

THE WORLD BANK GROUP ARCHIVES

PUBLIC DISCLOSURE AUTHORIZED

Folder Title: Social Dimensions of Adjustment [SDA] - Cameroon - Loan 3206 - P000405
- General Correspondence

Folder ID: 1104118

Project ID: P000405; DEC-03-23

Dates: 07/27/1990 - 01/23/1991

Fonds: Records of the Africa Regional Vice Presidency

ISAD Reference Code: WB IBRD/IDA AFR

Digitized: 11/23/2022

To cite materials from this archival folder, please follow the following format:
[Descriptive name of item], [Folder Title], Folder ID [Folder ID], ISAD(G) Reference Code [Reference Code], [Each Level Label as applicable], World Bank Group Archives, Washington, D.C., United States.

The records in this folder were created or received by The World Bank in the course of its business.

The records that were created by the staff of The World Bank are subject to the Bank's copyright.

Please refer to <http://www.worldbank.org/terms-of-use-earchives> for full copyright terms of use and disclaimers.



THE WORLD BANK
Washington, D.C.

© International Bank for Reconstruction and Development / International Development Association or
The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

PUBLIC DISCLOSURE AUTHORIZED

DECLASSIFIED

WBG Archives



1104118

R1992-036 Other # 4 Box #19916B

Social Dimensions of Adjustment [SDA] - Cameroon - Loan 3206 - P000405 -
General Correspondence

ROUTING SLIP		DATE: 1-22-91
NAME		ROOM NO.
S. Lateef, P. Isenman,		S13-145
N. Raphaeli, C. Boucher		
G. Handwerger		
<i>Alex</i>		
APPROPRIATE DISPOSITION	NOTE AND RETURN	
APPROVAL	NOTE AND SEND ON	
CLEARANCE	PER OUR CONVERSATION	
COMMENT	PER YOUR REQUEST	
FOR ACTION	PREPARE REPLY	
<input checked="" type="checkbox"/> INFORMATION	RECOMMENDATION	
INITIAL	SIGNATURE	
NOTE AND FILE	URGENT	
REMARKS:		
<p>"Have you seen?" <i>No.</i></p> <p>Comments please <i>Who knows how much VA is worth? Is it worse or better than other aid? Richard doesn't like it, evidently.</i></p>		
FROM:	ROOM NO.:	EXTENSION:
Alexander Shakow	T-8011	31828

Pam

A Future for UN Aid and Technical Assistance?

Richard Jolly

RECEIVED
91 JAN 23 PM 5:05
PRDDR

Richard Jolly argues that a new, critical assessment of the UN must look at the role of expert technical assistance for developing countries. He suggests that far from "falling away" as countries reach a suitable level of local expertise, expert assistance has increased while development can no longer be assumed to be proceeding along a linear positive path. The extreme disparity of expatriate salary and privilege, inadequate quality and focus of assistance must lead the UN to re-examine the role of the expert, the need for "advice plus", the need to restructure global development assistance and the way to close most effectively the gaps of local manpower requisite qualifications.

This title is deliberately chosen. I believe that the vast bulk of technical experts and expertise at present provided by the UN and donor system has outlived their usefulness — or, at the very least, outlived their usefulness judged by the criteria for which they have been provided: the provision of specific technical expertise or experience which is not available among nationals of the country and to provide it for a limited period until national personnel have acquired the training and expertise to take over the job.

Such experts and expertise have been provided on scale since the later 1950s and early 1960s, at a time when many developing countries came to independence, obviously short of nationals with the education, training and expertise needed to staff their expanding economies. But far from diminishing, the numbers of technical experts provided has grown decade-by-decade since the 1950s. By 1970, the number of experts and volunteers provided under bilateral technical cooperation was almost 62,000 excluding the large but somewhat special category provided by France. Over the 1970's, the number dropped slightly but rose again by about 2 percent year from

1980 to 1985 (the latest year available Table 1). I have no comparable figure for the multi-lateral agencies but there is little doubt that this too has risen. For an activity which has been growing for over 30 years and which from the beginning was explicitly intended to be limited in duration with the experts being replaced by nationals, these ever-growing numbers clearly suggest a gap between intention and fulfilment.

