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ADJUSTMENT AND AGRICULTURE: ISSUES FOR THE 1990's

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EXECUTIVE SUMMARY

Adjustment lending began as a response to the financial crises in developing countries during the late 1970s. Stabilization programs, generally undertaken with the International Monetary Fund (IMF), were designed to quickly reduce chronic balance of trade deficits through measures which often contracted domestic demand. Structural adjustment lending, generally undertaken by the World Bank, complemented stabilization programs by focusing on measures to make the economy more efficient and to stimulate the supply of tradable goods.

During the 1980s, more adjustment programs were undertaken as developing countries faced a harsher international economic environment. Various countries in Latin America and Sub-Saharan Africa exemplify the diversity of the financial crisis and the range of experience in implementing adjustment. Their adjustment experiences suggest some major themes explored in this paper. Programs initially envisioned as short- to medium-term measures are now moving into their second decade. Evaluation of these experiences sheds light on the successes and limitations of adjustment. These experiences and changing global economic conditions raise new issues for policymakers and policy planners that have implications for A.I.D.'s policy reform efforts in the 1990s.

Structural adjustment has significantly contributed to managing economic crises countries have faced. It has, however fallen short of its initial promise to rekindle growth, in part because of greater than anticipated international shocks and lower than anticipated external lending. Structural adjustment is increasingly recognized as a necessary but insufficient step toward renewal of economic growth.

Adjustment in the 1990s must be "long haul economic adjustment." As such, it must be integrated into wider development strategies and must deal with the persistent, pervasive challenges development has always entailed: stimulating growth, increasing efficiency, building capacity, reducing poverty, and fostering political stability. These challenges must be met in a more competitive international environment in which the competition for markets and the competition for development assistance and investment are intense. Both developing countries and the donor agencies that work with them must adjust "adjustment" to rise to the challenge of growth.

The more sober appraisal of adjustment entails a recognition that international economic conditions have played a greater role in shaping growth than was envisioned by the original architects of adjustment. Even very substantial adjustment in trade balances (generally brought about by import compression) has not been sufficient to solve debt problems. Even significant changes in macro policy variables (such as exchange rates, interest rates, and government spending) have not been sufficient to catalyze major export gains.

Adjustment programs, even when conscientiously implemented, will not solve deeply rooted debt problems. The need for complementary resources is being recognized in efforts to reduce the debt burden of both low- and middle- income countries (e.g. the Brady Plan, debt forgiveness for poorest countries, debt swaps).

Structural adjustment capable of generating
ignore related issues of development strategy and
with a reduced debt burden, countries must generate
physical and human capital--to lay the found
development.

Welfare (distributional or poverty issues
generally not been addressed by adjustment it
transitory welfare impacts could be managed duri
approach to deeply rooted problems of poverty.
attempts to determine whether adjustment has incr
a more direct focus on the reality of pervasive pc
Saharan Africa, where nearly half the total popula
the implications of adjustment for both grow
reforms.[1]

Adjustment does not work or is not sustain
groups do not support it. World events create a
methods to give countries "ownership" of reform
groups in policy dialogue to recognizing the poss
support for political and economic change expresse
and the "winds of change" in a number of countries
been constrained.

1. INTRODUCTION

Reforms and recession can be sustained. Growth, however must be catalyzed and promoted. While it is clear that supportive policies improve growth prospects, they do not in and of themselves produce growth. Policy reform converges with the wider world of development where institutions, infrastructure, technology, political culture, and human capital matter greatly.

Adjustment is being recast in the 1990s as "long haul economic adjustment."[2] As such, it must be integrated with wider development strategies that deal with the persistent, pervasive challenges development has always entailed--stimulating growth, increasing efficiency, building capacity, and reducing poverty. These challenges must be met in a more competitive international environment where competition is intense for markets and development assistance and investment. Both developing countries and the donor agencies that work with them must adjust "adjustment" to rise to the challenge of growth.

Agriculture has an important role to play in adjustment and enormous stakes in the adjustment process. Adjustment and stabilization programs have major impacts on the agricultural sector. Macroeconomic policies generally addressed in these programs, including overvalued exchange rates, high domestic inflation, and taxation of agricultural exports, have been identified as policy impediments to agricultural performance in many countries. Less direct linkages through the impact of macroeconomic policies on investment, supporting infrastructure, and input costs, connect agricultural policy reforms to broader adjustment programs. In poorer countries, where agriculture often dominates the domestic economy and provides a large share of exports, improved agricultural performance is critical to successful adjustment. Sluggish supply response in the agricultural sector has been partly responsible for slow growth in countries where economic adjustment is under way.

This paper examines structural adjustment programs and their agricultural components in Sub-Saharan Africa and Latin America over the past decade. Its objectives are to assess the overall effectiveness of adjustment programs, to identify patterns of success and failure, and to use the analysis of past programs to identify salient issues for the 1990s. The paper identifies and reviews existing evaluations of adjustment, synthesizes their findings, and in some cases, extends their analysis by adding more country detail and updated information.

The results of this "evaluation of evaluations" suggest that adjustment lending is now at a major turning point. A growing body of empirical evidence indicates that counties, even those with "good" adjustment records, cannot generate enough growth to put themselves on a sound external footing.

Tradeoffs between adjustment and growth are apparent in both the reduced growth rates of developing countries and the serious reductions in investment that undercut the potential for future growth. In order to come to terms with recent experience and changing conditions, new and often fundamental issues must be raised. These concerns include the following:

- Adjustment, growth and development strategy.

  How can we move beyond a tradeoff between growth and adjustment, which sustains both reform and recession, to a new plateau where growth is catalyzed and maintained? How can adjustment be integrated with other development programs to support "long haul economic adjustment?" Most immediately, how can adjustment lending be better linked to investment in both capital and human resources to support broadly based economic and institutional change?

- Adjustment and global economic conditions.

  Initial assessments of the external environment were more positive than the subsequent reality. Investors were not willing to provide additional lending to meet countries' needs. Prices for basic export commodities remained lower than expected. Recovery from recession in the developed countries brought less than expected growth in demand for products from Latin America and Africa. Can adjustment succeed in a more competitive, less favorable, international market?

- Adjustment and debt.

  Even successful adjustment programs are not sufficient to resolve the debt crises of individual countries. Other measures are needed; some are underway. But reducing debt levels will not automatically catalyze growth in economies that are starving for investment capital and that need to modernize their production and marketing systems. How can debt reduction reinforce and support economic adjustment?

- Distributional issues.

  Attention has recently focused on determining whether adjustment has <u>created</u> distributional problems (e.g. increased poverty, inequality, and malnutrition). The more challenging issue is how adjustment can deal more effectively with distributional issues whose roots, like those of the economic crises themselves, are often deeper than the adjustment process.

- Sustainability.

  Both the longer time frame for adjustment and its broadened scope alter the coalitions of support and the political pressures on governments. Short-term austerity, followed by improved conditions, can be "toughed out" with enough "political will." Longer term adjustment efforts, coexisting with continued economic weakness, must face influential political groups with long-term losses. Can the rising demands for political change--often in the direction of more open, competitive political systems--coexist with present adjustment programs?

The initial section of the paper reviews the current status of adjustment programs, clarifying terminology and familiarizing the reader with actors and programs involved in the adjustment process.

The second section draws on recent evaluations of adjustment lending to summarize the major impacts of adjustment programs over the past decade.

The third section highlights the fundamental issues raised by the decade's experience with adjustment and changing global economic conditions and discusses the more specific issues associated with each.

The final section discusses the implications of these issues for A.I.D.'s policy reform agenda for the 1990s.

2. THE CURRENT STATUS OF ADJUSTMENT LENDING

Large-scale adjustment lending is a creature of the 1980s, although its historical roots are deeper. The major impetus for adjustment in both Latin America and Sub-Saharan Africa has been economic crisis. Some elements of the crisis are common to countries in both regions, including the debilitating role of international economic shocks, debt problems, and inappropriate domestic economic policies. There were, however, substantial differences between the two regions.

Latin American countries engaged in adjustment programs include highly indebted middle income countries. These countries experienced solid--and in some cases very substantial--growth during the 1970s. Their crisis hit suddenly, as the external forces which supported this growth (high oil prices and cheap international lending) collapsed in 1981. Balance of payments crises emerged suddenly, and in most cases were intimately tied to commercial debt problems.

Most Sub-Saharan African countries, on the other hand, experienced weak growth in the 1970s. Their economic crisis was highlighted by natural disasters (particularly drought) and political instability as well as economic decline in international markets. Many experienced an economic "malaise." External resources and reforms were needed more to foster than to regain growth.

While external and environmental shocks were important triggers of economic crisis, inappropriate policies were also important contributing factors. Two types of policies are repeatedly identified as underlying causes of economic crisis:

- Over-expansionary fiscal and monetary policies (often associated with narrow tax bases and poorly performing public enterprises); and
- Inappropriate domestic pricing policies, including a bias against agriculture (frequently underpinned by overvalued currencies).[3]

Countries facing serious balance of payments problems had several options for dealing with them.[4] One was to finance their current account deficit through additional external capital inflows. This option was employed frequently during the 1970s and early 1980s, when commercial lending was readily available to a wide range of developing countries. The second option was to use capital and trade restrictions to reduce the deficit, which was frequently combined with or undertaken after the first option.

The loss of external financing (the debt crisis) eliminated the external financing option for many developing countries, leaving them with imbalances so large that capital and trade restrictions were no longer viable means of coping with them. This left two other options, both of which are forms of economic "adjustment."[5] The first was stabilization, which consisted of managed expenditure cuts designed to bring an orderly adjustment to reduced external resources.

In practice, stabilization was based primarily on fast-acting restrictive

monetary and fiscal policies, coupled with currency devaluation. (See pages 9-10.) The second was structural adjustment--changes in relative prices and institutions aimed at making the economy more flexible and efficient and laying the foundation for sustainable long-term growth. Structural adjustment involved changes in both macro and microeconomic policies, including market and trade liberalization, as well as institutional restructuring. (See pages 10-12.)

While countries could, in principle, undertake adjustment without external assistance, in practice such reforms were generally undertaken as conditions of external financing by the IMF or the World Bank. Policy conditionality has been, and remains, a controversial aspect of adjustment lending. For many countries, the IMF and World Bank were "lenders of last resort." They accepted conditionality because they had no other way to obtain needed foreign capital. Critics have argued that in such cases, countries were forced to give up important measures of economic sovereignty and to accept adjustment programs based on economic models that did not reflect economic conditions in their countries. In other cases, the need for assistance coincided with domestic support for significant policy change.

The rationale for conditional adjustment lending is twofold. First, the balance of trade deficits experienced by developing countries were not transitory. As such, traditional IMF programs to provide short-term balance of payments assistance were inappropriate. They were also so significant that their impact on economic development and international financial institutions could not be ignored. Second, chronic trade deficits often reflected deeper economic problems--such as inappropriate policies or institutional weaknesses--which needed to be addressed if economic conditions were to improve. Institutions undertaking adjustment lending, therefore, developed mechanisms to provide fast disbursing resources, which could help relieve medium-term balance of payments constraints and required policy change as a condition for receiving these resources.

2.1 The Institutional Basis for Adjustment

The IMF and the World Bank have been the major institutions involved in adjustment lending. IMF agreements focus primarily on stabilization objectives, and are frequently a prerequisite for World Bank structural adjustment lending. Most countries undergoing adjustment have, in fact, dealt with one or both of these multilateral institutions. (For a list of agreements, see Appendix 1.) However, some countries (particularly more heavily indebted countries in Latin America) have coped with external financial pressures through unilateral measures. Moreover, some bilateral donors, including USAID, have engaged in policy reform dialogues whose objectives parallel those of multilateral adjustment agencies.

As the subsequent discussion establishes, both the focus of and the instruments for adjustment lending have changed over the last decade. The focus of adjustment lending has shifted from a heavy focus on macro stabilization programs to a more complex balance of macro policy reform and more focused sectoral lending. The expansion of lending instruments--generally in the direction of softening the terms of adjustment lending for countries facing prolonged economic crises--has both extended the duration of adjustment lending

arrangements and created a variety of new conceptual and coordination requirements.

2.2 The International Monetary Fund

The International Monetary Fund's (IMF) historical mandate has been lending to help countries manage temporary balance of trade deficits. Such assistance was initially envisioned as short-term; hence, agreements were generally limited to a year. In the 1970s, however, the IMF was increasingly involved in lending to countries whose balance of payments deficits were not transitory, and in many instances had their roots at least partly in domestic economic policies. Longer term lending facilities were created.[6] The IMF became increasingly convinced that lending should be conditioned on countries' steps to change these policies. Guidelines on conditionality were established in March 1979. Conditionality is a feature of all the IMF instruments discussed below.

The IMF plays a major role in the adjustment process, both through its standby agreements (designed primarily as stabilization agreements) and through recent programs designed to provide longer term financing for adjustment, including the extended facility, the structural adjustment facility, and the enhanced structural adjustment facility.

2.2.1 Standby Agreements

Standby agreements (SA) have been the primary mechanism for IMF lending. A standby agreement allows a country to draw funds over a one-year period, although provisions exist for two- or three-year agreements. Funds are conditional upon the observance of specified performance criteria. If these conditions are not met, the country becomes ineligible to draw further sums, at least until a new agreement is reached.

2.2.2 The Extended Fund Facility

The Extended Fund Facility (EFF) was introduced in 1974 to provide longer term finance to support three-year programs involving structural adjustment. Programs also involve tranched drawings and performance criteria. Loans from this facility, however, have a maximum term of 10 years.

2.2.3 The Structural Adjustment Facility

The Structural Adjustment Facility (SAF) was established in 1986. It provides 62 low-income countries with the opportunity to draw up to 63.5 percent of their fund quota over three years to support policy reform programs, with each year's release conditional on approval of that year's agreement. Funds are provided on concessional terms (0.5 percent interest, with repayment over 10 years). A major innovation of the SAF is a three-year policy framework paper (PFP), prepared jointly by IMF and World Bank staff, which sets macroeconomic and structural policy objectives and the measures used to achieve them. The PFP is updated annually to support the development of the year's arrangement. It is funded by reflows from the IMF's Trust Fund.

2.2.4 The Extended Structural Adjustment Fund

The Extended Structural Adjustment Fund (ESAF), established in 1987, operates like the SAF, but permits maximum drawings of 250 percent of quota. It is funded by special loans and contributions from IMF members.

During the 1980s, agreement with the IMF became a virtual prerequisite for other structural adjustment lending, as well as debt renegotiation and follow-on commercial lending. Between 1979 and 1987, 71 countries signed standby, extended, or structural adjustment agreements with the IMF, 53 of them developing countries in Africa and Latin America.[7]

Macroeconomic policies are the primary focus of IMF programs. Common features of conditionality for adjustment agreements include exchange rate adjustments, monetary and credit policies, and other macroeconomic policies. Conditionality focused on restructuring key sectors of the economy is becoming more prevalent, however. Analysis of 92 IMF programs (finalized between 1980 and 1984) found that 55 percent contained provisions for liberalizing and reforming exchange rate policies, 98 percent contained limits on credit expansion, 88 percent addressed wage and price policies, and 74 percent contained explicit structural adjustment conditions, with 67 percent focusing on the development and restructuring of a sector.[8]

The focus on sectoral issues has been even more pronounced in SAF agreements. An analysis of the 10 initial agreements found that all of them addressed sectoral issues.[9] Nine of these focused explicitly on the agricultural sector.

2.3 The World Bank

The World Bank, which pioneered structural adjustment lending, at first expected it to last only three to five years.[10] Instead, adjustment lending endured and expanded as most developing countries faced increasingly serious economic crises. Between 1979 and 1987, the World Bank made 121 adjustment loans to 50 countries, primarily low-income African countries and highly indebted middle-income countries. By 1989, adjustment was estimated to account for 36 percent of World Bank lending. Adjustment lending's share of development resources can be much higher for particular countries, however. Non-project lending accounted for half of the World Bank's lending to Sub-Saharan Africa.

The character of World Bank adjustment lending has changed during the 1980s. Early adjustment and stabilization programs focused primarily on aggregate demand management, using monetary and fiscal restraint and exchange rate adjustments to limit imports and promote exports. Somewhat later, a growing emphasis on long-term growth focused more attention on trade policies, the mobilization and allocation of domestic resources, and the efficiency of resource use.

Expanding objectives were paralleled by growing adjustment options, and a new terminology. Structural adjustment loans (SALs) operate in a macroeconomic framework, often including IMF stabilization targets to which structural elements are added. Sectoral adjustment loans (SECALs) operate in a sectoral framework, addressing major institutional and microeconomic distortions. Hybrid lending adds an investment component to sectoral lending.[11]

2.3.1 Structural Adjustment Loans

Structural adjustment lending is non-project lending to support programs of policy and institutional change necessary to modify the structure of an economy so that it can maintain both its growth rate and the viability of its balance of payments in the medium term.[12] While the Bank has had the authority to engage in program lending in "special circumstances" since 1946, a formal proposal was made to institute broader program lending in response to the economic changes of the 1970s.[13]

SALs were designed to have three distinguishing features: they would be a fundamental instrument for policy dialogue; they would provide multi-year financing to support policy reform; and they would quickly disburse foreign exchange to finance imports not linked in advance to specific investment programs.[14]

SALs tended to be heavily focused on macro policy reforms that were designed to support price reform, the adjustment of trade policies and structures, and reductions in government budget deficits. (A more detailed discussion of program content is provided in Section 3 of this paper). SALs dominated Bank program lending during 1980-84, when the development of sectoral adjustment lending began to complement the SALs.

2.3.2 Sectoral Adjustment Loans

Sectoral Adjustment Loans (SECALs) now account for the majority of World Bank adjustment lending, in terms of both the number of adjustment loans and the dollar value of those loans. By 1987, they were valued at $3.4 billion (19.5 percent of total World Bank lending) compared with $665 million (3.8 percent) for SALS.[15] The focus is increasingly on resource allocation and efficiency, which means that many adjustment programs are effectively "growth policy programs."[16]

The Bank suggests several reasons for the increasing importance of sector adjustment lending.

First, the broadening and deepening of the adjustment process generally leads away from an immediate concentration on macroeconomic issues to sector issues.

Second, severe distortions in a particular sector (generally trade) make sector adjustment lending an essential component of the adjustment process from the start in some countries. In 1987, half of all sector adjustment lending was committed to trade liberalization in Argentina, Indonesia, Jamaica, Mexico, and Nigeria.[17]

Third, while sectoral adjustment often occurs in the context of a general macroeconomic adjustment program, it is not always true. Especially in heavily indebted countries, sectoral adjustment has been used when a country was not ready to undertake a series of structural adjustment loans. Under such conditions, sectoral adjustment is used to pave the way for other sector or structural adjustment lending.[18]

The agricultural sector itself has been the focus of more adjustment lending under sector adjustment programs, in both the World Bank and under the auspices of USAID. Coordinating sector adjustment initiatives with broader structural adjustment programs is increasingly important for both bilateral and multilateral policy reform efforts.

2.3.3 Hybrid Lending

In countries where the reform process has been established, adjustment lending is being supplemented by hybrid lending (HL), which combines sector adjustment loans with substantial investment components. It focus on in-depth restructuring of sectoral investment programs, policies, and institutions. For this reason, a large proportion of the proceeds of hybrid loans finance sectoral investments and/or recurrent expenditures.[19]

In FY87 five hybrid sector loans were approved for Jamaica, Morocco, and Niger (public enterprises), Ghana (education), and Turkey (education). In each case, the loans were focused on deepening adjustment programs which were already addressing macroeconomic issues.[20]

Hybrid loans are particularly suitable for a series of sector investment or specific investment loans. They establish a sector-wide policy framework and a consistent set of investment priorities. Specific investment projects become contingent on the implementation of the sector investment strategy.[21]

2.3.4 The Special Program of Assistance for the Debt-distressed, Low-Income Countries of Sub-Saharan Africa

This special program for Sub-Saharan Africa was created in December, 1987[22] as a multi-donor initiative representing what the World Bank terms a "realistic approach" to the crisis of poverty in Africa. It emphasizes increased international assistance to countries undertaking growth-oriented adjustment. It calls for expanded non-project assistance from bilateral donors in association with the World Bank programs under the PFP. This program provides a number of avenues for coordinating activities of the Bank and bilateral donors, such as A.I.D.

World Bank adjustment lending generally occurs in tandem with IMF lending. Excluding early fertilizer loans, all World Bank SALs and all but seven sector adjustment loans (Argentina, Brazil, Colombia, Hungary, Indonesia, Pakistan, and Turkey) were implemented in the context of an IMF facility or monitoring program.[23]

The content and conditionality of World Bank lending operations includes some elements common to IMF standby agreements, including recognition of the importance of exchange rates, fiscal policy, and budget and public expenditures. However, World Bank programs tend to address more specific sectoral concerns than IMF agreements. They often address the performance of public enterprises, as well as financial, industrial, energy, agricultural, and trade policies. The major institutional objectives in World Bank lending are as follows:[24]

- Improvements in managing public finances (e.g. public expenditure and investment, taxation, and external debt);
- Sectoral restructuring and policy reforms (including liberalized price and incentive structures in agriculture and major reorganizations of agricultural sector institutions);
- Enhanced public sector efficiency (activities from privatization of state enterprises through reorganizations to strengthening governmental capacity for monitoring and policy formulation);
- Systemic public sector constraints (e.g. pay and employment; policymaking and financial management).

The content and conditionality of 51 SALs and SECALs in 15 countries are summarized in Exhibits 2.1 and 2.2 on the next page.

EXHIBIT 2.1

Structure of Conditionality

Item	Percentage of conditions			
	SSAs	*HICs*	*Other developing countries*	*All countries*
1. Exchange rate [a]	4.2	1.9	0.0	1.9
2. Trade policies	25.0	32.0	24.8	28.1
3. Fiscal policy	8.3	10.8	15.2	11.4
4. Budget/public expenditures	11.8	8.9	9.7	9.9
5. Public enterprises	19.4	16.6	11.5	15.5
6. Financial sector	3.5	13.1	13.3	10.9
7. Industrial policy	6.9	2.3	1.8	3.3
8. Energy policy	1.4	3.1	14.5	6.0
9. Agricultural policy	17.4	10.0	7.2	11.3
10. Other	2.1	1.3	2.0	1.7
Total	100.0	100.0	100.0	100.0

a. As the result of the IMF's responsibility for exchange rates, these figures understate the importance given by the Bank to movements in exchange rates. In the context of adjustment programs, governments are usually expected to establish and maintain exchange rates that are competitive internationally, but only in a few cases (such as Chile, Colombia, and Ghana) has there been explicit conditionality.

EXHIBIT 2.2

Content of Lending Operations

Item	Percentage of total number of loans with conditions in various policy areas			
	SSAs (13)	*HICs (22)*	*Other developing countries (16)*	*All countries [a] (51)*
1. Exchange rate	30.8	18.2	0.0	15.7
2. Trade policies	76.9	90.9	62.5	78.4
3. Fiscal policy	61.5	72.7	56.3	64.7
4. Budget/public expenditures	69.2	50.0	37.5	51.0
5. Public enterprises	61.5	54.5	43.8	52.9
6. Financial sector	38.5	36.4	43.8	39.2
7. Industrial policy	53.8	9.1	25.0	25.5
8. Energy policy	7.7	13.6	50.0	23.5
9. Agricultural policy	76.9	40.9	37.5	49.0
10. Other	23.1	9.1	12.5	13.7

a. Numbers in parentheses are total numbers of loans.

Source: Based on an analysis by IEN, CEC and SPR of 51 SALs and SECALs in 15 developing countries broken down as follows: SSA-Ghana, Kenya, Malawi, Zambia; HICs-Chile, Colombia, Côte d'Ivoire, Jamaica, Mexico, Morocco and Philippines; and "other"-Korea, Pakistan, Thailand, and Turkey. There were a total of 504 legal conditions in those 51 loans.

One result of the expansion of adjustment programs is the potential for conflict among objectives and instruments. While adjustment and stabilization are generally complementary, there are some potential tradeoffs.[25] Stabilization programs can impede adjustment. Tight monetary and fiscal policies can make adjustment more difficult. For example, tight credit restricts opportunities to invest in newly profitable operations. Cutbacks in expenditures for infrastructure and maintenance raise production and marketing costs and reduce competitiveness.

In addition, adjustment programs can complicate stabilization. Reforms in financial institutions, such as reduced reserve requirements or lower taxes on financial intermediaries, may conflict with the need to increase government revenues and control the money supply to stabilize the economy. Terminating subsidies can add to inflationary pressures. Lagged responses to trade liberalization may cause sharp deterioration in the balance of trade or a steep decline in domestic absorption. The right mix of instruments is therefore critical.[26]

Another consequence of the evolution in adjustment lending has been the development of a multilateral adjustment lending program with a range of objectives which are increasingly similar to broad development goals. Recognition of this evolution may, in part, have supported the World Bank's movement toward special multi-donor development initiatives, such as the Special Program of Assistance for the Debt-distressed, Low-income Countries of Sub-Saharan Africa, as well as toward the development of hybrid lending.

