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Public Sector Management Issues in Structural Adjustment Lending

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Public sector management components of structural adjustment loans (SALs) progressed unevenly, and the outcomes varied with different political, administrative and economic conditions. Change was often incremental and sometimes unsustainable. Reforms linked to specific, actionable steps were more successfully implemented.

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This paper — a product of the Public Sector Management and Private Sector Development Division, Country Economics Department — is part of a larger effort in PRE to analyze and provide policy guidance about the institutional aspects of macroeconomic policy reform programs. Copies are available free from the World Bank, 1818 H Street NW, Washington DC 20433. Please contact Betsy Mitchell, room N9-065, extension 37644 (36 pages with tables).

This paper reviews the Bank's experience in implementing public sector management reforms through structural adjustment lending. The study focuses on those institutional aspects of adjustment that deal specifically with "macro-management" issues related to improvements in the management performance of core central government institutions and to systemic changes in public administrations. The paper reaches the following broad conclusions:

• Public sector management components of SALs progressed unevenly and outcomes varied with diverse political, administrative and economic conditions. Accordingly, no uniform solutions to institutional problems were prescribed by SALs. Depending on circumstances, SALs sometimes fostered the creation of new institutions (often at the cost of promoting institutional proliferation) or the reorganization or even the elimination of old ones. Institutional change was often incremental and sometimes unsustainable when Bank support was withdrawn.

• Public sector management reforms for which routinized methodologies and systems were introduced and those that could be linked to actionable steps were more likely to be sustained over time.

• Short time horizons of SALs posed severe constraints on the effective implementation of public sector management reforms. These constraints must be weighed against the catalytic benefits SALs offer to spur action on institutional measures, however.

• Public management reforms through SALs are more successful when supported by specific technical assistance projects. Otherwise, reforms may be one-shot events or may be subject to slippage or reversal. This is recommended despite the poor performance record of much of the technical assistance provided for institutional reforms in conjunction with SALs.

• The haste of SAL schedules and the lack of dynamism and focus of traditional technical assistance argues for the creation of a new lending instrument for public sector management reform which would adopt a longer time horizon to ensure adequate implementation, but would contain conditionality specifically focused on institutional reforms to ensure action.

• Preparatory country economic and sector work is crucial to successful public sector management reforms undertaken through SALs. Such analysis should become a routine task in the design of any institutional reform program in the context of structural adjustment lending.

• Monitoring and supervision of institutional components of SALs needs to be systematized and the quality of documentation improved. Performance indicators need to be developed to measure and/or evaluate progress.

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SUMMARY

The purpose of this paper is to provide an overview of public sector management reforms in structural adjustment lending and to assess the Bank's experience in implementing them. The review focuses on those institutional aspects of adjustment that deal specifically with "macro-management" issues related to improvements in the management performance of core central government institutions and to systemic changes in public administration. The paper covers public sector management reforms in 59 Structural Adjustment Loans and 43 companion Technical Assistance Loans between 1979, when adjustment lending began, and June 1988.

Although public sector management reforms were a part of Bank lending prior to structural adjustment, most earlier institutional interventions were through sector-specific, project-related lending. The implementation requirements of the adjustment process highlighted the need to enhance the capacity of core government economic policy making institutions to formulate and execute macroeconomic recovery programs. Public sector management reforms in SALs, therefore, have been focused and targeted on a few institutions that are key to the adjustment process. These institutional reforms have been attempted in relatively short time horizons, although they have sometimes been sequenced over serial SALs, and with the support of companion technical assistance loans.

The following are the principal areas of public sector management reform: 1) institutional changes required for macroeconomic and financial management (present in all 59 SALs); 2) non-financial sectoral institutional reform (found in 56); 3) trade policy and administration reforms (present in 50); and, 4) public administration reforms (present in 31 SALs).

In the area of economic and financial management, most SALs emphasized improvements in the public investment programming process. Often this involved strengthening the coordination of investment decision making among government entities, improvements in the institutional and procedural mechanisms for planning and investment, and strengthening of investment monitoring. Efforts to improve economic and financial management also involved the creation or reinforcement of economic policy bodies. These were often linked to immediate demands of SALs, but occasionally became institutionalized as a technocratic cadre able to engage in policy dialogue with Bank SAL teams. Institutional support for debt management reform was also provided in SALs. Most reforms established or reinforced institutions to monitor and control debt and tried to develop systems to feed pertinent information on debt into budgeting and public investment programs. Tax administration reform was another aspect of economic and financial management stressed by SALs. In general, tax administration improvements involved the streamlining of customs administration procedures, revision of tax codes, and the improvement of tax collection systems.

Institutional measures in most SALs went beyond the core economic and financial institutions to support sectoral restructuring and policy reforms as well. Sectoral institutional reforms have emphasized: 1) institutional support for policy changes involving the liberalization of price and incentive structures; 2) improving capacity for strategic planning in sectoral organs;

and, 3) reorganization of sectoral institutions. Sectoral institutional components have been heavily concentrated in agriculture and industry. Energy was the third most prominent sector followed by health and social security, transportation, population, water and urban development, and housing.

Institutional support for trade policy reforms also figured prominently in structural adjustment lending. Many reforms sought to streamline institutions or procedural arrangements for trade administration and to revise regulatory codes to promote liberalization.

Although non-financial sectoral reforms constituted an important aspect of many SAL programs, Bank staff were increasingly inclined to deal with these issues through Sectoral Adjustment Lending. SALs were the preferred instrument only if: the sectoral issues were important enough to the overall economy to justify a centralized SAL operation; administrative efficiencies could be gained by a centralized SAL effort and sectoral reforms could be linked to more central structural reforms without fear of the whole package being sabotaged due to lack of political commitment on one or another single item; or, structural adjustment could be used as a means to provide reinforcing cross-conditionality on sectoral reform issues.

Increasingly, public administration reforms have become prominent institutional components of structural adjustment lending. These components generally comprise civil service management and/or reorganization reforms, mostly emphasizing structural changes in central government employment, pay and incentive systems. These reforms sought to correct excessive public wage bills, surplus numbers of civil servants, wage compression and overall salary erosion. While SALs often leveraged one shot policy reforms such as employment reduction, TALs provided institutional support for longer term civil service management improvements.

The following trends could be detected from the paper's findings:

- In a few instances, improvements in public investment programing institutions and procedures may have led to or set the stage for budgetary reform.

- New institutional mechanisms for dealing with debt management have been established in some countries; improvements in coordination between ministries and central banks and other financial authorities may have resulted.

- A good number of economic policy institutions, responsible for developing coordinating and reviewing macroeconomic management in general, and adjustment operations in particular, have been established, with varying impact.

- New agencies have arisen to deal with trade regime reforms. There has been simplification and perhaps rationalization of trade administration procedures in some cases.

- Organizational and managerial improvements in key sectoral institutions may have occurred, and the reduction of institutional proliferation in some crucial economic sectors may have led to improved performance.

- A reduction in the number of civil servants and a redefinition of the role of the civil service may have occurred on a limited basis in some countries.

Despite some success, movement on institutional reforms has been halting for the following reasons: 1) weaker than expected management capacity unable to absorb excessive reform demands; 2) rapid turnover of management and political leaders; 3) poorly executed technical assistance and inadequate training of local staff in skills necessary to implement and sustain reforms; 4) failure to install systems and routine procedures that can be institutionalized and internalized by borrowers over time; and, 5) failure to monitor and supervise reform programs to keep them on track.

The dissonance between SAL schedules and the longer time horizons required for institutional development also constrained reform efforts. But some high speed elements of SALs act as a trigger for some public sector management reforms by exerting leverage for politically difficult actions and by focusing attention on the urgency of some reforms. Moreover, serial SALs may allow for more gradual development of institutional capacity. SALs may also be followed by sector adjustment loans to ensure a longer sequence of institutional reform.

Technical assistance that is tightly coordinated with SAL reforms enhances the chances of institutional success. Most longer term public sector management issues have been addressed through TALs. But TAL schedules are often driven by SAL timing requirements, leading to inadequate preparation of T.A. projects. Technical assistance was often poorly delivered and expatriate-dominated, providing little transfer of skills to nationals.

Institutionalization of public sector management reforms has been difficult, and some improvements have unraveled or been reversed over time. It may be unrealistic, however, to view institutional change as monotonic or linear. The likelihood of sustained reform is also linked to government commitment. The findings of this review suggest that regimes' willingness to carry through on institutional reform vary with the state of the economy, the nature of political opposition, and the degree to which leaders agree with the substance of the reform measures.

General design problems affecting SALs in general are also significant for institutional items. These include the excessive number of institutional conditions attached to SALs, and the weak monitoring and supervision of institutional components. Tranching, though under criticism with regard to overall conditionality, may serve a useful institutional purpose, however, by prolonging Bank-country dialogue and encouraging ongoing monitoring of institutional components.

Political factors are enormously important to institutional reform in

SALs and not well analyzed in the Bank. Greater attention to these issues is needed in sector work. Preparatory sector work in general was important in public sector management reforms in SALs.

Most SALs seemed to promote the creation of new institutions, raising concerns about institutional proliferation.

Public sector management reforms that from the outset could be linked to actionable steps agreed upon by Bank and borrower stood a better chance of being successfully implemented. Those institutional reforms for which routinized methodologies were put in place had a greater chance of being sustained over time.

I. INTRODUCTION

This review examines public sector management issues in structural adjustment lending. It focuses on those institutional aspects of structural adjustment that deal specifically with "macro-management" issues; that is, those issues related to improvements in the management performance of core central government institutions and to systemic changes in the public administration.[1]

The paper delineates the overall objectives of Bank public sector management interventions linked to adjustment programs, surveys the range of actions undertaken through structural adjustment loans and credits (SALs and SACs) and related technical assistance loans and credits (TALs and TACs), identifies key implementational problems connected with these actions, and, to the extent possible, assesses their impact.

Analytic Framework

Two broad types of institutional reforms are considered. The first type consists of those items constituting institutional support for specific economic policy reforms contained in SALs (e.g., the simplification of administrative procedures for export incentives to support trade liberalization). The second type includes those institutional reforms that in and of themselves are considered critical to successful adjustment (e.g., government wage bill reduction and civil service retrenchment). To a considerable degree, both types of interventions are fundamentally associated with the emergence of structural adjustment lending from the late 1970s forward. Although Bank lending did support some institutional reforms prior to 1980, these were mostly limited, sector-specific interventions, undertaken either through project-related lending or through free-standing technical assistance. The increased implementation requirements imposed by major economic adjustment exercises in many borrower countries, however, highlighted the need to strengthen institutional capacity for policy formulation and program execution. Therefore, structural adjustment lending pursued a wider range of reforms of core economic policy and management institutions. In addition, deficiencies in the borrowers' overall public administration systems increasingly came to be acknowledged as contributing significantly to poor government performance as well as to distortions in the economy. Thus, SAL-related institutional approaches represented a more targeted institutional intervention, focused directly on specific policy outcomes. In this way they differed not only from institutional work done through Bank projects in individual sectors, but also from the more general, extensive exercises in institutional capacity building that characterized much institutional

1/ For a treatment of institutional issues related to state enterprise reform in adjustment lending, see John Nellis, "A Review of Public Enterprise Reform in Adjustment Lending," 1989. An assessment of institutional issues in sector adjustment lending is found in Samuel Paul, "Institutional Reforms in Sector Adjustment Operations," 1989.

development activity carried out by various other donors prior to the advent of adjustment lending.[2/]

To a degree, these earlier institutional reforms thus proceeded on a slow, sometimes meandering track, often prompting frustration and impatience at their limited impact. Structural adjustment lending attempted to carry out certain urgent institutional reforms in the "fast lane," concentrating on only a few key items with relatively short time horizons. Is the present adjustment oriented approach to public sector management reform working? After ten years of adjustment lending what can be said about the achievements in institutional terms? What alternative models or instruments might work better? In its examination of the institutional experience with SALs to date, this review tries to address some of these questions. The analytic approach employed does not, by and large, emphasize the substantive content of individual components of the SAL reform package. Thus, conclusions about best practice with regard to specific reforms of the tax administration system, for example, are not drawn. The analysis focuses instead on generic institutional themes that transcend individual substantive components. These include issues such as the timing or sequencing of institutional reforms, the extent to which reforms are successfully institutionalized or sustained over time, and the degree of government commitment to change. Issues of internal Bank practice regarding analytic preparation, design, and supervision of structural adjustment lending are also treated.