In addition, the costs relative to need and relative to alternatives have, in recent years, reached extraordinary disproportions. In Tanzania, for example, the total cost of technical assistance in 1988 was some \$ 300 million, of which at least \$ 200 million represented the salaries, per diems, housing allowances, air travel and other direct costs of the 1,000 or so international experts provided as the core of technical assistance. In contrast, the total salary cost of the whole civil service in Tanzania in the same year, including administrators, clerical staff, teachers and health workers, was \$ 100 million. The situation in Tanzania is not untypical of that of technical assistance in many other developing countries today, especially but not only in Africa.

For these and other reasons, the time has come to rethink the purpose of aid and technical assistance within the UN system. With a new development decade ahead, and continuing economic crisis in many developing countries, it may be a good moment to try. The task will not be easy — since the technical assistance is rife with strong vested interests, national, institutional and individual. But in several quarters, the need for a new approach is being increasingly recognized. This paper is an attempt to carry forward the exploration and debate.

The evolution of technical assistance

To set present practices in perspective, it may help to remind

ourselves of the intellectual origins of current thinking about technical assistance in the process of development. For this, we must go back to the 1950s and early 1960s. At that time, international development thinking was dominated by ideas of the need for accelerating economic growth and for raising the rates of savings and investment to achieve the capital formation needed for this growth. International aid and enhanced inflows of private investment were seen as short and medium-term means to support this process and thereby set in motion and acceleration "to take off", under which rising incomes would raise the rates of savings and investment in a country and thus lead to a self-sustaining process of development for the longer run.

Although less frequently articulated in exactly these terms, the process of technical assistance had direct parallels with this model. Accelerating economic growth would require additional stocks of human capital as inputs and thus an expansion of education and technical training was also needed, with a parallel expansion of teacher training to make the process self-sustaining in the longer run. Technical assistance — manpower aid — was the short and medium-run international means to fill the national gaps and make the accelerated process possible.

Because all this was happening at a time when many developing countries were achieving independence, with under-developed educational systems, and many of their high-level posts staffed by colonial expatriates needing to be replaced by nationals, international support for an integrated national process of educational expansion, expatriate replacement and manpower development became a major international activity. Manpower planning, to calculate the needs, occupation by occupation, provide the frame, both to ensure support for the acceleration of economic growth and to ensure that the country would become self-sustaining in skilled and educated manpower in the longer run. All this was the human capital parallel to physical capital in the process of "take-off" and increasing domestic savings and investment. Technical assistance was the parallel to inflows of capital aid and private investment from abroad.

The critical intellectual assumptions of this view of development and aid were four:

- development was a linear, internally-driven, onward and upward process. Once take-off was achieved, there was no real risk of losing altitude, let alone of crashing. It was an historical view, neglectful of much experience of the 1930s — some of which was to be repeated in the 1980s;

- physical and human capital formation were the critical inputs to this process;

- the development process was essentially economic. Issues of culture and politics were accepted as influencing the economic efficiency of the process but not fundamentally its goals or character;

- once appropriate levels of savings and investment, physical and human had been reached, "take-off" would be achieved and the need for high inflows of aid and technical assistance would fall away. This was the critical assumption, still repeated

in technical assistance documents of today.

It is now clear how far this model is from the reality of development and aid which we have observed and are still observing. Development, in general, is far from being a *linear process* as the declines over the 1980s in Africa and Latin America show only too tragically. That the process of economic growth is far from being simply driven internally is well shown in the 1980s by the national repercussions of the *international* problems of debt, interest rates, commodity prices and growing protectionism. Although physical and human capital formation is important to the development process — today's perceptions give even more weight to strategic, technological, political and institutional factors, privatization and the appropriate role of government, incentives and market forces, etc.

