implicit" poor.
- Government should develop pro-poor policy and strategies in collaboration with the appropriate representatives of the poor, donors and the private sector
- Parliament should establish a special Standing Committee to focus its oversight responsibility to monitor the impact of Pro-poor policies and their implementation, and it should require the executive branch to provide clearly articulated pro-poor policy, and programmes along with defined level of resource appropriation
- Parliament should be provided with adequate analytic support and/or capacity to assess, analyse and interpret pro-poor data for Standing Committees of parliament
- Political constituency offices and office bearers should work closely with regional representatives and private sector leadership to review pro-poor data at least once a every quarter and to make recommendations to government for action or support
- In urban areas, the major determinants of poverty should be identified per region and constantly monitored in respect of: (1) purchasing power and capacity, (2) number of active and retired/pensioned, (3) average family size, (4) average farm size, (5) climate-related hazards, (6) available skills and talents, (7) missing essential public infrastructure such as schools, hospitals/clinics, markets, Post office, telecommunication, banks, shopping centers, OMA representatives, (8) number of physically/mentally challenged persons, (9) birth and death rates, (10) number of young person by age, sex and marital status, (11) number of able but unemployed persons and (12)homes without utility services, such as water, electricity, telephone, etc.
- In rural and suburban areas, some of these key factors may vary in content or description.

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		Main Parliamentary Instruments					
Parliamentary Sectoral & Special Standing Committees		Public Hearings	Site Visits and Surveys	Department Reports & Submissions	Auditor-General Reports	Parliamentary Committees Investigations	Special Audit & Studies
1.	Special Standing Committee (Coordinating)						
2.	 Sectoral Standing Committees Investment Promotion and Industrial Development and Trade Agricultural Policy; State Lands; Fisheries; Animal Husbandry Power and Energy; Highways, Road Transport and Railways; Health; Social Security and Welfare; Housing; Rehabilitation, Resettlement and Reconstruction Education; Human Resource Development; Science & Technology Employment & Labour Relations Telecommunications; Media; Postal Services Human Rights, Equal Opportunities and Gender Equity Environmental Protection and Sustainable Development 						
	racterization of Pro-poor Macro & Micro nomic Policy Impacts – cost & benefit	Welfare, Aid & Supplies	Linkages, facilities & Networking	Direct /indirect Income/ Employment	Government Taxes, duties & Revenue	Training / Skills, land & equipment	Value adde Export/Impo substitutio