The Bank's recent analysis of the requisites for sustained development in Sub-Saharan Africa emphasized the need to go beyond coordinating policy reform activities toward more emphasis on human capital development, investment (especially in transportation and communications), and productivity enhancement.[27] A recent suggestion that the Bank itself will gradually move away from rapid dispersing lending toward investment in projects may be yet another indication that the agendas for adjustment and for traditional development are merging.[28]

2.4 The Agency for International Development

While the U.S. Agency for International Development (A.I.D.) and international lending institutions have a common interest in sustainable adjustment programs, their roles in promoting adjustment differ in both scope and the instruments available for promoting adjustment-oriented policies.

A.I.D. has generally focused on sectoral adjustment activities, which have frequently been viewed as supporting and drawing support from broader adjustment programs. A.I.D. has taken the lead in policy reform efforts in politically significant countries, such as Guatemala, Honduras, and Egypt, even when the Bank and the IMF have not been involved.

A.I.D.'s country emphasis has differed from that of the World Bank and the IMF. A.I.D.'s mandate is to assist poorer countries, so it has not been heavily involved in middle-income countries, some of which are the best examples of successful adjustment. For the same reason, A.I.D. has not been heavily involved in many of the most indebted Latin American countries, where adjustment programs and debt management have been closely related. The U.S., however, has been involved in attempts to deal with their debt problems, initially through the Baker plan and more recently through the Brady plan.

A.I.D. has 28 policy programs in Africa, of which 18 are in the agricultural sector. They focus on countries identified by A.I.D. as higher performing, those that concentrate on sector reforms in areas with the most significant potential. A.I.D. also has policy reform programs in place in seven countries in the Caribbean and Latin America.

A.I.D.'s tools for supporting policy reform differ from those available to multilateral development institutions. The Agency supports economic adjustment through two main avenues: programs such as ESF or DFA, which provide rapidly disbursing funds conditioned on policy performance, and projects that focus specifically on supporting policy analysis and policy-relevant institutions.[29]

One of A.I.D.'s major challenges in promoting adjustment has been to craft a mixture of instruments which is appropriate for and effective in several different environments. The instruments for policy-based lending have thus varied among countries and regions. Adjustment issues in some countries (especially in Asia and Latin America) have been addressed primarily through the direct use of ESF funds, while adjustment issues in Sub-Saharan Africa have been addressed primarily through the relatively new Development Fund for Africa (DFA).

2.4.1 Economic Support Fund

During the 1980s, Economic Support Fund (ESF) resources were concentrated heavily on programs for Israel, Egypt, the Philippines, Pakistan, and countries in Central America.[30] In some cases, A.I.D. has used ESF funding to promote improvements in country economic policies, using ESF conditionality to foster change in inappropriate macroeconomic and sectoral policies. ESF was the major vehicle for promoting policy reform in the Central American countries of Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama, as well as in the Dominican Republic and Jamaica.[31]

In Sub-Saharan Africa, the African Economic Policy Reform Program (AEPRP) supported policy reform through the use of ESF funding. The AEPRP is a performance-based fund which supports policy reform in a small number of countries each year.[32]

2.4.2 Development Fund for Africa

The Development Fund for Africa (DFA), created by Congress in 1987, provided A.I.D. with broad latitude in introducing the concept of performance-based programming, which allowed the Agency to concentrate funds in countries with more growth potential. Up to 20 percent of DFA resources can be used to finance non-project activities without congressional notification, and up to 25 percent can be so allocated with congressional approval. In addition, DFA resources do not have to be allocated by individual sectors, which permits a more efficient targeting of resources on priority problem or policy areas. The DFA has four strategic objectives:

- Improving public management of African economies by redefining and reducing the role of the public sector and increasing its efficiency;
- Strengthening competitive markets to provide an environment for private sector-led growth;
- Developing the potential for long-term productivity increases in all sectors; and
- Improving food security.

In FY91, $560 million in development assistance was proposed for Africa under DFA, 71 percent of the total foreign assistance proposed for Africa.[33] Over half of the DFA resources will be targeted for 10 major, high-performing countries. The 20 top performing countries will receive 80 percent of DFA funds.[34]

The emphasis on policy reform has meant a loss of resources for other parts of the traditional agricultural portfolio for Africa. This includes a $10 million decline in agricultural research resources, and a $10 million decline in other agricultural resources.

2.4.3 PL 480

A.I.D. has occasionally used PL 480 food aid as a vehicle for supporting policy reform. PL 480 has historically been an important source of development assistance resources, ranging from 20 to 30 percent of total U.S. economic assistance.[35] Food aid has historically served a number of objectives, one of which has been the promotion of economic development.[36] In support of this objective, PL 480 resources have been used to support policy adjustment, primarily at the sectoral level, in a number of African and Latin American countries, including Cape Verde, Guinea, Haiti, Kenya, Liberia, Madagascar, Mali, Mauritania, Morocco, Sudan, Tunisia, and Zambia.[37]

2.5 Summary of Current Status of Adjustment Lending

Adjustment lending has undergone significant changes over the past decade. The proliferation of programs has shifted the focus of lending from a macro to a sectoral perspective, while maintaining the fast disbursing character of the programs. At the same time, the typical life of a program is longer and new programs are available on more concessional terms to low-income countries.

Over the same period, parts of A.I.D.'s program have been reoriented so that fast-disbursing resources can be used to support the Agency's policy reform priorities. This reorientation has involved both a heavier use of traditionally fast-disbursing programs (e.g. ESF) for policy reform and the creation of new fast-disbursing capabilities for development assistance (e.g. DFA).

The longer time frame and greater sectoral emphasis has gradually tied adjustment programs more closely to issues of development strategy and brought the Agency face to face with some more intractable development problems such as sectoral productivity, poverty, and the need to harness and transform traditional practices and perspectives. This tendency, in turn, is increasing the importance of links between adjustment and more traditional modes of development assistance.

3. EVALUATION OF ADJUSTMENT PROGRAMS

Adjustment lending has generated a large body of literature explaining, attacking, and defending it as an approach to the economic problems of developing countries. Much of this literature is included in the bibliography for this paper. Relatively little of it, however, has been empirically based, and even less has sought to systematically examine the impact of adjustment programs over time. There are two major questions now: (1) What has really been accomplished under adjustment programs? (2) Is a continuation of such programs (as they now exist or with modifications) a viable approach to development assistance for the 1990s?

The World Bank has recently completed and published two comprehensive evaluations of adjustment programs which examine the performance of a broad range of countries.[38] These studies suggest that adjustment programs have a mixed, but on balance, positive impact. The Bank has also published two evaluations of adjustment in Sub-Saharan Africa and one of adjustment in Latin America.[39] These reports differ in tone, generally citing some gains from policy reform, but sustained difficulties in stimulating growth (especially in Africa) and dealing with external debt (especially in Latin America). Other perspectives are considerably more critical.[40]

These general evaluations provide a unique opportunity to examine the empirical evidence on adjustment across countries and regions. They also provide an excellent backdrop against which to place country-specific evaluations and assessments.

They are complemented by several evaluations of the impact of adjustment lending on poverty and human well-being.[41]

This chapter will summarize the principal findings of the cross-country evaluations first, then move to incorporate findings drawn from more specific evaluations of Latin American and African countries and the distributional impacts of adjustment lending.

Evaluations of adjustment efforts generally address two different but related issues. The first is a country's performance as measured against the conditions established by lenders. In general, evaluations conclude that despite some slippage and greater than anticipated difficulty in implementing some policy reforms, most countries have performed relatively well on this measure of adjustment performance. (See Section 3.1, page 20.) The second is improvement in the economic performance of the country as a result of adjustment activities.

The impacts of adjustment programs are difficult to measure for several reasons: lags, exogenous shocks, lack of continuity, and effects of policies not included in the adjustment program.[42] Given the clear expectations that adjustment would significantly improve overall economic operations, larger economic impacts must be assessed, even though this is difficult both conceptually and empirically. The record to date has raised major issues regarding the relationship between adjustment and growth, the viability of export-led trade strategies, and distributional impacts. (See Section 3.2, p 23.)

3.1 Cross-National Evaluations of Compliance

The World Bank evaluation found that about 60 percent of the conditions in SALs and SECALs were implemented fully, with "substantial progress" made in implementing another 20 percent.[43] However, the release of tranche funds was delayed in some 75 percent of the agreements as a result of insufficient progress on policy conditions. In most cases, the funds were eventually released. Delays generally reflect difficulties in implementing complex and politically sensitive reforms.

Performance differs across lending instruments. More conditions were fully implemented for SALs than for SECALs. Without more information on the sector content of the SECALs reviewed, it is difficult to know whether this result simply reflects differences in performance across policy areas (discussed below) or whether it is more broadly associated with this type of lending and its use to support balance of payments in highly indebted countries. Given the increased importance of SECALs in Bank lending, however, and the high priority A.I.D. gives to sectoral programs, this finding should be more fully explored.

The implementation of policy reform varies substantially across policy areas. Performance on energy policy conditions (especially energy pricing) was strong, with the weakest performance on export finance and tax reform. Performance on agricultural policies conditions was weaker than performance in a number of other areas (including energy, finance, budget/public finance, exchange rates, public enterprise reform, and some elements of trade policy), as indicated in Exhibit 3.1.

EXHIBIT 3.1

Implementation of Conditionality

Item	Percentage of conditions			
	During the loan period		Current situation	
	Conditions fully implemented (1)	(1) plus "substantial progress" (2)	Conditions fully implemented (3)	(3) plus "substantial progress" (4)
1. Exchange rate	70.0	90.0	62.5	87.5
2. Trade policies	54.9	84.2	63.4	89.3
Import QRs	62.8	93.0	69.0	90.4
Import duties	61.5	76.9	72.7	81.8
Import/export finance	20.0	80.0	42.9	85.7
Export incentives	60.6	81.8	62.5	91.7
Other trade policies	33.3	76.2	41.1	94.1
3. Fiscal policy	53.2	78.3	69.8	95.3
Tax policy	46.2	53.8	86.7	100.0
4. Budget/public expenditures	68.0	78.0	71.7	84.8
5. Public enterprise reforms (incl. restructuring)	61.3	86.7	70.0	90.0
6. Financial sector	71.4	85.7	73.5	89.8
7. Industrial policy (excl. restructuring)	53.3	93.3	42.9	85.7
8. Energy policy	79.2	83.3	83.3	88.9
Energy pricing	84.6	84.6	100.0	100.0
9. Agriculture policy	57.1	81.6	58.1	83.7
Agricultural pricing	64.3	85.7	61.5	80.8
All conditions Total	60.3	83.7	67.5	89.0
All conditions, SALs	68.3	84.1	73.5	92.4
All conditions, SECALs	50.9	83.2	60.0	84.9
All conditions, SSA countries	52.4	84.6	62.2	86.7
All conditions, HICs	66.9	88.6	73.2	91.4
All conditions, other developing countries	52.8	79.7	56.0	84.0

Source: Based on an analysis of 51 SALs and SECALs in 15 countries.

Agricultural policy conditionality has been an important component of World Bank adjustment programs. Agriculture is regarded as especially critical to adjustment in low-income countries because it is generally more labor-intensive and less import-dependent than other sectors, and hence, has the potential to improve both income and domestic growth.[44]

Adjustment lending in agriculture has frequently focused on reducing taxation of the agricultural sector, a major impediment to agricultural growth in a wide range of developing countries, especially in Sub-Saharan Africa. Because much of the sector's taxation frequently results from macroeconomic policies, adjustment programs aimed at reducing it have focused on macroeconomic policies (such as exchange rates and industrial sector protection), as well as sector policy issues (such as producer prices). The need to address a broad range of issues is reflected in agricultural lending, as summarized in Exhibit 3.2 below.

EXHIBIT 3.2

Policy Conditionality in Agricultural Policy Loans and SALs
(number of loans with percentage of total loans in parentheses)

Policy Area	*Africa (23)* [a]		*Asia (5)* [a]		*EMENA (3)* [a]		*LAC (12)* [a]		*Total (43)*	
Pricing (Input and output) [b]	30	(83%)	3	(27%)	3	(33%)	9	(39%)	45	(57%)
Trade	16	(44%)	6	(55%)	5	(56%)	23	(100%)	49	(62%)
Institutional reform	29	(80%)	5	(45%)	7	(78%)	15	(65%)	56	(71%)
Credit and banking [c]	11	(31%)	3	(27%)	1	(11%)	9	(39%)	24	(30%)
Public investment budget	21	(58%)	1	(9%)	5	(56%)	10	(43%)	37	(47%)
Macroeconomic	20	(56%)	2	(18%)	6	(67%)	10	(43%)	38	(48%)
Environment	3	(8%)	1	(9%)	1	(11%)	2	(9%)	7	(9%)
Total loans evaluated	36		11		9		23		79	

a. Number in parenthesis is number of countries whose loans were evaluated.
b. Includes interest rate subsidy issues.
c. Excludes interest rate subsidy issues.

Source: AGRAP, World Bank.

Performance has been better on pricing reforms than on other agricultural policy conditions (see Exhibit 3). Prices for staple food crops were decontrolled in the Central African Republic, Guinea, Madagascar, Niger, Nigeria, Tanzania, and Uganda. Incentives to Sub-Saharan African farmers to produce export crops also improved. The Bank did not see similar progress in agricultural incentives in other regions, however.[45]

Institutional reform, including market decontrol, has had some success. Considerable progress has been made in eliminating agricultural parastatals or substantially reducing their number in Sub-Saharan African countries (including Ghana, Tanzania, Senegal, Niger, Nigeria, Guinea, and Somalia). Adjustments in this area in Latin America have been more limited in scope. Mexico's agricultural SECAL introduced automatic pricing rules to minimize the arbitrariness of official pricing procedures. In Colombia public sector reforms separated credit operations from input supply functions to streamline organizations.

In some cases where compliance with price policy conditionality was good, other supporting measures were required to substantially improve agricultural production. In Malawi, for example, where the price policy conditionality was met for both SAL I and SAL II, the structure of exports or export performance was not significantly improved. The Bank review of these programs concluded as follows:

> "For a ... positive result to have been achieved, it would probably have been necessary to supply smallholders with a conventional package of credit, extension and adaptive research and to have mounted some form of export promotion program. It was over-optimistic to have expected major production increases from producer price incentives alone..."[46]

Broader evaluations of agricultural programs in Sub-Saharan Africa have reached similar conclusions: that weaknesses in markets, infrastructure, and institutions have translated into a relatively slow supply response.[47] Nevertheless, improved producer incentives, coupled with good weather, have significantly increased crop production in countries both with (Ghana, Tanzania) and without (Zimbabwe) formal adjustment programs.

3.2 Cross-National Evaluations of Impact

Cross national impact evaluations enable us to answer two questions:

- How well did adjusting countries do in comparison with comparable countries not undertaking adjustment?
- How well did adjusting countries do after adjustment in comparison with their pre-adjustment performance?

The World Bank's Adjustment Lending (AL) evaluation compared 30 countries (those with a track record of at least three years of adjustment at the time the evaluation began) with comparable countries which were not receiving World Bank

adjustment lending. This means that some 20 countries which began to receive World Bank adjustment lending after 1984 were not evaluated as AL countries. These countries are disproportionately low income/heavily indebted, and hence, belong to the category of countries which performed most poorly.

In general, countries undertaking adjustment performed modestly better than countries in a similar income grouping not undertaking adjustment, with the least difference for low income countries. Countries with more sustained, intensive adjustment programs did significantly better than their non-adjusting counterparts, however.[48] Only in countries with a history of agreements (three or more) was there a significant difference in performance between countries undertaking and those not undertaking adjustment programs.

The report evaluated progress in four areas: growth (GDP, investment, and exports); external balance (real effective exchange rate, current account); internal balance (budget deficit, inflation) and external debt (debt, debt service). They reached the following conclusions:

- Growth was slow. Only about half of the adjusting countries had higher GDP growth rates than non-adjusting counterparts.

- Exchange rates were more realistic. About two-thirds of the adjusting countries improved their real exchange rate more than non-adjusting counterparts.

- The burden of adjustment fell heavily on investment. Two-thirds of the adjusting countries have a LOWER investment/GDP ratio than non-adjusting countries.

- Inflation persisted. Only about half of the adjusting countries had a lower inflation rate than their non-adjusting counterparts.

- Budget deficits persisted. Only 40 percent of the adjusting countries had a lower budget deficit to GDP ratio than their non-adjusting counterparts.

- External debt persisted. About half of the adjusting countries had more favorable debt conditions than their non-adjusting counterparts.

While the aggregate picture was mixed at best, the more differentiated picture is quite disturbing. Adjustment worked best for exporters of manufactured products, which are all middle-income countries, most of them in the Asia/Near East region. It worked much less well for highly indebted countries and low-income countries, which are disproportionately agriculture dependent countries in Sub-Saharan Africa.

EXHIBIT 3.3A

Performance Indicators for 30 Adjustment Lending Countries

The numbers in the table show how many AL countries in each classification performed better on each indicator than their comparators after the start of adjustment lending. The plus and minus signs show the direction of change of the average value of an indicator in comparison with the average value of the same indicator for the comparator (a plus is an improvement). For three indicators – GDP growth, investment/GDP, and export growth – a positive difference is an improvement. For five indicators – current account deficit/GDP, overall budget deficit/GDP, inflation, external debt/exports and debt service/exports – a positive difference is a worsening (shown by a minus sign). For the real exchange rate, a greater real depreciation between periods than that of the comparators is an improvement. For example, if the average GDP growth of AL recipients in a subgroup was 0.2 percentage points less than that of other countries in the three years before adjustment lending started and 0.1 percentage points less in the three years after, the difference (0.1) is positive, and the relative performance of AL recipients improved.

	Low-income	*Middle-income*	*Row sum*	*Sub-Saharan Africa*	*Highly-indebted countries*	*Manufacturing exporters*
Number of AL recipients	12	18	30	15	11	9
Number of other countries	24	39	63	22	6	11
1 GDP growth	5 (-)	11 (+)	16	7 (-)	6 (+)	8 (+)
2 Invest/GDP	5 (+)	6 (-)	11	6 (-)	6 (+)	4 (-)
3 Export growth	8 (+)	9 (+)	17	10 (+)	4 (+)	4 (+)
4 Real exchange rate	9 (+)	11 (+)	20	11 (+)	4 (-)	7 (+)
5 Current acct. balance/GDP	6 (+)	15 (+)	21	8 (+)	8 (+)	7 (+)
6 Budget balance/GDP	6 (+)	6 (+)	12	6 (+)	1 (-)	5 (+)
7 Inflation	3 (-)	13 (-)	16	5 (-)	7 (+)	5 (-)
8 Ext. debt/exports	7 (+)	9 (-)	16	9 (+)	6 (-)	4 (+)
9 Debt service/exports	8 (+)	9 (+)	17	7 (+)	3 (-)	9 (+)
Share showing improvement	0.53	0.55	0.54	0.51	0.45	0.65

EXHIBIT 3.3B

Performance Indicators for 12 Adjustment Lending Countries and Their Comparators

	Low-income	*Middle-income*	*Row sum*	*Sub-Saharan Africa*	*Highly-indebted countries*	*Manufacturing exporters*
Number of AL recipients	5	7	12	5	5	5
Number of other countries	24	39	63	22	6	11
1 GDP growth	3 (+)	5 (+)	8	2 (+)	3 (+)	5 (+)
2 Invest/GDP	2 (-)	2 (-)	4	2 (-)	3 (-)	2 (-)
3 Export growth	4 (+)	5 (+)	9	3 (+)	2 (-)	4 (+)
4 Real exchange rate	5 (+)	6 (+)	11	5 (+)	3 (-)	5 (+)
5 Current account bal./GDP	3 (+)	6 (+)	9	3 (+)	3 (+)	5 (+)
6 Budget balance/GDP	3 (+)	4 (+)	7	3 (+)	1 (+)	4 (+)
7 Inflation	1 (-)	5 (+)	6	2 (-)	3 (+)	4 (-)
8 Ext. debt/exports	4 (+)	2 (+)	6	4 (+)	2 (+)	3 (+)
9 Debt service/exports	3 (+)	5 (+)	8	2 (+)	3 (+)	6 (+)
Share showing improvement	0.62	0.63	0.63	0.58	0.31	0.84

The Bank's conclusion on low-income countries is worth quoting at length:

"The hoped-for switching and growth-augmenting effects of adjustment lending are not apparent in the low income AL (adjustment lending) countries. Despite some improvement, average export volume growth was still negative after the lending, and average GDP growth fell from 3.0 percent to 2.3 percent. The pattern of adjustment was the same for NAL (non-adjustment lending) countries, indicating a low (or slow) supply response. Various Bank reports on Sub-Saharan Africa have noted this slow response to policy changes, explaining that a longer time perspective is required for broader institutional changes."[49]

The difficulties encountered in low-income, agricultural countries are particularly significant, since these countries currently account for the majority of World Bank adjustment lending, as well as the majority of the countries which undertook such lending between 1985 and 1989.

3.3 Impacts of Adjustment

Did adjusting countries significantly improve their performance after undergoing adjustment? The World Bank attempted to answer this question by comparing the economic performance of adjusting countries three years before their first structural adjustment agreement with their performance in the following three years. They reached the following conclusions:

- Growth was mixed, dropping in some countries (low income countries, especially in Sub-Saharan Africa) and rising in others (manufacturing exporters, highly indebted countries).

- Investment as a portion of GDP declined in all categories of adjusting countries. This suggests that the required reduction in expenditures cut investment, jeopardizing future growth.

- Budget deficits worsened in Sub-Saharan Africa and highly indebted countries, while improving in manufacturing exporters.

- Current account deficits fell, but not enough to relieve debt servicing problems. Export volumes rose, but rising interest payments on debt and deteriorating terms of trade raised debt service/export ratios in all countries except manufacturing exporters. Resource balances (balance of goods and nonfactor services) improved, mainly from import compression, especially in Sub-Saharan Africa and the highly indebted countries.[50]

Perhaps the most significant conclusion from the analysis of these empirical results is that there is a persistent tradeoff between reducing balance of payments deficits and growth.[51] Only 12 of the 30 countries the World Bank examined successfully reduced their external imbalance and increased growth (including Uruguay and Mauritius). An equal number of countries made progress in managing their balance of payments problems at the expense of growth (including Côte d'Ivoire, Malawi, Mexico, and Bolivia), while another five achieved growth, but failed to successfully manage their balance of payment

problems (including Ghana and Senegal). One country (Uganda) failed on both counts.[52]

Not all apparent progress was sustainable. In several cases, countries which had performed relatively well over the time period covered in the World Bank evaluations (generally a comparison of the three years before the first adjustment agreement with the three years after it) did poorly later.

The World Bank evaluation provides little country detail. However, drawing upon its material and other sources, it is possible to assemble some assessment of country-specific performance, sustainability, and factors which have been involved.

3.3.1 Latin America

Among the six highly indebted Latin American countries with substantial pre-1985 adjustment, sustainability was generally good. Brazil did not effectively sustain adjustment efforts and subsequently adapted a series of non-orthodox programs for economic management. Adjustment was sustained in Bolivia, Costa Rica, Jamaica, Mexico, and Uruguay, although most adjustment programs had gaps.

Economic performance was somewhat more mixed. Only two countries sustained growth between 1984 and 1988 (Costa Rica and Uruguay). Inflation rates for 1988 were lower than four years ago in three countries (Bolivia, Costa Rica, Jamaica), but higher in the other two (Mexico, Uruguay). Only two countries (Mexico, Uruguay) were able to sustain a positive trade balance from 1984-88. Two countries successfully mobilized additional external resources to cope with their debt problems. Donors funded a substantial buy-back of Bolivia's private debt. Mexico, which received bilateral assistance from the U.S., was the first country to reach an agreement with its commercial creditors under the Brady plan. Recent reports suggest that direct private investment is also increasing in Mexico.[53] Another country, Costa Rica, recently concluded a Brady Plan agreement.

What of the non-adjusting countries? Six countries (Argentina, Chile, Colombia, Ecuador, Peru, and Venezuela) had no structural adjustment programs with the World Bank prior to 1985. Four countries (Argentina, Chile, Colombia, Ecuador) began World Bank-supported structural adjustment programs after 1985. Their performance appears solid, and in Chile's case, more solid than that of the earlier adjusting countries. Argentina's adjustment was not sustained, and as with Brazil, gave way to a series of unorthodox attempts to manage severe economic problems. Chile, Colombia, and Ecuador sustained adjustment, although efforts were discontinuous in Ecuador.

Economic performance was also somewhat mixed. Two countries sustained growth between 1984 and 1988 (Chile, Colombia). Only Chile had a lower inflation rate in 1988 than it did four years earlier. All three countries were able to maintain a positive balance of trade. Chile has been quite successful in mobilizing external resources to cope with its debt problems. The country substantially reduced external debt to commercial banks, largely through conversions to equity and a buy-back of debt financed by windfall copper earnings. New lending from commercial banks was available. The country also

received substantial private investment. Colombia has had relatively good access to funds from international organizations but not from commercial banks. Ecuador has also been unable to attract private external resources.