Methods

Sources for this paper included secondary materials, president and staff appraisal reports, supervision audits, project completion reviews, and, where available, OED ex post evaluations. File documentation was also consulted for some countries. For selected country cases, key informant interviews were conducted with Bank staff. (The country cases examined in depth included: Kenya, Cote d'Ivoire, Panama, Jamaica, Ghana, Gambia, Senegal, Turkey, Togo and Thailand.) Both SALs and, where applicable, their companion TALs were analyzed.

It is important to emphasize that the types of institutional questions posed by this study cannot be adequately addressed by a desk review. The impoverishment of institutional information in most internal Bank documents -- particularly with regard to implementation issues -- and the necessarily partial perspective of Bank personnel interviewed can at best support only inconclusive findings. These findings can provide working hypotheses to be expanded and verified through a more intensive analysis based on field visits and interviews with borrower country participants in SAL programs.

These data constraints have meant that the criteria for evaluating results of a given component were often limited to whether inputs were

2/ Such extensive interventions typified much of the institutional work sponsored by the United Nations and by the U.S. Agency for International Development, two of the agencies most active in this area in the 1960s and 1970s.

successfully put in place through a SAL or TAL. The degree to which the delivery of these inputs could be associated with particular outputs or outcomes was not always possible to analyze.

Finally, this paper should be viewed as a cumulative product as it draws heavily from a previous CECPS paper, "Institutional Reform: Some Lessons from Structural Adjustment Lending," written by Geoffrey Lamb in 1984.

The following section presents an overview of the types of institutional components incorporated into SAL programs. The third section identifies common institutional issues that have emerged in the implementation process. The final section draws some conclusions about this experience.

II. OVERVIEW OF INSTITUTIONAL COMPONENTS IN SALS AND TALS

As of June 1988, significant public sector management components were present in all fifty-nine structural adjustment loans. Of these, thirty-one were in Africa; seven in Asia; thirteen in Latin America and the Caribbean; and eight in EMENA. In all, forty-three Technical Assistance Loans have provided specific institutional support for these SALs. Well over half of these T.A. projects were in Africa. The others were distributed between EMENA and LAC; Asia had none. (Annex 1 shows all approved SALs and TALs with institutional components. Annex 2 gives a regional breakdown of SALs with institutional components as of June 1988. Annex 3 shows the distribution and relative importance of different institutional reform components for SALs and TALs. Annex 4 shows the frequency and regional distribution of institutional components in structural adjustment and related technical assistance loans as of June 1988.)

Most institutional components of SALs are directly linked to the economic policy reforms of the adjustment process itself. The following areas, identified by Lamb in his 1984 review of SALs, remain prominent: institutional changes required for macroeconomic and financial management (present in all 59 SALs), non-financial sectoral institutional reform (found in 56), and, trade policy and administration reforms (present in 50). In addition, public administration reforms, not strictly part of economic policy adjustment but considered crucial to public expenditure control, and government performance were part of 31 SALs. Within these broad categories, a diverse set of activities has been undertaken. Although results have varied, some common patterns of experience can be discerned. This experience is discussed in the sections below.

A. ECONOMIC AND FINANCIAL MANAGEMENT

The most common institutional feature in SALs has been their emphasis on improvements in governments' management of core economic instruments. As Annex 3 shows, this rubric encompasses a series of activities aimed at improving the functioning of relevant government agencies. Measures undertaken through SALs include the following (in descending order of frequency): strengthening of management of the public investment programming process; strengthening of institutional mechanisms for national planning; creating and/or reinforcing economic policy-making bodies; improving systems for debt management; improving institutional mechanisms for tax administration; reforming institutions involved in the budget process; reforming banking and financial institutions; and, reforming systems for accounting and auditing.

Many actions taken to increase government efficiency in economic and financial management were designed to bring about short-term improvements, beginning with initial emergency steps (such as the creation of a SAL oversight committee to ensure loan conditionality compliance for tranche release) that would precede longer-term efforts requiring more complex changes in economic management and public administration (such as the design and installation of new systems and procedures for customs administration). The types of elements that make up these economic and financial management components are elaborated below.

i. Public Sector Investment Program Management

Public expenditure control was viewed as key to most adjustment programs, and improving public investment program management thus became a frequent reform item in SAL packages. Forty-eight SALs supported by 12 TALs (7 in Africa and 5 in LAC) contained measures to improve public investment programming (PIP) management and to strengthen its links to budgetary control. The actual measures varied from one country or one SAL to another, but in general, SALs promoted high-level coordination of investment decision making, improvement in planning and investment mechanisms, and strengthening of investment monitoring. Specific actions have commonly included the establishment of multi-year rolling public investment programs as was instituted for example, in Pakistan, or, more immediately, the inventory of existing investment projects and the installation of a computerized monitoring system for ongoing projects. In Ghana, for example, a central project monitoring unit, ultimately destined for the Ministry of Finance and Economic Planning, was temporarily housed in the World Bank resident mission during SAC I preparation because its activities were considered immediately critical to rationalization of the investment process.

Efforts to strengthen financial and technical project preparation and evaluation capacity have been undertaken in planning and budgeting units in ministries of finance and planning as well as in sectoral ministries. Such efforts have sometimes involved increasing or enhancing staff capabilities of key entities, either through training or recruitment. Enhanced capacity has commonly been sought through the use of foreign consultants financed through technical assistance. In some cases, such consultants were charged with training local counterparts; in most instances, however, they were hired to carry out specific tasks themselves. In some instances, such as SAL II in Kenya, systems and methods were standardized in a handbook for project evaluation subsequently adopted by the Treasury, and new regulations for regular review of projects were introduced.

Improvements in the public investment programming process have involved reorganization of planning and budgeting structures. The organizational arrangements endorsed by SALs varied. Some reorganization efforts strengthened coordination among ministries of finance or planning and other key agencies, such as the Ministry of Commerce and Industry in the Central African Republic. Others promoted the establishment or reinforcement of a planning agency separate from the Ministry of Finance. This occurred in Ghana and in Jamaica (in the latter case with the creation of the Planning Institute of Jamaica). In a few countries, reorganization strengthened centralized control of the budgeting process. In the Cote d'Ivoire, for example, the Ministry of Finance and Economic Planning was at the center of this effort. In general, Bank staff report that the direction and shape of these reorganization schemes were determined less by a technical prescription of the best organizational arrangements for planning activities than by the institutional preferences and traditions of governments themselves.

Public investment programming evolved in many different ways. In Togo, for example, PIP reform began with the introduction of macroeconomic planning linked to the establishment of procedures for investment project monitoring on a quarterly basis. The reform was carried out by expatriate consultants with minimal emphasis on training of nationals. In the Gambia, SAL I sought to strengthen core and sectoral institutions involved in the public investment programming process through technical assistance and training and the promotion of routinized review of projects. In Turkey, efforts to rationalize the PIP process with the ultimate aim of reducing the number of projects in the investment program were phased-in gradually over a period of five SALs. Key institutions, such as the Evaluation Unit for Special Projects, were upgraded through technical assistance and training.

It is exceedingly difficult to assess the results of these diverse efforts at reform. Interviewed Bank staff conveyed partial, conflicting or inconclusive impressions as to the degree of progress achieved. They reported improvements in Togo, Jamaica, Gambia and Turkey, but in Kenya repeated delays in the preparation of a rolling public investment program (in conjunction with a forward budgeting system) led to a nine month delay in tranche release in SAL II. Poorly trained staff and high management turnover in the sectoral ministries exacerbated the weak PIP performance.

In the Central African Republic, the management capacity of key agencies was overwhelmed by attempts in SAL I to introduce a series of simultaneous reforms, including PIP improvements, and the entire reform agenda slipped behind schedule. In Bolivia, SAL I efforts to strengthen expenditure control and investment planning in the Ministry of Planning and Coordination were deemed unsuccessful because no systematic procedures were set up to ensure analysis and execution of future investment programs. Even the more positive Turkish experience was not an unqualified success. Despite significant cuts in the annual growth in public investment (from 18 percent to 2 percent over the period of five SALS), the PIP still included some 6000 projects, and by the end of SAL V there remained a clear need to strengthen institutional planning capabilities in sector ministries and agencies. After the end of the

SALs the growth in the Turkish PIP rose again, to about 10% per annum in the period 1985-1987.

In Jamaica, SALs were used to develop PIPs that for the first time linked investments and the mid term macro-economic framework. Under Sal III a three year rolling PIP program established a direct connection with the government's Medium Term Economic Policy Framework for the period 1988-1991. The Senegalese dialogue with the Bank in SAL II led to a comprehensive study of investment programming and budgeting systems. This resulted in some improvements in SAL III, including the 1987 implementation of a computerized monitoring system for the physical and financial execution of public investments. In the Cote d'Ivoire, PIP reform made some headway with support from a related technical assistance loan establishing a project monitoring unit in the Investment Department in the Ministry of Budget, but deficiencies in the budgeting process and in national accounts procedures persisted throughout the period of SAL I to III.

Although some reforms did occur, these experiences suggest that the process has been difficult and the results decidedly mixed. Slow progress has been linked to the difficulties borrower government staff have in mastering the technical skills needed to manage the PIP process. This may be due to the failure of technical assistance to provide adequate training for these personnel or perhaps to the inappropriateness of the systems to the peculiarities of individual country circumstances. Although rarely mentioned by Bank staff, political pressures brought to bear upon the investment planning process, either by external interest groups or by internal bureaucratic actors, may well have derailed some reforms.

ii. Economic Policy Bodies

Structural adjustment programs often responded to deficiencies in macroeconomic policy-making capacity by promoting the creation of new economic policy-making bodies or the strengthening of already existing ones. Such entities were part of 26 SALs and 18 supporting TALs, of which about three-fourths were in Africa. Examples include the National Development Planning Commission in Ghana, the Financial Coordination and Investment Control Committee in the Cote d'Ivoire, the National Economic Policy Steering Committee, created in Thailand to coordinate macroeconomic management with the National Economic and Social Development Board, and the National Economic Council in Mauritius. In some cases, these bodies were set up to carry out policy functions on a long-term basis, in the absence of established government institutions. In other instances, entities were put in place precisely to deal with immediate SAL requirements. The Comite de Suivi et Reflexion in the Cote d'Ivoire was conceived thusly. Its purpose was to monitor the progress of SAL activities and serve as an informed interlocutor with the Bank SAL team. Although it was hoped that this group would eventually become permanently institutionalized in the Ivoirian policy environment, its explicit brief was more directly linked to short-term SAL demands.