But it is the two other assumptions which need even more questioning, especially with respect to manpower and technical assistance.

We are now more conscious, especially through technical assistance, that development is much more than a technical-economic process and thus that cultural issues and national traits need more attention in defining the goals and character of national development and thus of the type of technical assistance contributions which are needed and which can be provided.

Most serious of all is the fallacy of the concept of "take-off" and self-sufficiency when judged by what has happened with technical assistance. Education and training has expanded in every developing country without exception — almost always at rates faster than that of economic growth and usually at rates much faster than thirty years ago were imagined to be possible or to be needed to meet manpower goals. Often also unemployment of nationals with skills and education has also grown and frequently also the brain drain. But in spite of all this, so also have grown the numbers and expenditures on technical assistance — and no end seems to be in sight.

Is it not time to rethink the theory, objectives and modalities of the whole endeavour, either to bring technical assistance into line with the theory and objectives or to revive the theory and objectives to bring *them* into line with reality? Probably something of both approaches is needed.

Present problems

A number of problems and inadequacies characterize much, if not most, of the technical assistance at present provided.

1. Inadequate quality;
2. Irrelevant focus;
3. Insufficient local knowledge and experience and above all;
4. Very low cost effectiveness, when compared with alternatives, especially the alternative of using the resources for employing local manpower, professionals from neighbouring

countries, short-term consultants or some mixture of these three.

One important reason for these weaknesses is that much technical assistance is now "donor driven" provided under the pressure or influence of the donor rather than "recipient responsive", provided in response to uninfluenced request and genuine need of the recipient country. Note that the "driving" can be done by a wide variety of donors, including international agencies, bilateral donor governments, non-government organizations, etc. In many cases, the immediate agent may be an individual himself provided under technical assistance and skilfully engineering a further request for technical assistance services for himself, a friend, his agency or his own country. The alternative, which very often could and should have been implemented long before, is to have a national to have taken over.

An interesting and important question is why recipient countries allow so much technical assistance to be donor driven, when it deprives nationals of jobs, postpones national control of activities and represents such a poor use of scarce foreign exchange resources. No doubt there are many sorts of reasons. Often the technical assistance is a component of a much larger project and the technical assistance may seem a small price to pay to ensure agreement on the project as a whole; sometimes the national responsible for negotiating the project thinks that agreement on the technical assistance component will bring other benefits, perhaps benefits to the country as a whole, perhaps benefits to himself or herself — often in the form of a future technical assistance opportunity, a course abroad or even a technical assistance assignment. In economic jargon, technical assistance has its own "multipliers" even its own "accelerators" though note these rest on political or commercial relationships rather than technical ones.

What makes the process so insidious is that the reality of what is happening is often disguised by maintaining an outdated rationale of technical assistance long after the context has changed: namely, when the context of national scarcity of skilled and educated manpower has given way to surplus; when local institutions are providing more than enough opportunities for training; and when the price of good quality local consultants has fallen far below the cost of meeting the same need through technical assistance from abroad.

It would be wrong to suggest that all those involved in providing technical assistance deliberately overlook these issues and pressed for the continuation of an activity for which there is no real demand. There is indeed considerable demand. In many countries receiving technical assistance today, the qualifications, experience, motivation and commitment of local manpower *are* weak; those with training and experience have often moved out of the posts they once filled, creating serious manpower gaps; and the local training institutions have deteriorated to a point where standards are generally low, variable and unpredictable. Frequently also there is the suspicion and sometimes evidence of corruption nationally, which it is hoped employment of expatriates may avoid.

The critical issue, however, is not *whether* such gaps exist between needs and availability of local manpower of requisite qualifications, skills, experience and motivation but *why* there are such gaps and *what is the best and most cost-effective way to close them*.