Peru and Venezuela had not undertaken formal structural adjustment programs with the World Bank as of 1989. Peru's economy is in shambles. Venezuela's economic performance was mixed. It achieved four consecutive years of positive economic growth, while avoiding balance of trade deficits until 1988. However, inflation was higher in 1988 than in 1984. The government balance deteriorated significantly, moving from a surplus in 1984 to a deficit equal to 2.9 percent of GDP in 1988. Debt service requirements also increased. In response to its worsening economic situation, Venezuela undertook an adjustment program with the IMF and World Bank in late 1989 and subsequently successfully negotiated a debt agreement under the Brady Plan.

Latin American adjustment efforts in countries which are not highly indebted are more difficult to characterize. One country, Panama, had pre-1985 World Bank adjustment lending. This adjustment program was not sustainable. Another group of countries undertook IMF stabilization agreements without a corresponding commitment to structural adjustment (Dominican Republic, El Salvador, Guatemala). Early IMF programs in the Dominican Republic and El Salvador were not sustained. Both countries are currently engaged in some elements of adjustment supported by bilateral donors, however. Guatemala's agreement with the IMF was recent (October 1988) and also has been accompanied by adjustment efforts financed by bilateral donors. Finally, two countries have had formal adjustment programs with the World Bank (Haiti, Honduras). In Haiti the program was not sustained. The Honduran program, which began in 1988, initially had positive reviews.

3.3.2 Sub-Saharan Africa

Fifteen Sub-Saharan African countries undertook World Bank adjustment programs before 1985. Two of those were highly indebted middle-income countries (Nigeria, Côte d'Ivoire) and two were middle-income countries without substantial debt problems (Mauritius, Zimbabwe), while the rest were low-income countries (Ghana, Guinea-Bisseau, Kenya, Malawi, Senegal, Sierra Leone, Sudan, Tanzania, Togo, Uganda, and Zambia).

World Bank-backed adjustment programs are currently operating in both Nigeria and Côte d'Ivoire, although their experiences diverged considerably. Nigeria had a "stop and go" adjustment experience, followed by a substantial adjustment effort. Côte d'Ivoire had a continuous adjustment experience.

Economic performance, again, is mixed. Nigeria has yet to resume growth, although it has reduced its budget deficit and slowed inflation. Côte d'Ivoire's adjustment program was, until recently, regarded as one of Africa's most successful, even though growth remained elusive. Recently, however, the country's external balance has suffered, due to sharp drops in prices of coffee (associated with the collapse of the international coffee agreement), cocoa, and cotton.

Mauritius and Zimbabwe adopted World Bank-backed adjustment programs, although the two experiences diverged sharply. Mauritius, which like Côte d'Ivoire, has had continuous adjustment programs, is regarded as one of Africa's most successful cases of export-led development based on its innovative program to stimulate foreign investment. Zimbabwe has had a "stop and go" experience, with a recent return to discussions with the Bank. Nevertheless, its economic performance has been relatively good, both with respect to other African countries and vis-a-vis its own historical record.

Adjustment in low-income countries has been more problematic. Adjustment programs in Sierra Leone, Sudan, and Zambia were not sustained. Three other countries currently have structural adjustment agreements in place, but came to them through a "stop and go" pattern (Kenya, Tanzania, Uganda). Ghana, Guinea, Togo, and Senegal have had relatively continuous adjustment efforts. Again, economic performance is mixed. Sierra Leone, Sudan, and Zambia all experienced poor economic performance and falling living standards in the wake of their aborted adjustment programs. Zambia recently has begun new adjustment measures, albeit with considerable difficulty. Growth in Ghana and Togo improved for several years after they adopted reform programs. Tanzania experienced positive growth for the first time in several years following the adoption of its adjustment program, although significant difficulties remain. Growth also improved in Uganda, associated with its most recent adjustment efforts and reduced political unrest. Despite relatively poor implementation of adjustment programs, the Kenyan economy has done rather well. Senegal, on the other hand, has been unable to catalyze improved growth despite a sustained program of adjustment.

Africa's experience differs substantially from Latin America's in the rapid proliferation of adjustment agreements with low-income countries. Fifteen countries which had no prior experience with formal adjustment programs instituted them between 1985 and 1989. These countries include Benin (1989), Burkina Faso (1985), Burundi (1986), Cameroon (1989), Central African Republic (1986), Congo (IMF only, 1986), Gabon (IMF only, 1986), Gambia (1986), Guinea (1985), Madagascar (1986), Mauritania (1985), Mozambique (1987), Niger (1987), Somalia (1986), and Zaire (1986).

Adjustment programs proved unsustainable in several countries including Somalia and Liberia (where programs were suspended for non-performance) and Burkina Faso.

More country detail casts some doubt on the categorization of countries in the Bank's rather optimistic evaluation of adjustment in Sub-Saharan Africa.[54] Of the 19 countries categorized as strong reformers, nine had programs which were instituted during or after the 1985-87 period over which "improved" performance was measured. In addition, of the 12 countries categorized as weak reformers, four had substantial adjustment histories. Of the 14 countries not categorized (and analyzed as non-adjusters), two recently undertook adjustment programs (Cameroon and Mozambique), and one (Gabon) had an IMF agreement apparently not recorded in the study. Four of the countries are extremely small islands (Cape Verde, Comoros, Sao Tome and Principe, and Seychelles), for which no data were available.

Such aggregate data demonstrates relatively little about the effectiveness of adjustment. What it does corroborate is the widely accepted assertion that economic conditions have improved since 1985, even in countries where adjustment performance cannot be credited for the change.

In addition to general reviews, some attempts to analyze the impact of adjustment on poverty and human well-being. While there is a growing literature on distributional impacts and some examples of the type and magnitude of effects, systematic empirical evidence is scarce. Attempts to correlate aggregate welfare measures (such as per capita calorie availability, infant mortality, and life expectancy) found few systematic patterns. The analysis found that per capita calorie availability increased in 18 of the 23 countries examined between 1970 and 1985, with decreases concentrated in countries which postponed adjustment (Ghana and Guinea), failed to continue adjustment (Zambia and Zaire) or never undertook adjustment (Peru).[55] All countries made progress in both infant mortality rates and life expectancy.

Recent FAO assessments of malnutrition in Sub-Saharan Africa and Latin America concluded that nearly one-third of the population in Sub-Saharan Africa was malnourished in the early 1980s, compared with about one-fifth in Latin America and the Caribbean.[56] Without significant changes in existing patterns, FAO predicts an increase in the proportion of Africa's population suffering from malnutrition, and no change in the proportion in Latin America and the Caribbean. This implies a significant increase in the number of malnourished people in both regions.

Aggregate statistics, however, do not address the major welfare concerns. The concern is for specific categories of people, including the chronic poor and their children, families pushed into poverty as a result of economic crisis, and people directly impacted by specific reforms (e.g. those who lost their jobs as a result of economic retrenchment).[57] Sharp drops in real income, especially for low-income groups which spend a high portion of their income on food, generally translate into increased malnutrition.[58] Disaggregated data are necessary to identify these groups and their fate during periods of adjustment.

While a number of activities are underway to assess the economic impacts of adjustment on a variety of social groups, few have reached the stage where empirical results are available.[59] Côte d'Ivoire, however, does have such an analysis.[60] The analysis found that over the period 1980-85 real per capital income fell 2.6 percent a year, while poverty rose by 4.8 percent a year and hard-core poverty rose even faster at 7.9 percent per year. It also found, contrary to some assertions, that rural poverty increased under adjustment.[61] Food crop farmers were hardest hit, with the incidence of absolute poverty for this group rising from 42 percent to 50 percent and the "hard core" poverty incidence increasing from 13 percent to 20 percent. Export crop producers did better, although their incomes also declined.

Evidence from a series of case studies designed to evaluate agricultural policies and food security in rural Africa add additional information, although the studies were not designed to measure the distributional impact of adjustment per se. The studies found that the impact of policy changes, such as higher producer prices, depended critically on whether rural households were net

producers or net buyers of staple crops. Contrary to much conventional wisdom, which suggests that small farmers are self-sufficient or net sellers of staples, the study found that from one-quarter (Zimbabwe, communal sector, maize) to nearly three-quarters (Rwanda, beans) of rural households are net buyers of key staple commodities.[62] Because of the variability across countries and commodities, more empirical research is necessary to identify the welfare impacts of changing sectoral policies.

3.2 Summary of Adjustment Program Evaluation

Adjustment programs have a checkered history in terms of both the ability of countries to meet the adjustment program conditions and the program's ability to make a positive impact on countries' economic performance. Partial successes in economic crisis management are often offset by partial failures in catalyzing growth and overcoming institutional weaknesses and rigidities.

The success or failure of adjustment programs to produce improvements in national economies cannot be simply related to early adjustment (although delays in adjusting do contribute to more severe economic crisis) or even to the continuity of the adjustment effort. Other factors intervene. Adverse international economic conditions--including declining prices for major exports and a less supportive trade environment--can destroy the assumptions upon which adjustment is predicated. The response of international economic actors to reforms can significantly influence their chances for success by augmenting (or reducing) capital flows. Domestic politics and institutional arrangements may impede implementation, or force the collapse of adjustment agreements. These difficulties, however, coincide with other global changes: new commitments to market economies throughout the socialist world, a growing desire for political liberalization, and the virtual collapse of other "models" for economic growth. Abandoning adjustment in such an environment is impossible. Adjusting it to respond to both the experience of the 1980s and the promise of the 1990s is imperative.

4. ADJUSTMENT ISSUES FOR THE 1990s

Adjusting adjustment to the realities of the 1990s means facing a collection of difficult issues. Those making and implementing adjustment programs have identified some, while critics and scholars of the adjustment process have raised others. These issues are how to catalyze growth and integrate adjustment programs into broader development strategies; the sensitivity of adjustment to global economic conditions; adjustment and debt; the salience of welfare and distributional concerns; and the sustainability of adjustment and the development it seeks to foster.

4.1 Adjustment, Growth, and Development

The tradeoffs between adjustment and growth during the 1980s were discussed in Section 3. How can we move beyond this tradeoff, which sustains both reform and recession, to a new plateau in which growth is catalyzed and maintained? How can adjustment be integrated into other development programs to support "long-haul economic development"?

A major World Bank study on sustainable growth in Sub-Saharan Africa concluded that at least during the next decade, agriculture will be the major foundation for growth.[63] Sound macroeconomic policies will be an important force in creating an enabling environment for productive resource use, but they will be insufficient to transform the structure of African economies--a key requirement for catalyzing growth. What is necessary is to build capacity--both human and institutional.

The emphasis on investment to catalyze growth is also key to improvements in Latin America. The sharp decline in investment during adjustment--reflecting both a decline in foreign investment and the difficulty of mobilizing more domestic investment--has repeatedly been identified as a major constraint to growth.[64]

The emphasis on growth implies a need to couple policy reform with measures to both increase investment and improve the return on investments made. Removing policy distortions can create an appropriate incentive structure for individual decision makers, such as farmers and entrepreneurs. A less distorted market can also eliminate the misallocation of investment resources associated with rationed credit markets.[65] Market-driven exchange rates can improve export competitiveness in some cases.[66]

However, even an improved economic environment cannot address one of the major constraints to growth in Sub-Saharan Africa: low productivity. Improvements in technology, as well as in the functioning of basic infrastructure for transportation and communication are essential.[67] This is particularly important for agriculture if, as the Bank's study concludes, this is the sector whose performance will most directly affect growth over the next decade. Investment in agricultural research and rural infrastructure is key to reaping the growth potential from the policy reforms begun during the adjustment programs of the 1980s. So is investment in the rural population, whose education and physical well-being are critical to improving sector productivity.

It is the area of investment in research and infrastructure where the linkages between sectoral and macro adjustment programs become most critical, and also most difficult to achieve. Investments in technology, infrastructure, and human capital have frequently been made through projects (at both the World Bank and A.I.D.), while policy reform has often been associated with rapidly disbursing funds. During the 1990s, the success of policy reforms will increasingly depend on how effectively more traditional "project" resources build on these reforms, and the capacity of both donors and host countries to assure the availability of investment capital in harsh economic environments.

Both macroeconomic and sectoral adjustment programs, properly conceived and implemented, change the incentive structure facing agricultural producers. It is within this changed incentive structure that investment priorities must be developed. Investments should be targeted toward making the activities supported by the new incentive structure more productive and efficient. Doing this in an environment of partial adjustment is difficult. If enough adjustments have not been made, investments may support activities which are economically viable only in the distorted economic environment. On the other hand, adjustments unsupported by productivity-enhancing and cost-reducing investments will be ineffective in supporting sustained growth; although they may succeed in reallocating existing resources among agricultural activities.

In some instances, improvements in infrastructure or institutional capacity may be needed to produce a changed incentive structure. When institutions block the transmission of economic signals to farmers (e.g. if parastatal marketing organizations do not pass price changes on to farmers) or infrastructural weaknesses prevent new domestic marketing patterns from emerging, sectoral price or macroeconomic policy reform alone may not be sufficient to create much change in the incentive structure. There is significant debate on the prevalence of such situations.[68]

In either instance, catalyzing growth implies the need to merge policy adjustments and investment (generally through project vehicles) through careful economic analysis of returns in the existing and undistorted policy environment. Undertaking such analysis requires the incorporation of techniques for policy analysis into the formulation of investment and infrastructure priority setting and project design.

Improved institutional capacity involves both the development of effective private markets and the creation of effective public sector institutions which can provide good governance. The adjustment program emphasis on divesting public sector institutions of inappropriate economic roles needs to be complemented by increased investment in fostering the capacity for good governance. This includes investment not only in the capacity to make and implement policies, but in legal and regulatory institutions as well.

4.2 Adjustment and Global Economic Conditions

Many adjustment programs were based on initial assessments of the external environment which have proved overly optimistic in two major areas: their assumptions about the external financial resources that would be available to adjusting countries (discussed in the next section) and the trade environment within which adjustment would occur. Can adjustment succeed in a more competitive, less favorable, international market?

The major success stories for export-led growth occurred in the 1960s and 1970s when world trade was growing more rapidly than world GNP. Trade liberalization opened new opportunities for manufactured exports to relatively robust developed country economies, and newly industrialized countries benefitted from an inflow of investment capital. By the early 1980s, developing countries faced a significantly harsher international economic environment, characterized by recession or slower growth in major industrial countries, a more gradual expansion of global trade, and the aftermath of oil and interest rate "shocks."[69] These changed conditions have prompted some advocates of export-led growth to temper their position.

The trade performance of adjusting countries has varied significantly. Poorer African countries, attempting to improve their market share in commodity markets characterized by stagnant or declining prices, found it difficult to significantly increase exports, although some progress was made. A sharp contraction of imports accounted for the major improvements which occurred in countries' trade balances.[70] On the other hand, the supply response for exports in countries such as Colombia, Chile, Venezuela, Mexico, and Brazil was stronger than originally envisioned, permitting both export growth and diversification.[71] Even in Latin America, however, improvements in the trade balance have been associated with very sharp import contractions, prompting the following conclusions from a recent assessment of Latin America's adjustment efforts:

> "The overall lesson of the 1980s is that sustainable growth must be accompanied by an expansion and diversification of exports, but without the drastic declines in imports and economic activity that have all too often accompanied Latin American adjustment efforts.[72]

Successful adjustment in the 1990s will require a hard look at the comparative and competitive advantage countries have in commodities they currently export, as well as significantly more attention to the efficiency of marketing operations and countries' abilities to deal effectively with international markets.

Some efforts are already underway to evaluate export patterns in adjusting countries. Considerable debate is occurring about the ability of the agricultural sector to generate sustained improvements in export earnings. Some argue that traditional exports are unpromising, primarily because of stagnant or declining prices. If this logic is correct, export gains should be sought primarily in new agricultural exports (such as higher value horticultural crops) or in non-agricultural areas (such as labor-intensive manufactured products).

A number of countries have made significant gains in nontraditional agricultural export commodities, including Guatemala, Honduras, and Kenya in horticultural crops, and Mauritius in labor-intensive industrial products.[73]

At the time, however, countries with a strong comparative advantage in more traditional export commodities have gained, especially when they have adopted and maintained supportive macroeconomic policies. A recent analysis of longer term export market potential for several African countries found that some countries were clearly competitive in coffee, cotton, and cocoa markets, with a number of others potentially competitive IF macroeconomic reforms could be put in place and maintained.[74]

The evidence at hand suggests, however, that sectoral and macroeconomic reform will not automatically translate into successful export strategies in either traditional or nontraditional crops. Several additional elements have been identified, including the following:

- Better understanding of international market opportunities (including differentiated and niche markets).[75]

- Improved domestic agricultural marketing and reduced marketing costs.

  A large body of work now points to high marketing costs as major impediments to both improved export performance and the growth of international agricultural markets.[76] High production costs have been less of a constraint to export competitiveness than high marketing costs.[77] Successful cases of export diversification in both Africa and Central America have been associated with efficient, specialized marketing systems.

- Consistent, supportive policies at macro and sectoral levels.

  Deterioration of the real effective exchange rate over time often erodes the basis for sustained export improvement.[78] Efficient sectoral institutions which support markets and institutions that lead to steady improvements in productivity and flexibility provide the basis for progress in a supportive macroeconomic environment, and may even offset some critical macroeconomic shortcomings.[79]

4.3 Debt Management

Adjustment, triggered in many Latin American countries by the onset of the debt crisis, has not been effective in resolving it. How can adjustment be integrated into other development programs to support "long-haul economic adjustment"? Most immediately, how can adjustment lending be linked more effectively to investment in both capital and human capital to support broadly based economic and institutional change?

Debt management strategies have been a major force shaping adjustment lending by both the IMF and the World Bank. In the early phases of the debt crisis (1982-85), the IMF organized both the policy packages and the quid quo pro

financial packages for heavily indebted countries.[80] The IMF provided the bulk of the international institutional financing, with much smaller contributions by the World Bank. From 1983-85, the IMF lent $10.7 billion to Argentina, Brazil, Chile, and Mexico, while the World Bank lent $1.2 billion. The Baker initiative (mid-1985) envisioned more lending by the World Bank and less by the IMF. Over the 1986-87 period, World Bank lending to the highly indebted countries increased significantly. By 1987, all 17 of the most heavily indebted countries, with the exception of Venezuela, had become adjustment borrowers from the Bank. This lending was achieved primarily through large sectoral loans (SECALs), which are recognizable by their round numbers. Examples include two trade policy loans of $500 million both to Argentina, the same for Mexico, a trade policy loan of $452 million to Nigeria (the $2 million covering related technical assistance), $350 million in agricultural sector loans to Argentina, and a $500 million agricultural sector loan to Brazil. By 1987, the heavily indebted countries accounted for 60 percent of the Bank's sectoral adjustment lending, some $4.3 billion. During the same period, the IMF lent $4.6 billion.

This heavy lending by the IMF and the World Bank was undertaken with the expectation of flows of private funds. This additional funding did not materialize. Preliminary assessments indicate that virtually no external funding flowed into Latin America in 1988, making it the region's worst year for external capital inflows in 20 years.[81] Relying on new private lending is not a viable approach to the current debt situation, as the Brady Plan recognized. At the same time, the heavy lending has placed both international organizations in an increasingly difficult position. Their actions cannot be determined by the credit worthiness of countries undertaking adjustment; at the same time, continued lending to countries whose economic condition does not improve imperils the financial standing of the organizations themselves.

Virtually all heavily indebted countries have proved unable to generate enough export earnings to enable them to meet their debt obligations in the absence of new commercial lending. A number of countries, including 10 of the highly indebted countries, have suspended full interest payments. OECD estimates that net resource flows to developing countries fell from $82 billion in 1985 to $70 billion in 1986 (in 1985 prices and exchange rates).[82] Projections indicate that little improvement can be expected in capital flows.

The implication of this situation for growth is severe. Future growth prospects for heavily indebted Latin American countries have been seriously jeopardized by net transfers to areas outside the region. Positive rates of new investment must be resumed to improve long-term growth prospects.[83] The World Bank argues that the present level of net transfers to commercial banks is insupportable, and that alternative means for coping with the situation need to be developed, including negotiated reductions in outflows and new programs to reduce the debt burden (including debt/equity and debt/debt swaps).[84] Debt for equity programs are available to many Latin American countries, while a few Central and Latin American countries and one African country have established debt for nature swaps.[85]

A recent evaluation of debt equity swaps in four Latin American countries concluded that the programs successfully generated investments which would otherwise not have occurred.[86] The study concluded that the continuing demand

for swaps demonstrates that they can be used not only to buy out existing companies offered for sale, but also to attract investment in new physical capacity and even in new companies. It concludes that "while debt-equity swaps are very far indeed from being the sole solution to the debt problem or to a revival of private investment, they can make a significant contribution to both objectives.[87]

New Brady Plan agreements offer a range of options for reducing annual debt payments, including debt reduction and new lending. Mexico's agreement provides about $3 billion a year in debt relief, including a 35 percent reduction of existing debt, through reductions in either principal or interest rates.[88] The Costa Rican agreement includes options for repurchasing debt (at $0.16 on the dollar) or refinancing. It also provides for a debt-equity conversion program.[89] Both agreements are to be implemented with funds from the IMF and World Bank.

New strategies for coping with debt in both Latin America and Sub-Saharan Africa are likely to remain closely tied to formal adjustment programs. Compliance with formal adjustment programs is a virtual prerequisite for negotiating debt reduction under the Brady Plan. Similarly, the U.S. Section 572 Debt Relief program for Sub-Saharan Africa requires that countries engage in stabilization or adjustment programs. However, the IMF appears to be loosening the debt repayment conditions attached to concluding such agreements. Its recent $1.4 billion standby loan to Argentina was released even though the country was far behind on its interest payments.

Sub-Saharan Africa also faces severe debt problems. While African debt is a small portion of global debt, debt service levels are high for many African countries.[90] Commercial debt levels are significant for Nigeria and Côte d'Ivoire. However, for most low-income countries, the bulk of the debt is public. Bilateral donors, including the U.S., have begun to forgive substantial portions of this debt.[91]

Both the World Bank and the IMF are likely to put substantial resources into debt management activities in the 1990s, whether as fast disbursing lending to meet continuing balance-of-payment crises or as financing for reductions and restructuring of commercial debt. The challenge increasingly will be to manage debt in ways which provide the greatest possible support for the increased investment necessary to resume growth.

4.4 Distributional Issues

Attention has recently focused on determining whether adjustment has created distributional problems (e.g. increased poverty, inequality, and malnutrition).[92] The more challenging issue is how adjustment can deal more effectively with deep-seated distributional issues whose roots, like those of the economic crises themselves, are often deeper than the adjustment process.

Different approaches to addressing distributional issues in adjustment programs have been advocated. Cornia et al. argue for less focus at the macro level, more at the sectoral/micro level (mesopolicies), and a commitment to building distribution considerations directly into the content of the policy

adjustment process.[93] Others see the need to reformulate macropolicy prescriptions away from some instruments regarded as particularly damaging to the poor (e.g. devaluations, sharp budget cuts) in favor of other instruments more sensitive to poverty alleviation.[94]

The World Bank's focus on distribution issues has been oriented toward protecting the poor from the most drastic "transitional costs" of adjustment through two general mechanisms: refocusing social expenditures and implementing compensatory programs.

The Bank has increasingly stressed the need to refocus social expenditures, such as health and education, on the poor rather than simply cutting programs across the board. While there is relatively little systematic evidence on the impact of public expenditures on health, education, housing, and water supply, World Bank reviews of public sector operations for five countries (Argentina, Brazil, Ecuador, Jamaica, and the Philippines) found that except for in Jamaica, programs were mistargeted toward higher income and urban groups and had high administrative costs.[95] Such results suggest the desirability--although not necessarily the economic feasibility--of targeting such programs more effectively on the poor. Provisions for such targeting have been included in Ghana's education sector adjustment credit and Niger's structural adjustment loan.[96]

Where it is clear which groups are particularly at risk during the adjustment process, cost-effective compensatory programs have also been proposed, as follows:

- Targeted nutrition programs (which the World Bank has supported through project lending in Brazil and Colombia); and

- Short-term targeted programs to help those hurt by recession and adjustment (e.g. Emergency Social Fund in Bolivia, Ghana, Guinea).[97]

Present distributional impacts may have far-reaching impacts on future growth patterns, through intersectoral effects, impacts on a nation's human capital, and impacts on asset distribution and concentration. Targeted or compensatory approaches cannot effectively address most of these impacts, primarily because their effects are more general.

The recent World Bank Development Report moves substantially away from the earlier, narrower focus on evaluating the welfare impact of adjustment, and places the problems of poverty and nutrition in a broader development context.[98] Policy reform cannot be expected to benefit all the poor nor to automatically generate a safety net for vulnerable groups or eliminate the need for one. Effective public programs, combined with more distribution sensitive food pricing and distribution policies, can lay the foundation for more effective safety nets.

