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IMPLEMENTING ECONOMIC POLICY REFORMS:

POLICIES AND OPPORTUNITIES FOR DONORS*

Louise G. White
George Mason University

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Summary. African countries, trying to cope with crippling economic problems by liberalizing their economies, are facing major problems in implementing the reforms. International organizations are responding by offering technical assistance. Typically, however, the assistance is based on limited and technocratic models that overlook the fact that many of the reforms are "unimplementable." Reforms are complex and uncertain, they impose significant political costs, their values are generally incompatible with the prevailing political philosophy, they involve changing roles, they alter power relations within the government, and they are identified with outsiders. The dominant approaches to implementation -- privatization, training, and enhanced control by central ministries -- underestimate the extent to which the reforms undermine traditional practices. The study recommends a fourth approach to address these challenges. It relies on designing reforms in collaboration with those who will be in charge of implementing them.

1. INTRODUCTION

Donor assistance has undergone major shifts in emphasis during the 1980s, particularly in sub-Saharan Africa where declining economic productivity and reduced earnings from exports have generated huge debts. Nigeria, for example, earned $24 billion from oil in 1980, but expects to earn only $6 billion in 1988. During the same years, interest payments on its debt climbed from $1 billion to nearly $6 billion, thus neatly offsetting its earnings and leaving no resources for economic development. In the region as a whole the situation is even worse. By 1987, the debt had climbed to $137.8 billion bringing the debt ratio (ratio of debts to exports) to 325 percent.[1] And consider an even more compelling statistic -- "each one of Africa's 410 million people owed foreigners about $195, or about as much as they earned in six months of toil" (Haykin, 1987, 4).

In response, external creditors and donors are using loans, grants and technical assistance to promote far reaching structural reforms of the African economies. Assistance has gone through three phases. From 1978 to 1983 the emphasis was on stabilization and the primary actor was the IMF. By 1988 24 of the 45 sub-Saharan African countries had entered into agreements with the IMF in return for loans to stabilize their economies and reduce their debts. A second phase evolved from 1984 to 1988 as Africa's economic problems grew worse and it became clear that stabilization was an inadequate policy response. The new emphasis is on stabilisation with economic development and the major actor has been the World Bank. Whereas stabilization depends primarily on macro economic policy changes such as devaluing currencies and ending price supports, reforms to promote economic development involve both macro economic and sectoral reforms, primarily within agriculture.[2] A third phase is emerging, triggered by the increasing economic dilemma in most African countries -- they simply do not have the resources to pay their debts and develop at the same time (Bello and Saunt, 1987). A number of donors are exploring alternatives such as forgiving debts and seeking to protect the poorest groups from the effects of the reforms.[3] The World Bank, for example, includes some safety net funding in its structural adjustment loans, and has set up a special facility to deal with poverty in Africa.[4]

Parties differ about the seriousness of the situation. Donors argue that structural problems are so severe and status quo interests so entrenched, little will change unless there is external pressure for reform. While several governments have responded positively, African leaders do not appear to have grasped fully how marginal Africa has become in the international economy, and how difficult it will be to turn their economies around (Callaghy, 1987). At the same time, external organizations are only beginning to appreciate the extent to which reforms create hazardous political fallout and severe economic hardships.

Even where there is momentum to proceed with reforms they are proving difficult to implement. Sometimes reforms are agreed to, but only half heartedly carried out, necessary supporting actions are not adopted, or the reforms are discontinued (Moore, 1988; Nelson, 1986, 78). In response, external organizations are paying more attention to implementation issues and are emphasizing what a recent Bank report refers to as "a well-defined set of implementable policies" rather than "broad and rapid programs of reform" (Nicholas, 1988, x). The World Bank has set up a Task Force specifically on Human and Institutional Resource Development and more donor resources are going to technical assistance to help with implementation. Not coincidentally this interest coincides with the second phase of structural adjustments -- the emphasis on sectoral level changes that are proving particularly difficult to put into place.