As explained earlier, the traditional theory of technical assistance would suggest that the gaps exist because local supply has not yet caught up with growing demand. It is difficult to give this theory much credence today when in developing countries, enrollments at university level have begun rising by 9 or 10 percent per year for the two decades until 1980 and by 6 to 8 percent per annum during the crisis years thereafter. It is difficult to believe that such arithmetic argues for anything other than a quite different explanation.

Some suggest that the explanation lies not with quantity but quality. This is perhaps somewhat nearer to the real explanation, especially if one considers the more specialist and highly technical occupations. But although a few of these occupations are a focus for technical cooperation, most technical assistance is not in this category. And even in those cases when highly technical skills are essential, one knows that in most developing countries, even the poorest in Africa, there are increasing numbers of nationals who have received their training and education in the best universities and technical institutions of the world. Why then are such persons not filling the local posts adequately?

This to my mind brings us to the essential issues — at least to the extent that some local gaps exist and that there is at least, therefore, some apparent justification for bringing technical assistance from abroad to fill such gaps. These essential issues are issues of incentives, salary and employment levels, and structures.

The distortion and disparities in salaries and other incentives, within countries and between countries have today reached bizarre extremes. For example:

- a senior civil servant or professor's salary in many African countries has now reached the equivalent of a few dollars a month, in some specific cases the purchasing power of a loaf of bread a day;

- a well qualified national expert can earn in a 6-week consultancy, at international rates, a sum which if placed in an industrial country savings account can produce a permanent income from interest alone which is sufficient, when converted to local currency, to double his local salary. (This is an actual case).

One could continue with other examples. But the essential point is that such extremes in disparities and low earnings makes it impossible for many national staff to work for normal working hours, at normal working capacity and normal levels of commitment. And thus the gaps, the inefficiencies, the brain drain — all the reasons which sustain and apparently justify demand for additional technical assistance from abroad and which provides the apparent rationale for technical assistance to keep expanding.

As a major objective for the 1990s, many state that techni-

cal assistance operations in the 1990s should help countries achieve "once and for all" self sufficiency in skilled and educated manpower. In a world of major and rapid technological change and of great inequalities between countries in resources, such an objective is unrealistic. But more serious it perpetuates the "gap model" of technical assistance instead of technical assistance as one of several forms of international assistance adapted to the needs of the 1990s.

A more relevant model would recognize the need for flows of technical knowledge, manpower and expertise as a natural part of interdependence. The bulk of this would be market driven, as it is already. But technical assistance, like aid and other support activities of regional and international agencies, would support specific interventions in the process to offset gross imbalances in the existing relationships and achieve positive objectives directed to international goals agreed in appropriate bodies.

A new approach for technical assistance for the 1990s

A new approach for the future of technical assistance must begin with a new rationale, new objectives, broader and more flexible modalities and new criteria to set it all in motion.

A change in the rationale for technical assistance is the starting point. Instead of a concept of filling gaps to achieve national self-sufficiency, a concept of providing technical expertise and experience from other countries is needed as one of several forms of international support for accelerated national development and growing national strength in a world of ever-increasing interdependence. This new concept would emphasize flexibility, a goal of building national strength in interdependence not self-sufficiency, and learning from the experience of other countries and from latest technical expertise, rather than filling gaps with basic professional skills. But above all, such a rationale would mean a considerable change in the approach of international agencies, away from the supply of technical expertise through the routine supply of experts to a more varied and flexible range of form of support, financial as well as expertise, short-term consultants of higher levels, exchange of experience through focused professional visits rather than training courses and long-term provision of experts.

Note that such a model would *not* presume that self-sufficiency and the absence of manpower flows between countries, was an ideal. All countries would expect to experience some degree of two way flows. Technical assistance in this model would concentrate aid on areas where gross imbalances in manpower relationships were arising and which needed special efforts to correct.