The record of such bodies has been mixed. When constituted primarily for SAL purposes, they proved difficult to sustain in the absence of persistent Bank prodding and funding. Indeed, some officially constituted committees never materialized as real working groups. In Malawi, for example, the Investment Coordination Committee that was to review public investments never took form, and its mandate was eventually assumed by the Economic Planning Department in the Office of the President and Cabinet. Bodies that succeeded in becoming more institutionalized sometimes became policy enclaves, isolated from other parts of government and siphoning off managerial talent from central bureaucratic organs. Both the Thai NESDB and the Economic Liaison Unit established under SAC I in Ghana suffered such criticism.

The overall impact of these groups on the adjustment process is also hard to assess, although it may be easier to detect the adverse effect on adjustment programs when such mechanisms do not exist. In Turkey, the absence of a strong central institution with responsibility for keeping the macroeconomic adjustment program on track led, according to involved Bank staff, to the aforementioned slippage in public sector investment program reforms. In Bolivia, the failure to establish a central coordinating body to follow up on policy measures put in place during preparation and execution of SAL I partly explained, according to Bank staff, the diminished impact of SAL programs on the economy.

Occasionally, the above bodies were coincident with those special project units set up to administer a number of SALs. Such units sometimes acted as secretariats for the economic policy-making bodies described above, and they were often staffed with the best and the brightest from local technocratic elites, many drawn directly from the central bureaucracy. Most Bank staff contended that these units constituted an essential mechanism for effective SAL management, however, and that this talent drain was justified by the urgent, short-term requirements of SAL program implementation. Rarely was explicit attention given to the effect of this drain on the ability of other parts of central government to carry out routine functions. In countries where skilled human capital was scarce, this often constituted a significant problem.

iii. <u>Debt Management Systems</u>

Reductions in international trade and declining commodity prices have underscored the importance of management of the foreign debt to successful adjustment. Thirty-three SALs accompanied by 7 TALs (about one-half in Africa) instituted changes in debt management arrangements. The reforms usually involved the establishment or reinforcement of institutions to monitor and control debt and the development of systems to feed pertinent information on debt into budgeting and public investment programs. In particular, reforms emphasized coordinating efforts to link line ministries and financial authorities (such as central banks) into debt management systems. Under the SAL programs Thailand developed a comprehensive three year rolling program for public foreign borrowing. Bank staff report, though, that the analytical capability to utilize fully the available computer facilities is still lacking. The Cote d'Ivoire, on the other hand, reportedly strengthened its system for debt management under SAL I with the computerization of debt management information and close monitoring of guarantees and internal debt repayment schedules.

SALs introduced computerized debt management systems into a number of countries, including Malawi, Mauritius, Niger and Panama. Some countries set up or reinforced special units to monitor debt. A debt monitoring unit was established in the Treasury in Malawi and became an important management tool. Despite this success, Bank staff commented that by the end of SAL II, a coherent strategy and plan for debt management still needed to be developed. This was taking much longer than the SAL program had anticipated.

Indeed, the degree to which the introduction of these mechanisms has transformed debt management practices remains to be seen. Turkey, for example, introduced a series of institutional improvements for debt management over the course of five SALs. After extensive studies in SALs I and II, improvements in external debt reporting and computerization along with staff strengthening through training and outside recruitment were carried out in the Ministry of Finance in SAL III. Nonetheless, by SAL IV debt management was still thought to be unsatisfactory, despite the Government's stated overall commitment to the SAL policy dialogue. Bank staff attribute this disappointing performance, at least in part, to the Government's failure to reconcile its conflicting goals of decentralizing authority to line ministries with the need for the Central Bank to assert authority over external debt.

In general, SAL implementation has yielded more transparent procedures and more streamlined mechanisms for debt management at least in the short term, but the institutionalization of real, meaningful controls over debt management processes may be more elusive and difficult than many SAL designers originally envisaged.

iv. Tax Administration

As part of the process of rationalizing the macroeconomic framework, efforts have also focused on the revenue side of government adjustment programs, addressing the need for reform of tax administration institutions and procedures. Institutional components dealing with tax administration were found in 33 SALs supported by 7 TALs (Africa accounted for one-half and the rest were distributed among LAC, EMENA and Asia).

Measures to upgrade the efficiency of tax administration have been diverse and defy easy generalization. In several cases, such as Togo, efforts have been made to develop a new tax code, with good results. In Dominica, customs administration procedures were streamlined. Similar measures, involving the reduction of the export tax on cashews and improvements in tax collection procedures, were undertaken through SAL I in Guinea Bissau. In Thailand, fiscal policy and related tax administration procedures were a key feature of the SAL programs. A revenue projection model was developed for multi-year revenue planning and annual budgeting purposes, replacing the purely ad hoc annual extrapolations previously utilized. Concomitant efforts were made to streamline and standardize tax administration procedures through organizational changes in the revenue, customs and excise departments. Turkey's SALs also aimed at better tax administration. While improvements occurred during SALs II and III, budget deficits as a share of GNP started to rise by SAL IV. One factor contributing to these mixed results was the emergence of autonomous agencies (using extra-budgetary funds) that preempted some tax reserves while increasing the overall level of expenditure.

B. NON-FINANCIAL SECTOR REFORMS

Institutional measures in most SALs went beyond the core economic and financial institutions to support sectoral restructuring and policy reforms. All but three SALs contained such components. Sectoral institutional reforms have emphasized: 1) institutional support for policy changes involving the liberalization of price and incentive structures; 2) improving capacity for strategic planning in sectoral organs; and 3) reorganization of sectoral institutions. Sectoral institutional components have been heavily concentrated in agriculture (45 SALs and 14 TALs) and industry (39 SALs and 16 TALs). Energy, an institutional component in 17 SALS and 6 TALs, lagged considerably behind as the third most prominent sector. In descending order of importance, operational components providing institutional support for policy reforms were distributed among the following additional sectors: health and social security (9 SALs and 6 TALs); transportation (7 SALs and 1 TAL); population (5 SALs and 2 TALs); water and urban development (2 SALs and 2 TALs); and housing (2 SALs and 1 TAL).

i. Agriculture Reforms

Institutional reforms in agricultural sectors frequently stressed reorganization of sectoral institutions. They typically emphasized improvements in policy analysis, strategic planning and monitoring capacity, and overall reduction of the size and number of institutions operating in the sector.

In the Gambia, the Ministry of Agriculture was streamlined (in conjunction with an overall public administration reform) and priority was given to functions of strategic planning and monitoring. In Senegal, large rural development agencies were restructured and their staffs reduced. Planning, investment programming, budgeting and statistical analysis were strengthened in the Ministry of Rural Development. In Cote d'Ivoire, an important additional element was a series of management studies to be carried out on principal agencies in the sector. In Kenya, SAL II supported a previously launched effort to strengthen the institutional capacity of the Ministry of Agriculture through improved budgeting, computerization of project monitoring and personnel management, the introduction of a system of timely expenditure reporting, and the quicker release of authority to incur expenditure.

SALs have sought to strengthen agricultural sector institutions in support of liberalization of pricing policies, removal of subsidies for inputs and the reduction of the role of the state generally in marketing and production. Institutional support for these reforms consisted of studies (e.g. in Togo, Cote d'Ivoire, Kenya, Senegal), creation of new institutional mechanisms such as the Price Analysis Unit of the Export Crop Marketing Board in Togo or the Task Force on Budget and Financial Management in the Ministry of Agriculture and Livestock Development in Kenya, or, in some instances, the total or partial elimination of institutions.

A good number of organizational reforms sought to limit the activities of government institutions in various aspects of agricultural marketing and production. In Jamaica, major commodity marketing boards were divested of all non-marketing functions, and private sector participation in external marketing of export crops was promoted. In Cote d'Ivoire, the sugar marketing board (SODESUCRE) was reorganized and various of its direct refining operations liquidated. SAL I in Panama generated some broad institutional changes in support of liberalization policies. This was effected mainly through the passage of legislation prompted by Bank-country policy dialogue. The Agricultural Incentives Law of 1986 abolished import substitution targets, reduced import duties on food crops, and announced the end of crop purchasing by the National Rice Institute as well as the abolition of the crop-pledging system of the Agricultural Development Bank, a condition of second tranche release in SAL II. Each of these reforms resulted in the limiting or elimination of functions of the supervising institution.

ii. Industry Reforms

In industry, major institutional reforms were often linked to changes in the trade regime, usually involving rationalization of the structure of industrial regulatory institutions and procedures. This mainly involved efforts to reduce the proliferation of institutions and streamline bureaucratic processes in order to provide an institutional push to exports. A variety of measures were taken through SALs to achieve these ends.

In Kenya's SAL program improvements in the administration of industrial investment incentives were sought through the constitution of an interministerial New Projects Committee. In an effort to apply standardized technical, financial and economic viability criteria to government investment decisions, this committee was charged with the review of all proposed projects. In Thailand, the emphasis was on reducing the case-by-case discretionary basis of investment decisions by developing practices to clarify qualification criteria and procedures.

In the Cote d'Ivoire, it proved difficult to establish a system of export financing and credit insurance. The unit to monitor the industrial reform that was to be located in the Ministry of Industry was never established, in part because the Ministry was reluctant to use technical assistance funds to set up the office. Bank staff cite the failure of government to liberalize the manufacturing sector in the Cote d'Ivoire as a reflection of the overly ambitious and politically unrealistic nature of SALs II and III. Indeed, price liberalization measures taken under SAL II in the shoe and textile industries were rescinded in SAL III in response to heavy political pressure placed upon the President by the Ivoirian industrialist lobby.

iii. <u>Trade Administration Reforms</u>

In its policy dialogues on structural adjustment, the Bank has consistently pushed for more liberal trade regimes. Policy reforms have included moves to abolish quantitative restrictions, lower tariffs in concert with the maintenance of a realistic exchange rate policy, and establish an incentive structure neutral between import substitution or export generating activities. Although most countries have taken only incremental steps in these directions, a number have undertaken a series of institutional changes in support of the kinds of trade reforms promoted through structural adjustment lending. Many institutional reforms in this area sought to replace complicated systems of import and export quotas and licenses with simplified tariff systems. Gabon, Burundi, and Central African Republic, among many others, followed this route. Countries streamlining institutions or procedural arrangements for trade administration included the Cote d'Ivoire (which created an export credit insurance system under SAL III) and the Gambia (which liberalized exchange control procedures so that commercial banks were not required to submit detailed documentation to the Central Bank when paying for commercial import transactions).

Several countries carried out studies of various parts of their trade regimes under SALs. In Turkey, a SAL I study was undertaken to set up a joint public-private export promotion center. (It was revitalized under SAL II.) In Turkey's SAL V another study examined the possibility of introducing a system of credit for indirect exporters.

Trade reform also prompted the creation of new agencies and the reinforcement of old ones. An Export Development Bank was created in Turkey under SAL II, and in Burundi the Bureau of Standards was created under SAL I to ensure the quality of the country's exports. In several countries (Central African Republic and the Gambia), existing organizations such as the Chamber of Commerce were strengthened. In Thailand, the Export Development Committee was created.

In some countries, revision of existing regulatory and investment codes or new draft tariff codes were the main institutional steps taken toward trade liberalization. This occurred, for example, in Gabon and Senegal. Several countries put drawback systems in place. In others, export declaration systems replaced export authorization systems (Central African Republic), and in still others (Sao Tome) import license auction systems were developed for non-essential imports.