This growing concern for implementation will undoubtedly inject more realism into the adjustment process. There is a problem, however, if by focusing so much attention on the actions of officials within these countries, it appears that the success of the reforms depends primarily on their actions. Economic development also depends on factors beyond the control of local officials such as commodity prices for exports and world wide inflation.[5] Streeten is correct that we need to ask how those inside a country cope with and respond to external forces (1987). Still it would be unfortunate if the growing interest in implementation raised excessive expectations about what local officials can accomplish or obscured the need that these countries have for external resources (VanArkadie, 1986).[6] Zambia's decision to withdraw from its IMF agreement in 1987 is a case in point. Studies document that major mistakes were made in implementing the reforms.[7] At the same time Zambia's balance of payments problems were so severe and its debt service as a proportion of income from exports increased so rapidly, that even the most far sighted implementation probably would not have been enough to rescue the program.[8]

Assuming that implementation is viewed in this broader context, this study explores the dynamics of implementing structural reforms. Part 2 describes the problematic characteristics of structural adjustments. Part 3 describes four perspectives on implementation and considers how well each deals with the problems outlined earlier. Three of the perspectives, those that have particularly guided donor priorities, take a fairly narrow and technocratic view of implementation. The fourth, a more collaborative approach, is better suited to adapting reforms to local preferences and situations.

2. CHARACTERISTICS OF REFORMS

There is a tendency to begin an analysis of implementation by focusing on a government's capacity. First, however, we need to be clear about the characteristics of policy reforms, for these are as important in determining whether they are carried out as is the way in which they are managed or organized. The problem is that structural adjustments are difficult to carry out no matter how much capacity a government has and no matter how committed officials are.

(a) Complexity and uncertainty

Structural adjustments, even those that may appear fairly straightforward are actually very complex and difficult to grasp intellectually. Even when officials are committed to change, it is often difficult to know how best to proceed. Officials tend to assume they can select among reforms cafeteria style, but typically one reform depends on another. The auctions introduced to allocate foreign exchange illustrate this complexity and interdependence. Those responsible for auctions have to determine how much foreign exchange is needed, insure that the right amount is in the system, select which bidding system to use, establish mechanisms for absorbing any excess liquidity in the economy that would drive prices up, discourage bids from escalating and causing inflation, decide whether and how to limit imports of luxury items, and insure public confidence in the auction. These are difficult issues and there is very limited experience about the best way to proceed.[9] Similar dilemmas arise when governments try to dismantle parastatals and encourage the private sector to take them over. Firms often cannot survive without special protection and therefore officials have to decide whether to grant monopoly rights or other protections.[10] They have to find ways to improve the capital market to mobilize purchasers and often they have to balance the universal need for foreign capital against widespread domestic sensitivities about foreign ownership.[11]

Studies document that reforms usually have a number of unanticipated results. Auctions often have greater political and social costs than can be tolerated, devaluation can reduce imports to the point of strangling economic growth, increases in imports may not be a viable strategy for all African countries. Donors, in the meantime, are in the position of persuading reluctant governments to consider reforms. They tend to overstate the validity of their models and to overlook the extent to which their advice is problematic (Taylor, 1987; Streeten, 1987). With this mindset it is easy to assume that any reluctance to adopt reforms is due to short sightedness rather than to legitimate concerns about unintended consequences (Killick, 1986).

(b) Politically costly

Structural adjustments generate both benefits and costs, but these are distributed among different groups in the society.[12] Typically the greatest costs are exacted against urban groups, both the poor and middle class. Higher food prices, reduced subsidies, inflation and unemployment drasticallay reduce the purchasing power of urban residents. Civil servants, most of whom are urbanites, are hurt by reductions in public employment and rising costs. For example, in Guinea, although real incomes have risen about three percent, devaluation and increases in prices for agricultural produce have led to skyrocketing consumer prices, especially for the basic commodities of rice and oil. Fear of unemployment among civil servants is high. The capital city, Conakry, is awash in unemployed youth, many with high school diplomas and no jobs. At the same time the "luxury cars and outward flaunting of wealth in the capital" make it clear to the urban poor that the costs are not being borne equally (Schissel, 1986, 25). In Nigeria between 1984 and 1988 per capita income was cut in half, falling from $800 to $375 a year, hurting the urban middle class in particular. Poor harvests and a weak oil market led to severe food shortages, increases in the price of fuel, labor unrest, the doubling of transportation costs, and the closing of 30 universities.[13]

Groups in rural areas often benefit as producer prices increase, thus somewhat redressing the traditional inequity between rural and urban areas. Rural beneficiaries are less politically visible and less apt to be organized. As Robert Bates notes in his analysis of political dynamics in African states, it is politically rational for leaders to favor those in urban areas because groups, often with strong union support, are in a position to offer or withdraw critical political support (Bates, 1981).[14] A comparison of reforms in Ghana and Zambia concludes that reforms have been more successful in Ghana in part because there is no organized opposition in that country and officials are more insulated from political pressures. Zambia, by contrast, has a long tradition of strong unions and organized opposition, and its leadership is more vulnerable (Callaghy, 1987).