1. Objectives

The first point to clarify is the basic objectives. I would suggest the following:

- To support moves towards more balanced and less unequal relationships of interdependence between developed and developing countries by:

(i) consciously providing and building skills and expertise which strengthen the process of development and strengthen the capacity of developing countries to participate more equally within an even more inter-dependent world economy;

(ii) explicitly helping the process of restructuring the global economy along lines approved in international bodies and supported by the country concerned. Such restructuring could include, for example, restructuring from military to more peaceful means of regional or sub-regional security, environmental restructuring, for instance, where water resource or soil-erosion or deforestation involve several countries; and

(iii) encourage the sharing of skills and country expertise in support of accelerated action towards goals for the fourth development decade, especially low-cost means for meeting basic human needs by the year 2000.

Note that as part of the first two goals, and possibly all three, there is the sub-goal of ensuring that some people, especially young people, in every country, developed and developing alike, have the opportunity to study and gain experience working in other countries. In an ever more interdependent world, it is important to ensure that a cadre exists in each country with practical knowledge of the needs and working situation in other countries, and thus able to contribute to making interdependence more effective and, in principle, less unbalanced. At the moment, technical assistance contributes to this process by providing opportunities for persons from developing countries to obtain education and training in industrial countries and for persons from industrial countries to work in developing countries. But usually this is not done in a balanced manner.

2. Modalities

Equally important is the need for rapid and major shifts in the modalities of technical assistance, to bring the components of technical assistance into line with present realities to achieve cost-effectiveness and to ensure that technical assistance helps rather than hinder reform of the salary structures and terms of conditions of the local civil service. To this end:

(i) full-time, long-term consultants should in major proportion be phased out and replaced by short-term consultants, experience exchange through focused visits, specialized training and upgrading courses. When full-time staff are needed in supportive roles, national staff should be used most often;

(ii) for greater effectiveness of the short or long-term technical assistants provided, a major fraction, probably at least a third of resources at present devoted to technical assistance, should be converted from support of staff to provision of cash and supplies to assist with the initiation of the ideas and proposals being recommended under the technical assistance. Experience shows that advice alone is almost always less effective than "advice plus" — when the plus may be modest amounts of technical equipment, support for local staff or short-term consultants to work as part of a technical assistance team, or seed or risk money to help launch an initiative being recommended. The cost of the "plus" can only be judged pragmatically, though one has the feeling that almost always for the international agencies at present it is too small.

3. Salary levels and influences on local salary structures

A major weakness of technical assistance at present is the enormous imbalances between the salaries and allowances of technical assistance staff and those of national staff in the countries in which they work, encouraging feelings of outrageous inequity, leading to brain drain etc. Of course, much of this reflects the attempt to have a unified salary system for international staff and the application of it in the enormously varied context of widely differing national salary scales. Perhaps there is ultimately no real solution to this dilemma.

Nevertheless, there is an urgent need to devise better solutions to issues of pay and incentive for local staff working alongside or closely with international staff. This at present is a jungle of disparities, lacking rhyme or reason, but frequently adding to the dissatisfactions and confusion of incentives in a manner most destructive of the national salary structure and system.

It is not easy to see even modest steps forward, but some principles can be suggested.

(i) more attention is needed to incentive structures to support reform in national salary structures, in ways which incorporate incentives for performance, encouragement for individuals to seek relevant training and promotion, and provide motivation to move into lines of work of most relevance for the country's development.

(ii) A particular need is to encourage changes in national salary structures which diminish and if possible abolish some of the major imbalances in the use of national manpower. These would include the weakness of incentives for working in technical occupations as opposed to professional occupations, rural areas, especially remote, disadvantaged areas, urban slum areas.

(iii) Agreement between agencies and donors to work within a structure laid down by government and not to introduce their own open or hidden incentives.

4. Rethinking policy within the main international and donor agencies

Some rethinking of technical assistance is already underway, both at country level and internationally. At country level, UNDP has instituted a NATCAP process whereby at country level "national capacity" is assessed and a review of needs and technical assistance supply is assessed comprehensively for the current period and for the next phase ahead.