4.5 Sustainability

Sustainability, which generally refers to reforms or in some cases to the policy reform process, is certainly an important issue. However, the experience of the last decade indicates quite clearly that adjustment and recession can both be sustained. Prolonged economic decline, even in the context of adjustment, does not always (or even often) trigger political upheaval and instability--the factors generally perceived as the primary threats to regimes and a major consideration in their reluctance to undertake difficult adjustments. Major upheavals, when they occur, sometimes undermine adjustment (e.g. Sudan, Zambia) but sometimes catalyze commitment to it (Guinea, Ghana).[99]

Thus, two different sustainability issues arise. The first, and by far the most explored, is how to sustain reforms. The second is to understand why relatively undramatic performance persists.

4.5.1 What Sustains Reforms?

The Bank hypothesized these factors as contributors to sustainability:

- Long-term commitment to sound policies and rapid adjustment to international shocks,
- Short-lived negative effects on growth, employment, and poverty,
- Rapid supply response,
- Adequate financing (generally external) for reform, and
- Political support.[100]

External analysts of adjustment identify a similar constellation of factors.[101]

The World Bank (and A.I.D.) have recognized the importance of assuring a wide enough consensus on adjustment programs to increase the chance that they can, in fact, be implemented.[102] One proposed solution is to better understand the political economy of the reform process, including the pressures and constraints governments face in building consensus for reform.[103] Another is to create a more effective sense of "ownership" by involving adjusting countries more effectively in formulating adjustment programs.

These alternatives, however, do not fully come to terms with movements toward democratization and political liberalization which have already changed the political climate of the 1990s. The collapse of Communism in Eastern Europe, coupled with political change in the Soviet Union, has seriously undermined the political viability of single party regimes in other parts of the world. The issue is much wider than simply "getting government out of the economy." Demands for political change--multi-party systems, more open political processes--have emerged in a variety of African countries, including Kenya, Zaire, Zambia, and Côte d'Ivoire. More genuine electoral politics can significantly change domestic political coalitions, as recent elections in Brazil, Argentina, Nicaragua, and

Peru demonstrate. The emerging issue for the 1990s is how to effectively support both political democratization and economic liberalization. Such changes are likely to broaden the base of national actors involved in framing agreements to include previously excluded government actors. This may require more openness to alternative views in international financial institutions.[104]

Multi-party democratic systems are likely to involve a wider configuration of significant actors. The failure of these groups to cooperate can stall adjustment programs. The inability to achieve a political consensus on reforms has been a major constraint to the sustainability of reforms in Brazil and Argentina, where the executive branch and the congress have been unable to agree on budget cuts and tax increases. New administrations in both countries have yet to demonstrate their ability to mobilize political support for their strong adjustment plans. Political dissension undermined adjustment programs in Peru. On the other hand, some countries have developed effective political support for adjustment. Bolivia's multi-party support for its adjustment, begun in 1985, has been a major factor in sustaining the program.

More liberal political systems also permit a greater diversity of interests to be mobilized. These include not only specialized interests, which may lose influence or income as a result of sectoral programs, but also broader citizen groups affected by declining real wages, reduced services, and rising costs.[105] The broader range of mobilized interests can provide legitimacy to programs requiring sacrifice, but they can also make such programs more difficult to implement. The timing and distribution of benefits, as well as the effectiveness of political ties among critical groups, will affect the sustainability and implementability of economic reforms. Tangible costs that precede or accompany tangible benefits will often undermine the strategies of external groups to create a sense of national "ownership" of reforms, although national groups may be willing to accept such costs for programs they choose to undertake themselves. Examples include Ghana (where the consensus was that the economy was doomed if change did not occur), Nigeria (where national pride was effectively linked to a demanding reform program), and Eastern Europe (where costs are seen as necessary to a politically and economically brighter future).

The World Bank has identified several largely unavoidable transition costs: the consequences of measures designed to balance aggregate supply and demand (which frequently depress output, employment, and consumption); changes in incentive structures designed to stimulate resource reallocation across sectors/activities; and costs associated with the fact that resources do not move effortlessly and instantaneously among alternative uses.[106] Its position is that some form of adjustment will occur when prior situations are unsustainable, and that orderly adjustment will produce more long-term benefits. While this may well be true, it is frequently not a politically compelling argument in situations where the full force of economic collapse has not been felt.[107]

Political liberalization may also entail changes in regimes or political systems in countries undergoing economic adjustment. In countries where adjustment programs are ongoing, significant political change may impact implementation, as demonstrated by countries where non-democratic regime changes are frequent. On the other hand, in some countries support for ongoing adjustment programs has been maintained through changes in administration.

Political support for adjustment programs in Jamaica and more recently, in Chile was maintained across a change in regimes. Mexico's recent reform program also appears to have a relatively sound political commitment.[108]

Established democracies and more tightly controlled political systems appear to have similar success in implementing adjustment programs, contrary to the common argument that less democratic regimes are better able to implement policies that require significant economic sacrifice.[109] However, newly established democracies face greater difficulties, sometimes as a result of the authoritarian legacy they inherit or political factors.[110] In such instances, donor strategy may need to be adjusted to support the emerging system (e.g. providing support in the initial stages of policy shifts).

4.5.2 What Stabilizes Partial Progress?

A number of factors appear to stabilize partial progress without leading to either a dramatic collapse of adjustment efforts or the transformations that are the ultimate aims. These are interest accommodation among elites, the incremental erosion of national capital, informal coping mechanisms, and a collection of "donor dilemmas."

4.5.3 Interest Accommodation

Recent analyses of the political economy in adjusting countries suggest that the accommodation of interests among influential social and political groups, sometimes accompanied by the effective denial of other interests, supports lackluster reform implementation.[111] This has been argued for Senegal, Nigeria, Zaire, and more recently, Cameroon. Attempts to maintain pre-existing bureaucratic interests have been identified as threats to sustained reform in Madagascar.[112]

Arrangements to accommodate interests among political (and economic) elites can significantly reduce the impact of even the reforms implemented by undercutting the assumed dynamics linking changes to outcomes. For example, privatization will lead to more cost-effective outcomes only to the extent that it is linked to effective price competition. Non-competitive behavior, whether among economic actors (collusion, noncompetitive markets) or among political actors (manipulation of incentives and access to resources) will limit the practical impact of reforms.

Such factors can be overcome in implementing reform if those committed to the reform thoroughly understand the political/economic milieu and can frame detailed implementation and monitoring activities. This understanding appears to have existed for implementation of the fertilizer privatization program in Cameroon. Heavy donor investment in micromanaging implementation, however, may be unsustainable for the broad range of activities.

There are limits to interest accommodation, however, which may erode its effectiveness over time. Even partial reforms may open opportunities for new actors. Continued investment in maintaining old privileges may allow established elites to take advantage of new situations, thereby opening opportunities for others. This situation appears to have developed in Madagascar, where a range

of small firms developed a viable presence in the partially liberalized rice market.[113]

4.5.4 Under-investing While Muddling Through

In a number of countries, incremental adjustments, in the context of ongoing negotiations for new external funding, have created a viable strategy for medium-term adjustment but appear to be locking in mediocre performance.

This scenario has occurred when budget cuts have translated into sharp cuts in non-labor categories in order to avoid significant layoffs. The result is to even further reduce the efficiency of public institutions. Public sector investment has fallen significantly in these countries.

A similar pattern has occurred where maintenance has been sacrificed in initial rounds of budget cutting in response to economic crisis. Infrastructure declines in Tanzania and Ghana over time significantly increased already high transportation costs, and undercut the basis for any improved growth without significant investments (in this case funded as part of the adjustment programs themselves).

4.5.5 Informal Coping Mechanisms

Lack of attention to basic welfare and distributional issues in formal settings (both the formal economy and the formal adjustment agenda) frequently spawns informal coping mechanisms for assuring survival, and where possible, growth. At one level, these mechanisms may take pressure off the official institutional and adjustment environment by providing ways to cushion the employment and income effects of economic decline. This arguement has been advanced for the informal sector in Latin America (in some countries including links to the illicit drug production and marketing).[114] The informal sector in Sub-Saharan Africa has both muted the full effects of misguided official policies through the operation of parallel markets and illicit cross-border trade and cushioned the effects of income declines associated with adjustment by providing options for moonlighting and informal employment.

At another level, informal coping complicates adjustment since the assumptions about economic impacts, incentives, alternatives, prices, and costs are almost always made with no understanding of these operations or their impact on individual alternatives. In addition, coping behaviors may impose future costs (e.g. when marginal lands are farmed without appropriate environmental practices).

6 Donor Dilemmas

In a variety of countries, the internal adjustment process is stabilized at less than optimal levels by the dynamics of donor-government relations. This is clear in several areas:

- In situations where a partial reform process is sustained, donors may develop comfortable (or tolerable) working relationships with their "counterparts" in the country. Such contacts are clearly necessary for operations to proceed. On the other hand, they give donors a vested interest in bureaucratic stability at a time when the reform process itself, or the wider political environment, may point in the direction of more dramatic change.

- Donors such as the World Bank may be pushed by their own significant investments in particular countries into defensive follow-on lending to avoid significant losses. In these cases, international institutions face dilemmas similar to those confronted by large private lenders in the early phase of the debt crisis. The difference is that given institutional commitments to both fostering development and "certifying" countries' reform intentions, it is more difficult to resolve these financial issues in purely financial terms.

- Donor interests are diverse enough to provide maneuvering room with more flexibility and indecision than seems apparent from statements of reform intent. It is clear, for example, that in Cameroon some donors were willing to provide funding to maintain parastatals which were slated for extinction under adjustment programs.[115]

4.7 Summary of Adjustment Issues for the 1990s

During the 1990s, adjustment must settle in for the long haul. The process entails catalyzing growth in difficult economic environments over longer time frames, while responding to concerns about entrenched poverty and political change. The agricultural sector is central to improved growth in many poor adjusting countries, especially in Sub-Saharan Africa. Policy changes can remove distorted incentive structures and foster a more enabling economic environment. Investment is necessary to increase the productivity of actions undertaken in response to new economic signals. Better macro and sectoral policies can improve export opportunities even for producers of traditional tropical exports, but they must be accompanied by more effective marketing and better information about global markets to translate into improved competitiveness and better export performance. Debt management will remain linked to adjustment. The challenge is to use the wider range of debt management options to support the increased investment necessary for resumed growth. As the time frame for adjustment expands, the expectation that distributional concerns can be set aside becomes less realistic. Some "safety net" is needed. Better targeting of nutrition, education, and health care programs, as well as more explicit treatment of distributional issues in sector adjustment programs, can contribute to creation of such a safety net.

5. IMPLICATIONS FOR A.I.D.

The clearest implication for A.I.D. is that adjustment is a long-term process, not an intermediate term program. Even in countries with the best adjustment records, the process has taken more time than initially envisioned. Furthermore, the links between adjustment programs and renewed growth have been tenuous, especially in situations where investment has sharply declined. While policy reform is certainly necessary, it must be accompanied by investments in research, infrastructure, and human capital. Continued support for adjustment needs to be integrated with longer term development activities to pave the way for growth, especially in countries where adjustment programs are relatively new.

The necessity for adjustment, however, does not imply that policy reform efforts can or should continue unaltered. On the contrary, the resource mix used to support policy (program versus project funds) and the use of program funds should be re-examined. Commitments to agricultural sector policy reform and investment should both continue, but their focus should be broadened to force better links between production agriculture and agricultural marketing, as well as between agricultural sector reform and distributional issues. In seeking to sustain both reform commitments and sustained growth, A.I.D. should be willing to invest in crucial areas (such as agricultural research and infrastructure) at levels which current local resource levels could not sustain, and should continue to do so for some time to come. A.I.D. should not, however, continue practices which support or stabilize partial progress. Finally, in an era of political change, where U.S. foreign policy places a high priority on promoting democratic political systems, A.I.D. must recognize the importance of investing in improving the public sector institutions on which both good governance and private markets depend.

5.1 Continue Leveraging Policy Reform Activities

The debt problems of developing countries, coupled with the lack of voluntary lending by private banks, means that the IMF and World Bank will continue to commit significant resources to debt management, whether through their adjustment programs or through guarantees for programs negotiated under the Brady Plan. A.I.D. lacks the resources to make major contributions to debt management, but can find ways to provide some debt relief as part of its program (e.g. Debt for Development and debt swaps).

Given these Bank and IMF roles, the A.I.D. strategy of undertaking sectoral reform programs in the context of wider adjustment programs supported by the World Bank or the IMF is basically sound. A.I.D. generally lacks the resources to take unilateral action in macropolicy reform. The U.S. has attempted independent sector adjustment without reaching agreement on a macroeconomic adjustment program in countries with wider foreign policy significance. The same strategic forces that drew A.I.D. into adjustment programs in these countries frequently constrained its ability to strictly apply conditionality.

The growing sectoral component of World Bank and IMF lending creates new coordination imperatives. While the general outlines of macroeconomic policy reform are well-established and their anticipated impacts on sectors such as

agriculture have been outlined, the conceptual and practical linkages across different sectoral adjustment programs are less clear. Different donor priorities and tolerances at the sectoral level reduce the effectiveness of sectoral adjustment programs.

5.2 Limit Further Growth in Fast-disbursing Assistance

In a global environment where fast-disbursing lending by the World Bank and the IMF will remain critical to debt management strategies, A.I.D. must carefully weigh the advantages and disadvantages of using more of its limited assistance funds to provide fast-disbursing assistance. Should this type of assistance, often tied to persistent debt problems, continue to be the major emphasis associated with A.I.D.'s policy reform program? This link should be carefully examined for several reasons:

- A high opportunity cost is associated with development assistance used to fund countries' efforts to "cope" with external payment problems, especially if that coping also entails significant reductions in investment which undermine future growth prospects.

- Evidence is growing that some of the most persistent impediments to structural adjustment may be more effectively addressed by longer term, more project-oriented lending. This is certainly the case for infrastructure, improved institutional functioning, and investments in human capital and public institutions.

- While some policy reforms require fast-dispersing assistance to be effective (e.g. to permit imports necessary for the adequate functioning of industry, including inputs, vehicles, and spare parts for private companies operating in uncontrolled agricultural markets), a large majority of policy reforms do not inherently require such funds.

- While conditionality on fast-disbursing funds may stimulate much needed reform, it may also encourage countries to think of reforms as "bargaining chips" with donors rather than policies which benefit national development.

5.3 Put More Emphasis on Direct Support for Reform

Fast-disbursing resources provided by A.I.D. may be used to sustain compliance and/or to support performance. The balance between these two roles is critical and requires careful examination. Conditionality has generally been designed to reward compliance with a reform agenda by providing access to resources which could be used for purposes unrelated to the reforms themselves. Some such support is probably necessary, given the serious economic conditions in many countries. However, A.I.D. should seriously consider strategies for using its adjustment resources to defray costs directly associated with the reform process itself.

5.4 Focus Without Micromanaging

How could A.I.D. move toward more direct support for the reform process? One strategy would be to engage in micro-management: to attempt to understand enough about the political economy of the country involved to either participate directly in implementation (though continuous interaction with local counterparts and trouble-shooting) or to design implementation-oriented conditionality (by tying the release of funds to more specific implementation conditions). Both approaches have been suggested in the literature on implementation.

Another possibility, however, is to look for alternative methods for disbursing funds, which in essence reimburse the costs associated with the actual reform process, using mechanisms which are, as much as possible, market-based and market-oriented.

For example, parastatal divestiture could be considered analogous to the downsizing process in a private firm. Downsizing, especially when it involves higher level personnel, carries certain well-recognized costs. Employees obtain severance pay, sometimes retain benefits for a specified period, and may be eligible for outplacement services. The costs associated are in part negotiated, but also reflect judgments about market value. In cases of reductions in government employment, funding might be provided on a budget basis for such services, with a reasonable institutional overhead to offset institutional costs. Training in procedures for accomplishing reductions, in turn, could improve mechanisms for handling such employment issues.

Similarly, alternative institutional "services" could be handled as budgeted transactions, with established budgets for incentive payments for employees, budgets for extra-salary items, and appropriate institutional overhead. Vouchering or payment procedures would serve a function similar to conditions precedent, but would do so through mechanisms more akin to those functioning in a private market. Funding would also be more closely tied to intended objectives.

5.5 Use Investments that Increase Productivity to Support Policy Change

The recognition that productivity gains, and a return to reasonable levels of investment in an improved policy environment, will be critical to the long-term viability of policy reform raises important questions for A.I.D. In particular, how can A.I.D. use its traditional arsenal of development assistance--including its experience in institution building to support research and human capital development--to interface with its non-project lending?

Several possible suggestions emerge:

- Analyze the sequence of reforms to determine at which point policy reform has progressed far enough to permit increased investment due to reduced policy distortions.

- Put a high priority on using donor funds to support--or increase--investment levels beyond the level which could be sustained by local resources in the growth-starved phase of adjustment.

- Place high priority on identifying the distributional implications of policy reform and the associated growth and sustainability implications.

- Support human capital investments beyond the level which could be sustained by local resources in environments where improved human and institutional performance is necessary to support political and economic liberalization.

The economic and political stability of developing countries is as important to U.S. strategic interests in the post-Cold War era as it was when development assistance programs were first developed. Even with all the imperfections in adjustment this paper has discussed, the fact that so many developing countries are undertaking formal adjustment programs and experimenting with more market-oriented approaches makes it important for the United States to do all it can to increase the odds for success. Maintaining its commitment to adjustment, while refining its mechanisms for translating it into sustainable growth, should remain an important priority for A.I.D. in the 1990s.

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3. World Bank, Making Adjustment Work for the Poor: A Framework for Policy Reform in Africa (Washington, D.C.: World Bank), 1990, p. 10.

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15. Nicholas, Peter, The World Bank's Lending for Adjustment: An Interim Report (Washington, D.C.: World Bank), 1988, page 9.

16. Norton, Roger, "The Role of Technical Cooperation in Sectoral Adjustment Programs," prepared for the Inter-American Development Bank, mimeo, August 1987, page 4.

17. Nicholas, op. cit., page ix.

18. Ibid., page ix.

19. Ibid, page ix.

20. Ibid., page 14.

21. Ibid., page ix.

22. As of March 1988, the 17 countries eligible for lending under the program were Burundi, Central African Republic, the Gambia, Ghana, Guinea, Guinea-Bissau, Madagascar, Malawi, Mauritania, Mozambique, Niger, Sao Tome & Principe, Senegal, Tanzania, Togo, Uganda, and Zaire. "Reserve countries" which could be added include: Comoros, Chad, Equatorial Guinea, Kenya, Mali, Sierra Leone, Somalia, Sudan, and Zambia.

23. Nicholas, ibid., page 4.

24. Nicholas, ibid., pages 24-26.

25. Norton, "Technical Cooperation"; World Bank, Adjustment Lending, page 33.

26. Nicholas, op. cit., page 3. For a discussion of timing issues, see Sebastian Edwards, "Sequencing Economic Reform in Developing Countries," Finance and Development, March 1987.

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33. In addition to the $560 million in DAF, $56.1 million in ESF funding was requested for Africa, as well as $177.7 million for P.L. 480.

34. The 20 priority countries are Senegal, Mali, the Gambia, Guinea, Guinea-Bissau, Ghana, Niger, Cameroon, Zaire, Rwanda, Burundi, Kenya, Uganda, Tanzania, Malawi, Mozambique, Botswana, Lesotho, Swaziland, and Madagascar. Cf. AID, Congressional Presentation FY 1991, page 30.

35. Jenifer Bremer-Fox and Laura Bailey, The Development Impact of U.S. Program Food Assistance: Evidence from the A.I.D. Evaluation Literature, Robert Nathan Associates, 1989, page 16.

36. Program food aid is provided primarily through P.L. 480, Titles I and III, Section 206 of Title II, Section 416, and Food for Progress. Program food aid has been about 54 percent of total food aid over the last decade. The remaining food aid has been provided as emergency relief (primarily under P.L. 480, Title II), as contributions to projects and programs implemented by private voluntary organizations and as contributions to the World Food Programme.

37. Bremer-Fox and Bailey, Impact of Program Food Assistance, pages 74 and 76. For a more detailed discussion of several country programs, see Stephen Block, Jeniffer Bremmer, and Charles Hanrahan, Food Aid and Economic Policy Reform, Abt Associates, March 1988.

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39. World Bank and UNDP, Africa's Adjustment and Growth in the 1980's (Washington, D.C.: World Bank), 1989; World Bank, Sub-Saharan Africa: From Crisis to Sustainable Growth (Washington, D.C.: World Bank), 1989; Alberto Eguren, Adjustment with Growth in Latin America (Washington, D.C.: World Bank), 1990.

40. See, for example, the UN Economic Commission for Africa, African Alternative Framework to Structural Adjustment for Socio-Economic Recovery and Transformation (New York: United Nations), 1989.

41. Giovanni, Andrea Cornia, Richard Jolly, and Francis Stewart, Adjustment with a Human Face: Ten Case Studies (Oxford: Clarendon Press), 1988.

42. Nicholas, op.cit., page xi.

43. World Bank, Adjustment Lending, page 56. The result is based on an analysis of more than 50 adjustment loans in 15 countries. The countries included are Ghana, Kenya, Malawi, Zambia, Chile, Colombia, Côte d'Ivoire, Jamaica, Mexico, Morocco, Philippines, Korea, Pakistan, Thailand, and Turkey. These are countries with multiple structural adjustment loans, and are largely among the better performers.

44. World Bank, Adjustment Lending, page 49.

45. World Bank, Adjustment Lending, page 51.

46. World Bank, Adjustment Lending, page 53.

47. World Bank and UNDP, Africa's Adjustment, and World Bank, Beyond Adjustment.

48. Performance was measured as a percent of performance measures showing improvement; it hence provided no indication of how significant performance measures were, nor in what areas successes and failures were concentrated. Among low-income countries, only 53 percent of the performance measures showed improvement, compared with 47 percent in non-adjusting countries. Among middle-income countries, the figures were 55 percent and 45 percent, respectively. Among low-income countries with longer term adjustment programs, the figures were 62 percent and 38 percent, roughly comparable to those for middle-income countries (63 percent and 37 percent). World Bank, Adjustment Lending, page 4.

49. Ibid., page 24.

50. Ibid., page 36.

51. More precisely, the tradeoff is between reducing the resource balance (goods and non-factor services) in the balance of payment account and increases in the GDP growth rate. Ibid., page 2.

52. Ibid., page 2.

53. Wall Street Journal, April 4, 1990.

54. World Bank, Africa's Adjustment.

55. The countries were Bolivia, Brazil, Chile, Colombia, Costa Rica, Côte d'Ivoire, Ghana, Guinea, Guinea-Bissau, Jamaica, Kenya, Korea, Malawi, Mexico, Pakistan, Peru, Philippines, Senegal, Thailand, Turkey, Zaire, and Zambia. They are the countries reviewed in the World Bank's Adjustment Lending report (those with structural adjustment agreements before 1985) plus the countries reviewed in Zuckerman, Adjustment and Social Welfare.

56. See the papers for the 1988 FAO regional conferences for Africa and Latin America, more specifically "Strategies for Combatting Malnutrition in Africa," prepared for the Sixteenth Regional Conference for Africa, April 1990, and "Malnutrition in the Latin American and Caribbean Region: Causes and Prevention," prepared for the Twenty-first Regional Conference for Latin America and the Caribbean, June 1990.

57. Distinctions among the types of poor follow World Bank, Targeted Programs, pages 12-13.

58. For an elaboration of a framework for examining the impacts of adjustment, see Per Pinstrup Anderson, "Food Security and Structural Adjustment" in the World Bank, Eighth Agricultural Sector Symposium (Washington D.C.: World Bank), January 1988. For a review of the available evidence, primarily for Latin America, see Per Pinstrup Anderson, "Macroeconomic and Adjustment Policies and Human

Nutrition: Available Evidence and Research Needs" in Food and Nutrition Bulletin 9:1, March 1987.

59. The World Bank's Living Standards Measurement Study (activities in Côte d'Ivoire, Ghana, Mauritania, Jamaica, Bolivia and Peru) and the more recent Social Dimensions of Adjustment Project (in cooperation with UNDP and the African Development Bank) both focus on obtaining better information on distributional impacts. The former activity has conducted extensive household surveys, while the latter has focused on designing effective, inexpensive methods of gathering relevant information through household surveys. A.I.D. is financing the Nutritional Impacts of Adjustment Project (with Cornell University), designed specifically to look at the distributional impacts of adjustment in Sub-Saharan Africa. Some information on the distributional impacts of alternative agricultural policies has been reported and analyzed in A.I.D.'s Food Security Project (with Michigan State University).

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61. A number of authors have argued that since policy reforms tended to remove policy distortions affecting agriculturalists, the rural sector should benefit from adjustment. See, for example, World Bank, Accelerated Development in Sub-Saharan Africa (Washington, D.C.: World Bank), 1981.

62. Weber, Michael, John Staatz, John Holtzman, Eric Crawford, and Richard Bernsten, "Informing Food Security Decisions in Africa: Empirical Analysis and Policy Dialogue" in American Journal of Agricultural Economics, 70:5, December 1988, pages 1044-1052.