The political costs in many cases are so high that it is hardly surprising that officials are reluctant to continue structural adjustments. For example, the decision of the Zambian leadership to withdraw from the IMF program was almost inevitable given the rapid increases in the prices of basic commodities and widespread labor unrest from the Fall of 1986 through the first half of 1987. The Times of Zambia had daily reports of strikes by teachers and hospital workers and rising public anger over cuts in services and increases in fees for services. Instead of asking why Zambia rejected the IMF package of reforms in May of 1987, it is probably more interesting to ask why the political leaders stayed with the reforms for a year and a half.

(c) Incompatible Values

Incompatible values is a third characteristic of adjustments that has made them difficult to implement. They challenge the philosophy in many of the African nations which ascribe to humanist ideals and stress the role of the public sector in promoting equity and the public welfare. Not surprisingly the values of individualism and efficiency implicit in most of the reforms appear to be incompatible. While there is obviously a wide gap between the rhetoric of humanism and the reality of corruption and waste in many of these countries, there is nevertheless a widespread sense that the reforms lack a moral claim. At the very least this factor provides a ready made platform for opposition interests.

Compare this commitment to public welfare with the emphasis on productivity and efficiency implicit in the reforms. Whereas most civil service reforms emphasize merit pay and raises for mid-level civil servants to encourage the most competent to remain with the government, African governments are often committed to a policy of reducing the gap between lower level civil servants and those at mid or higher levels.[15] Attitudes towards expertise also affect implementation. African leaders often are very ambivalent about the values of efficiency and technical expertise. While much of this ambivalence undoubtedly reflects political insecurity vis a vis technocrats within the bureaucracy, the doubts make it more difficult to develop the kind of expertise needed for complex economic policy decisions.

These different values are entangled with the first characteristic, namely uncertainty about the best way to address the needs of the poor. Both parties, those committed to welfare policies and those who argue for structural reforms, can and do claim that their strategy is a better way to help the poor. Such improvements from structural reforms, however, usually only occur over the longer term. In the meantime the deterioration in the conditions of the poor that result from the reforms gives added force to the ideology of equality and public welfare.

(d) Changing roles and responsibilities

Structural reforms also require officials to rethink their traditional roles and decide whether to adopt new roles and alternative institutions. Responsibilities are only gradually evolving and noone is quite sure what they are going to look like, all of which compounds the present insecurity.[16] Government efforts to reduce the role of parastatals, to stimulate the private sector and to encourage small holder agriculture all involve changing roles. Governments will no longer be directly engaged in marketing or production, but instead will have to stimulate private entrepreneurs and service small holder farmers. Reforms rely on higher prices to stimulate production, but while they may work for farmers who have access to credit and tools, they may be insufficient for those without such access. Officials will have to learn how to provide credit, stimulate research, and develop appropriate seed. For example, a planned World Bank project to promote research on seed agrees that the government needs to take the initiative in seed production, but also needs to design the program so that once it is underway the production units can readily be turned over to private firms. These are new roles with few guidelines (IBRD, 1987).

(e) Alter power relations within government

Reforms require far reaching changes in the organization and management of the public sector just as they do within the economy. Typically they require initiatives that run counter to established bureaucratic procedures and involve major changes in the power relations within governments. For example, donors frequently urge that the finance ministry be given increased powers to monitor and coordinate reforms, but in doing so they inevitably threaten those in the planning unit. Planners, traditionally trained to think in a timeframe of five years are similarly threatened when they are asked to emphasize more immediate objectives, and work on an annual planning cycle. These pressures escalate the importance of bureaucratic politics. Internal politics are particularly critical during the second phase of the reforms as more emphasis is placed on changes at the sectoral level and within ministries (Grindle, Thomas, 1987) and explain why the most difficult reforms to implement are those to reduce the numbers in the civil service and reform parastatals (Nicholas, 1988, x; Nellis, 1986).

(f) Identified with outsiders

Finally, economic reforms are viewed as intrusions. In virtually every African country with an IMF agreement, the IMF or World Bank has taken the initiative to propose a package of policies. One study even refers to the "Bank's apparent aspiration to become Sub-Saharan Africa's ... planning ministry and Platonic Guardian" (Green and Allison, 1986, 72). Nelson adds that external organizations are apt to be most intrusive when working with smaller, weaker countries (1984). There are signs that the Bank is at least aware of these problems. A 1988 review of economic reforms notes that "government offficials should be fully involved, and Bank officials should, where approriate, support the process of consensus building through seminars or other means" (Nicholas, 1988, 4). Consensus building, however, requires more time and considerably more patience by outsiders, time that many feel these countries do not have.

