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Claire Wren is Parliamentary Officer and Michael Hammer is Executive Director of the One World Trust

Parliamentary Oversight Project  
Accountability Programme

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3 Whitehall Court  
London SW1A 2EL

Tel +44 (0) 20 7766 3470  
Fax +44 (0) 20 7219 4879  
Email [info@oneworldtrust.org](mailto:info@oneworldtrust.org)

[www.oneworldtrust.org](http://www.oneworldtrust.org)  
Charity Commission N<sup>o</sup> 210180

## **Parliamentary Oversight of the International Financial Institutions (IFIs) – The Experience of the UK and the World Bank**

**Claire Wren and Michael Hammer**

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It is part of the very nature of international organisations such as the IMF and World Bank that there is an accountability gap between national parliaments and the organisations. Decisions made at inter-governmental organisations are often complicated, convoluted and the result of international vote-trading and negotiation. There are also huge power imbalances between countries at these organisations, resulting in some states being more able than others to have their voices heard and their votes count.

However, parliamentarians from all different countries face similar difficulties: IFIs are fora for governments, their discussions are often prolonged and detailed and both Governments and the IFIs have large staff with detailed knowledge of the subjects concerned. Nonetheless, the decisions made at these organisations can be of importance both domestically and internationally. Therefore, it is essential that parliamentarians are able to conduct effective oversight.

### **The traditional lines of accountability**

One of the formal roles of Parliaments is to conduct oversight of government policy. That international financial institutions are third party organisations based outside the country inevitably adds difficulties to this oversight process and there is a possibility of accountability being lost.

However, the role of Parliament in holding the Government to account for all its decisions provides a route for parliamentary oversight of the IFIs. With effective oversight of the Government for these decisions Parliament can help address the accountability gap of the IFIs in the international arena.

In some countries the World Bank and IMF may have significant influence over domestic economic policies and it is essential that there are also processes in place to ensure that they are accountable for this influence too. Although some of the same principles may apply, it is also likely that additional procedures are required.

Within the UK Parliament there are three main mechanisms for holding the government to account: Debates, Parliamentary Questions, and Select Committees. Debates are normally used to consider broad policy direction, parliamentary questions for very specific points and can respond quickly to some events, whilst Select Committees can specify areas of policy in great detail.

## **International Development Select Committee – Engaging in Discussion**

A select committee normally conducts its oversight function by carrying out an in-depth enquiry, taking written and oral evidence from a number of different sources over an extended period followed by a lengthy report with a number of recommendations and requiring a formal response from the Government. This then may result in a follow up enquiry by the Select Committee, beginning the cycle again.

However, due to the ongoing nature of the work of the World Bank, which falls within the remit of the UK Parliament's International Development Select Committee (henceforth IDC), this model has proved to be impractical as it is either too time consuming to consider the breadth of World Bank policy regularly in such detail. Or, an area is considered too infrequently to ensure that there is effective oversight and influence on the activities of Government.

To counter these difficulties since the World Bank Autumn Meetings of 2002 the IDC has conducted an annual hearing into the meetings calling both representatives of civil society and the Secretary of State for International Development to answer questions on progress made and UK policies and priorities.<sup>1</sup> This innovation has allowed the committee to engage in a broad range of policies areas connected to the World Bank, quizzing the relevant minister and ensuring that there is oversight of these policies without onerous requirements of a full enquiry.

Whilst this form of oversight is by definition *ex post facto* its recurring nature ensures that the Secretary of State is aware of the forthcoming session and the scrutiny that he or she will be under whilst at the Autumn Meetings. Furthermore, this format has allowed for a dialogue on government priorities between the Secretary of State and the Select Committee allowing for the committee to discuss and influence policies over an extended period of time.

## **Government Reporting**

Along side the now well established regular evidence sessions the Department for International Development has recently begun to issue an annual report on activities at the World Bank. The importance of such reports are recognised in the US as a "transmission belt" of information from the Government to both Parliament and Civil Society, providing the basic information upon which scrutiny can be built. The reporting of the UK Government is only at an early stage publishing the second annual report in 2006 as well as other information including the objectives for the Autumn and Spring Meetings of the IFIs. Over time it is likely that such reports will increase in detail, context and analysis.

## **Conclusion**

Through adapting the long maintained structures and procedures of the House of Commons the International Development Select Committee has successfully increased its oversight of, and influence over, the UK Government's activities at the World Bank. By promoting dialogue and increasing the provision of information the policies pursued by the Government at the World Bank are more accountable to Parliament and therefore the British public.

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<sup>1</sup> For more information see Chapter 8, Burall, Simon et al, *Not in Our Name: Democracy and Foreign Policy in the UK*, London: Methuen, 2005.