63. Sub-Saharan Africa: From Crisis to Sustainable Growth, page xi.

64. Alberto Eguren, Adjustment with Growth in Latin America (Washington, D.C.: World Bank), 1990.

65. Polak, Jacques J., Financial Policies and Development (Paris: OECD), 1989.

66. Kristjanson, Mark Newman, Cheryl Christensen, and Martin Abel, Export Crop Competitiveness: Strategies for Sub-Saharan Africa, Abt Associates, 1990.

67. World Bank, Crisis to Sustainable Growth.

68. Compare, for example, Elliot Berg's characterization of successful reform in Madagascar, even with infrastructural weakness, with Blarel's account of inadequate physical and institutional infrastructure as a major bottleneck to agricultural adjustment. Elliot Berg, " ", World Development; Benoit Blarel, Economic Liberalization: Opportunities and Challenges for the Agricultural Sector, (Washington, D.C.: World Bank), 1989.

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70. Shahla, Shapouri and Stacy Rosen, Export Performance in Africa (Washington, D.C.: USDA/ERS), 1989.

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72. Ibid., p.7.

73. Cf. Morton Shapiro, "Kenya: A Case Study of the Production and Export of Horticultural Commodities" in World Bank, Economic Development Institute, Successful Development in Africa (Washington, D.C.: World Bank), 1989, pages 79-93; Rundheersing Bheenick and Morton Shapiro, "Mauritius: A Case Study of the Export Processing Zone," Ibid., pages 97-127; Joachim von Braun, David Hotchkins, and Marsten Immink, Non-Traditional Export Crops in Guatemala: Effects on Production, Income and Nutrition (Washington, D.C.: IFPRI), May 1990.

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75. Ibid.

76. For a good review of this literature, see John Holtzman, Towards an Africa Bureau Marketing Strategy and Action Plan, Abt Associates, April 1990.

77. Kristjanson et al., Export Competitiveness.

78. Edwards, Sabastian, Real Exchange Rates, Devaluation and Adjustment (Cambridge: MIT Press), 1989.

79. Cotton in both Cameroon and Zimbabwe provides examples of strong sectoral performance which persisted for some time even in the face of macroeconomic distortions. See Kristjanson et al., Export Competitiveness.

80. Jacques J. Polak, Financial Policies and Development (Paris: OECD), 1989, pages 169-71, provides the information contained in this paragraph.

81. IDB, Progress, op. cit., pages 25-6.

82. World Bank, Interim Report, pages 6-7.

83. World Bank, EDI, Adjustment With Growth, page 16.

84. Ibid.

85. For a discussion of debt for nature swaps, see Betsy Cody, Debt for Nature Swaps in Developing Countries, CRS Report to Congress, September 26, 1988. For a comprehensive review of debt for equity programs, see Business International Corporation, The Debt-Equity Swap Handbook, February 1989. The donor assisted buy-back of Bolivian debt in support of its adjustment program is an example of an innovative approach to debt management.

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87. Ibid., page vii.

88. New York Times, July 25, 1989.

89. Department of the Treasury, "Costa Rica Summary of Term Sheet," November 29, 1989.

90. Nissanke Weerasinghe, "Sub-Saharan Africa: External Debt Situation" (mimeo), December 9, 1988.

91. A.I.D., Congressional Presentation, Fiscal Year 1991, Annex I: Africa, page 44.

92. For examples of this literature and the concerns raised, see Cornia et al., Adjustment with a Human Face, United Nations Economic Commission for Africa, African Alternative Framework. For a discussion of equity impacts and specific adjustment instruments (generally from a pro-adjustment perspective), see Berg, Policy Reform and Equity, and International Monetary Fund, Fund-Supported Programs, Fiscal Policy and Income Distribution.

93. Cornia, Adjustment With a Human Face.

94. UN Economic Commission for Africa, African Alternative Framework.

95. Zuckerman, Adjustment Programs, page 6.

96. Nicholas, Interim Report, page 37.

97. Nicholas, Ibid., page 38.

98. World Bank, World Development Report 1990: Poverty (Washington, D.C.: World Bank), 1990.

99. For discussion of the "reform syndrome" (in which past crises plus new political leadership appear to create a basis for successful policy change), see Nelson, Fragile Coalitions.

100. World Bank, Adjustment Lending.

101. Nelson, Fragile Coalitions; Nelson, Joan (ed), Economic Crisis and Policy Choice: The Politics of Adjustment in the Third World (Princeton: Princeton University Press), 1990.

102. Nicholas, Interim Report, pages 23-24.

103. Ibid.

104. Kahler, Miles, "International Financial Institutions and the Politics of Adjustment" in Nelson, Fragile Coalitions, pages 139-159.

105. For a discussion of these groups, see Robert Paarlberg and Merilee Grindle, The Changing Political Economy of Agricultural Policy Reform: Implications for Donors, Abt Associates, 1990.

106. Nicholas, Interim Report, page 36.

107. Nelson, Fragile Coalitions

108. Eguren, Adjustment with Growth.

109. Stephen Haggart and Robert R. Kauffman, "Economic Adjustment in New Democracies" in Nelson, Fragil' Coalitions, pp. 57-74.

110. Ibid.

111. Cf. Nicholas van de Walle, "The Politics of Non-Reform in Cameroon," mimeo, presented at the African Studies Association Annual Meeting, November 1989.

112. Elliot Berg, "Liberalization of Rice Marketing in Madagascar," in World Development. 17:5, 1989, pp. 719-728.

113. Berg, op. cit.

114. De Soto and others.

115. Van der Walle, "Politics of Non-Reform," pages 24-26.

ANNEX 1.

Countries and Agreements

Stabilization and Adjustment Lending 1980-1987

Country	IMF			SAL		SECAL		
	Date	Value (mil. SDR)	Value (mil $)	Date	Value (mil $)	Date	Sector	Value (mil $)
Argentina	1/83	1500.00						
	12/84	1182.50						
						4/86	Agriculture	350.0
	7/87	1113.00				5/87	Trade Policy	500.0
Bangladesh	8/80	800.00						
	3/83	68.40						
	12/85	180.00						
	2/87	182.56						
						6/87	Industrial	190.0
Barbados	10/82	31.88						
Belize	12/84	7.13						
Bolivia	2/80	66.38						
				6/80	50.0			
	6/86	50.00				5/86	Recon. Import I	55.0
	12/86	57.59						
						6/87	Recon. Import II	47.1
Brazil	3/83	4239.38						
						10/83	Ag.Credit/Ex.Dev	303.0
						10/83	Export Dev.	352.0
						6/86	Agriculture	500.0
Burkina								
						2/85	Fertilizer	13.7
Burma	6/81	27.00						
Burundi								
				5/86	50.5			
	8/86	27.11						
	8/86	21.00						
Central African Republic	2/80	4.00						
	4/81	10.40						

Stabilization and Adjustment Lending 1980-1987

Country	IMF			SAL		SECAL		
	Date	Value (mil. SDR)	Value (mil $)	Date	Value (mil $)	Date	Sector	Value (mil $)
	4/83	18.00						
	7/84	15.00						
	9/85	15.00						
	6/87	19.30		9/86	30.0			
	6/87	8.00						
Chile	1/83	500.00						
	3/85	750.00		10/85	250.0			
Colombia						5/85	Trade Policy	300.0
						4/86	Trade & Ag.	250.0
Congo	8/86	22.40						
Costa Rica	3/80	60.50						
	6/81	276.75						
	12/82	92.25						
	3/85	54.00				5/83	Export Dev.	25.2
	10/87	50.00		4/85	80.0			
Cote D'Ivoire	2/81	484.50						
				11/81	150.0			
	8/84	82.75		7/83	250.7			
	6/85	66.20						
	6/86	100.00		6/86	250.0			
Cyprus	7/80	8.50						
Dominica	2/81	8.55						
	7/84	1.40						
	11/86	2.54						
				6/87	3.0			
Dominican Republic	1/83	371.25						
	4/85	78.50						

Stabilization and Adjustment Lending 1980-1987

Country	IMF			SAL		SECAL		
	Date	Value (mil. SDR)	Value (mil $)	Date	Value (mil $)	Date	Sector	Value (mil $)
Equador	7/83	157.50						
	3/85	105.50						
	8/86	75.40				10/85	Agriculture	100.0
Egypt	7/78	600.00						
	5/87	250.00						
El Salvador	6/80	10.75						
	7/82	43.00						
Equatorial Guinea	7/80	5.50						
	6/85	9.20						
Ethiopia	5/81	67.50						
Gabon	6/80	34.00						
	12/86	98.68						
Gambia, The	2/82	16.90						
	4/84	12.83						
	9/86	10.86		8/86	21.0			
	9/86	5.13						
Ghana								
	8/83	238.50				6/83	Recon. Import I	40.0
	8/84	180.00				1/84	Export Rehab.	76.0
						3/85	Recon. Import II	102.9
	10/86	81.80				3/86	Industrial	53.5
						12/86	Education	34.5
	11/87	129.86		4/87	115.0			
	11/87	245.40						
Grenada	5/81	3.43						

Stabilization and Adjustment Lending 1980-1987

Country	IMF Date	IMF Value (mil. SDR)	IMF Value (mil $)	SAL Date	SAL Value (mil $)	SECAL Date	SECAL Sector	SECAL Value (mil $)
	8/83	13.50						
Guatemala	11/81	19.10						
	8/83	114.75						
Guinea	12/82	25.00						
	2/86	27.00						
	7/87	36.77		2/86	84.2			
Guinea Bissau						12/84	Recon. Import	15.0
	7/87	11.60		5/87	10.0			
	10/87	4.76						
Guyana	6/79	62.75						
	7/80	150.00						
				2/81	22.0			
Haiti	8/82	34.50						
	11/83	60.00						
	12/86	28.00						
Honduras	11/82	76.50						
Indonesia								
Jamaica						2/87	Trade Adjustment	300.0
				3/82	76.2	4/81	Exp. Dev. Fund I	37.0
	4/81	477.70		6/83	60.2	6/83	Exp Dev Fund III	30.1
	6/84	64.00						
	7/85	115.00		11/84	55.0			
	3/87	85.00						
						6/87	Pub. Enterprises	20.0
Kenya						6/87	Trade & Finance	40.0
	10/80	241.50		3/80	55.0			

Stabilization and Adjustment Lending 1980-1987

Country	IMF Date	IMF Value (mil. SDR)	IMF Value (mil $)	SAL Date	SAL Value (mil $)	SECAL Date	SECAL Sector	SECAL Value (mil $)
	1/82	151.50						
	3/83	175.95		7/82	130.9			
	2/85	85.20						
Korea						6/86	Agriculture	72.5
	3/80	640.00						
	2/81	576.00						
	7/83	575.78		12/81	250.0			
				11/83	300.0			
	7/85	280.00				6/85	Ind. Finance II	222.0
Lao P. D. Rep.	8/80	14.00						
Liberia	9/80	65.00						
	8/81	55.00						
	9/82	55.00						
	9/83	55.00						
	12/84	42.78						
Madagascar	6/80	64.45						
	4/81	109.00						
	7/82	51.00						
	4/84	33.00						
	4/85	29.50				1/85	Ind. Assistance	60.0
	9/86	30.00				5/86	Agriculture	61.9
	8/87	42.16				3/87	Ind & Trade Pol.	100.0
Malawi	5/80	49.88						
	8/82	22.00		6/81	45.0			
	9/83	81.00				4/83	Smallholder Dert	5.0
				12/83	55.0			

Stabilization and Adjustment Lending 1980-1987

Country	IMF Date	IMF Value (mil. SDR)	IMF Value (mil $)	SAL Date	SAL Value (mil $)	SECAL Date	SECAL Sector	SECAL Value (mil $)
Mali				12/85	109.1			
	5/82	30.38						
	12/83	40.50						
	11/85	22.86						
Mauritania	7/80	29.70						
	6/81	25.80						
	4/85	12.00				3/85	Pub. Enterprises	16.4
	4/86	12.00				12/85	SNIM Rehab.	20.0
	9/86	21.53						
	4/87	10.00						
Mauritius				6/87	15.0			
	9/80	35.00						
	12/81	30.00		6/81	15.0			
	5/83	49.50						
	3/85	49.00		12/83	40.0			
						4/87	Industry	25.0
Mexico	1/83	3410.63						
						6/83	Export Dev.	350.0
	11/86	1400.00				7/86	Trade Policy	500.0
Morocco	10/80	810.00						
	3/81	817.05						
	4/82	281.25						
	9/83	300.00						
						1/84	Ind & Trade Pol.	150.4
						6/85	Agriculture	100.0
	9/85	200.00				7/85	Ind & Trade Pol.	200.0
						3/86	Education	150.0

Stabilization and Adjustment Lending 1980-1987

Country	IMF Date	IMF Value (mil. SDR)	IMF Value (mil $)	SAL Date	SAL Value (mil $)	SECAL Date	SECAL Sector	SECAL Value (mil $)
	12/86	230.00						
Nepal						5/87	Pub. Enterprises	240.0
	12/85	18.65						
	10/87	23.69						
Niger				3/87	50.0			
	10/83	18.00						
	12/84	16.00						
	12/85	13.48						
	10/86	21.40		2/86	60.0			
	12/86	10.11						
Nigeria						6/87	Pub. Enterprises	80.0
						9/83	Fertilizer	250.0
	1/87	650.00				10/86	Trade Policy	452.0
Pakistan								
	11/80	1268.00				9/80	Fertilizer	50.0
	12/81	919.00						
				6/82	140			
						5/85	Energy	178.0
Panama						5/86	Export Dev.	70.0
	4/80	90.00						
	4/82	29.70						
	6/83	150.00						
	7/85	90.00		11/83	60.2			
				12/86	100.0			
Peru	6/82	650.00						
	4/84	250.00						
Philippines	2/80	410.00						
				9/80	200.0			

Stabilization and Adjustment Lending 1980-1987

Country	IMF Date	IMF Value (mil. SDR)	IMF Value (mil $)	SAL Date	SAL Value (mil $)	SECAL Date	SECAL Sector	SECAL Value (mil $)
	2/83	315.00						
				4/83	302.3			
	12/84	615.00				9/84	Ag./Inputs	150.0
	10/86	198.00						
Sao Tome						3/87	Econ. Recovery	300.0
				6/87	4.0			
Senegal	8/80	184.40						
				12/80	60.0			
	9/81	63.00						
	11/82	47.25						
	9/83	63.00						
	1/85	76.60						
				2/86	71.0			
	10/86	54.04						
	11/86	34.00						
				5/87	45.0			
	10/87	21.28						
Sierra Leone	3/81	186.00						
	2/84	50.20						
	11/86	36.77				6/84	Agriculture	21.5
	11/86	23.16						
Solomon Islands	5/81	1.60						
	6/83	2.40						
Somalia	2/80	11.50						
	7/81	43.13						
	7/82	60.00						
	2/85	20.10						
	6/87	28.07				6/86	Agriculture	76.1
	6/87	33.15						
South Africa	11/82	364.00						

Stabilization and Adjustment Lending 1980-1987

Country	IMF Date	IMF Value (mil. SDR)	IMF Value (mil $)	SAL Date	SAL Value (mil $)	SECAL Date	SECAL Sector	SECAL Value (mil $)
Sri Lanka	9/83	100.00						
Sudan								
	2/82	198.00				3/80	Ag. Rehab. I	65.0
	2/83	170.00						
	6/84	90.00				6/83	Ag. Rehab. II	50.0
Tanzania	9/80	179.60						
	8/86	64.20				4/81	Export Rehab.	50.0
	10/87	67.95				11/86	Multi Sec. Rehab	132.9
Thailand	6/81	814.50						
	11/82	271.50		3/82	150.0			
	6/85	400.00		3/83	175.5			
Togo	2/81	47.50						
	3/83	21.38						
	5/84	19.00		5/83	40.0			
	5/85	15.36						
	6/86	23.04		5/85	67.8			
Tunisia								
	11/86	103.65				9/86	Agriculture	150.0
						2/87	Ind & Trade Pol.	150.0
Turkey								
	6/80	1250.00		3/80	200.0			
				11/80	75.0			
				5/81	300.0			
				5/82	304.5			
	6/83	225.00		6/83	300.8			
	4/84	225.00						
				6/84	376.0			

Stabilization and Adjustment Lending 1980-1987

Country	IMF Date	IMF Value (mil. SDR)	IMF Value (mil $)	SAL Date	SAL Value (mil $)	SECAL Date	SECAL Sector	SECAL Value (mil $)
						6/85	Agriculture	300.0
						6/86	Financial	300.0
						6/87	Energy	325.0
Uganda	1/80	12.50						
	6/81	112.50						
	8/82	112.50						
	9/83	95.00				2/83	Ag. Rehab.	70.0
	6/87	63.25						
Uruguay	5/80	21.00						
	7/81	31.50						
	4/83	378.00						
	9/85	122.85				8/84	Agriculture	60.0
				6/87	80.0			
Western Samoa	6/83	3.38						
	7/84	3.38						
Zaire	6/81	912.00						
	12/83	228.00						
	4/85	162.00						
	5/86	214.20						
	5/87	184.79				6/86	Industrial	85.4
	5/87	100.00						
				6/87	55.0			
Zambia	5/81	800.00						
	4/83	211.50						
	7/84	225.00				3/84	Export Rehab.	75.0
						1/85	Ag. Rehab.	38.5
	2/86	229.80				10/85	Ind Reorient.	77.4
						6/86	Recovery Credit	50.0
Zimbabwe	4/81	37.50						

Stabilization and Adjustment Lending 1980-1987

Country	IMF			SAL		SECAL		
	Date	Value (mil. SDR)	Value (mil $)	Date	Value (mil $)	Date	Sector	Value (mil $)
	3/83	300.00				2/83	Man. Export Prom	70.6
	TOTAL	43789.30			3549.3			9685.6

ANNEX 2

Latin American Country Data

Argentina							
1/83 IMF 1500 M SDR 12/84 IMF 1182.5 M SDR 4/86 SECAL 350 M $ 5/87 SECAL 500 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	6.7	0.7	-6.2	-4.5	5.5	2	-1.1
Investment/GDP	23.5	22.7	18.2				
Export growth	22	2.7	13.9	3.6	-18.4	-7.2	40.5
Real Exchange Rate	97	100	93	220	218	236	
CAB/GDP	-0.3	-3.4	-2.7	-3.8	-1.2		
Budget Balance/GDP	-1.3	-2.7	-5.3	-3.5	-2.7	-6.3	-5.5
Inflation	159.5	100.8	104.5	672.1	90.1	131.3	342.5
External Debt/Exports		445	424	585	724	880	666
Debt Service/Exports		58.3	84.2	51.2	51	51	52.2
Ag Production	102.9	94.5	102.6	106.5	108.6	103.3	105.1

Barbados							
10/82 IMF 31.88 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	5.5	2.8	-3.1	1.1	5.1	2.6	3.5
Investment/GDP	26.5	27.6	30.7	16.9	18.2		
Export growth	18.4	43.4	3.9	11.6	-18.7	-44.8	
Real Exchange Rate	97	100	93	80.7	80.5	85.1	11.1
CAB/GDP	-5.7	-3.5	-10.2	3.6	-0.4		
Budget Balance/GDP	-2.4	-5.5	-4.4	-5.2	-6.1	-6.3	-3.6
Inflation	13.2	14.4	14.6	4	1.3	3.3	4.8
External Debt/Exports	-5.7	-3.5	-10.2	3.6	-0.4		
Debt Service/Exports	2.7	2.5		5.4	7.2	7.8	8.9
Ag Production	96.9	106.7	96.4	85.1	97.3	89.6	90.8

Belize							
12/84 IMF 7.13 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	5.8	5.7	0.9	-	-	-	-
Investment/GDP	28.6	25.7	27.8	-	-	-	-
Export growth	-	-	-	-	-13.8	16	-
Real Exchange Rate	-	-	-	100	90.9	83.7	-
CAB/GDP	-	-	-	0.6	2.1	-	-
Budget Balance/GDP	-	-	-	-	-	-	-
Inflation	-	74.6	82.9	100	101	103.3	-
External Debt/Exports	-	-	-	-	-	-	-
Debt Service/Exports	-	-	-	-	-	-	-
Ag Production	-	104.4	105	107	109.3	114.7	116.1

Bolivia							
2/80 IMF 66.38 M SDR 5/80 SAL 50.00 M $ 5/86 SECAL 55.00 M $ 6/86 SECAL 50.00 M $ 12/86 SAA 57.59 M $ 6/87 SECAL 47.1 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	1.8	0.6	-0.6	-0.2	-2.9	2	2.8
Investment/GDP	18.8	16.6	13.3	12.3	20.2		
Export growth	21.1	23.6	-4.5	-14	-12.5	-13.9	
Real Exchange Rate	110	100	81	35.8	121.6	126.3	133.1
CAB/GDP	-8.1	-2.4	-3.8	0.1	-6.9		
Budget Balance/GDP	-5.3	-6.3	-2.2	-6.3	-0.6	-5.1	-4.7
Inflation	19.7	47.2	32.1	11747.8	276.4	14.6	16
External Debt/Exports	240	225.5		759.7	1016.2	1186.1	979.9
Debt Service/Exports	30.3	26.2		46.8	42.2	43.9	14.3
Ag Production	96.5	99.1	104.4	121	118.1	120.4	123.7

Brazil							
3/83 EA 2743.13 M SDR 10/83 SECAL 303.0 M $ 10/83 SECAL 352.0 M $ 6/86 SECAL 500.0 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	6.8	7.9	-1.9	8.3	7.6	3.6	-0.3
Investment/GDP	22.2	21.2	20.3	16.9	19.2	22.2	2.3
Export growth	22.2	32.2	15.6	-5.1	-12.1	16.7	28.8
Real Exchange Rate		100	88	118.5	123.6	121.2	
CAB/GDP	-5.1	-4.8	-4	-0.1	-1.6	-0.4	1.3
Budget Balance/GDP	0.4	0.3	0.4	-11.7	13.1		
Inflation	52.7	82.8	105.5	226.9	145.2	229.7	628.3
External Debt/Exports	223	185		417	502	473	332
Debt Service/Exports	38.5	36.1		40.3	41.4	33.2	29.4
Ag Production	92.5	101.1	106.4	121.9	111.2	127	133.6

Chile							
1/83 IMF 500.0 M SDR 8/85 EA 600.0 M SDR 10/85 SAL 250.0 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	8.3	6.5	5.5	2.4	5.7	5.7	7.4
Investment/GDP	14.8	16.6	18.6	14.2	14.5		
Export growth	55.8	22.6	-15.9	4.2	10.3	24.4	
Real Exchange Rate	119	100	83	145.4	171.9	185.4	198.1
CAB/GDP	-5.7	-6.4	-14.7	8.3	6.7		
Budget Balance/GDP	4.5	4.9	2.3	-1.9	-0.5	2.5	3.9
Inflation	33.4	35.1	19.7	30.7	19.5	19.9	14.8
External Debt/Exports	126.1	100.2		533.8	480.6	404	
Debt Service/Exports	27.1	23.5		43.5	37.9	26.4	21.7
Ag Production	96.4	98.1	105.4	106.1	115	116.6	117.8

Colombia							
5/85 SECAL 300.0 M $ 4/86 SECAL 250 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	5.1	4.3	2.5	3.1	5.8	5.3	3.7
Investment/GDP	18.1	19	20.6	19	17.7	19	
Export growth	9	17.2	-18.2	-14.6	46	-3.4	
Real Exchange Rate	104	100	95	109.5	146.9	164.8	170.8
CAB/GDP	-4.2	-5.3	-13.2	-5.1	1	0.7	
Budget Balance/GDP	0.5	-0.7	-0.5	-4.3	0.3	-2	-2.7
Inflation	24.7	26.5	27.5	24	18.9	23.3	28.1
External Debt/Exports	154.7	162.9		390	288.2	320.2	
Debt Service/Exports	14.5	11.2		28.9	20.5	20.7	21.8
Ag Production	98.4	98.9	102.7	100.7	106.9	109	113.6

Costa Rica							
3/80 IMF 60.50 M SDR 6/81 EA 22.50 M SDR 12/82 IMF 92.25 M SDR 5/83 SECAL 25.20 M $ 3/85 IMF 54.00 M SDR 4/85 SAL 80.00 M $ 10/87 IMF 50.00 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	4.9	0.6	-3.6	0.7	5.5	5.4	3.8
Investment/GDP	18	18.2	15.7	15.7	15.3	14.9	14.7
Export growth	9	19.7	37.9	-5.9	24.5	15.5	
Real Exchange Rate	110	100	142	123.7	137.5	151.6	165.6
CAB/GDP	-13.8	-13.5	-14.9	-3	-1.7	-5.7	-2.8
Budget Balance/GDP	-7	-6.1	-3.4	-2	-3.3	-2	-2.1
Inflation	9.2	18.1	37	15	11.8	16.8	20.8
External Debt/Exports	135.2	155.6		463.1	417.2	425.2	
Debt Service/Exports	23	17		24.9	21.8	21.2	18.6
Ag Production	99.7	98.8	101.4	115.3	111.8	110.8	113.1