The sense that reforms are impositions and thus illegitimate depend only partly on the attitudes of outsiders. They also depend on whether or not local officials and the public appreciate that their economies are truly in a critical state. Callaghy calls this the "trough" effect. Until an economy "hits bottom" the public is unlikely to appreciate the need for extensive change. In Ghana, for example, in spite of initial successes in carrying out reforms, the government is experiencing more problems as the memories of recent economic problems "fade a little while current difficulties remain cruel and vivid" (Callaghy, 1987, 29). The fact that the Guinean economy was almost totally in shambles by the mid-1980s certainly explains some of the momentum for continuing the reforms in that country. By the same token some observers regret the recent and predictably temporary rise in copper prices because it has given Zambians a false sense of security about their economic future.

3. STRATEGIES FOR IMPROVING IMPLEMENTATION

In spite of an earlier tendency to think that reforms would be self implementing donors have come to appreciate that implementation is far from automatic and requires more attention and resources in the form of technical assistance. It is possible to sort out four different strategies towards implementation in recent donor activities, the first three of which have been particularly influential.

(a) Strategies for Implementing Reforms

(i) Limit and privatize

One view holds that bureaucracies almost inevitably subvert policy goals and fail to respond to recipients of government services. Those in charge displace policy goals with their own priorities and bureaucratic routines undermine well intentioned and reasonable policies. "Displacement of goals" is a major problem for government services; bureaucracies are typically inefficient and unresponsive to client demands (Nicholson and Connerley, 1988). The proposed solution is to limit the role of the public sector, either by introducing more competition through contracting out and decentralization, or by turning services over to the private sector.[17]

Privatization has a number of advantages. It mobilizes new groups to promote economic development. Competition motivates units to be efficient and responsive. Privatization also removes some of the incentives for corruption. This logic stems from the theory of rents, the argument that government officials exact "rents" -- payments or favors -- from those who want access to government contracts or allocations. For example, when officials can decide which parties will receive scarce foreign exchange, they are tempted to demand payments from recipients (Bates, 1981). One way to control corruption is to monitor officials. According to the limit and privatize perspective, however, it is more effective to remove the temptation for corruption by allocating foreign exchange through a market mechanism such as an auction. This reasoning even resonates with officials who are not necessarily predisposed to the private sector. President Kaunda of Zambia, for example, agreed to institute an auction in his country in 1985 largely because proponents said it would counter corruption in the Zambian system.

(ii) Improve individual skills

A second perspective on implementation emphasizes human resources -- the severe lack of trained personnel in African governments and the need to use those with skills more effectively.[18] This view has been particularly influential with structural adjustments because economic policy reforms require macro economic analytic and statistical skills that are sorely missing in the developing world. There is increasing emphasis on job-related training and technical assistance in which consultants work directly with staff to help them cope with specific problems.

Training is often linked with civil service reforms. These are ostensibly designed to reduce staff and cut government expenditures but experience shows that they do not produce savings because of severance payments and increased salaries

(Brinkerhoff and Goldsmith, 1988). Thus a more compelling rationale for reductions may be greater job clarity and improved morale and efficiency. Walk into almost any ministry and there will be large groups sitting around. A few will be seated at a desk and perhaps one will have a piece of paper in hand. Many will have no place to sit, no paper or supplies and in effect no clear task to perform. Low salaries are tolerated because there are few options and because positions may offer opportunities for earning money on the side.[19] The result is not only inefficiency and corruption, but a deeply engrained cynicism about the public sector. Typical reforms supplement skill training by improving the environment within which individuals work and by providing better incentives for performing well. Unfortunately few of these actions can be put in place until cuts are carried out while reductions in force are proving very difficult to implement.[20]

(iii) Improve capacity for analysis and control

This third perspective assumes like the first that bureaucracies undermine policies and like the second that it is necessary to upgrade skills. It focuses, however, on an improved organizational capacity for doing analysis and exerting control throughout the system. It comes out of the traditional emphasis in management science on enabling bureaucracies to operate more rationally -- improve their analytic procedures for setting goals and selecting among strategies, and develop their procedures for coordinating and controlling activities.[21] According to Geoffrey Lamb of the World Bank this perspective is particularly relevant to structural adjustments because they require governments to set goals using rational analysis and to monitor performance in accomplishing the goals. Units need a good information base, a coherent policy framework, an ability to lay out policy options and select among them, and an effective system for delivering the policies (Lamb, 1987).[22] This perspective is reflected in numerous Bank studies and proposals to strengthen the central ministries of finance and planning in order to improve their capacity to design a coordinated policy, to monitor how ministries implement them, and to use budgets to accomplish program goals.