As the above sections suggest, sectoral reforms clearly constituted an important aspect of many SAL programs. At the same time, Bank staff reported an increasing inclination and/or preference for dealing with sectoral institutional issues through sector adjustment operations rather than through structural adjustment umbrellas. It would appear, nevertheless, that SALs are still the instrument of choice for sectoral reforms if: 1) the sectoral issue is important enough to the overall economy and essential to the adjustment process; 2) the country is small enough that administrative efficiencies can be gained by a centralized SAL effort and sectoral reforms can be linked to more central structural reforms without fear of the whole package being sabotaged because of lack of political commitment on one or another single item; or, 3) structural adjustment can be used as a means to provide reinforcing cross-conditionality on sectoral reform issues.

In general, though, there does seem to be a move from the early use of SALs for sectoral reforms to SECALs in more recent cases. This stems, in part, from the prevailing belief among Bank staff that it is generally easier to get countries to adopt narrower, more specific reforms. Sectoral line agencies are more likely to comprehend the technical rationalization for specific reforms in their own sectors and therefore more likely to agree to them more readily. Furthermore, many sectoral reforms can proceed independently of necessary macroeconomic reforms and thus do not have to be linked to larger SAL programs. It has also been suggested, however, that the price for such reforms has come high: A number of sectoral reforms once included but not completed in earlier SALs (e.g., agricultural reforms in Kenya) have reappeared in later incarnations in more specific SECALs.

C. PUBLIC ADMINISTRATION REFORMS

Increasingly, public administration reforms have become prominent institutional components of structural adjustment lending. Such components generally comprise civil service management and/or reorganization reforms, mostly emphasizing structural changes in central government employment, pay and incentive systems. Of relatively recent origin, reforms in public administration were components in 23 SALs between 1981 and 1987. In addition, thirteen TALs supported these SAL-driven reforms. In general, these reforms were designed to address the following problems: excessive public sector wage bills, too many civil servants, gradual erosion of public service salaries, or wage compression between top and bottom grade levels in overall salary structures.

SALs varied in the depth of their treatment of civil service reform issues. In reforming public pay and employment systems, SALs sometimes merely set global reduction targets for the aggregate wage bill (often determined in collaboration with the IMF) without specifying a strategy to reach these goals. Such gross prescriptions may actually have done more harm than good, since countries with highly compressed salary structures sometimes responded to this requirement with simple, across-the-board wage restraint, without adequately considering the complex trade-offs between employment and pay. Sometimes the inclusion in a SAL of such conditionalities was intended to encourage the continuation of government actions already taken. In most cases, however, the Bank did specify the means by which the overall wage bill might be reduced. In these cases, conditionality was introduced to restrain salaries, freeze or reduce employment and pay in the civil service, or, where necessary, raise civil service salaries, usually in the context of an overall reduction in civil service numbers.

In general, the TAL approach to public employment and pay issues was to provide support for longer term, more comprehensive reform efforts. Nine TALs sought to strengthen institutions and procedures or to collect information that would provide the foundation for more radical employment and pay reforms at some later date.

Several countries have embarked on rather ambitious programs of public administration reform that have been supported by SALs, including Jamaica, Ghana, the Gambia, and Thailand. An examination of these cases reveals some of the implementational issues arising in such programs.

In Jamaica, administrative and budgeting reforms were instituted under SALs I and II through management audits of core ministries and initial moves toward performance budgeting. As the program of reform gained momentum it developed into a $4.5 million public administration reform project (mainly comprising technical assistance), strengthened by crosscutting conditionality in SAL III. The Administrative Reform Project I (ARP I) focused mainly on reforming personnel management practices in central government through strengthening and decentralizing the Ministry of the Public Service, the Public Service Commission and improving staff personnel management capabilities in the line ministries. In addition, it sought to promote and deepen budgeting reforms in the Ministry of Finance and relevant parts of sectoral ministries. Finally, ARP I was intended to support public pay reforms included in SAL III.

Although progress may have taken place for some elements of ARP I, the program as a whole remained very dependent on the Prime Minister's backing, and it was continually constrained by the absence of high quality managerial staff in the civil service. The SAL program tried to ease this constraint -- with only limited success -- by encouraging pay reform to attract qualified personnel back into civil service posts. SAL III, for example, instituted conditionality that higher level management posts in the civil service be compensated at 85 percent of equivalent grades in statutory bodies over a three-phase pay hike. Although two raises for managers did occur, the opposition from unionized civil servants at lower skill levels presented obstacles to differential wage increases favoring higher grade employees, and the third increase to bring up higher echelon civil servants to the desired level never took place. As a result of this delay and the continuing wage erosion through inflation, qualified professionals and managers are increasingly scarce in the central government. Technical analyses supporting the pay reform policy prescriptions (i.e. a pay comparator survey) was to be supplied through the Administrative Reform Project, but the work had not yet been completed at the project's end due both to internal project management constraints and possibly also to the perception that this reform had fallen off the Prime Minister's agenda and should be given a low priority.

Such reforms may indeed have slipped into low or even reverse gear in Jamaica in the post-adjustment climate. That Jamaica may have suffered a form of "adjustment fatigue" can be seen in the slippage reported to have occurred with regard to civil service retrenchment. Although approximately 20,000 employees were laid off by central government over the last three years (at the urging of the IMF rather than the Bank), it is suspected that some portion of these workers have been rehired.

The reasons for this reversal in Jamaica remain hazy. The vast majority of redundant workers came from local governments (counted officially, however, as part of the central civil service). The functions of local governments were virtually abolished for many parishes under the Seaga regime. Some of these functions appear to have been contracted out to the private sector, but others may have been reincorporated into central government, thus explaining, in part, some rehiring. In addition, the powerful position of unions with strong links to the dominant political parties may have influenced central government managers to accept old staff back into their jobs despite official sanctions against this practice.

In Thailand, the broad program of SAL-supported reform included (as a preliminary step to future reforms) a study of civil service organization and compensation. Although Thai reluctance to borrow for technical assistance curtailed some potential reform activities, involved Bank staff stated that the process of change was "institutionalized," by being actively taken up by the Cabinet's administrative reforms committee. This made the reform program an integral part of government decision making rather than an effort remote from the bureaucracy. The cost of this support might have been the risk of politically-inspired changes in the original reform concept, but this risk was substantially avoided, and the SAL program set in motion a process which could lead to institutional changes. These changes could include, eventually, the adoption of proposals currently before the Cabinet to restructure the civil service pay system in order to recruit higher quality staff more effectively in light of rising competition from the parastatals and private sector.

In Ghana, SAC I included conditionality for the retrenchment of civil service cadres and the reduction, phased over a three year period, of personnel expenditures to between 5 and 6 percent of GDP. This fairly immediate reduction was considered critical to the overall success of the government's economic recovery program. But it was recognized that implementation of even these immediate steps would require enhanced institutional capacity. Longer-term institutional strengthening of both core economic policy agencies and those organs charged with the management of cadres in the civil service would necessitate additional support. This support was supplied through the Structural Adjustment Institutional Support technical assistance project, whose components included studies and assistance to improve the performance of the civil service in carrying out such tasks as formulation of salary and grading policy, functional reviews of central government agencies, redeployment of surplus staff, strengthening the management services division, and training and career development. This project offered institutional support of a more focused nature than previous SAL-related T.A. projects.

At the time of this writing, Bank staff view Ghana's pay and employment reforms as a qualified success. Approximately 11,000 civil servants were retrenched in 1987, falling somewhat short of the 15,000 target set by the Bank and the Fund. The government's ability to sustain the reform program in the face of potential political opposition to the retrenchment scheme remains to be demonstrated of course. And, despite the relatively focused and coherently designed nature of the technical assistance for the overall civil service reform program, such aspects of implementation as lay-offs and redeployment, retraining, severance and possible credit or incentive schemes were not fully designed or costed out, resulting in some delays and, at times, some concern about program derailment. There are also indications that perhaps 3000 civil servants had slipped back onto the government payroll, reversing at least some of the positive financial effects of the employment cuts. Despite these qualifications, Ghana, nonetheless, made important strides in its reform program.

In the Gambia, the SAL supported a series of civil service reforms, including the retrenchment of approximately 15 percent of civil service employees (which proceeded ahead of schedule), preparation of a comprehensive program of organizational changes, improvements in personnel management, manpower budgeting, pay and grading, and functional reviews. Although there were delays in implementation due to difficulties in assembling technical experts to assist the Gambians, the civil service reforms are thought to have gone well -- especially the retrenchment exercise -- partly due to the preparatory technical analysis. This analysis provided information for difficult policy decisions about where the redundancies were and how workers should be dismissed. Dismissals were carried out with considerable sensitivity to political and social factors. The Establishment Office, charged with the overall management of the retrenchment exercise, reportedly avoided firing people from the same family or tribe, for example. The stability of the regime and the popularity of the president are credited with the smooth execution of the program so far. It is assumed that many retrenched civil servants have been absorbed into agricultural activities in the countryside, but no monitoring has taken place.[3/] Bank staff expressed concern that urban unrest may increase with further cuts in public sector employment. The true test of the efficacy of these reforms triggered by the SAL in the Gambia as well as elsewhere is the degree to which an ongoing process of improvements in civil service management will have been set in motion. This will depend largely on the institutionalization of establishment control systems (including a computerized link between personnel records and

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3/ This positive view may need to be revised in light of a field evaluation which is to take place in the context of an Africa Department Regional Study of Cases in Pay and Employment Reform, scheduled for early calendar 1989. Indeed, interim reports on progress in the Gambian case have raised some doubts about the roseate picture presented here.

the payroll), training in personnel policy and management techniques for Establishment Ministry, and revamping of career incentive structures for the civil service.

D. SUMMARY OF FINDINGS

Despite the methodological limitations mentioned earlier, the data upon which the above sections were based do suggest the following emerging trends that might be substantiated through more rigorous field investigation:

- In a few instances, improvements in public investment programming institutions and procedures led to or set the stage for budgetary reform. Rolling investment programming was introduced and investment project monitoring was tied into macroeconomic planning.

- New institutional mechanisms for dealing with debt management have been established in some countries; improvements in coordination between ministries and central banks and other financial authorities have resulted.

- A good number of economic policy institutions, responsible for developing, coordinating and reviewing macroeconomic management in general, and adjustment operations in particular, have been established, with varying impact. In some cases, these bodies have assumed an important role in economic policymaking and in Bank-country dialogue. In others, they have become enclaves, divesting scarce human resources from other government organs. In still others, such economic policy bodies have been short-lived, failing to become institutionalized in the country's bureaucratic environment.

- New agencies have arisen to deal with trade regime reforms. Although this has sometimes raised the spectre of institutional proliferation, there has been simplification and rationalization of trade administration procedures in a number of cases.

- Organizational and managerial improvements in key sectoral institutions has occurred, and the reduction of the number of institutions operating in some crucial economic sectors has led to improved performance.

- A reduction in the number of civil servants and a redefinition of the role of the civil service has occurred on a limited basis in some countries; movement toward a more cost-effective use of civil servants has also taken place.

Despite qualified successes in a number of areas, however, institutional achievement has been, for the most part, limited. Indeed, many initially successful reforms have been reversed subsequently. Some of the reasons for this halting progress have been catalogued above: 1) weaker than expected management capacity unable to absorb excessive reform demands; 2) rapid turnover of management and political leaders, thus breaking the continuity of the learning process as well as the commitment to reforms; 3) poorly executed technical assistance and inadequate training of local staff in skills necessary to implement and sustain reforms; 4) failure to install systems and routine procedures that can be institutionalized and internalized by borrowers over time; and, 5) failure to monitor and supervise reform programs to keep them on track.

Finally, although staff training, reorganization, and introduction of new management techniques may have "strengthened" procedures and institutions, a link between such improvements and better government performance has not been established in all cases.