Dominican Republic							
1/83 EA 123.75 M SDR 4/85 IMF 78.5 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	4.8	5.5	3.4	-2.6	3.2	8.2	
Investment/GDP	24.2	23.6	22.5	19.2	17.5	23	20.9
Export growth	28.5	10.7	23.5	-15	-2.3	0.1	
Real Exchange Rate	125.5	128.8	130.5	100	93.6	78.1	67.7
CAB/GDP	-6.1	-12.1	-4.9	-2.4	-1.6	5.1	-0.1
Budget Balance/GDP	-5.5	-2.7	-3.7	-1.4	0.6	-2	-1.5
Inflation	9.2	16.3	7.5	37.5	9.8	15.9	44.4
External Debt/Exports	160.8	181.9		462.8	485.6	507.3	430.2
Debt Service/Exports	21.6	12.8		18.7	18.9	20.3	18.7
Ag Production	100.9	99	100.1	109.7	109	109.2	106.4

Ecuador							
7/83 IMF 157.50 M SDR 3/85 IMF 105.50 M SDR 10/85 SECAL 100.00 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	5.8	5.5	4.3	4.4	3.2	-5.3	8
Investment/GDP	23.6	23.6	22.2	16	18.4	23	
Export growth	40.6	16.4	1.5	10.7	-24.8	-7.6	
Real Effective Exchange	100	100	85	112	139.1	181.2	240.9
CAB/GDP	-6.5	-4.9	-7.8	-1.2	5.5	10.5	
Budget Balance/GDP	-3.9	-4.6	4	1.9	-5.1	-4.5	-1.5
Inflation	10.2	13.1	16.4	28	23	29.5	58.2
External Debt/Exports	96.8	105.5		294.9	421.2	514.2	478.8
Debt Service/Exports	30	14.4		25.5	30	32.8	33.2
Ag Production	97.2	101	101.8	108.9	110.3	108	109.9

El Salvador							
6/80 IMF 10.75 M SDR 7/82 IMF 43.00 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	-1.5	-9.6	-9.5	2	0.6	2.7	0.5
Investment/GDP	17.5	13.5	13.5	12	13.1	13.5	
Export growth	41.2	-20.9	-18.2	-6.5	11.1	24.2	
Real Exchange Rate	105	100	88	61.2	86.1	71.6	
CAB/GDP	3.7	-1.7	-8	-0.3	3.7	3.1	
Budget Balance/GDP	-0.7	-5.3	-5.3	-2.7	-1.4	-1.3	-1.5
Inflation	15.9	17.4	14.8	22.3	32	24.8	19.8
External Debt/Exports	33	52.6		257.2	226.7	307.5	
Debt Service/Exports	2.4	3.5		11.1	10.6	11.8	10.7
Ag Production	105.3	101.7	93	83.3	85.1	81.9	90.7

Guatemala							
11/81 IMF 19.1 M SDR 8/83 IMF 114.75 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	-12.1	3.7	0.6	18	0.1	-	
Investment/GDP	18.6	16.4	16.7	10.9	9.7	-	
Export growth	11.8	24.4	-15.1	-6.5	-1.6	-6.4	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-3.8	-2.6	-7.8	-2.2	-0.2	-	
Budget Balance/GDP	-2.1	-3.9	-6.2	-1.8	-0.5		
Inflation	62.9	77.7	77.9	100	136.9	153.8	170.5
External Debt/Exports	-	-	-	-	-	-	
Debt Service/Exports	-	-	-	-	-	-	
Ag Production	99.1	100.5	100.4	99.1	96.8	93.1	95.6

Jamaica							
4/81 SECAL 37.0 M $ 3/82 SAL 76.2 M $ 6/83 SAL 60.2 M $ 6/83 SECAL 30.1 M $ 6/84 IMF 64.0 M SDR 7/85 IMF 115.0 M $ 3/87 IMF 85.0 M SDR 6/87 SECAL 20.0 M $ 6/87 SECAL 40.0 M $							
	1979	1980	1981	1985	1986	1987	1988
GDP Growth	-1.4	-5.4	-1.2	-4.7	1.9	5.2	1.9
Investment/GDP	17.4	14.4	17.9	22.3	17.5	21.7	
Export growth	-1.5	17.6	1.1	-19	3.6	20.1	
Real Exchange Rate		100	96	163.7	147.1	141.2	
CAB/GDP	-6.2	-6.9	-15.3	-14.6	-1.3	-3.7	
Budget Balance/GDP	-14.3	-16.9	16	-4.9	0	1.3	-3.3
Infaltion	29.1	27.1	12.8	25.7	15.1	6.7	8.2
External Debt/Exports	138.9	124.7		671	673.6	619.2	516.1
Debt Service/Exports	16.5	13.1		27.4	22.5	21.8	20.3
Ag Production	101.3	100.[illegible]	98.2	96	104.3	103.5	104.6

Haiti							
8/82 IMF 34.50 M SDR 11/83 IMF 60.00 M SDR 12/86 SAA 28.00 M SDR							
	1979	1980	1981	1985	1986	1987	1988
GDP Growth	3.6	5.4	0.5	2	0.6	2.7	0.5
Investment/GDP	16.7	17.2	16.9	16.6	14.3	15.4	
Export growth	7.9	52.8	-28.5	3.9	-13.9	3.9	
Real Exchange Rate	105	100	95	74.7	78.5	86.1	
CAB/GDP	-5.2	-5.3	-10.1	-4.5	-1.9	-1.4	
Budget Balance/GDP	-2.6	-2.3	-9.9	-7.5	-5	-7.5	-5.9
Inflation	13	17.9	16	10.7	3.3	-11.5	-0.2
External Debt/Exports	150.6	117.9		306.5	360	398.2	535.8
Debt Service/Exports	[illegible]	13		5.4	5.2	6.2	6.5
Ag Production	100.5	100.7	98.7	107.5	109.9	111.8	114.1

Honduras							
11/82 IMF M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	6.6	2.6	0.3	3.2	3.1	4.2	3.8
Investment/GDP	11.3	12.1	9.4	8.9	7.2	7.3	
Export growth	20.8	10.3	-3.7	7.1	12.8	0.3	
Real Exchange Rate	102	100	93	80.6	82.7	85.4	
CAB/GDP	-8.6	-12.5	-9.8	-5.8	-2.7	-4.5	
Budget Balance/GDP	-4.5	-7.8	-7.5	-7.4	-6.1	-6	-6.1
Inflation	12.5	15.6	10.6	3.3	4.4	2.5	4.5
External Debt/Exports	99.3	106.9		345.9	334.8	398.8	373
Debt Service/Exports	12.9	10.2		16.1	15.3	16.5	19.4
Ag Production	92.4	100.8	106.8	95.8	94.6	93.9	95

Panama							
4/80 IMF 90.0 M SDR 4/82 IMF 29.7 M SDR 6/83 IMF 150.0 M SDR 11/83 SAL 60.2 M $ 7/85 IMF 90.0 M SDR 12/86 SAL 100.0 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	7.1	4.9	3.6	4.7	3.4	2.4	-17.1
Investment/GDP	23.6	24.3	27.8	15.7	17.4	17.6	
Export growth	17.1	29	-21.4	17	8.6	3.3	
Real Exchange Rate	100	100	98	97.8	99.7	102.7	104.3
CAB/GDP	-10.7	-8.4	-9.9	1.9	2.4	0.7	
Budget Balance/GDP	-9.1	-4.6	-5.6	-5.8	-0.4	-0.8	-8.8
Inflation	7.9	13.8	7.3	1.1	-0.1	1	0.4
External Debt/Exports	625.7	528		1578.1	1504.8	1565.9	
Debt Service/Exports	34.6	33.5		18.3	2	19.7	24.4
Ag Production	98.6	98.5	102.8	111.1	109.7	107.1	108.8

Mexico							
6/83 SECAL 350.0 M $ 7/86 SECAL 500.0 M $ 11/86 IMF 1400.0 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	9.2	8.3	8.1	2.6	-3.8	1.5	
Investment/GDP	23.4	24.7	26.3	19	19.4	18.9	
Export growth	48.9	66.7	29.6	-10.5	-26	28.8	
Real Exchange Rate	100	90	80	98.5	145.2	158.1	120
CAB/GDP	-4	-4	-4.6	0.6	-1.3	2.8	
Budget Balance/GDP	-3	-2.9	-6.3	-9.6	-16	-16.1	-12.3
Inflation	18.2	26.4	27.9	57.8	86.2	131.8	114.2
External Debt/Exports	313.8	205.3		446	629.4	520	
Debt Service/Exports	65.6	33.2		37	38.3	29.3	30.6
Ag Production	92.5	100.2	107.2	112.6	110.2	110.8	113.4

Panama							
4/80 IMF 90.0 M SDR 4/82 IMF 29.7 M SDR 6/83 IMF 150.0 M SDR 11/83 SAL 60.2 M $ 7/85 IMF 90.0 M SDR 12/86 SAL 100.0 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	7.1	4.9	3.6	4.7	3.4	2.4	-17.1
Investment/GDP	23.6	24.3	27.8	15.7	17.4	17.6	
Export growth	17.1	29	-21.4	17	8.6	3.3	
Real Exchange Rate	100	100	98	97.8	99.7	102.7	104.3
CAB/GDP	-10.7	-8.4	-9.9	1.9	2.4	0.7	
Budget Balance/GDP	-9.1	-4.6	-5.6	-5.8	-0.4	-0.8	-8.8
Inflation	7.9	13.8	7.3	1.1	-0.1	1	0.4
External Debt/Exports	625.7	528		1578.1	1504.8	1565.9	
Debt Service/Exports	34.6	33.5		18.3	2	19.7	24.4
Ag Production	98.6	98.5	102.8	111.1	109.7	107.1	108.8

Peru							
6/82 EA 650.0 M SDR 4/84 IMF 250.0 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	3.7	4.2	3.9	2.4	11.3	7.8	-8.9
Investment/GDP	14.1	17	20.3	39			
Export growth	79.8	12.3	-16.8	-15	-15.1	3	
Real Exchange Rate	112	100	86	118.3	104.8	90.6	105
CAD/GDP	5.1	-0.5	-8.5	2.5			
Budget Balance/GDP	-1.2	0.2		-2.4	-5.1	-6.6	-6.7
Inflation	66.7	59.2	75.4	163.4	77.9	85.9	667.9
External Debt/Exports	170.7	159.1		474.8	629.6	690.2	
Debt Service/Exports	22.7	32.7		13.8	10.1	9.4	17.1
Ag Production	102.7	95.6	101.7	110.4	111.7	116	

Uruguay							
5/80 IMF 21.0 M SDR 7/81 IMF 31.5 M SDR 4/83 IMF 378.0 M SDR 8/84 SECAL 60.0 M $ 9/85 IMF 122.85 M $ 6/87 IMF 80.0 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	8.6	4.5	-0.8	0.3	7.5	5.9	0.5
Investment/GDP	16.1	16.7	15.6	7.4	7.9	9.1	
Export growth	14.8	30.5	18	-7.7	27.4	9.3	
Real Exchange Rate	125	100	90	149.5	151.8	155.7	155.2
CAB/GDP	-0.06	-0.06	-0.02	0	0	0	
Budget Balance/GDP	0.2	0.1	-0.1	-1.9	-1.4	-1.3	-1.9
Inflation	66.8	63.5	34.1	72.2	76.4	63.6	62.2
External Debt/Exports	115.4	101		456	357.7	353.1	
Debt Service/Exports	10.4	12.3		34.2	24.7	24.7	23.8
Ag Production	87.3	97.6	115.2	104.7	105.8	107.3	109.5

ANNEX 3

African Country Data

Benin							
	1979	1980	1981	1985	1986	1987	1988
GDP Growth	4.9	10.9	5.7	-3.5	-3.3	-	
Investment/GDP	20	19.6	14.9	15.5	16.4	-	
Export growth	5.6	23.4	36.5	11.9	-21.8		
Resl Exchange Rate	-	-	-	-	-	-	-
CAB/GDP	-5.7	-3	-7.2	-	-	-	
Budget Balance/GDP	-0.5	-	-	-	-	-	
Inflation	142.6	158.2	178.6	-	-	-	
External Debt/Exports	213.8	209	102.5	347.1	505.2		
Debt Service/Exports	9.7	5.5	6.8	12.3	44.3		
Ag Production	104.2	99	96.8	135.3	140.9	132	145.8

Burundi							
5/86 SAL 50.5 M $ 8/86 SAA 27.1 M SDR 8/86 IMF 21.0 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	24.2	29	11	17.3	9.9		
Investment/GDP	15.4	13.8	16.1	14.2	15.6	17.3	
Export growth	49.9	-29.1	18.8	18.2	14		
Real Exchange Rate	75.2	74.4	88.3	100	86.7	74.5	65.2
CAB/GDP	-	-	-	-3.6	-3	-8.3	
Budget Balance/GDP	0.001	-0.02	-0.02	-0.0008	-0.02	-0.008	
Inflation	91.4	100	112	152.1			
External Debt/Exports	94.2	52.2	55.7	27.8	25		
Debt Service/Exports	4.2	5.4	5.8	23.2	31.1	40.8	
Ag Production	95.6	95.1	109.3	112	118.1	119.7	122.3

Burkina Faso							
2/85 SECAL 13.7 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	9	7.7	19.1		7.2	-1	
Investment/GDP	29.6	24.2					
Export growth	23.1	21	-0.8	-7.1	12.3		
Real Exchange Rate							
CAB/GDP	-5.3	-3.7	-3.5	-4.6	-3		
Budget Balance/GDP	-2.2	0.3	-1.4	1.6			
Inflation	89.1	100	107.6	146.3			
External Debt/Exports	194.8	185.9	196	378.9	416.5		
Debt Service/Exports	6.9	10.6	8.7	21.5	19.2		
Ag Production	102.8	94.8	102.3	132.6	152.9	146	143.1

Cameroon							
	1979	1980	1981	1985	1986	1987	1988
GDP Growth	5.4	6.7	6.3	-	-	-	
Investment/GDP	22.1	21.6	24.5	24.4	-	-	
Export growth	23.3	21.7	-14.6	7.1	24.5	-	
Real Exchange Rate	102.9	101.2	92.8	100	110.8	124.1	120.2
CAB/GDP	-2.3	-6.8	-7.2	-6.8	-4.7	-	
Budget Balance/GDP	2.7	0.5	-3.2	0.7	0.6	-3.4	
Inflation	91.3	100	110.7	185.7			
External Debt/Exports	124.6	124.4	145.6	118	108.4		
Debt Service/Exports	10.1	11.3	14.7	18.2	38.2		
Ag Production	104.2	99	96.3	135.3	140.9	132	145.8

Central African Republic							
2/80 IMF 4.0 M SDR 4/81 IMF 10.1 M SDR 4/83 IMF 18.0 M SDR 7/84 IMF 15.0 M SDR 9/85 IMF 15.0 M SDR 9/86 SAL 30.0 M $ 6/87 IMF 8.0 M SDR 6/87 SAA 19.3 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	19.6	25.8	14.8	13.4	4.6	-2.1	
Investment/GDP	-	-	-	-	-	-	-
Export growth	10.7	20.4	-20.1	14.5	1.2	1.9	
Real Exchange Rate	103.7	107.5	104.1	100	106.5	106.6	
CAB/GDP	-2	-2	-0.6	-11.1	-15.9		
Budget Balance/GDP	-	-	-	-	-	-	-
Inflation	85.4	100	112.7	163.1	131.2		
External Debt/Exports	-1.1	8.5	160.5	226.2	303.1		
Debt Service/Exports	0.6	1.1	3.1	10.1			
Ag Production	97.2	100.7	102.2	110.4	112.7	111.6	114.6

Congo							
8/86 IMF 22.4 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	28.3	41.6	50.3	1.2	-34.1		
Investment/GDP		32.9	44.2	28.5	28.5		
Export growth	60.8	183.6	117.8	-9.8	-39.3	8.5	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-6.6	-9.7	-27.9	-13.6	-26.3		
Budget Balance/GDP		-520.5	251.4				
Inflation	93.2	100	117	170.2	178.7		
External Debt/Exports	193.7	156.6	145.4	211.1	409.5		
Debt Service/Exports	23	10	15	34.9	43.2		
Ag Production	97.8	99.6	102.6	111.8	112.7	114.7	117.1

Cote d' Ivoire							
2/81 EA 484.5 M SDR 11/81 SAL 150.0 M $ 7/83 SAL 250.7 M $ 8/84 IMF 82.75 M SDR 6/85 IMF 66.2 M SDR 6/86 IMF 100.0 M SDR 6/86 SAL 250.0 M $							
	1979	1980	1981	1985	1986	1987	1988
GDP Growth	9	7.7	6.5	9.7	12.7		
Investment/GDP	26.4	24.3	24.3	12.5	12.3		
Export growth	4	10.6	-19.2	5.1	16.9	11.2	
Real Exchange Rate	135.7	138.5	118.7	100	116.9	128	127.2
CAB/GDP	-13.8	-17.2	-16.8	1.1	-0.1	-8.7	
Budget Balance/GDP	-8.4	-10.8					
Inflation	87.2	100	108.8	131.5	135.5	139.5	
External Debt/Exports	163.2	143.6	183.5	214.9	203.1		
Debt Service/Exports	22	29	37.8	23.7	24.6	34.1	
Ag Production	95	96.5	108.5	124.1	123.5	125	129.5

Egypt							
5/87 IMF 250.0 M SDR							
	1979	1980	1981	1985	1986	1987	1988
GDP Growth	28.8	23.2	10.3	19.6	11.7	15.2	
Investment/GDP	29.3	26.1	29.7	21.2	20.2	17.4	
Export growth	25	58.9	3.7	-0.8	-31.4	27.2	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-17.4	-4	-17.7	-9.3	-6.9		
Budget Balance/GDP	-15.5		-6.3	-10	-12.1	-5.9	
Inflation	82.9	100	110.4	189.2	221.3	265	
External Debt/Exports	472.8	360.2	384.5	555.4	865.8		
Debt Service/Exports	43.5	37.9	48.1	54.6			
Ag Production	98.7	100.8	100.5	115.3	116.5	122.4	

Ethiopia							
5/81 IMF 67.5 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	9.9	6.3	4.7	-1.2	9.5	2.8	8.4
Investment/GDP	8.7	10	10.3	11.4	11.2	14.4	13.6
Export growth	40.5	-2.6	-10.8	-20.2	36.6		
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-2.3	-5.5	-5.8	2.2	-6.2		
Budget Balance/GDP	-3.1	-4.4	-3.7	-9.3	-7.5		
Inflation	95.7	100	106.1	143.4	149.98	135.73	
External Debt/Exports	143.1	167.1	257.6	523	437.2		
Debt Service/Exports	9.5	14.3	11.6				
Ag Production	102	99	99	98.6	106.8	102.5	103.7

Equatorial Guinea							
7/80 IMF 5.5 M SDR 6/85 IMF 9.2 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	-	-	-	-	-	-	
Investment/GDP	-	-	-	-	-	-	
Export growth	-	-	-	-	-	-	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-	-	-	-	-	-	
Budget Balance/GDP	-	-	-	-	-	-	
Inflation	-	-	-	-	-	-	
External Debt/Exports	-	7.1	6.6	-	18.1	-	
Debt Service/Exports		13.3	26.9	7.3	17.3	-	
Ag Production	-	-	-	-	-	-	

Gabon							
6/80 EA 34.00 M SDR 12/86 IMF 98.68 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	19.5	40.3	16	7.1	-28.6	-13.4	
Investment/GDP	32.7	-	-	-	-	-	
Export growth	13.1	-2.6	-10.8	-0.6	36.6		
Real Exchange Rate	113.7	115.3	102.4	100	108.9	107.2	92.4
CAB/GDP	-2.3	-5.5	-5.7	-	-	-	
Budget Balance/GDP	-0.5	6	0.7	0.06			
Inflation	71.3	100	120.1	2.07	2.07	2.07	
External Debt/Exports	143.1	167.1	257.6	523	437.2		
Debt Service/Exports	6.6	8.2	11.3	31.4	38.9		
Ag Production	97.7	102.8	99.5	104.7	107.7	110.8	112.9

Gambia							
2/82 IMF 19.90 M SDR 4/84 IMF 12.83 M SDR 8/86 SAL 21.00 M $ 9/86 IMF 5.13 M SDR 9/86 SAA 10.86 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	-9.2	-3.4	-4.6	8.9	2.2		
Investment/GDP	-	-	-	-	-	-	
Export growth	34	-9	-7.6	-30.8	10.6	-12.4	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-	-32.5	-25	6	-55		
Budget Balance/GDP	-	-4.4	-11				
Inflation	93.7	100	106.1	188	294.3		
External Debt/Exports	99.8	216.3	309.4	288.2	327.5		
Debt Service/Exports	0.5	0.8	2.7	2	10.6	15.1	
Ag Production	90	87.6	121.6	123.4	134.2	122.4	119.4

Ghana							
6/83 SECAL 40.0 M $ 8/83 IMF 238.5 M SDR 1/84 SECAL 76.0 M $ 8/84 IMF 190.0 M SDR 3/85 SECAL 120.9 M $ 10/86 IMF 81.8 M SDR 12/86 SECAL 34.5 M $ 4/87 SAL 115.0 M $ 11/87 SAA 129.9 M SDR 11/87 EA 245.4 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	-3.2	-0.3	-1.6	5	5.1	4.8	
Investment/GDP	5.2	4.9	4.7	9.5	9.5	10.7	
Export growth	19.3	3.5	64.3	11.7	22.2	-1.3	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	1.1	0.1	-1.5	-2.1	-0.7	-2.9	
Budget Balance/GDP	-6.3	-4.2	-6.4	-2.2	0.05	0.5	
Inflation	67	100	216	909			
External Debt/Exports	92.3	99.6	156.3	185.7	182.6		
Debt Service/Exports	5.9	7	8.3	6.4	15.6		
Ag Production	101.6	101.6	96.8	113.9	118.2	118	121

Guinea							
12/82 IMF 25.0 M SDR 2/86 IMF 27.0 M SDR 2/86 SAL 84.2 M $ 7/87 IMF 11.6 M SDR 7/87 SAA 36.7 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	-	0.9	1.2	-	-	-	
Investment/GDP	-	-	-	-	-	-	
Export growth	-	36.4	-0.4		8.2	5.1	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-	-	-				
Budget Balance/GDP	-	-	-	-	-	-	
Inflation	-	-	-	-	-	-	
External Debt/Exports	275	208.5	235.6	252.5	256	-	
Debt Service/Exports	-	-	-	-	-	-	
Ag Production	-	101.6	103.3	107.3	106.6	107.3	149.4

Guinea Bissau							
12/84 SECAL 15.0 M $ 5/87 SAL 10.0 M $ 10/87 SAA 4.76 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	-	-	-	-	-	-	
Investment/GDP	-	-	-	-	-	-	
Export growth	-	-15.4	26.3	-	-16.4	70.1	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-	-	-	-24.4	-7.8	-7.1	
Budget Balance/GDP	-	-	-	-	-	-	
Inflation	-	-	-	-	-	-	
External Debt/Exports	456.9	1134.5	937.4	2171.5	3028.8	-	
Debt Service/Exports	16.2	36.4	28.8	45.7	-	-	
Ag Production	95.4	96	108.5	124.7	135	144.8	149.4

Kenya							
3/80 SAL 55.0 M $ 10/80 IMF 241.5 M SDR 1/82 IMF 151.5 M SDR 7/82 SAL 130.9 M $ 3/83 IMF 175.95 M SDR 2/85 IMF 85.2 M SDR 6/86 SECAL 72.5 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	3.7	5.8	4	3.8	5.8	5.7	
Investment/GDP	23.7	23.6	23.9	17.3	20.1	19.8	
Export growth	7.8	22.2	-14.3	-8.9	24.1	-20.6	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-8.2	-12.5	-8.3	-1.6	-1.4	-8.6	
Budget Balance/GDP	-5.3	-2.1	-6.4	-3.8	-4.7	-7.4	
Inflation	87.9	100	111.8	187	196.4		
External Debt/Exports	217.8	175.5	215.5	305	293.5		
Debt Service/Exports	15.3	19.9	27.1	42	36.7	50.4	
Ag Production	101.3	99.5	99.1	110.9	120.8	114.4	118

Madagascar							
6/80 IMF 64.45 M SDR 4/81 IMF 109.0 M SDR 7/82 IMF 51.0 M SDR 4/84 IMF 33.0 M SDR 1/85 SECAL 60.0 M $ 4/85 IMF 29.5 M SDR 5/86 SECAL 61.9 M $ 9/86 IMF 30.0 M SDR 6/87 SECAL 100.0 M $ 8/87 SAA 42.16 M SDR							
	1979	1980	1981	1985	1986	1987	1988
GDP Growth	10.3	-5.8	-	-	-	-	
Investment/GDP	25.3	23.5	18	-	-	-	
Export growth	2.2	27.8	-4.1	-16.8	-0.7		
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-16.3	-16.7	-13.6	-10.2	-	-	
Budget Balance/GDP	-	-	-	-	-	-	
Inflation	84	100	111.8	-	-	-	
External Debt/Exports	229.5	226.3	247.3	321.7	366.5		
Debt Service/Exports	19.6	23.8	34.2	33	43.5		
Ag Production	94.7	102.7	102.7	112.2	112.3	116.8	119.3