All this is an important beginning. But the above analysis suggest that, in addition to assistance policy, fundamental thinking is also required of technical country by country reviews, agency by agency. It is especially important to review afresh within each agency the balance of resources provided in the form of personnel and support provided in other forms, especially in the form of cash and equipment. The costs and cost effectiveness and where possible, the cost benefits of different forms of provision also need assessment.

For donor agencies, rethinking is also required, with particular attention to their own national interests, especially the long-run interests of developing or maintaining a national cadre

of persons with knowledge and expertise of different developing countries and regions. As mentioned earlier, this is not only a legitimate national interest but one which is also in the interests of developing countries, especially if those being selected for such assignments are chosen with care for their sensitivity and commitment to other cultures and situations.

The various volunteer and peace corps arrangements have already developed much positive experience along the lines required for the future. So also have less well-known approaches such as "Earth Watch", under which professionals spend at their own expense short vacation periods in developing countries working as members of a small research team, for instance on an archeological dig, an animal behaviour census or a survey of health knowledge attitudes and practice. Providing due weight is given to the national interests of the developing country and its own professionals, there need be no worry that the *origins* of these proposals lie with nationals and interests of the developed countries themselves.

A closing example, taken mainly from long-term relationships between the so-called developed countries may illustrate what is needed between and among all countries in a world of growing interdependence. Rhodes scholarships have for most of a century provided opportunities for outstanding students from the United States and various Commonwealth countries to spend a period of post-graduate study at Oxford University in England. Japan for almost the same period has supported outstanding nationals in study at the best universities in other developed countries. The benefits, though difficult to quantify or even to specify exactly have, by general agreement, been widespread and important for strengthening national expertise and international awareness.

These examples provide models of the broad ranging, long-term perspectives needed to inspire and plan human capital development for a world in interdependency, including the role of the poorer, less developed countries in it. At the moment, the flows of students are overwhelmingly from the poorer to the richer countries, from the less developed to the so-called developed countries. The benefits of two-way interchange need more clearly to be recognized, including the perspective, the benefits of research and work experience within *all other countries*, even the poorest. Though often not recognized in these terms, most developed countries do in fact sponsor some of their own nationals to undertake research in many of the poorer countries, thereby building the expertise of their own nationals on important aspects of environment, animal behaviour, biology and medicine. not to mention economics, politics and sociology. This two-way gaining of relevant technical knowledge needs to be more clearly recognized, to offset the view that the present flows are all one way. Indeed, the main difference between the current flows may be the qualitative level of the exchange: many of developing country students in industrial countries may be obtaining the routines of basic graduate and even under-graduate study, with only a small proportion undertaking post-graduate research at the technological frontiers — and many of them likely to join the brain

drain and stay on for employment, at least for some years. Similarly, those from developed countries undertaking research in developing countries are for the most part undertaking research on the frontiers of knowledge, unlikely to stay for long but certainly gaining rapidly in experience and value added to their knowledge, during their period in the country concerned.

All this should be part of the perspectives and part of the negotiation over technical cooperation for the 1990s. In an in-

terdependent world, there is much for all parties to gain.

Richard Jolly is Chairman of SID North South Roundtable and member of SID Governing Council. He is Deputy Executive Director of UNICEF.

This paper was delivered at the SID North South Roundtable meeting in Uppsala, Sweden, 6-8 September 1989, on the Future Role of the United Nations.

Table 1: Number of experts and Volunteers provided under Bilateral Technical Cooperation

	1970	1980	1985
DAC excl. France	61,783	57,120	63,535*
		1970/80	1980/85
increase p.a.		-0.71	2.15

* incl. ca. 1000 for non-reporting countries

Source: OECD DAC report 1988, table 25.

Table 3: Expenditure on Technical Assistance in percentage of total Bilateral ODA from DAC member countries

	1982/83	1987
Technical assistance	30.0	24.6
Students and trainees	(4.1)	(3.8)
Experts and volunteers	(19.5)	(11.8)
Other	(6.4)	(9.0)

Source: OECD Development Cooperation, 1988 (table 20), and 1985 (table III-6).