III. SELECTED OPERATIONAL ISSUES

A number of operational issues emerge from the above discussion of experience. Some of these issues have been identified in earlier reviews of SALs, but their importance has been confirmed by the accumulation of more recent evidence.

A. TIMING

The dissonance between SAL schedules and the longer time horizons required for institutional reform has been discussed in previous analyses of SALs. The findings of the present review confirm this mismatch, especially for many of the African cases where institutional structures are weak and new and may take a generation or more to develop or recover. Most institutional development activities in the SALs examined in this review were taking much longer than had been foreseen in SAL design -- if they were being implemented at all. Although many Bank staff involved in putting together SAL programs were well aware of this problem, schedules and deadlines contained in action plans and loan agreements continue to be unrealistic about the time required to accomplish institutional reform.

Despite these commonly expressed frustrations with the inadequacy of quick-disbursing SALs for institutional reform, however, it may also be true that some of the high-speed elements of SALs can sometimes facilitate institutional change. SALs can act as a trigger for some public sector management reforms (such as pay and employment measures), both by exerting leverage for politically difficult actions and by simply focusing attention on the urgency of certain reforms.

Moreover, it may be something of a caricature to depict SALs as relentlessly short term. For a number of countries (e.g., Turkey, Cote d'Ivoire, Jamaica, Togo, Senegal), SAL programs have been implemented and were conceived originally as serial processes, sequenced over periods as long as ten years. This is probably ample time at least to begin the institutional development process. (Over a serial succession of SALs, studies can become actions and some "behaviors" get institutionalized; public investment programming methodologies get more comprehensive, for example, and spread to collaborating agencies). And for some types of sector-specific institutional reforms, SALs may be the first step in a more sustained process in which sector adjustment loans follow upon activities initiated under a SAL (e.g., agriculture in Kenya and industry in Ghana.) In addition, there are numerous examples of cross-sectoral adjustment programs of which the SAL is only one element.

Finally, serial SALs not only provide a sustained infusion of resources to bolster policy reform, they may also furnish an ongoing context for policy dialogue. This, in the view of some Bank staff, may be the most important contribution of structural adjustment lending to development. In addition, an ongoing SAL lending program may encourage the establishment of a stable technocratic cadre in government, an independent policy elite with the capacity to critique Bank reform proposals and to produce its own reform program strategies. This was reportedly the result of successive SALs in Turkey, Thailand, and, to some extent, in the Cote d'Ivoire.

B. TECHNICAL ASSISTANCE

The crucial importance of technical assistance to carrying out reforms in the short term and to sustaining them in the longer run was repeatedly stressed by Bank staff. Technical assistance in support of the institutional aspects of SALs has evolved over the history of structural adjustment lending in the Bank. Early SALs tended to use TALs somewhat as relatively unspecified "slush funds," dipping into them as needed. This provided flexible institutional resources for SAL requirements, but it did not ensure focused, continuous, tightly designed support for key SAL activities.

Increasingly, however, the longer term institutional issues in structural adjustment are being addressed through companion technical assistance loans, carefully crafted to provide more direct institutional support for SAL measures. These companion TALs are most prominent in Africa -- especially among the more recent loans -- where overall capacity of most institutions is weakest. TALs designed in conjunction with SALs keep institutional concerns on the agenda in a way that previous ad hoc technical assistance did not. But TALs accompanying SALs are not in the driver's seat; their design often suffers as a result of the sometimes break-neck speed applied in taking a SAL to the Board. Often they are under-prepared -- both in terms of the prior sector work necessary to ensure good design and of the time required to allow full participation and internalization by governments.

In Africa, there is an enduring lament that technical assistance means expatriates who, despite statements to the contrary, provide little training for nationals. In the case of Togo, for example, the technical assistance for SALs I and II was all foreign, with little internalization of results. Bank staff complained that although the Togolese complied to the letter with most of the requirements of SAL I, country officials lacked real understanding of the meaning of the adjustment process. Instead, their compliance was motivated by fiscal desperation and by what one Bank economist saw as an apparent desire to belong to the "SAL club," membership in which was becoming a sine qua non of successful development.

The tendency to rely heavily on foreign technical assistance for SAL implementation is a common Bank response to the urgent need to carry out critical SAL activities in a timely manner. It is also a reflection of the inclination of countries and the Bank to concentrate on discrete and formal aspects of institutional change. As Lamb pointed out in his earlier review, "since SALs are short and bureaucratic life is long -- and since in any case attention is often quite properly focused on near-term policy changes -- there may be implicit incentives for governments to substitute formal compliance for substantive change." 4/

C. INSTITUTIONALIZATION OF REFORMS

The degree to which public sector management reforms can be sustained over time is also an important issue. In many cases it is far too early to determine if institutional changes are taking hold, but there is, nonetheless, reason for concern. Some institutional improvements appear to have been implemented but then unravel or are eventually reversed. Rationalization of the public investment programming process over the first several Turkish SALs, for example, resulted in a significant reduction in the number of investment projects. As noted earlier, however, the trend seems recently to have turned around.

In a number of SALs institutional solutions have involved setting up committees and working groups, with varying degrees of ad hoc-ness, to deal with assorted aspects of SAL oversight and economic and financial policy management in general. In a number of cases (e.g., the Comites de Suivi et Reflexion in the Cote d'Ivoire), such bodies have been assembled and then dissolved -- often shortly after tranche release -- or they may only be officially constituted to show formal compliance but never actually meet. When such bodies do acquire a life of their own, they offer the possibility, suggested earlier, of generating a thoughtful, national counterpart with whom the Bank can maintain policy dialogue, ideally leading to some internalization of the reform process. This appears to have occurred in Thailand with the creation of the Thai Development Research Institute and the National Economic Social Development Board. But there is also the danger that such groups may become policy enclaves -- further debilitating traditional bureaucratic organs -- or that they may contribute to already rampant institutional proliferation and fragmentation.

Other examples of slippage of institutional reform are found in the area of government employment reforms, where cadres are reduced under pressure but

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4/ Lamb, 1984

then civil service recruitment is resumed -- as a function of all the contextual forces that made it rise in the first place. (This seems to have occurred in Jamaica and Ghana.) The one possible consolation with regard to the slippage of reforms is that institutional change should not be regarded as linear or monotonic. Expectations that fail to allow for some backsliding are probably unrealistic.

D. GOVERNMENT COMMITMENT TO REFORMS

The degree to which reforms may be sustained over time is related to the question of government commitment to change. The need for governments to make and sustain commitments to the reform process and the conditions under which this commitment takes place have been considered extensively in reviews of the adjustment experience. Still, several findings of this review may contribute to the ongoing debate.

Staff perceive a correlation between government commitment to institutional reform and the overall state of the economy. In some cases, improvements in the economy reinforced government commitment to reform, as the fruits of past labor could increasingly be demonstrated to constituents. (Turkey and Jamaica are examples.) In other countries "adjustment fatigue" set in, and economic improvements -- even when linked conspicuously to structural adjustment programs -- tended to defuse government fervor for change. As the objective need to impose reform at all costs relaxed, political leaders were more inclined to heed discontent among supporters and take more seriously the organized opposition to unpopular policy measures. (Kenya and perhaps Ghana during some periods could fit this explanation.)

Thus governments appear to commit to or "buy" institutional reforms under varying circumstances. First, governments often "agree" to reforms contained in SALs if they represent measures already initiated or even carried out by the country itself. In this case, SAL provisions simply reward actions already taken. Second, governments may have decided on their own to undertake reforms with which the Bank is in agreement. Under these circumstances, the country's "internalization" of reform measures proposed by the Bank is something of a fiction. Third, the greater the economic need and the more dire the state of the economy as a whole, the greater the government's "commitment" to reform. (Most of Sub-Saharan Africa conforms to this pattern, including Togo, Ghana, and the Gambia.) Fourth, as is widely acknowledged, countries which internalize the rationale for reforms or come to own them, usually after sustained dialogue with Bank staff, demonstrate a higher commitment to seeing them through. (This may have occurred in Turkey, Thailand and more recently in Ghana for some issues.)

E. DESIGN ISSUES

The degree to which governments commit to reforms, and the extent to which reform programs can be sustained over time, are obviously affected by the way in which SALs are designed and by the Bank's own role in implementation. Several issues are important.

The way in which SAL conditionality for public sector management reform is designed and implemented may affect the institutionalization of the reform program. A significant point of discussion among those Bank staff involved in SAL design was the use of tranches in promoting compliance with institutional conditions in adjustment. Many staff believed that tranching provided only limited leverage in enforcing conditionality. Since tranche release appears to have occurred in the overwhelming majority of SAL operations, the Bank's real objective in tranching SALs therefore requires clarification. Some staff maintained that, in light of virtually automatic tranche release, conditionality would be better linked to loan effectiveness. And indeed, proponents of such "front-loaded" conditionality -- which appears to be increasingly common in adjustment lending -- maintain that at least it ensures compliance on a few important issues though it may not be as comprehensive an approach as a loan tranched over a longer period. Indeed, some countries, such as Thailand, have themselves objected on principle to the use of tranches. It may be argued, on the other hand, that although tranches may or may not be a useful mechanism to enforce SAL conditionality, their utilization may serve a worthwhile <u>institutional</u> purpose -- to prolong the period of policy dialogue -- as effective a feature in some instances of SALs as the transfer of resources. In addition, tranching, according to some Bank staff, also provides a convenient mechanism for monitoring "fuzzy" institutional components.

The weak monitoring and supervision of SALs was another design concern frequently raised by Bank staff. Institutional components of SALs have not been well monitored, partly because the activities that comprise them are not always specified in step-by-step action plans. This sometimes makes it difficult as well for countries to know what steps are necessary to carry out obligations or to know how to get from point A to B. And, as has been repeatedly underlined, supervision of institutional components (often accorded a low priority in relation to other SAL elements) has been spotty, haphazard and indifferent. Indeed SAL supervision reports written by Bank staff uniformly contain only fleeting references to institutional components, and implementation difficulties that arise are discussed so superficially that it is often impossible for the unfamiliar reader to grasp the nature of the problem.

It has frequently been asserted about adjustment lending in general that the number of conditions contained in most SALs is excessive. (For example, the Cote d'Ivoire's SAL III included 80 conditions.) This burden takes on institutional dimensions to the extent that already weak managerial capacity becomes strained, and effective implementation and adequate monitoring by the Bank is made virtually impossible. As a result, an informal process of priority-setting takes place. Thus, enforcement is sought for those selected conditions explicitly linked to tranche release, whereas a more lenient position is assumed for other conditions. A more realistic design would limit conditions to those few which could be reasonably enforced by Bank and country.

The number of conditions is one reflection of the degree of complexity in SAL design. The other persistent question is related to the number of institutional components which may be coherently combined to form a SAL institutional package. The much discussed "christmas tree" problem still constrains effective implementation of many SAL institutional programs and exacerbates the strain on already weak monitoring capacity.

The nature of conditionality attached to institutional components contained in SALs varies significantly from one loan or country to another and over time. Many early SALs (and, later, the first group of SALs in Sub-Saharan Africa) tended to have "soft" conditionality tied to the execution of studies. Some staff believed that studies were an inappropriate subject for Bank conditionality. But for many African countries the deficit of adequate, reliable information to feed into the policy process was in itself a key developmental constraint, making the financing of studies reasonable. Whether SALs should have been the lending mechanism, however, needs to be assessed.