(iv) Integrated process for design and implementation

A fourth perspective on implementation has proven very influential in the literature on implementation and is beginning to have an influence within the donor community. It assumes that implementation problems arise because policies are often not implementable, rather than because governments lack capacity or officials are intransigeant. It stresses that those who will be in charge of implementing policies should be closely involved in designing them and uses terms such as interactive procedures, utilization-based studies, or collaborative decisions. Policies and implementation plans should be designed around the information needs of users -- both managers and recipients (Patton, 1986). Processes should be designed to involve participants in diagnosing their problems and designing steps to deal with them, often through workteams.[23]

(b) Strategies for implementation and policy reforms

While each of the first three perspectives provides some useful insights into the implementation process, the fourth perspective, with its emphasis on an integrated and collaborative process for carrying out structural adjustments is best able to take account of the characteristics of reforms described in Part 2. "Limit and privatize" is useful to explaining wby large, public bureaucracies are often unresponsive and inefficient and in proposing some specific strategies for change. The tendency, however, of some of its proponents has been to emphasize the merits of the private sector, and even to suggest that privatizing is a sufficient condition for promoting development.[24] As a result, the literature on privatization often appears unduly naive. Africa, in the meantime, "is lost between state and market, wandering uncertainly between the two" (Callaghy, 1987, 62), and the privatizing perspective has provided little help in sorting out the roles of the two sectors or exploring institutional alternatives. It has said little about the role of the public sector in promoting and encouraging the private sector, the purpose of public regulations, or the need to supplement price increases with codes to create confidence in the fairness of the economic system.[25] A recent article in the World Bank publication, Finance and Development does begin to address these shortcomings and presents privatization as a broader strategy for introducing efficiency to both the private and public sectors (Shirley, 1988).

The situation in Africa requires more than a comparison of states and markets, however. As Korten reminds us, private voluntary organizations have an important role to play in development, in stimulating innovation and in countering the excesses of both states and markets (1987). Gordon White refers to the important role of intermediary institutions, and a number of studies document the important variety of roles that community organizations can play in stimulating development (G. White, 1986, 3; Esman and Uphoff, 1984; Bryant and White, 1984).[26] AID made a similar point in reviewing policy reforms in Guinea. It noted that the World Bank had focused almost entirely on the central level of government, and was doing little to generate energy throughout the society (USAID, 1987; Olson, 1986).

The emphasis on training and civil service reform is an important contribution, but it has not found a way to institutionalize the new procedures or provide organizational supports and incentives to individuals being trained. Generic training also does not deal with the role conflicts that officials face or help them diagnose their situations and sort out evolving responsibilities.

The third perspective, analysis and control, has three problems. First, it skews resources and diverts attention from implementing the plans within the sectoral ministries. Data and budgets are used to hold ministers accountable rather than assist managers in carrying out plans. Thus it preempts : concern for how plans will be implemented. A review of agricultural reforms in Guinea found that most of the technical assistance was being devoted to help the ministry carry out macro economic analysis. The report went on to warn that donors frequently stress sophisticated technical analysis and set up special analytic units, thereby shortchanging the longer term process of carrying out the reforms. From the perspective of local officials, high powered technical analysis may be less important than simpler and more operational skills of personnel management and budgeting. "<u>There is a very real danger that the pressure for new project development (by donors) will cause the various analytic units to grow very quickly at the expense of implementation skills in the operating directorates and, subsequently, morale</u>" (Diallo, Kante and Morgan, 1988, 10; emphasis in original).

A second, problem, and one stressed in this same report, is that special technical analytic units are often set up to satisfy the needs of donors for a counterpart unit rather than to establish an ongoing competency within a ministry. They establish special groups of highly skilled technocrats with whom donors can easily work. The result is that technocrats frequently end up talking to each other. A third problem is that there is no consistent view of the nature of the state. Callaghy refers to the "orthodox irony" that "the IMF, World Bank, etc. are, although they will not admit it, attempting to use the state to implement orthodox policies of liberalization and export-oriented development while trying to get the state to dismantle itself" (1987, 63). They assume that the state has undermined development in the past, and urge that its capacity be improved without providing any analysis of why and how it would respond differently in the future.