Malawi							
5/80 IMF 49.88 M SDR 6/81 SAL 45.0 M $ 8/82 IMF 22.0 M SDR 4/83 SECAL 5.0 M $ 9/83 SAA 81.0 M SDR 12/83 SAL 55.0 M $ 12/85 SAL 109.1 M $							
	1979	1980	1981	1985	1986	1987	1988
GDP Growth	2.9	-0.4	-5.3	4.4	1	3	
Investment/GDP	26.8	22.1	15.1	13.3	11	12	12.9
Export growth	20.5	27.8	3.1	-19.9	-0.7	17.2	
Real Exchange Rate	99.2	103.2	10[illegible]	100	88.4	80.4	85.1
CAB/GDP	-18.5	-16.6	-11.8	-5.8	-	-	
Budget Balance/GDP	-8.7	-15.9	-12.4	-8.3	-9.9	-8.7	
Inflation	84	100	111.8	-	-	-	
External Debt/Exports	-	-	-	-	-	-	
Debt Service/Exports	19.6	23.8	32.4	33	43.5		
Ag Production	105.8	105.3	89	119.8	142.7	119	

Mali							
5/82 IMF 30.38 M SDR 12/83 IMF 40.5 M SDR 11/85 IMF 22.86 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	-	-	-	-	-	-	
Investment/GDP	-	-	-	-	-	-	
Export growth	56.6	14	-12.8	-8.3	4.8	24.4	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-8.5	-9.8	-11.3	-15.9	-13.9		
Budget Balance/GDP	-	-	-	-	-	-	
Inflation	-	-	-	-	-	-	
External Debt/Exports	188.9	222	279.2	455.8	510.6		
Debt Service/Exports	6.1	4.6	6.2	21.2	18.4		
Ag Production	96.7	99	104.2	109.4	117.4	113.2	115.2

Mauritania							
7/80 IMF 29.7 M SDR 6/81 IMF 25.8 M SDR 3/85 SECAL 16.4 M $ 4/85 IMF 12.0 M SDR 12/85 SECAL 20.0 M $ 4/86 IMF 12.0 M SDR 9/86 SAA 21.5 M SDR 4/87 IMF 10.0 M $ 6/87 IMF 15.0 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	-	-	-	-	-	-	
Investment/GDP	19.1	20.4	22.1	-	-	-	
Export growth	24.1	12.6	20.1	26.4	20.1	-16.1	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-17.2	-16.2	-16.4	-	-	-	
Budget Balance/GDP	-4.7	-	-	-	-	-	
Inflation	90.3	100	119.1	162.3	173.7		
External Debt/Exports	221.2	228.5	220.6	405.5	408		
Debt Service/Exports	44.9	15.3	20	20.9	18.4		
Ag Production	97.6	99.7	102.7	95.8	102.1	102.7	

Mauritius

9/80 IMF 35.0 M SDR
6/81 SAL 15.0 M $
12/81 IMF 30.0 M SDR
5/83 IMF 49.5 M SDR
12/83 SAL 40.0 M $
3/85 IMF 49.0 M SDR
4/87 SECAL 25.0 M $

	1979	1980	1981	1985	1986	1987	1988
GDP Growth	3.5	-10.1	5.8	7	8.4	5.8	
Investment/GDP	25.7	23.3	21.9	18.6	19.8	25.5	
Export growth	17.3	12.8	-13.1	18.7	54	19.8	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-12.3	-10.3	-12.6	-2.7	7		
Budget Balance/GDP	-11.5	-10.3	-12.6	-3.4	-1.7	0.2	
Inflation	70.4	100	114.5	154.3			
External Debt/Exports	59.4	68.8	100.7	87.4	62.7		
Debt Service/Exports	5.2	7.9	14.9	15.3	9.5		
Ag Production	112.9	87.2	99.9	109.6	117.6	119.3	120.6

Morocco

10/80 EA 810.0 M SDR
3/81 EA 817.05 M SDR
4/82 IMF 281.25 M SDR
9/83 IMF 300.0 M SDR
1/84 SECAL 150.4 M $
6/85 SECAL 100.0 M $
7/85 SECAL 200.0 M $
9/85 IMF 200.0 M SDR
3/86 SECAL 150.0 M $
12/86 IMF 230.0 M SDR
5/87 SECAL 240.0 M $

	1979	1980	1981	1985	1986	1987	1988
GDP Growth	4.5	3.4	-1.6	4.2			
Investment/GDP	23.9	21.1	21.9	20.9	19.5		
Export growth	30.1	24.6	-5.5	-0.8	12.4	5.3	
Real Exchange Rate	139.4	134.9	123.5	100	95.6	92.4	90.6
CAB/GDP	-9.5	-7.9	-12.4	-7.5	-1.4		
Budget Balance/GDP	-9.7	-10.2	-13.7	-7.8	-8.8		
Inflation	91.4	100	112.5	254.2	277.3		
External Debt/Exports	320.2	304.6	354.2	598.5	605.9		
Debt Service/Exports	41.3	48.7	54.6	45.1	59.8	91.2	
Ag Production	105.8	105.3	89	119.8	142.7	119	

Niger							
10/83 IMF 18.0 M SDR 12/84 IMF 16.0 M SDR 12/85 IMF 13.48 M SDR 2/86 IMF 60.0 M $ 11/86 EA 21.4 M SDR 12/86 IMF 10.11 M SDR 6/87 SECAL 80.0 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	3.8	2.1	-6.4	-	-	-	
Investment/GDP	25.4	28.7	27.2	-	-	-	
Export growth	68.7	18.7	-15.9	-14.5	32	13.3	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-6.6	-11	-8.1	-3.7	-	-	
Budget Balance/GDP	-2.7	-4.7	-	-	-	-	
Inflation	90.7	100	122.9	143.7	-	-	
External Debt/Exports	54.1	69.2	124.8	332.6	310.1	-	
Debt Service/Exports	2.7	6.8	13	25.8	27.8	-	
Ag Production	97.8	103.5	98.7	98.4	103.6	95.5	95.8

Nigeria							
9/83 SECAL 250.0 M $ 10/86 SECAL 452.0 M $ 1/87 IMF 650.0 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	2.5	5.3	-8.4	7.8	3.2	1.7	
Investment/GDP	26.6	21.7	21.5	6.7	9.1	10.2	
Export growth	59.6	53.4	-30.3	13	-48.5	11.5	
Real Exchange Rate	56.5	60.3	66.8	100	54.7	17.5	17.9
CAB/GDP	2.9	5.6	-6.7	1.4	0.6	-6.2	
Budget Balance/GDP	8.4	18.4	3.6	-2.5	-3.4	-8.7	
Inflation	90.9	100	120.8	235.4	248.1	-	
External Debt/Exports	9.5	8.5	11	16.5	26.9	-	
Debt Service/Exports	1.4	2	5	31.3	24.6	-	
Ag Production	94.3	103.5	102.2	121.2	125.5	122.2	127.1

Senegal							
8/80 EA 184.8 M SDR 12/80 SAL 60.0 M $ 9/81 IMF 63.0 M SDR 11/82 IMF 47.25 M SDR 9/83 IMF 63.0 M SDR 1/85 IMF 76.60 M SDR 2/86 SAL 71.0 M $ 11/86 IMF 34.0 M SDR 11/86 SAA 41.4 M SDR 5/87 SAL 45.0 M $ 10/87 IMF 21.28 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	10.2	2.9	2.1	-	-	-	
Investment/GDP	14.2	15.9	15.2	1.4	14	-	
Export growth	19.1	-23	32.9	-16	36.5	-	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-9.1	-13	-18.7	-1.2	-5.4	-	
Budget Balance/GDP	-0.7	-0.8	-3.3	-	-	-	
Inflation	92	100	105.9	175.4	188.6	-	
External Debt/Exports	150.2	227.2	178.9	412.6	374.1	-	
Debt Service/Exports	22.6	42.4	16.1	18.5	31.8	-	
Ag Production	96	84.1	119.9	108.4	120	124.3	126.1

Sierra Leone							
3/83 EA 186.0 M SDR 2/84 IMF 50.2 M SDR 6/84 SECAL 21.5 M SDR 11/86 IMF 23.16 M SDR 11/86 SAA 37.77 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	7.4	2.9	6.1	-2.8	-3.6	-	
Investment/GDP	12.4	14.8	18.2	10.1	9.3	-	
Export growth	6.4	8.3	-28.6	-0.6	-4.5	-12.4	
Real Exchange Rate	56.2	55.8	64.4	100	78.1	60.8	73.2
CAB/GDP	-17.1	-13.5	-8.7	-0.09	-0.009	-	
Budget Balance/GDP	-11.5	-12.8	-9.3	-8.7	-	-	
Inflation	90	100	123.3	806.6	1374.4	-	
External Debt/Exports	144.9	161.8	229.5	295.6	364.3	-	
Debt Service/Exports	21.4	18.8	28.3	7.5	11.5	-	
Ag Production	100.1	99.5	100.4	99	112.1	111.9	113.4

Somalia							
2/80 IMF 11.5 M SDR 7/81 IMF 43.13 M SDR 7/82 IMF 60.0 M SDR 2/85 IMF 20.1 M SDR 5/86 SECAL 76.1 M $ 6/87 IMF 33.15 M SDR 6/87 SAA 28.07 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	-	-	-	-	-	-	
Investment/GDP	-	-	-	-	-	-	
Export growth	-3.2	25.7	31.5	65.3	-2.4	29.9	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-13.8	-6.3	-3.6	-19	-30.4	-	
Budget Balance/GDP	-	-	-	-	-	-	
Inflation	63	100	144.4	639.5	855.7		
External Debt/Exports	563.3	534.2	585.3	1467.2	1598.6		
Debt Service/Exports	3.9	6.7	26.8	54.1	81.4		
Ag Production	96.2	101	102.8	117.9	124.8	125.1	127.9

South Africa							
11/82 IMF 364.0 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	3.2	10.2	4.7	-0.9	2.2	0.07	3.1
Investment/GDP	26.2	26.4	28.3	23.4	20	18.6	19.5
Export growth	35.7	45.2	-17.7	-4.2	12.8	15	6.3
Real Exchange Rate	124.2	136	143	100	92.2	104.1	98.4
CAB/GDP	8.7	7.2	-6.4	0.9	1	0.8	
Budget Balance/GDP	-4.5	-1.9	-2.6	-3.1	-4.4	-5.4	
Inflation	87.9	100	115.2	192.5	226.2		
External Debt/Exports	0.06	0.03	0.04	0.13	0.11		
Debt Service/Exports	94.1	97.8	108.2	98.3	98.4	.01	101.7
Agricultural Production							

Sudan							
3/80 SECAL 65.0 M $ 2/82 IMF 198.0 M SDR 2/83 IMF 170.0 M SDR 6/83 SECAL 50.0 M $ 6/84 IMF 90.0 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	-	-	-	-	-	-	
Investment/GDP	9.5	4.8	4.7	-	-	-	
Export growth	-8.7	34	14.9	-14.5	-26.5	-19	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-14.8	-12.9	-18.8	0.4	-0.03	-	
Budget Balance/GDP	-3.4	-2.6	-	-	-	-	
Inflation	79.8	100	124.6	398.8	-	-	
External Debt/Exports	632.4	550.1	573.2	1502.1	2159.4	-	
Debt Service/Exports	13.9	15.1	18.2	20.6	17	-	
Ag Production	91	99.5	109.5	112.5	113	108.3	110.9

Tanzania							
9/80 IMF 179.6 M SDR 4/81 SECAL 50.0 M $ 8/86 IMF 64.2 M SDR 11/86 SECAL 132.9 M $ 6/87 SAA 67.95 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	1.2	0.8	-1.2	-2.3	-	-	
Investment/GDP	23.6	20.4	17.5	14	15.6	-	
Export growth	14.6	-7	-57.7	-12.6	10	14.5	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-7.8	-10.3	-10.8	-4.8	-5.5	-	
Budget Balance/GDP	-11.3	-9.6	-7.4	-6	-	-	
Inflation	76.8	100	125.6	355	450.9	-	
External Debt/Exports	4.2	4.8	4.5	2.7	2.4	-	
Debt Service/Exports	5	14.5	11	17.8	-	-	
Ag Production	97.1	100.5	102.4	104.7	109.1	112.2	114.2

Togo							
2/81 IMF 47.5 M SDR 3/83 IMF 21.38 M SDR 5/83 SAL 40.0 M $ 5/84 IMF 19.0 M SDR 5/85 IMF 15.36 M SDR 5/85 SAL 67.8 M $ 6/86 IMF 23.04 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	5.3	1.8	-3.5	3	3.4	-	
Investment/GDP	47.6	34.5	26.2	22.9	23.8	-	
Export growth	10.9	63.7	-20.7	-16.1	12.4	9.3	
Real Exchange Rate	123.5	124	122.6	100	107.9	107.3	
CAB/GDP	-0.4	-0.1	-0.06	-0.007	-0.08	-	
Budget Balance/GDP	-8.4	-1.9	-5.7	-1.8	-4.5	-	
Inflation	89	100	119.7	137.8	-	-	
External Debt/Exports	300.6	191.9	220.5	321.4	320.8	-	
Debt Service/Exports	14.5	9.7	12.2	36.5	46.7	-	
Ag Production	97.1	101.3	101.2	114.8	118.5	121	125.6

Tunisia							
9/86 SECAL 150.0 M $ 11/86 IMF 103.65 M SDR 2/87 SECAL 150.0 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	7.1	9.4	6.5	5.6	-1.7	5.7	1.5
Investment/GDP	30.4	27.9	30.9	26.7	-	-	
Export growth	65.3	40.1	-2.5	-4.4	3.7	14.4	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-25.3	-24.5	-22.2	-10.1	-11.1	-7.1	
Budget Balance/GDP	-4.7	-2.8	-2.5	-	-	-	
Inflation	90.9	100	108.9	157.6	166.7	180	
External Debt/Exports	196.5	149.5	156.7	257.7	283.6	288.1	
Debt Service/Exports	20.5	19.8	24.7	39.8	45	46.1	
Ag Production	90.8	108.8	100.4	126.6	116.3	135.2	

Uganda							
1/80 IMF 12.5 M SDR 6/81 IMF 112.5 M SDR 8/82 IMF 112.5 M SDR 2/83 SECAL 70.0 M SDR 9/83 IMF 95.0 M SDR 6/87 SAA 63.2 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	-	-3.7	3.7	-	-	-	
Investment/GDP	-	-	-	-	-	-	
Export growth		-19.6	-28.3	-	13.5	-	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-	-	-	-	-		
Budget Balance/GDP	-	-	-	-	-	-	
Inflation	-	-	-	-	-	-	
External Debt/Exports	126.8	188.7	236.8	236.6	234.9		
Debt Service/Exports	3.8	7	25.4	18.4	7.3		
Ag Production	96.6	99.3	104.1	148.3	148.3	149.4	154.8

Zaire							
5/81 EA 912.0 M SDR 12/83 IMF 228.0 M SDR 4/85 IMF 162.0 M SDR 5/86 IMF 214.2 M SDR 6/86 SECAL 60.0 M $ 5/87 IMF 100.0 M SDR 6/87 SAL 80.0 M $ 5/87 SAA 184.79 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	0.5	2.3	2.8	2.4	2.7	2.6	
Investment/GDP	13.7	19.9	19.6	21.7	-	-	
Export growth	0.01	23.6	-24.1	-3.4	-0.5	-	
Real Exchange Rate	299.3	242.4	224.6	100	99.9	86.4	78.3
CAB/GDP	-2.2	-4.7	-11.2	-7.4	-9.8		
Budget Balance/GDP	-4.9	-1.9	-9	-	-	-	
Inflation	961	1315	1773	8065	-	-	
External Debt/Exports	221.7	188.8	250.9	260.3	294.4	-	
Debt Service/Exports	8.9	16.1	11.6	18.4	20	-	
Ag Production	95.9	100.8	103.3	117.2	118.8	122.1	125.1

Zambia							
5/81 EA 800.0 M SDR 4/83 IMF 211.5 M SDR 3/84 SECAL 75.0 M $ 7/84 IMF 225.0 M SDR 1/85 SECAL 38.5 M $ 10/85 SECAL 77.4 M $ 2/86 IMF 229.8 M SDR 6/86 SECAL 50.0 M $	1979	1980	1981	1985	1986	1987	1988
GDP Growth	-3.1	3	6.1	1.6	0.5	-0.5	
Investment/GDP	16.9	18.2	17.5	10.2	10.6	9.8	10.2
Export growth	69.4	3.4	-31.7	-10.8	-13.6	45.1	
Real Exchange Rate	122	119.1	121.7	100	48.2	50.9	79
CAB/GDP	1.7	-22.1	-24.4	-1	-0.3		
Budget Balance/GDP	-9	-18.5	-12.9	-14.8		-13.7	
Inflation	181.7	202.9	231.3	504.3			
External Debt/Exports	129.4	150.1	224.1	395.5	518.8		
Debt Service/Exports	18.2	19.8	29.5	11.8	17.9		
Ag Production	97.8	101.8	100.4	116.1	124	119.3	

Zimbabwe							
4/81 IMF 37.5 M SDR 2/83 SECAL 70.6 M $ 3/83 IMF 300.0 M SDR	1979	1980	1981	1985	1986	1987	1988
GDP Growth	2.8	11.4	12.5	-2.8	10.4	-	
Investment/GDP	13.9	15.3	18.7	17.2	17.7	-	
Export growth	16.9	33.8	0.4	-4.7	18.4	-	
Real Exchange Rate	-	-	-	-	-	-	
CAB/GDP	-5.6	-11	-20.7	-0.6	0.3	-	
Budget Balance/GDP	-10.3	-10.9	-5.9	-6.7	-6.8	-	
Inflation	94.9	100	113.9	202.7	231.5	-	
External Debt/Exports	48.5	48.2	54.6	138	129	-	
Debt Service/Exports	1.4	3.1	4.8	27.4	25.5	-	
Ag Production	94.2	97.8	108	124.7	119.9	106.7	110.8

ANNEX 4

Characteristics of Specific Fund-Supported Adjustment Programs, 1980-84

Table 12. Characteristics of Specific Fund-Supported Adjustment Programs, 1980–84[1]

	Argentina (a)	Argentina (b)	Bangladesh	Barbados	Belize	Bolivia	Brazil	Burma	Central African Rep. (a)	Central African Rep. (b)	Chile	China	Costa Rica	Côte d'Ivoire (a)	Côte d'Ivoire (b)	Cyprus	Dominica (a)	Dominica (b)	Ecuador	El Salvador	Equatorial Guinea	Ethiopia	Gabon	Gambia, The (a)	Gambia, The (b)	Ghana (a)	Ghana (b)	Grenada	Guatemala	Guinea	Guinea-Bissau
I. Monetary and Financial Policies																															
1. Limit on credit expansion ceilings on	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
a. Net domestic assets or total bank credit	*	*	*	*	*	*	*	*	*	*	*		*					*	*	*		*	*	*	*	*	*	*	*	*	*
b. Bank credit to central government									*	*	*					*	*	*				*	*	*	*	*	*			*	*
c. Bank credit to public sector and specified NPEs		*	*		*	*		*			*		*	*	*				*	*	*							*	*		*
d. Separate ceiling on bank credit to parastatals				*	*			*				*													*						
2. Reduction in the rate of growth of liquidity	*	*		*		*				*		*												*			*		*		
3. Interest rate reform	*	*		*		*	*				*						*		*	*	*	*							*		
4. Adequate share of credit to private sector	*	*																											*		
5. Measures to mobilize domestic savings		*	*		*	*			*		*	*	*	*	*					*		*	*	*		*	*				
a. Interest rate increases		*	*	*	*	*	*	*					*							*						*	*				*
b. Reform of the financial system		*	*					*			*	*		*	*						*		*	*							
6. Target on net foreign reserves		*		*		*	*						*						*	*				*					*	*	
7. Others (selective credit allocation)		*		*							*	*			*		*		*												
II. Public Sector Policies																															
1. Restraint of central government current expenditures	*	*	*	*	*		*		*	*	*		*	*	*	*	*	*	*	*		*	*		*		*		*	*	*
a. Wages and salaries	*	*	*	*	*	*	*		*	*	*			*	*	*	*	*	*	*						*	*			*	*
(1) Freezing or reduction of government employee numbers		*			*				*	*							*	*		*					*						
(2) Freezing, reduction, or postponement of wage increases				*	*		*		*		*			*	*	*	*	*	*								*		*	*	
(3) Changes in the employment policy	*								*		*			*	*		*	*													*
(4) Limit on salary indexation		*	*				*		*				▲				*						*							*	*
b. Goods and services		*	*				*		*	*		*	*				*		*	*		*	*	*	*			*			
(1) Improvement in overall expenditure controls			*				*		*			*	*							*			*	*							
(2) Cumulative monthly/quarterly ceilings on expenditures		*								*									*			*			*			*			
(3) Reduction in appropriation for specific expenditures		*							*	*		*		*			*			*			*	*	*					*	

c. Transfers and subsidies		*	*				*			*			*	*			*		*	*		*	*	*	*	*	*				*
(1) Capping or reduction in subsidies			*				*						*	*					*	*		*	*	*	*	*	*				
(a) Food			*				*						*	*					*	*		*	*	*							
(b) Petroleum			*				*												*	*				*		*	*				*
(c) Fertilizers			*																			*		*	*						
(2) Reduction in other subsidies		*								*				*			*					*									
(3) Curtailment of current transfers to NPEs		*	*	*			*		*								*							*				*		*	*
(4) Control of state enterprises operating expenditures						*	*		*								*														
d. Capital expenditure and net lending		*	*	*	*	*	*			*	*	*		*	*		*	▲•		*	*	*	*		*	*	*				*
(1) Curtailment of investment		*			*		•*			*	*	*		•*	*						▲				•*	*	•*	•*		*	•*
(a) Real terms		*			•*		*			*	*			*													*		*	*	
(b) Nominal terms															*																
(2) Limit or delay on new investment or new projects			*	*		•*	*							*						*										*	
(3) Improvement of investment program					*		*					*		*			•*					•*	•*								
(4) Reduction in domestically financed investment																	*												*		
e. Expenditure administration					*		*		*					*										*				*			
(1) Improve expenditure control mechanism					*		*		*			*	*				*				*			*	*			*			
(2) Others (shift in budgetary priorities)		*										*		*																	
2. Tax system																															
a. Income taxes		*	*	*			*		*	*			*			*	*		*		*			*	*						*
(1) Move from schedular to global income tax																															
(2) Reduction of personal income tax				*			*																			*					
(3) Increase or surcharge in personal income tax		*																	*												*
(4) Income tax reform or extension									*	*							*					*					*				
(5) Increase in payroll tax or social security contribution		*		*			*						*			*															
(6) Arrears																															
b. Corporate tax																															
(1) Income tax surcharge													*															*			
(2) Collection of tax arrears										*															*						*
(3) Shorten lag for corporate tax payment																															
(4) Modification or reduction of income or profits tax	*																														

Table 12 (*continued*). Characteristics of Specific Fund-Supported Adjustment Programs, 1980–84[1]

	Argentina (a)	Argentina (b)	Bangladesh	Barbados	Belize	Bolivia	Brazil	Burma	Central African Rep. (a)	Central African Rep. (b)	Chile	China	Costa Rica	Côte d'Ivoire (a)	Côte d'Ivoire (b)	Cyprus	Dominica (a)	Dominica (b)	Ecuador	El Salvador	Equatorial Guinea	Ethiopia	Gabon	Gambia, The (a)	Gambia, The (b)	Ghana (a)	Ghana (b)	Grenada	Guatemala	Guinea	Guinea-Bissau
c. Tax on property																															
(1) Introduce or raise land taxes			*	*																											
(2) Introduce or raise urban property taxes																	*									*					*
(3) Other property taxes												*																			
d. Domestic taxes on goods and services		*			*					*								*									*				
(1) Raise excise rates (beer, cigarettes, and others)	*		*		*	*			*				*				*		*		*			*		*	*	*			*
(2) Increase tax on petroleum products		*		*					*	*				*	*	*	*		*					*				*	*		
(3) Raise or modify sales tax							*						*				*														
(4) Temporary selected tax reduction																															
(5) Raise taxes on other domestic goods and services						*			*							*												*		*	
e. Import duties		*								*								*													
(1) General or selected increase in customs duties			*							*					*		*				*			*				*			
(2) Increase in petroleum import taxes																									*						
(3) Reduction or elimination of selected import duties		*																													
(4) Tariff reform (exemptions)						*	*								*		*	*	*					*							
(5) Import duty surcharge																			*												
f. Export duties															*																
(1) Increase in rates	*								*				*				*				*									*	
(2) Extension of coverage																					*			*							
(3) Export compensation scheme																												*			
(4) Others (reform/reduction)																			*												
g. Other taxes and nontaxes																															
(1) Tariffs, fees, charges, etc.	*	*		*	*				*	*	*		*	*	*		*	*	*		*			*			*	*		*	
(2) Others				*	*					*					*															*	
h. Improve or reform tax administration	*	*	*		*	*	*	*	*			*	*	*		*		*	*	*				*	*		*	*	*		*
3. Nonfinancial public enterprises																															
a. Improvement in NPEs performance	*	*	*		*		*		*	*	*	*	*	*	*		*		*					*	*					*	*
(1) Improve price structure	*	*	*		*		*		*		*		*	*	*		*		*					*	*			*			*
(2) Partial or total privatization		*			*				*	*		*	*	*	*																*
b. Improve overall management and control	*	*			*	*	*		*			*	*				*	*			*		*	*							*