A final point concerns analytic and sector work on basic political and administrative issues. Where SALs have foundered, some of the root causes have obviously been political or "bureaucratic-political" in the Allisonian sense.[5/] (SAL II in Panama, SAL II in Kenya, and SAL I in Senegal are cases in point.) Preparatory CESW -- emphasizing analysis of political-economy issues and, more simply, just laying out the public administrative landscape for policy reform -- is still uncommon in the Bank, although there are notable exceptions, such as Mauritania and Thailand. It is also worth pointing out that even with this basic groundwork, unpredictable institutional or political shifts (e.g. ministerial changes or electoral transitions) may derail institutional reform. Moreover, the degree to which Bank staff are informed about and able to analyze these changes is too limited. This may be an area where resident missions need an enhanced role, or where institutionalized, systematic briefings by out-of-Bank country experts might become standard Bank policy.

IV. CONCLUSIONS

The enormously wide range of public sector management components in structural adjustment and technical assistance loans since 1979 poses daunting obstacles to an assessment of their record. The findings of this review do not form the basis for definitive judgments, but they do suggest the following tentative conclusions:

5/ See, Graham Allison, The Essence of Decision: Explaining the Cuban Missile Crisis, (Boston: Little, Brown, 1971). Allison portrays the policy process as one in which the major actors are bureaucrats whose predominant political instinct is to defend the interests of their agencies qua agencies.

- Public sector management components of SALs progressed unevenly, and outcomes varied with diverse political, administrative, and economic conditions. In general, SALs did not prescribe uniform solutions to institutional problems. Depending on the circumstances, SALs at times fostered the creation of new institutions or the reorganization or sometimes the elimination of old ones. They often called for the streamlining and rationalization of procedures and commonly introduced new management systems and mechanisms. Many SALs sought improved coordination among agencies charged with carrying out reforms. For the most part, where such prescriptions did effect successful institutional change, however, it was often incremental and not necessarily sustainable in the absence of Bank support.

- Despite the heterogeneity of institutional responses described above, a large number of SALs did promote the establishment of new institutions -- either with long- or short-term mandates, even when bureaucratic rationalization and streamlining were being prescribed as desirable policy goals. Although evidence about the impact of these institutions is not readily available in most cases, the dangers of institutional proliferation raise concerns about the advisability of this practice. Moreover, as perceptions of the proper role of the state in the economy change in many developing countries, a crucial adjustment task may increasingly become the dismantling rather than the creation of institutions.

- Those public sector management reforms for which routinized methodologies and systems are introduced are more likely to be sustained over time than those for which no clear set of procedures was put in place. Public sector management reforms that from the outset can be linked to actionable steps agreed upon by Bank and borrower stand a better chance of being successfully implemented.

- Calculations made by Bank staff about appropriate time allocations for public sector management reforms were almost always in error. The timing requirements of SALs impose serious, sometimes fatal, constraints on the effectiveness of public sector management reforms, although the catalytic benefits of SALs can often be significant.

- Public management reforms promoted through SALs are more successful when supported by specific technical assistance projects. Without targeted institutional support, reforms are more likely to end as one-shot events subject to reversal or slippage.

- Targeted technical assistance directly linked to SAL public sector management components work better than loosely structured, conventional technical assistance projects in supporting institutional reforms in SALs. But, in general, technical assistance has been sloppily delivered, expatriate-dominated, and often only minimally effective. Evidence of real transfer of skills and institutional capacity through technical assistance is not abundant. Nonetheless, SALs should be accompanied by tightly designed companion TALs to support implementation of public sector management reform components. These companion TALs may, at some later point, be succeeded by freestanding projects that may or may not be directly linked to policy reforms in SALS, however, as new areas of institutional reform are identified. Real progress on the institutional front may well depend, however, on the development of new lending instruments which are more suited to the time requirements of institutional reform than SALs, but do not have the enervating effect on borrowers of most traditional technical assistance.

o One new instrument might take the form of a policy-based type sector adjustment loan specifically designed to address public sector management issues. Such an operation might contain conditionality for institutional reforms, but would be prepared independently of and perhaps on a slower track than a conventional structural adjustment loan, (although it would be closely coordinated with overall country strategy objectives, as would any SECAL). A public sector adjustment loan might also adopt a longer time horizon by several years than do SALs at present to complete project activities. Ideally, it would not focus exclusively on policy reforms, but would also involve medium-term efforts to improve the management of key public sector institutions through training, technical assistance and/or investment programs.

o Implementation of public sector management reforms in SALs receive scant attention, either through monitoring, supervision or evaluation. When such assessments do take place, the analysis rarely goes beyond the finding that progress was either satisfactory or unsatisfactory. As a result, documentation about what worked, what failed, and why these results occurred is almost non-existent. The Bank's own internal system for keeping such reforms on track needs to be revised and more stringent information requirements should be imposed on supervisory and evaluative staff. The current system for monitoring the implementation of institutional components could be improved through the introduction of real bureaucratic incentives for competent supervision. This might involve subjecting supervision reports to more public scrutiny within the Bank, and tightening up the analytic reporting framework so that key issues pertaining to the execution of public management reforms must be addressed routinely and systematically. In the same way that adherence to disbursement schedules is taken as an indicator of progress in the physical and financial implementation of projects, a clearer notion of where institutional components should be at each stage of SAL implementation should be developed, programmed and monitored. Mid-term assessments of institutional elements in SALs might be carried out by disinterested evaluators with appropriate expertise within the Bank to head off institutional disasters during the life of the loan. Investigation of the application of such evaluation systems by other donors such as USAID and the UNDP might be a useful starting point.

o Preparatory country economic and sector work is crucial to public sector management reforms undertaken through SALs. Such analyses can probe institutional issues that may be the focus of future reforms, identify actors and institutions that are critical to the reform process, or, at the very least, explain how relevant aspects of the administrative and political systems work. Sector work may be undertaken independently or may be embodied in studies prepared as part of SALs, providing analysis for institutional components in succeeding SALs. At present, there are no systematic requirements that such preparatory country economic and sector work be performed, and no clear quality standards have been established for this type of analysis. Indeed, this work is largely carried out at the discretion of individual country divisions. Such analysis should become a routine, obligatory task in the preparation of any public sector management program undertaken in the context of structural adjustment.

ANNEX 1

SALs & TALs WITH INSTITUTIONAL COMPONENTS

(APPROVED AS OF JUNE 1988)

COUNTRY	PROJECT	LN/CR NUMBER	BOARD APPROVAL	LN/CR AMOUNT (US$m)
Bolivia	SAL I	1865	06/05/80	50.00
Burundi	SAL I	1705	05/22/86	15.00
	SAL II	1919	06/14/88	90.00
	Economic & P.E. Mngt. TAL	1795	05/14/87	7.50
	Muyinga Agr. TAL	1857	12/10/87	10.00
C.A.R.	SAL I	1732	09/09/86	14.00
	SAL II	1916	06/09/88	40.00
	TAL II	1581	04/16/85	8.00
Chile	SAL I	2625	10/22/85	250.00
	SAL II	2767	11/20/86	250.00
	SAL III	2892	12/15/87	250.00
	TAL I	2506	03/14/85	11.00
Congo	SAL I	2866	07/21/87	70.00
	TAL I	2285	05/19/83	11.00
	TAL II	2753	09/16/86	4.00
	P.E. Instl. Devt. TAL	2868	07/21/87	15.20
Costa Rica	SAL I	2518	04/16/85	80.00
	TAL I	2519	04/16/85	3.50
	Export Devt. TAL	2276	05/03/83	25.20
Cote d'Ivoire	SAL I	2058	11/24/81	150.00
	SAL II	2332	07/05/83	250.70
	SAL III	2711	06/03/86	250.00
	TAL I	2059	11/24/81	16.00
Dominica	SAL I	1817	06/09/87	3.00
Gabon	SAL I	2933	04/21/88	50.00
Gambia	SAL I	1730	08/26/86	5.00
Ghana	SAL I	1777	04/14/87	34.00
	Accra Distr. Rehab. TAL	1564	03/21/85	22.00
	Export Rehab. TAL	1436	01/03/84	17.10
	Instl. Support TAL	1778	04/14/87	10.80
Guinea	SAL I	1659	02/11/86	25.00
	SAL II	1926	06/16/88	65.00
	Economic Mngt. TAL I	1559	03/14/85	9.50
	Power II Eng. & TAL	1595	05/16/85	8.00
Guinea Bissau	SAL I	1798	05/21/87	10.00
	TAL I	1517	09/11/84	6.00
Guyana	SAL I	1098	02/03/81	22.00
	TAL II	1949	02/03/81	1.50
Jamaica	SAL I	2105	03/23/82	76.20
	SAL II	2315	06/14/83	60.20
	SAL III	2478	11/20/84	55.00
	TAL I	2106	03/23/82	6.10
	TAL II	2507	03/19/85	9.00
	Water Supply & Sewr. TAL	2622	05/22/86	9.00
	Pub. Adm. Reform TAL	2623	05/22/86	4.50
Kenya	SAL I	0997	03/25/80	55.00
	SAL II	2190	07/01/82	130.90
	Export Promotion TAL	1045	06/12/80	4.50
	Agr. TAL	1277	07/01/82	6.00
Korea	SAL I	2071	12/17/81	250.00
	SAL II	2354	11/08/83	300.00
Malawi	SAL I	2026	06/25/81	45.00
	SAL II	1427	12/20/83	55.00
	SAL III	1644	12/19/85	30.00
	TAL II	1428	12/20/83	1.50
Mauritania	SAL I	1812	06/02/87	15.00
	P.E. Rehab. TAL	1567	03/26/85	16.40
	Instl. & Artisanal Devt. TAL	1572	03/26/85	5.25

SALs & TALs WITH INSTITUTIONAL COMPONENTS

(APPROVED AS OF JUNE 1988)

COUNTRY	PROJECT	LN/CR NUMBER	BOARD APPROVAL	LN/CR AMOUNT (US$m)
Mauritius	SAL I	2010	06/02/81	15.00
	SAL II	2361	12/08/83	40.00
	TAL I	2362	12/08/83	5.00
Nepal	SAL I	1769	03/24/87	50.00
Niger	SAL I	1660	02/18/86	20.00
	Ec. & Fin. Magt. Imprvt. TAL	1493	06/07/84	11.70
	P.E. Instl. Devt. TAL	1838	07/07/87	5.50
Pakistan	SAL I	2166	06/01/82	140.00
	TAL I	1256	06/01/82	7.00
Panama	SAL I	2357	11/15/83	60.20
	SAL II	2768	12/11/86	100.00
	TAL I	2358	11/15/83	5.00
Philippines	SAL I	1903	09/16/80	200.00
	SAL II	2266	04/26/83	302.30
Sao Tome	SAL I	1825	06/23/87	4.00
Senegal	SAL I	1084	12/18/80	60.00
	SAL II	1656	02/04/86	20.00
	SAL III	1802	05/21/87	45.00
	Ec. & Fin. Plang. TAL	1061	08/26/80	5.30
	Irrigation TAL	1632	10/29/85	4.90
	Parapublic II TAL	1398	07/07/83	11.00
	Power Eng. TAL	S026	05/22/80	3.30
	Urban Magt. & Rehab. TAL	1458	04/17/84	3.05
Thailand	SAL I	2097	03/02/82	150.00
	SAL II	2256	03/31/83	175.50
Togo	SAL I	1365	05/17/83	40.00
	SAL II	1599	05/30/85	27.80
	SAL III	1892	03/31/88	45.00
	TAL I	0930	06/12/79	2.20
	TAL II	1270	06/24/82	3.50
	TAL III	1600	05/30/85	6.20
	Power Eng. TAL	1190	11/10/81	[illegible].98
Tunisia	SAL I	2962	06/16/88	150.00
Turkey	SAL I	1818	03/25/80	200.00
	& supplement	1915	11/13/80	75.00
	SAL II	1987	05/12/81	300.00
	SAL III	2158	05/27/82	304.50
	SAL IV	2321	06/23/83	300.80
	SAL V	2441	06/14/84	376.00
Uruguay	SAL I	2836	06/16/87	80.00
	TAL for Pub. Sec. Magt.	2843	06/16/87	1.00
Yugoslavia	SAL I	2326	06/28/83	275.00
Zaire	SAL I	1831	06/25/87	55.00
	Ec. & Fin. Magt. Institutions TAL	1832	06/25/87	12.00