(c) <u>An integrated, collaborative process</u>

While these first three perspectives have a place in any plans to improve implementation, taken alone they obscure some of the most critical reasons why implementation has been a problem. The fourth perspective, with its emphasis on integrating design and implementation and on collaboration, is better able to deal with many of the characteristics of policy reforms described in Part 2. It deals with complexity and uncertainty by treating reforms as experiments that need to be adapted to different settings and adjusted on the basis of initial results. It deals with the political costs of the reforms by urging those responsible to confer, educate and negotiate with political officials and not just with other technocrats. It deals with incompatible values by bringing various parties together to consider their differences and by urging political leaders to educate people about the reforms and build supporting coalitions. It deals with the need for officials to explore new roles by helping them diagnose what needs to be done to cope with evident problems. It deals with bureaucratic tensions by including officials in the design process and enabling them to identify their concerns. Finally, it deals with the fact that reforms are seen as impositions by including local officials from the outset.

Note that collaboration has two purposes. First, it assumes that it is possible to develop a better and more "implementable" set of policies by collaborating with those who will be responsible for them, and including their information and perspective in the design. Since the reforms are not as certain as is often assumed, those close to the scene have important judgements to offer. Collaborative planning would be more apt to place politically sensitive social issues on the agenda, and consider opportunities for anticipating problems and providing quid pro quos for groups who are apt to be hurt. Second, it assumes that if other parties do get involved they are more apt to support the reforms and marshall broader support on their behalf. A recent World Bank study suggests that this viewpoint is gaining support. "Intervention at the sector level succeeded best when it was preceded by well-articulated studies that examined the problems and options and carefully addressed the political aspects of reform. Ideally, these studies should be done in cooperation with the borrower's administration so that maximum consensus is built into policy changes. ... Conditionalities that did not have strong political support from the borrower did not work" (OED, 1988, 13,19).

We can illustrate how such a process would work by examining various strategies for dealing with inefficient parastatals. Because they are inefficient and a major drain on public budgets, donors stress the need to liquidate them, turn them over to the private sector, or as a last resort drastically reform them. Typically, donors set conditions saying that governments need to privatize a certain number of parastatals. John Nellis, however, suggests in his overview of parastatals in Africa that donors would do better to help officials develop a process governments could use to decide what to do with the parastatals. Instead of mandating cuts, governments need help in developing procedures for analyzing their parastatals, for selecting those to be privatized, for marketing these and negotiating sales or leases, and for improving the capital markets to encourage potential buyers. They also need help in reforming parastatals they choose not to privatize or liquidate (Nellis, 1986). By including those who will be carrying out the reforms in the decision process, the integrated perspective is a way to make more knowledgeable decisions and gain the support of local officials. [27]

The strategy would also encourage officials to think in programmatic terms rather than project by project as is normally done.[28] Budget submissions are typically based on specific project requests, rather than on broad program goals, or even on how the projects contribute to program goals. Typically a ministry of finance will not be given programmatic priorities to compare and therefore w . either make cuts across-the-board or simply add a fixed perc .tage to last year's requests. The integrated approach, however, places specific projects in the context of broader program goals. The projrct is not an end in itself, but an opportunity for experimenting with and learning how best to carry out the program (Korten, 1980).

The third strategy, analysis and control, deals with the need to link projects with program goals by setting priorities and developing a capacity to control how units implement specific activities. The integrated approach sets up a process for feeding information up to central units to help them in setting priorities, and in learning from field unit experience. Instead of focusing primarily on the central level of decision making it includes those involved in carrying out a program and encourages more interaction and joint planning. It stresses the linkages between the ministry of finance and the operating ministries, and between the latter and their units at the field levels.

It also tries to balance control and flexibility. This is difficult because of the frequency of misuse of funds in field locales. The problem is that the processes of financial control that ministries typically put in place for monitoring funding are unbelievably complex, and mean that local personnel have little or no responsibility for local actions. For example, in Guinea, the purchase of a tool for use in a rural area by a field unit of the Ministry of Agriculture has to go through nineteen control and verification steps, and it can take up to 6 months for a disbursement to get through the system. An integrated approach is more sensitive to the management needs of those implementing the structural adjustment reforms throughout the system.[29]

This need to think programmatically and to take into account the perspective and management needs of those involved throughout the implementation process is particularly important as the emphasis shifts from adjustment to economic development. Much of the technical assistance and discussion of implementation is still geared to the first phase, which focuses on stabilization and on the role of the ministries of finance and plan. As adjustment with growth is emphasized more attention needs to be paid to to the roles of ministries in promoting development, to the ways they relate to the macro reforms, and to relations with field and project level units. The integrated process perspective provides a rationale and procedures for moving in this direction.