4. Overall budget																															
a. Reduction of deficit as a precent of GDP	*	*	*	*	*		*	*	*	*	*		*	*	*		*		*	*	*	*		*	*	*	*	*	*	*	*
b. Reduction in domestic arrears										*	*			*	*		*														
III. External Debt Policies																															
1. Control of level and maturity of external debt	*	*		*	*	*	*	*	*	*	*		*	*	*			*	*			*	*	*	*	*	*	*	*	*	*
a. Public or publicly guaranteed debt	*	*		*	*	*	*	*	*	*	*		*	*	*			*	*			*	*	*	*	*	*	*	*	*	*
b. Private sector debt	*																		*												
2. Other debt management policies	*	*			*	*			*	*		*	*		*	*			*	*		*	*	*	*	*	*	*		*	*
a. Debt relief/rescheduling		*			*					*			*		*					*					*		*		*		*
b. Others (arrears, reserve, preferential rate, etc.)	■	■			■	■*			■*	■			■*		■	*			*	■		*				■	■			■*	■*
IV. Exchange and Trade Policies																															
1. Liberalization and reform of exchange rate	*	*	*			*							*						*	*	*			*	*	*	*				
a. Frequently adjusted rates	*	*	*			*	*						*						*	*	*					*	*				*
b. Gradual merging or unification of exchange rate	*												*						*						*					*	
c. Others																															
2. Liberalization and reform of trade system	*	*			*		*						*						*	*	*			*			*	*			
a. Rationalization of import system	*	*	*		*		*	*				*	*						*	*	*	*				*	*				
b. Export promotion measures																											*				
3. Standard clauses and others	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
V. Wages and Prices																															
1. Partial or general wage restraint policies				*			*				*			*	*				*	*	▲				*		*	*			
2. Wage guidelines or wage reform policies	*	*	*			*	*				*		*	*			*	*				*	*	*			*	*			
3. Flexible pricing system	*	*	*				*	*									*			*	*						*			*	
4. Reduction in price/cost distortions		*					*																		*		*				
5. Review or increase sector prices (agriculture, industry, etc.)		*					*	*	*										*		*	*		*			*				
6. Increase energy prices	*	*	*			*	*								*						*	*		*	*		*				*
7. Review price controls system		*					*					▲	*							*	*		*	*		*	*				*
VI. Other Structural Adjustment Measures																															
1. Development and restructuring of a subsector	*	*					*	*	*		*	*	*	*		*	*	*			*	*	*	*	*	*	*	*			*
2. Improvement in overall management						*			*	*								*				*									
3. Shift of resources from public to private		*	*		*		*		*	*												*	*								
4. Investment planning and execution procedure	*		*		*				*			*					*				*	*	*		*						
5. Others																															
VII. Others																															
1. Objection to a policy measure									*		*																				

Table 12 (*continued*). Characteristics of Specific Fund-Supported Adjustment Programs, 1980–84[1]

	Guyana	Haiti	Honduras	Hungary (a)	Hungary (b)	India	Jamaica	Kenya (a)	Kenya (b)	Korea (a)	Korea (b)	Korea (c)	Lao. People's Dem. Rep.	Liberia (a)	Liberia (b)	Liberia (c)	Madagascar	Malawi (a)	Malawi (b)	Mali	Mauritania	Mauritius	Mexico	Morocco	Niger (a)	Niger (b)	Pakistan	Panama	Peru (a)	Peru (b)
I. Monetary and Financial Policies																														
1. Limit on credit expansion ceilings on	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
a. Net domestic assets or total bank credit		*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
b. Bank credit to central government				*		*		*	*							*	*	*	*	*	*	*		*	*	*	*			
c. Bank credit to public sector and specified NPEs			*				*			*	*	*		*	*	*						*	*		*			*	*	
d. Separate ceiling on bank credit to parastatals															*	*														
2. Reduction in the rate of growth of liquidity						*													*	*										
3. Interest rate reform			*	*															*	*										*
4. Adequate share of credit to private sector					*						*				*		*	*		*		*			*	*				
5. Measures to mobilize domestic savings	*		*	*	*	*	*	*	*	*			*				*	*		*	*		*	*	*				*	*
a. Interest rate increases	*			*	*	*	*	*	*	*											*		*	*	*				*	*
b. Reform of the financial system			*	*	*				*				*								*				*				*	*
6. Target on net foreign reserves					*				*																*				*	*
7. Others (selective credit allocation)					*			*					*				*				*			*						
II. Public Sector Policies																														
1. Restraint of central government current expenditures			*		*		*		*		*	*	*	*	*	*	*		*	*	*	*	*	*	*	*	*	*	*	*
a. Wages and salaries			*		*		*		*			*	*	*	*	*			*	*	*		*	*	*	*			*	*
(1) Freezing or reduction of government employee numbers		*	*						*				*	*	*	*				*	*		*		*	*				
(2) Freezing, reduction, or postponement of wage increases	*				*		*		*			*	*	*	*	*		*	*	*				*	*	*			▲	
(3) Changes in the employment policy																									*					
(4) Limit on salary indexation	*																					*							*	*
b. Goods and services	*		*				*		*					*	*	*	*	*		*	*		*	*	*		*	*		
(1) Improvement in overall expenditure controls	*	*							*					*		*	*			*			*		*			*		
(2) Cumulative monthly/quarterly ceilings on expenditures																					*									
(3) Reduction in appropriation for specific expenditures							*								*				*		*			*	*		*			*

c. Transfers and subsidies	*			*	*	*	*			*	*			*			*		*	*			*	*		*	*	*	*	*
(1) Capping or reduction in subsidies	*			*	*		*			*	*			*			*			*			*	*			*		*	*
(a) Food	*			*	*	*	*			*							*			*			*				*		*	
(b) Petroleum					*		*			*				*					*	*				*			*		*	*
(c) Fertilizers	*									*	*									*			*					*		
(2) Reduction in other subsidies				*																*			*	*				*		
(3) Curtailment of current transfers to NPEs						*	*									*	*						*			*				*
(4) Control of state enterprises operating expenditures		*	*											*									*		*				*	
d. Capital expenditure and net lending	*		▲	*		▲	*	▲	*		*	*					*	*		•*			*		*	*				*
(1) Curtailment of investment				*			*		•*		*						*	*					*		*	*	▲		•*	*
(a) Real terms				*					*	*	*				*			*					*		*	•*				
(b) Nominal terms	*						*		*		*				*															*
(2) Limit or delay on new investment or new projects		*									*		*		*			*							*	*	*			
(3) Improvement of investment program						•*					•*	•*	*	*						*						*	*			
(4) Reduction in domestically financed investment	*																								*	*				
e. Expenditure administration				*											*															*
(1) Improve expenditure control mechanism	*			*					*						*	*			*				*		*				*	*
(2) Others (shift in budgetary priorities)																														
2. Tax system																														
a. Income taxes	*			*	*	*	*			*	*			*												*				
(1) Move from schedular to global income tax																								*						
(2) Reduction of personal income tax											*																			
(3) Increase or surcharge in personal income tax						*								*									*							
(4) Income tax reform or extension	*					*				*				*						*		*				*	*	*		*
(5) Increase in payroll tax or social security contribution				*	*		*																							
(6) Arrears																														
b. Corporate tax					*																					*				
(1) Income tax surcharge		*	*				*														*		*							
(2) Collection of tax arrears															*		*						*							
(3) Shorten lag for corporate tax payment																									*					
(4) Modification or reduction of income or profits tax					*	*			*	*		*													*		*			*

Table 12 (*continued*). Characteristics of Specific Fund-Supported Adjustment Programs, 1980–84[1]

	Guyana	Haiti	Honduras	Hungary (a)	Hungary (b)	India	Jamaica	Kenya (a)	Kenya (b)	Korea (a)	Korea (b)	Korea (c)	Lao, People's Dem. Rep	Liberia (a)	Liberia (b)	Liberia (c)	Madagascar	Malawi (a)	Malawi (b)	Mali	Mauritania	Mauritius	Mexico	Morocco	Niger (a)	Niger (b)	Pakistan	Panama	Peru (a)	Peru (b)
c. Tax on property																														
(1) Introduce or raise land taxes																										*				
(2) Introduce or raise urban property taxes																										*				
(3) Other property taxes																														
d. Domestic taxes on goods and services							*																							
(1) Raise excise rates (beer, cigarettes, and others)																														*
(2) Increase tax on petroleum products	*		*			*	*	*	*								*	*	*	*	*		*		*			*		*
(3) Raise or modify sales tax	*	*					*			▲				*						*	*				*		*			*
(4) Temporary selected tax reduction		*	*						*	*									*				*	*	*		*		*	*
(5) Raise taxes on other domestic goods and services																							*							
e. Import duties			*				*							*	*		*			*					*					
(1) General or selected increase in customs duties					*																									*
(2) Increase in petroleum import taxes	*		*				*	*						*			*	*			*		*	*						*
(3) Reduction or elimination of selected import duties											*						*		*					*	*					
(4) Tariff reform (exemptions)									*						*						*									
(5) Import duty surcharge			*				*					*								*			*	*	*		*	*	*	*
f. Export duties			*																										*	
(1) Increase in rates																														*
(2) Extension of coverage																												*	▲	
(3) Export compensation scheme									*																					*
(4) Others (reform/reduction)									*														*				*		*	*
g. Other taxes and nontaxes		*																												
(1) Tariffs, fees, charges, etc.																										*				*
(2) Others	*	*				*	*	*										*		*			*	*	*	*	*	*	*	*
h. Improve or reform tax administration							*												*											
3. Nonfinancial public enterprises	*		*				*			*	*		*			*				*			*	*	*		*			*
a. Improvement in NPEs performance																														
(1) Improve price structure	*	*	*							*	*		*	*	*		*	*	*	*			*	*	*	*	*	*	*	*
(2) Partial or total privatization	*	*	*							*	*		*	*			*	*	*	*			*	*	*	*	*	*	*	*
b. Improve overall management and control							*								*	*				*	*				*		*		*	*
	*	*							*			*		*	*					*			*	*	*		*			*

4. Overall budget																													
a. Reduction of deficit as a percent of GDP	*	*				*	*	*	*		*	*	*	*	*	*	*		*	*			*	*	*	*	*		*	*
b. Reduction in domestic arrears														*											*					
III. External Debt Policies																													
1. Control of level and maturity of external debt	*	*	*	*	*	*	*	*	*	*	*	*		*	*	*	*	*	*	*		*	*	*	*	*	*	*	*	*
a. Public or publicly guaranteed debt	*	*	*	*	*	*	*	*	*	*	*	*		*	*	*	*	*	*	*		*	*	*	*	*	*	*	*	*
b. Private sector debt											*	*						*					*		*	*	*			*
2. Other debt management policies	*	*	*	*		*			*					*	*	*	*		*	*	*		*		*	*				*
a. Debt relief/rescheduling							*							*	*	*			*	*	*		*		*	*				*
b. Others (arrears, reserve, preferential rate, etc.)	■*	■	■*	*			■					*		■	■	■	■			■	■		■		■	■				■
IV. Exchange and Trade Policies																													
1. Liberalization and reform of exchange rate	*			*	*		*			*	*	*	*						*				*	*			*		*	*
a. Frequently adjusted rates	*			*	*		*		*	*	*	*	*						*				*	*			*		*	*
b. Gradual merging or unification of exchange rate																							*							*
c. Others																														
2. Liberalization and reform of trade system		*			*	*	*	*	*			*	*						*	*			*	*			*		*	*
a. Rationalization of import system			*	*	*	*		*	*	*		*	*								*		*	*			*		*	*
b. Export promotion measures					*																		*	*			*		*	*
3. Standard clauses and others	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
V. Wages and Prices																													
1. Partial or general wage restraint policies			*	*			*			*	*	*		*						*		*	*	*						
2. Wage guidelines or wage reform policies	*				*			*	*	*	*	*			*	*	*	*	*				*	*					*	*
3. Flexible pricing system	*	*															*	*	*	*			*	*	*	*	*		*	*
4. Reduction in price/cost distortions										*			*	*			*		*	*			*	*	*	*	*		*	*
5. Review or increase sector prices (agriculture, industry, etc.)	*				*			*		*							*	*		*		*	*		*	*	*		*	*
6. Increase energy prices						*		*					*	*					*	*			*	*	*		*	*	*	*
7. Review price controls system	*									*													*	*		*				*
VI. Other Structural Adjustment Measures																													
1. Development and restructuring of a subsector	*			*	*	*	*	*		*		*							*	*	*			*	*	*	*		*	*
2. Improvement in overall management					*			*					*							*	*					*				*
3. Shift of resources from public to private	*			*							*	*	*						*	*					*	*			*	
4. Investment planning and execution procedure	*	*				*					*	*	*							*					*	*	*	*	*	
5. Others				*									*																	
VII. Others																														
1. Objection to a policy measure						▲							*																	

Table 12 (*continued*). Characteristics of Specific Fund-Supported Adjustment Programs, 1980–84[1]

	Philippines (a)	Philippines (b)	Philippines (c)	Portugal	Romania	Senegal	Sierra Leone (a)	Sierra Leone (b)	Solomon Islands	Somalia	South Africa	Sri Lanka	Sudan (a)	Sudan (b)	Tanzania	Thailand (a)	Thailand (b)	Togo (a)	Togo (b)	Turkey (a)	Turkey (b)	Uganda	Uruguay	Western Samoa (a)	Western Samoa (b)	Yugoslavia (a)	Yugoslavia (b)	Zaire	Zambia (a)	Zambia (b)	Zambia (c)	Zimbabwe
I. Monetary and Financial Policies																																
1. Limit on credit expansion ceilings on	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
a. Net domestic assets or total bank credit	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*			*	*	*	*	*		*	*	*
b. Bank credit to central government	*		*			*	*	*	*	*	*		*	*	*	*	*	*				*				*	*	*	*	*		*
c. Bank credit to public sector and specified NPEs		*		*				*				*								*	*			*	*						*	
d. Separate ceiling on bank credit to parastatals																																
2. Reduction in the rate of growth of liquidity			*	*			*	*	*		*	*		*	*					*	*				*	*		*				
3. Interest rate reform	*			*						*			*		*					*	*		*				*					
4. Adequate share of credit to private sector	*		*														*	*				*										
5. Measures to mobilize domestic savings	*	*	*	*			*	*	*	*	*	*		*			*			*		*		*	*		*	*				
a. Interest rate increases		*	*	*			*	*	*	*	*			*			*			*		*		*	*							
b. Reform of the financial system			*	*							*	*		*			*			*		*		*			*	*	*			
6. Target on net foreign reserves	*		*	*	*				*											*					*							
7. Others (selective credit allocation)							*					*															*	*				
II. Public Sector Policies																											*	*				
1. Restraint of central government current expenditures		*	*	*	*	*	*	*	*	*	*		*	*	*		*		*	*	*	*		*	*		*	*	*	*		*
a. Wages and salaries		*	*	*	*	*	*	*	*		*			*	*		*		*	*	*				*		*	*	*	*		
(1) Freezing or reduction of government employee numbers	*	*	*			*	*	*	*					*											*			*	-	*		
(2) Freezing, reduction, or postponement of wage increases				*	*	*			*		*				*		*		*		▲						*	*		*		
(3) Changes in the employment policy				*										*					*											*		
(4) Limit on salary indexation			*	*					*													*					*		*			
b. Goods and services		*			*	*	*			*	*	*	*	*							*	*	*		*			*	*	*		*
(1) Improvement in overall expenditure controls		*			*		*		*			*	*																			
(2) Cumulative monthly/quarterly ceilings on expenditures						*				*														*			*					
(3) Reduction in appropriation for specific expenditures		*		*	*	*					*	*		*							*							*	*			*

c. Transfers and subsidies	*		*	*	*	*					*	*	*					*	*	*						*	*	*	*	*	*
(1) Capping or reduction in subsidies	*		*	*	*	*					*	*																	*	*	*
(a) Food			*		*						*	*																	*	*	*
(b) Petroleum			*		*	*					*	*																	*	*	
(c) Fertilizers	*										*																		*	*	
(2) Reduction in other subsidies				*								*	*													*				*	
(3) Curtailment of current transfers to NPEs	*		*								*	*							*	*						*	•*				*
(4) Control of state enterprises operating expenditures					*									*					*									*	*		
d. Capital expenditure and net lending	*	*	*	*		*	*		*		*		*				•*	*		*							*				
(1) Curtailment of investment	•*	*	•*	*	*	*	*	▲			•*		*	▲						•*							*	*	*	•*	
(a) Real terms	*	*					*				*									*							*		*	*	*
(b) Nominal terms	*				*				*				*														*		*	*	*
(2) Limit or delay on new investment or new projects	*			*							*			*			*			*							*			*	
(3) Improvement of investment program			*	*													*	*				*					*				
(4) Reduction in domestically financed investment	*								*					*				*					*				*				
e. Expenditure administration																															
(1) Improve expenditure control mechanism	*		*	*	*	*	*				*		*		*		*	*			*	*		*			*	*	*	*	
(2) Others (shift in budgetary priorities)					*																										
2. Tax system																															
a. Income taxes		*											*					*		*											
(1) Move from schedular to global income tax	▲		*																												
(2) Reduction of personal income tax													*							*							*				
(3) Increase or surcharge in personal income tax			*								*	*			*																*
(4) Income tax reform or extension		*											*	*			*														*
(5) Increase in payroll tax or social security contribution																		*													
(6) Arrears					*																										
b. Corporate tax		*					*																								
(1) Income tax surcharge		*									*							*													*
(2) Collection of tax arrears																											*				
(3) Shorten lag for corporate tax payment	*																											*	*		
(4) Modification or reduction of income or profits tax		*	*			*	*									*	*														

Table 12 (*concluded*). Characteristics of Specific Fund-Supported Adjustment Programs, 1980–84[1]

	Philippines (a)	Philippines (b)	Philippines (c)	Portugal	Romania	Senegal	Sierra Leone (a)	Sierra Leone (b)	Solomon Islands	Somalia	South Africa	Sri Lanka	Sudan (a)	Sudan (b)	Tanzania	Thailand (a)	Thailand (b)	Togo (a)	Togo (b)	Turkey (a)	Turkey (b)	Uganda	Uruguay	Western Samoa (a)	Western Samoa (b)	Yugoslavia (a)	Yugoslavia (b)	Zaire	Zambia (a)	Zambia (b)	Zambia (c)	Zimbabwe
c. Tax on property																																
(1) Introduce or raise land taxes																		*										*				
(2) Introduce or raise urban property taxes																		*										*				
(3) Other property taxes																																
d. Domestic taxes on goods and services			*											*							*				*							
(1) Raise excise rates (beer, cigarettes, and others)	*	*	*	*		*			*				*	*	*	*	*					*		*	*			*	*	*	*	*
(2) Increase tax on petroleum products	*	*	*	*	*	*			*				*	*									*					*		*		
(3) Raise or modify sales tax	*		*			*					*		*		*					*								*		*		*
(4) Temporary selected tax reduction																					*											
(5) Raise taxes on other domestic goods and services										*																						
e. Import duties																																
(1) General or selected increase in customs duties			*			*			*	*						*	*				*			*				*		*	*	*
(2) Increase in petroleum import taxes							*			*																						*
(3) Reduction or elimination of selected import duties											*				*	*		*						*				*			*	
(4) Tariff reform (exemptions)		*		*	*	*	*		*	*		*	*		*	*	*				*			*	*			*			*	
(5) Import duty surcharge		*									*		*																			
f. Export duties			*																		*											
(1) Increase in rates																						*						*		*		
(2) Extension of coverage																												*		*		
(3) Export compensation scheme													*																			
(4) Others (reform/reduction)			*	*	*										*						*											
g. Other taxes and nontaxes			*											*					*		*				*							
(1) Tariffs, fees, charges, etc.		*	*	*	*				*			*	*	*			*											*			*	
(2) Others																																
h. Improve or reform tax administration	*	*	*	*		*						*	*			*	*	*	*	*	*	*	*				*	*	*	*		
3. Nonfinancial public enterprises																																
a. Improvement in NPEs performance		*	*	*	*	*						*	*	*	*	*	*	*	*	*	*	*			*			*	*	*	*	*
(1) Improve price structure			*									*	*	*	*	*	*	*		*	*	*			*				*	*	*	*
(2) Partial or total privatization						*						*	*						*		*				*			*				
b. Improve overall management and control		*	*			*						*			*		*			*	*			*	*		*	*		*		

4. Overall budget																																
a. Reduction of deficit as a percent of GDP	*	*	*	*	*	*	*	*	*	*	*	*		*	*	*	*	*	*	*	*	*	*	*			•	•	•	•	•
b. Reduction in domestic arrears		*					*											*													
III. External Debt Policies																																
1. Control of level and maturity of external debt	*	*	*	*	*	*	*	*	*	*		*	*	*	*	*	*	*	*	*	*				*	*	*	*	*	*	*	*
a. Public or publicly guaranteed debt	*	*	*	*	*	*	*	*	*	*		*	*	*	*	*	*	*	*	*	*				*	*	*	*	*	*	*	*
b. Private sector debt		*	*	*	*							*						*		*	*						*				*	
2. Other debt management policies			*		*	*		*				*	*	*	*			*	*	*	*			*	*		*	*	*	*	*	
a. Debt relief/rescheduling			*		*	*	*	*					*	*				*	*	*				*	*		*	*		*	*	
b. Other (arrears, reserve, preferential rate, etc.)			■		*	■	■	■					■	■	■			■	■	■				■	■		■	■	■	■	■	
IV. Exchange and Trade Policies																																
1. Liberalization and reform of exchange rate		*	*	*	*	*	*	*				*	*	*							*	*	*	*	*	*	*	*		*	*	*
a. Frequently adjusted rates		*	*	*	*	*		*			*	*	*	*							*	*	*	*	*	*	*	*		*	*	*
b. Gradual merging or unification of exchange rate			*		*		*	*			*		*	*									*				*	*				
c. Others															*								*									
2. Liberalization and reform of trade system	*	*	*	*	*	*	*	*				*	*			*	*				*	*		*		*	*	*	*			
a. Rationalization of import system	*	*	*	*	*							*	*			*	*			*	*		*		*	*	*	*				
b. Export promotion measures	*	*		*	*		▲													*	*					*			*	*		
3. Standard clauses and others	*	*		*	*	*	*		*	*	*	*	*		*	*	*	*		*		*		*		*		*	*	*	*	*
V. Wages and Prices																																
1. Partial or general wage restraint policies		*	*	*	*			*	*						*	*	*						*				*	*		*	*	*
2. Wage guidelines or wage reform policies		*	*	*		*										*	*					*				*	*	*	*			*
3. Flexible pricing system		*		*	*	*		*				*							*			*	*			*	*	*	*			
4. Reduction in price/cost distortions			*	*	*	*		*				*	*						*	*			*	*				*				
5. Review or increase sector prices (agriculture, industry, etc.)			*					*		*		*			*				*			*					*	*				
6. Increase energy prices	*	*	*	*	*	*	*	*	*			*	*	*		*						*					*	*		*	*	
7. Review price controls system			*		*		*							*	*				*				*	*			*	*		*		
VI. Other Structural Adjustment Measures																																
1. Development and restructuring of a subsector	*	*	*		*	*	*	*	*	*		*	*	*	*	*		*	*	*		*		*	*	*	*	*	*		*	
2. Improvement in overall management								*						*										*								
3. Shift of resources from public to private			*					*				*	*						*			*			*				*			
4. Investment planning and execution procedure					*			*					*		*			*	*						*	*		*	*		*	
5. Others																										*						
VII. Others																																
1. Objection to a policy measure																																

[1] Information for programs in 67 countries is given. Twenty-five countries (Argentina–Guinea-Bissau) are covered on pages 42–45; twenty-one (Guyana–Peru), on pages 46–49, and twenty-one (Philippines–Zimbabwe), on pages 50–53

Note:
* means measure adopted in the program.
▲ means measure adopted, but in the opposite direction.
• means that there was collaboration with the World Bank on that policy measure.
■ means the country was in arrears