ANNEX 2

SALs WITH INSTITUTIONAL COMPONENTS

(as of June 1988)

REGION	APPROVED	PROPOSED
AFRICA	Burundi I	Cameroon
	II	Chad
	C.A.R. I	Congo II
	II	Gambia II
	Congo	Ghana II
	Cote d'Ivoire I	Guinea Bissau II
	II	Mali
	III	Mauritania II
	Gabon	Niger II
	Gambia	Rwanda
	Ghana	Zaire II
	Guinea I	
	II	
	Guinea Bissau	
	Kenya I	
	II	
	Malawi I	
	II	
	III	
	Mauritania	
	Mauritius I	
	II	
	Niger	
	São Tome	
	Senegal I	
	II	
	III	
	Togo I	
	II	
	III	
	Zaire	
ASIA	Korea I	Bangladesh
	II	Nepal II
	Nepal	
	Philippines I	
	II	
	Thailand I	
	II	
EMENA	Pakistan	Morocco
	Tunisia	
	Turkey I	
	& supplement	
	II	
	III	
	IV	
	V	
	Yugoslavia	
LAC	Bolivia	Costa Rica II
	Chile I	Uruguay II
	II	
	III	
	Costa Rica	
	Dominica	
	Guyana	
	Jamaica I	
	II	
	III	

SALs WITH INSTITUTIONAL COMPONENTS

(as of June 1988)

REGION	APPROVED	PROPOSED
	Panama I	
	II	
	Uruguay	

INSTITUTIONAL REFORM COMPONENTS OF STRUCTURAL ADJUSTMENT LENDING **

(APPROVED AS OF JUNE 1988)

COUNTRY	ECONOMIC AND FINANCIAL MANAGEMENT								PUBLIC ADMINISTRATION		STATE ECONOMIC ENTERP. PERFORMANCE		NON-FINANCIAL SECTOR INSTITUTIONS OR MINISTRIES								TRADE ADMIN. REFORMS
	ECONOMIC POLICY-MAKING BODIES (INC. SAL MONITORING)	PLANNING PROCESS MECHANISMS INSTS.	PUBLIC SEC. INVEST. PSIP MGT.	BANKING & FINANCIAL INSTS.	BUDGET PROCESS INSTS.	TAX ADM.	ACCOUNTING AND AUDITING SYSTEMS	DEBT MGT. SYSTEMS INSTS.	GOVERNMENT EMPLOYMENT, PAY AND INCENTIVES (LABOR LEGIS.)	CIVIL SERVICE MANAGEMENT AND/OR REORGANIZATION	GOVERNMENT ENTERPRISE FRAMEWORK	ENTERPRISE LEVEL REFORMS	AGR.	ENERGY	IND.	W.U.D.	HOUSING	EDUC-ATION	HEALTH AND SOCIAL SEC.	TRANSP-ORTATION	E.G. TARIFF/IMPORT LICENSING PROCEDURES ADMINISTRATION OF EXPORT INCENTIVES
BOLIVIA		M,I			M,I	M,I		M,I													M,I
BURUNDI I	M,I	M,I	M,I		M,I	M,I		M,I		M,I	M,I	M,I	M,I								M,I
II	M,*	M,*	M,*		M,*	M,*	M,*	M,*	M,*	M,*	M,*	M,*	M,*		M,*						M,*
EC & P.E. MGT.	T,I	T,I	T,I																		
MUYINGA AGR. PROJECT	T,*	T,*					T,*						T,*								
C.A.R. I	M,I	M,I	M,I		M,I	M,I	M,I	M,I	M,I	M,I	M,I	M,I	M,I		M,I						M,I
II	M,*	M,*	M,*		M,*	M,*	M,*	M,*	M,*	M,*	M,*	M,*	M,*		M,*						M,*
T.A. II	T,I	T,I	T,I			T,I		T,I		T,C		T,I								T,I	
CHILE I		M,I	M				M,I	M,C	M,C		M										M,I
II		M,I	M,C		M,I		M,I				M,I							M,I	M		M,I
III			M,*	M,*			M,*		M,*		M,*								M,*		M,*
T.A. I		T,I				T,I	T,I												T,I		T,I
CONGO				M,I	M,I			M,I		M,I	M,I	M,I			M,I	M,I				M,I	M,I
T.A. I	T,*	T,*					T,*	T,*			T,*	T,*									
T.A. II				T,*			T,*	T,*													
PUB. ENT. INST. DEVT.											T,I	T,I			T,I						
COSTA RICA			M,I	M,I	M,I	M,I		M,I	M,I			M,I			M,I				M,I		M,I
T.A. I			T,I	T,I	T,I	T			T,I			T,I	T,I		T,I			T,I	T,I		T,I
EXPORT DEVT. T.A.																					T,I

INSTITUTIONAL REFORM COMPONENTS OF STRUCTURAL ADJUSTMENT LENDING **

(APPROVED AS OF JUNE 1988)

COUNTRY	ECONOMIC AND FINANCIAL MANAGEMENT								PUBLIC ADMINISTRATION		STATE ECONOMIC ENTERP. PERFORMANCE		NON-FINANCIAL SECTOR INSTITUTIONS OR MINISTRIES								TRADE ADMIN. REFORM
	ECONOMIC POLICY-MAKING BODIES (INC. SAL MONITORING)	PLANNING PROCESS MECHANISMS INSTS.	PUBLIC SEC. INVEST. PSIP MGT.	BANKING & FINANCIAL INSTS.	BUDGET PROCESS INSTS.	TAX ADM.	ACCOUNTING AND AUDITING SYSTEMS	DEBT MGT. SYSTEMS INSTS.	GOVERNMENT EMPLOYMENT, PAY AND INCENTIVES (LABOR LEGIS.)	CIVIL SERVICE MANAGEMENT AND/OR REORGANIZATION	GOVERNMENT ENTERPRISES FRAMEWORK	ENTERPRISE LEVEL REFORMS	AGR.	ENERGY	IND.	U.D.	[illegible]	POPUL-ATION	HEALTH AND SOCIAL SEC.	TRANSP-ORTATION	E.G. TARIFF/IMPORT LICENSING PROCEDURES ADMINISTRATION OF EXPORT INCENTIVES
COTE D'IVOIRE I	M,C		M,C		M,C			M,C				M,I	M,I		M,C						
II	M,C	M,C	M,I		M						M,C	M,C	M,C		M,C		M,C				
III	M,C		M,C								M,C	M,C	M,C	M,I	M						
T.A. I			T,I				T,I					T,I	T,I		T,I						
DOMINICA		M,C	M,I	M,I	M,I	M,I			M,I			M,C	M,I								M,I
GABON	M,*	M,*	M,*		M,*				M,*	M,*	M,*	M,*	M,*		M,*			M,*	M,*		M,*
GAMBIA		M,I	M,I	M,C			[illegible]			M,C		M,I	M,I		M,I						M,C
GHANA	M,I	M				M,I				M,I		M,I	M,I								M,I
Accra Distr. Rehab. T.A.																T,I			T,I		
Export Rehab. T.A.													T,I		T,I						T,I
Instl. Support T.A.	T,I									T,I								T,I			
GUINEA I	M	M,I	M,C	M,I	M,I			M		M,C	M,I	M,I	M,I		M,I					M,I	M,I
II	M,*	M,*	M,*	M,*	M,*	M,*			M,*	M,*	M,*	M,*			M,*			M,*	M,*	M,*	M,*
EC MGT. TA I	T,I	T,I	T,I		T,I	T,I	T,I	T,I				T,I									T,I
POWER II ENG. & TA PROJ.		T,I									T,I	T,I		T,I							
GUINEA BISSAU		M,I	M,I	M,I		M,I				M,I		M,I	M,I	M,I							M,I
T.A. I	T,I	T,I	T,I	T,I					T			T,I	T								
GUYANA	M,I	M,I	M,I			M,I	M	M,I	M,I				M,I	M,I	M,I						M,I
T.A. II			T,I									T,I			T,I						T,I

INSTITUTIONAL REFORM COMPONENTS OF STRUCTURAL ADJUSTMENT LENDING **

(APPROVED AS OF JUNE 1988)

COUNTRY	ECONOMIC AND FINANCIAL MANAGEMENT: ECONOMIC POLICY-MAKING BODIES (INC. SAL MONITORING)	PLANNING PROCESS MECHANISMS INSTS.	PUBLIC SEC. INVEST. PSIP MGT.	BANKING & FINANCIAL INSTS.	BUDGET PROCESS INSTS.	TAX ADM.	ACCOUNTING AND AUDITING SYSTEMS	DEBT MGT. SYSTEMS INSTS.	PUBLIC ADMINISTRATION: GOVERNMENT EMPLOYMENT, PAY AND INCENTIVES (LABOR LEGIS.)	CIVIL SERVICE MANAGEMENT AND/OR REORGANIZATION	STATE ECONOMIC ENTERP. PERFORMANCE: GOVERNMENT ENTERPRISE FRAMEWORK	ENTERPRISE LEVEL REFORMS	NON-FINANCIAL SECTOR INSTITUTIONS OR MINISTRIES: AGR.	ENERGY	IND.	U.D.D.	HOUSING	POPUL-ATION	HEALTH AND SOCIAL SEC.	TRANSP-ORTATION	TRADE ADMIN. REFORMS: E.G. TARIFF/IMPORT LICENSING PROCEDURES ADMINISTRATION OF EXPORT INCENTIVES
MAURITIUS I	M,C		M,I		M,I	M,C		M,I	M,I			M,I	M,C		M,I		M,I				M,C
II						M,I		M,I	M,I			M,I	M,C		M,I						M,I
T.A. I									T,I				T,I		T,I		T,I				T,I
NEPAL	M,I	M,I			M,I	M,I	M,I		M,C			M,I	M,I								M,I
NIGER		M,I	M,I			M,I		M,I	M,I	M,I	M,I	M,I	M,I								M,I
EC. & FIN. MGT. IMPRVT.	T,I	T,I	T,I			T,I		T,I				T,I									
PUB. ENT. CNTL. DEVT.											T,I	T,I									
PAKISTAN		M,I	M,I			M,I					M,I	M,I	M,I	M,C	M,I						M,I
T.A. I		T,I										T,I	T,I	T,I	T,I				T,I		
PANAMA I			M,I			M		M,C	M,I			M,I	M,I		M,C				M,I		M,I
II									M,I			M,I	M,I		M,I				M,I		M,I
T.A. I													T,I		T,I				T,I		
PHILIPPINES I		M,I		M,I		M,I									M,I						M,I
II		M,I	M,I									M,I	M,I	M,I	M,I						M,I
SAO TOME	M,I	M,I	M,C	M,I		M,I	M,I	M,I				M,I	M,I		M,I						M,I
SENEGAL I			M,I					M	M		M,I	M,I	M,I								
II			M,I		M,I	M,I		M,I	M,I	M	M,I	M,I	M,I		M,I						M,I
III		M,I	M,I			M,C		M,I			M,C	M,C	M,I		M,I						M,I