The integrated perspective emphasizes the process of designing and adapting reforms rather than specifying what a package of reforms should look like. The characteristics of structural reforms require a capacity for grappling with complex and uncertain implementation issues rather than simply arriving at an optimal technical answer. This shift means first that technical assistants would spend more time than they now do creating a demand for the kind of expertise donors can offer. Second, it means more informal conversations, more time interacting with local officials exploring the problems they anticipate. Third, it means that planning documents need to emphasize institutional issues. A recent review of AID's planning documents found they were generally inadequate on this score. The documents give uneven and limited attention to important institutional and political impediments to implementation (Vondal, 1987). Fourth, it focuses on how technical assistance should be offered, and supports less packaged training and more on-the-job consultancies. It warns that a desire to accomplish a task easily preempts efforts to educate and assist staff, and tries to correct for this tendency by placing less emphasis on what the reforms would look like, and more on the process for arriving at and carrying them out.

The integrated process approach is messy and cumbersome. It can slow down and even compromise actions that seem to require great urgency. And one can easily argue that there are particular situations where time and collaboration will only allow veto groups to emerge. There are probably a few actions that do promise fairly quick and certain benefits and that will generate their own support once enacted. Studies suggest, however, that these are surely the exception rather than the rule.

Finally, it has to be acknowledged that an integrated and collaborative approach is particularly difficult for donors with their need to move funds and to operate with some predictability (IDMC, DPMC, 1987). It militates against guidelines and blueprints, and the ability to predict what steps will be taken. Administratively collaboration is difficult for multilateral agencies with their technocratic orientation, and politically it is difficult for donors to be as open ended as this strategy requires. All are accountable to political bodies that are holding them responsible for clear signs of efficiency and progress. Nonetheless the record seems clear that it is the only strategy that can take account of local situations and that officials will have enought investment in to promote and sustain.[30] As Helleiner puts it, "Strategies and their articulation can, up to a point, be imposed on desperate countries. But they are unlikely to avoid major technical flaws, to be implemented more than grudgingly and partially, or to yield the intended results of their sponsors" (1983, 61).

NOTES

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1. IMF Survey, Supplement on Sub-Saharan African Debt, June 1988.

2. The World Bank gave almost all of its aid in the form of projects up through the 1970s. By 1985 it was giving 10 percent of its loans to directly assist policy reforms. As of early 1988 25 percent of its total lending went for this purpose. Present Bank policy is to keep its balance of payments assistance within this percentage and continue to give 75 percent of its loans in the form of projects. Increasingly, however, Bank projects are coordinated with policy reforms or structural adjustment (Nicholas, 1988). The IMF, while primarily committed to using its loans to stabilize economies, has begun to emphasize growth. It now sets aside resources for a Structural Adjustment Facility (SAF) that extends its planning horizon to three years and specifically links stabilization with growth (Bell and Sheehy, 1987; Haggard, 1985).

3. An agreement in June 1988 by seven major industrialized nations to provide debt relief for the poorest countries of Africa illustrates the search for new approaches. Lending countries are free to pursue their own forms of assistance and can now offer better terms to African nations, such as longer repayment schedules and interest-rate concessions (Washington Post, June 22, 1988). For a useful review of the impacts of reforms on the poor and some suggestions for carrying out "adjustments with a human face," see Cornia, Jolly and Stewart (1987).

4. For differing assessments of changes in the World Bank see Bock (1986) for a positive evaluation, and Hayter and Watson (1985) for a more critical review.

5. For a compelling and classic statement of the importance of external factors, and particularly the role of ex-colonial powers in creating dependency relations, see Davidson (1974). Mosley says that donors err in identifying "implementation" as a single problem of poor performance. We need to disaggregate implementation -- some management problems are due to

inappropriate internal procedures, some to inadequate budgets, some to donor conditions, and some to macro economic constraints (1986).

6. In Guinea, for example, structural adjustments are stimulating economic development. A major reason is that Guinea has ample and diverse economic resources which have enabled the country to enjoy a 3 percent increase in per capita real income even while undergoing adjustments. Senegal, by contrast, is much poorer in resources, and during the reform period its economic pie has been shrinking and real income has declined by 30 percent.

7. Implementation problems were explored in Kydd (1983); Moore (1988); Sukin (1987); Good (1986); Weidemann (1987).

8. According to IMF figures, in 1985 the cost of servicing Zambia's debt as a proportion of receipts from exports was 93 percent. In 1986 this percentage increased to 165 percent and in 1987 it was 114 percent. Implementing the reforms was clearly impossible without some form of debt relief.

9. A recent review in the Macroeconomic Annual for 1987 (National Bureau of Economic Research), for example, notes that economists have been unable to explain, model or predict the determinants of exchange rates. I am grateful to Joanne Paulsen for calling this to my attention. Christiansen et.al. (1988) also document some of the uncertainties in recent reforms. Eckaus makes the intriguing suggestion that the IMF practice of arriving at a consensus in its executive board meetings rather than taking a vote is done to discourage competing views from being raised and debated (1986). For a useful collection of essays on the IMF see Williamson (1983).

10. As of early 1988 Guinea had privatized 16 parastatals. 11 more are scheduled for privatizing and 14 are in the process of being liquidated. It is becoming clear that not all of the firms will be able to find purchasers.

11. Guinea has had to confront these tradeoffs. Desperately short of domestic capital, foreign interests are playing an increasing role in the Guinean economy. Three new banks are under French auspices; French trading houses have made a joint arrangement with the government to import food; French businesses are supplanting local businesses in food distribution. According to African Report Guineans resent this very visible role and fear that France is trying to "neo-colonialize" the country (Schissel, 1986, 25).

12. A number of works enphasize the political dimensions of reforms including Cohen, Grindle and Walker (1985), Bienen and Gersovitz (1985), Nelson (1984, 1986), Ravenhill (1986).

13. Washington Post, June 13, 1988.

14. Bates' analysis has generated a lot of interest. Two symposia reviewing and critiquing his theory can be found in IDS Bulletin, January 1986, editors Theo Mars and Gordon White; and Development and Change, 17, 1986, Editor Brian VanArkadie.

15. For example in Zambia there is very little difference in the wages offered to university and high school graduates. Also while salaries of civil servants have increased during the 1980s, they have declined in constant dollars. However, this decline has been dramatic for Assistant Directors and quite minimal for the lowest paid workers (Meesook and Suebsaeng, 1985).

16. An analysis of the Ministry of Agriculture in Guinea, for example, found that "every unit in the Ministry is in the process of working out new procedures. The preparation of the existing personnel in these units is woefully inadequate, most officers working in finance or procurement having been trained as agricultural technicians" (Diallo, Mante, Morgan, 1988, 3-4).

17. Coralie Bryant helpfully notes that a very similar critique of bureaucracy comes from the Left, which is equally dissatisfied with the current mix of public/private sector responsibilities.

18. Steedman finds that most donor training assists individuals rather than organizations which undermines the commitment of individuals to their institutions and provides little backup support for individuals (1987).

19. A recent study in Guinea where salaries are particularly low found widespread resales of state property by officials; "monthly revenues from black market sales of government gasoline totaled more than twice the monthly payroll of the entire civil service" (Olson, 1986, 3-4).

20. Guinea is an exception in that salaries have been effectively raised even though there has been little reduction in numbers in the civil service. Staff have been reduced from 88,000 to 60,000 but much of this is on paper. Also many in the civil service are still receiving a salary and the deadline for removing them keeps getting extended. In December 1987 the salaries for those remaining were increased by 80 percent and their transportation allowance was doubled. (Figures taken from World Bank reports, January 1988).

21. For a review of this literature see White (1987, Ch. 4).

22. The limitations of broad administrative reform are discussed in Hammergren (1983) and Brinkerhoff and Goldsmith (1988).

23. The Performance Management Project sponsored by the Science and Technology unit with AID has adopted this approach and generated a number of applications (Rondinelli, 1987). The Development Project Management Center (DPMC) has developed a number of applications throughout the developing world (Kettering, 1987; Ingle, 1985; and reviews in White, 1987 and Rondinelli, 1987).

24. The so-called Berg Report (IBRD 1981) made a strong case for privatization, but offered little criticism of the private sector (Ravenhill, 1986).

25. Case studies of policy reforms offer interesting assessments of the roles of the two sectors. See Swainson on the Kenya Tea Development Authority (1986); Morrison on the Botswana Meat Commission (1986); Macintosh on reforms in Mozambique (1986).

26. Azarya and Chazan offer an interesting supporting argument. They note that publics in Africa often become very alienated from their governments and turn to their own forms of organizations (1987).

27. A study by Shirley of the World Bank encourages the Bank to move in this direction (1988).

28. A study of reforms in Guinea found that "only a few people were able to place a project conceptually under a broader program in the Ministry, to think systematically about the participation of several directions in the same national program" (Diallo, Kante, Morgan, 1988, 7).

29. Proposals for dealing with the problem include setting up a counterpart fund to support all activities in the investment budget, and to encourage improvements in the local banking system to manage the funds going to field units (Diallo, Kante, Morgan, 1988, 12-20).

30. Macintosh stresses the need to adapt reforms to specific contexts in her study of Mozambique. Reforms need to be adapted to the wartime situation in that country and to their two tier budget process (1986).

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