INSTITUTIONAL REFORM OF STRUCTURAL ADJUSTMENT LENDING

COUNTRY	ECONOMIC AND FINANCIAL MANAGEMENT								PUBLIC ADMINISTRATION		STATE ECONOMIC ENTERP. PERFORMANCE		NON-FINANCIAL SECTOR INSTITUTIONS OR MINISTRIES								TRADE ADMIN. REFORMS
	ECONOMIC POLICY-MAKING BODIES (INC. SAL MONITORING)	PLANNING PROCESS MECHANISMS INSTS.	PUBLIC SEC. INVEST. PSIP MGT.	BANKING & FINANCIAL INSTS.	BUDGET PROCESS INSTS.	TAX ADM.	ACCOUNTING AND AUDITING SYSTEMS	DEBT MGMT. SYSTEMS INSTS.	GOVERNMENT EMPLOYMENT, PAY AND INCENTIVES (LABOR LEGIS.)	CIVIL SERVICE MANAGEMENT AND/OR REORGANIZATION	GOVERNMENT ENTERPRISE FRAMEWORK	ENTERPRISE LEVEL REFORMS	AGR.	ENERGY	IND.	H.U.D.	EDUCATION	POPUL-ATION	HEALTH AND SOCIAL SEC.	TRANSP-ORTATION	B.O. IMPORT/EXPORT LICENSING PROCEDURES ADMINISTRATION OF EXPORT INCENTIVES
JAMAICA I			M,C	M,I								M,I	M,C		M,I						M,I
II			M	M,I	M,I				M	M	M,I	M,I	M,I		M,I						M,I
III			M,I	M,I					M,I				M,I		M,I	M,I					M,I
T.A. I	T,C		T,I	T,I									T,C		T,C						T,C
T.A. II		T,I	T,I	T,I					T,I						T,I						T,I
Water Supply & Sew. T.A.																T,I					
Public Adm. Reform T.A.	T,I	T,I							T,I	T,I											
KENYA I			M,I	M,I				M,I			M										M,I
II		M,I	M,I		M,I			M,I					M,I	M,I				M,I			M,I
Expt. Promotion T.A.															T						T
Agr. T.A.													T,I								
KOREA I		M,C	M,C										M,C	M,C	M,C						M,C
II		M,C	M,C			M,C					M,C			M,C	M,C						
MALAWI I	M	M,I	M,I					M,I			M,I	M,I	M,I		M,I						
II		M,I			M,I							M,I	M,I	M,I	M,I						
III	M,I	M,I				M,I				M,I	M,I	M,I			M,I						M,I
T.A. II	T,I	T,I						T,I		T,I			T,I	T,I	T,I						
MAURITANIA	M,I	M,I	M,I	M,I	M,I			M,I			M,I	M,I	M,I	M,I	M,I						M,I
P.E. REHAB. TA		T,I									T,I	T,I		T,I	T,I					T,I	
INSTL. & ARTISANAL DEVT.	T,I	T,I													T,I						•

INSTITUTIONAL REFORM OF STRUCTURAL ADJUSTMENT LENDING

COUNTRY	ECONOMIC AND FINANCIAL MANAGEMENT								PUBLIC ADMINISTRATION		STATE ECONOMIC ENTERP. PERFORMANCE		NON-FINANCIAL SECTOR INSTITUTIONS OR MINISTRIES								TRADE ADMIN. REFORMS
	ECONOMIC POLICY-MAKING BODIES (INC. SAL MONITORING)	PLANNING PROCESS MECHANISMS INSTS.	PUBLIC SEC. INVEST. PSIP MGT.	BANKING & FINANCIAL INSTS.	BUDGET PROCESS INSTS.	TAX ADM.	ACCOUNTING AND AUDITING SYSTEMS	DEBT MGT. SYSTEMS INSTS.	GOVERNMENT EMPLOYMENT, PAY AND INCENTIVES (LABOR LEGIS.)	CIVIL SERVICE MANAGEMENT AND/OR REORGANIZATION	GOVERNMENT ENTERPRISE FRAMEWORK	ENTERPRISE LEVEL REFORMS	AGR.	ENERGY	IND.	W.U.D.	HOUSING	POPUL-ATION	HEALTH AND SOCIAL SEC.	TRANSP-ORTATION	T.O. TARIFF/IMPORT LICENSING PROCEDURES ADMINISTRATION OF EXPORT INCENTIVES
Tr. & Fin. Plang T.A.	T,I							T,I			T,I										
Irrigation T.A.													T,I								
Parapublic II T.A.											T,I	T,I									
Power Eng. T.A.														T,c							
Urban Mgt. Rehab T.A.																T,I					
THAILAND I	N,I	N,I			N,I	N,I	N,I			N,I			N,I		N,I	N,I					N,I
II	N,c	N,c	N,I		N,I	N,I	N,I	N,I	N	N,I	N,I	N,I		N,c							N,I
TOGO I	N	N,I	N,I		N		N	N			N,I	N,I	N,I		N,I						
II	N,I	N,I	N,I			N,c		N				N,I	N,I		N,I					N,I	
III	N,*	N,*										N,*	N,*	N,*	N,*			N,*	N,*	N,*	N,*
T A I	T																				
T A II	T,I										T,I		T,I		T,I						
T A III	T,I										T,I		T,I								
Power Eng. T.A.														T,c							
TUNISIA		N,*	N,*		N,*	N,*		N,*							N,*						N,*
TURKEY I	N,I		N,I			N,c		N,I			N										N,I
II			N,I			N,c			N,c		N	N,I	N,I	N,I							N,I
III		N	N,I			N,c		N			N	N,I	N	N							N,I
IV			N,I	N,I		N,I		N			N	N,I	N	N,c							N,I
V			N,I	N,I			N,I	N				N,I	N,I	N,c							N,I

INSTITUTIONAL REFORM COMPONENTS OF STRUCTURAL ADJUSTMENT LENDING **

(APPROVED AS OF JUNE 1988)

COUNTRY	ECONOMIC AND FINANCIAL MANAGEMENT								PUBLIC ADMINISTRATION		STATE ECONOMIC ENTERP. PERFORMANCE		NON-FINANCIAL SECTOR INSTITUTIONS OR MINISTRIES								TRADE ADMIN. REFORMS
	ECONOMIC POLICY-MAKING BODIES (INC. SAL MONITORING)	PLANNING PROCESS MECHANISMS INSTS.	PUBLIC SEC. INVEST. PSIP MGT.	BANKING & FINANCIAL INSTS.	BUDGET PROCESS INSTS.	TAX ADM.	ACCOUNTING AND AUDITING SYSTEMS	DEBT MAGT. SYSTEMS INSTS.	GOVERNMENT EMPLOYMENT, PAY AND INCENTIVES (LABOR LEGIS.)	CIVIL SERVICE MANAGEMENT AND/OR REORGANIZATION	GOVERNMENT ENTERPRISE FRAMEWORK	ENTERPRISE LEVEL REFORMS	AGR.	ENERGY	IND.	W.U.D.	HOUSING	POPUL-ATION	HEALTH AND SOCIAL SEC.	TRANSP-ORTATION	E.G. TARIFF/IMPORT LICENSING PROCEDURES ADMINISTRATION OF EXPORT INCENTIVES
URUGUAY	M,I	M,I	M,I	M,I		M,C		M,I				M,I	M,I		M,I				M,I		M,I
T.A. FOR P.S. MAGT.	T,*	T,*	T,*			T,*				T,*									T,*		T,*
YUGOSLAVIA		M,I	M,I	M,I				M,I					M,I	M,I	M,I						M,I
ZAIRE	M,I	M,I	M,I	m,I	m,I	M,I	m,I		M,I	M,I	M,I	M,I	M,I		M,?					M,I	M,I
EC & FIN. MAGT. INSTS.	T,I	T,I	T,I		T,I	T,I	T,I			T,I	T,I										

M: Identified as important aspect of program; specific reform, action plan or assistance program.

m: minor aspect of program; statement of intent without specific action; preparatory studies, etc. (In some cases leading to stronger measures in subsequent SALs).

T: Technical assistance

I: Actions initiated.

C: Actions completed.

*: Follow up report not available or not complete

**: Based on a review of 59 SALs and 42 TALs

FREQUENCY OF INSTITUTIONAL COMPONENTS OF STRUCTURAL ADJUSTMENT LENDING *

(APPROVED AS OF JUNE 1988)

REGION	PROJECT	ECONOMIC AND FINANCIAL MANAGEMENT								PUBLIC ADMINISTRATION		STATE ECONOMIC ENTERP PERFORMANCE		NON-FINANCIAL SECTOR INSTITUTIONS OR MINISTRIES								TRADE ADMIN. REFORMS	TOTALS
		ECONOMIC POLICY-MAKING BODIES (INC. SAL MONITORING)	PLANNING PROCESS MECHANISMS INSTS.	PUBLIC SEC. INVEST. PROG MGT.	BANKING & FINANCIAL INSTS.	BUDGET PROCESS INSTS.	TAX ADM.	ACCOUNTING AND AUDITING SYSTEMS	DEBT MGMT. SYSTEMS INSTS.	GOVERNMENT EMPLOYMENT, PAY AND INCENTIVES (LABOR LEGIS.)	CIVIL SERVICE MANAGEMENT AND/OR REORGANIZATION	GOVERNMENT ENTERPRISE FRAMEWORK	ENTERPRISE LEVEL REFORMS	AGR.	ENERGY	IND	U.D.	HOUSING	POPUL-ATION	HEALTH AND SOCIAL SEC.	TRANSP-ORTATION	E.G. TARIFF/IMPORT LICENSING PROCEDURES ADMINISTRATION OF EXPORT INCENTIVES	
AFRICA	SAL	20	21	25	9	18	16	7	20	13	15	20	29	27	8	24	1	2	4	3	7	24	313
	TAL	13	12	7	2	2	5	6	7	4	4	10	12	10	5	10	2	1	1	1	1	4	121
	SUB-TOTAL	33	33	32	11	20	21	13	27	17	19	30	41	37	13	34	3	3	5	4	8	28	434
ASIA	SAL	3	7	4	1	2	3	3	1	2	2	2	3	4	3	3	1	0	0	0	0	3	33
	TAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	SUB-TOTAL	3	7	4	1	2	3	3	1	2	2	2	3	4	3	3	1	0	0	0	0	3	33
EMENA	SAL	1	4	0	3	1	0	1	0	1	0	5	5	6	6	2	0	0	0	0	0	0	63
	TAL	0	1	0	0	0	0	0	0	0	0	0	1	1	1	1	0	0	0	1	0	0	6
	SUB-TOTAL	1	5	0	3	1	0	1	0	1	0	5	6	7	7	3	0	0	0	1	0	0	69
LAC	SAL	2	6	11	8	5	6	4	6	7	1	4	7	8	0	8	0	0	1	6	0	13	103
	TAL	3	4	5	2	1	2	1	0	1	2	0	1	3	0	5	2	0	1	4	0	7	44
	SUB-TOTAL	5	10	16	10	6	8	5	6	8	3	4	8	11	0	13	2	0	2	10	0	20	147
GRAND-TOTAL		44	37	60	23	29	40	22	40	28	24	41	58	59	23	53	6	3	7	15	8	45	703

*: Based on a review of 59 SALs and 42 TALs.

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