Table 2: Technical Cooperation as Percentage of Bilateral ODA, Total DAC

	1969/71	1980	1984	1987
		\$ mill		
Total Bilateral ODA	5836	18110	19694	29972
excluding France	4046	14650	16524	24646
Bilateral Tech. Ass.	1565	5467	5908	8784
excluding France	1118	3642	4397	6415
		%		
Bil.TA/Total Bil. ODA	26.8	30.2	30.0	29.3
excluding France	27.6	24.9	26.6	26.0

Computed from OECD DAC report tables on flow of financial resources to developing countries and multilateral agencies.

Table 4: Estimated enrollment at third level of education, developing regions

	1960	1970	1980	1986
		in thousands		
Developing Countries	2200	7318	18096	26798
Sub Saharan Africa	56	101	382	609
South and East Asia	2257	6742	13457	19449
Arab States	164	444	1446	2112
Latin America and Caribbean (excl. Mexico)	570	1640	4891	6784
		60/70	70/80	80/86
		annual growth rates		
Developing Countries	12.8	9.5	6.8	
Sub Saharan Africa	6.1	14.2	8.1	
South and East Asia	11.6	7.2	6.3	
Arab States	10.5	12.5	6.5	
Latin America and Caribbean (excl. Mexico)	11.1	11.5	5.6	

Sources: UNESCO Statistical Yearbooks, 1975 and 1988.

DEBT MANAGEMENT AT THE COUNTRY LEVEL

by Lars Kalderen

This paper sets out some of the conclusions and recommendations contained in the report "Debt Management and the Developing Countries" presented to UNDP in July 1989, by an Independent Group of Experts.

The Group believes that the targets of current international debt policy should be

- (i) to reduce, in an orderly fashion, the "debt overhang" and debt service payments to levels which are agreed to be commensurate with the economic capacity of debtor countries,
- (ii) to prevent a renewed build-up of debt beyond prudent levels, a danger which may present itself once creditworthiness has been restored - particularly if a world recession should again make large-scale export lending attractive.

These targets can only be achieved if the ability of debtor countries to handle their debt is considerably strengthened. This is a matter of great urgency because of the economic losses and political dangers that present inadequacies cause to creditors and debtors alike.

Efforts are needed in three areas

- * Many countries need to improve debt data gathering and reporting in order to achieve standards acceptable to both debt managers and creditors.
- * Countries which have accomplished the first stage should apply the techniques of modern liability management in order to reduce cost of debt service and lessen interest and currency risk on their debt.
- * Debt reduction can be obtained largely through the application of increasingly complex and varied techniques which must be evaluated in the country context and skillfully executed.

Good debt management has many benefits. Defined to include the withdrawal and use of borrowed funds, it can increase the efficiency with which external as well as internal development resources are applied. In the longer term, it should contribute to the development of domestic financial markets and thus promote the productive investment of national and foreign savings in the economy, including the return of flight capital.

Conversely, ineffective debt management can undermine a country's ability to continue to raise new external finance by leading to late or partial payment of debt service. Imports will be compressed and economic growth slowed down. Forced to rescheduling of its debt, a country is confronted with additional debt costs as well as a wasteful use of its economic management resources.

But the gains of good debt management do not accrue to the debtor alone. The assurance that debt will be professionally managed and commitments honoured should be an indispensable ingredient in any long-term agreement on debt restructuring/debt relief that a debtor country signs with its creditors. The credibility of such an agreement hinges on the efficiency and transparency with which debt is managed as much as on the economic capacity of the country to service its debt.

Obstacles to good debt management

If good debt management holds so many benefits, why is it not more widely practiced?

One answer is that developing country debt is a very complex business. The debt portfolio of most such countries is far from ideal in terms of ease of handling. First, the number of loans may be very large - Mexico has more than 10,000, Egypt 4,000 and many smaller debtors carry upwards of 1,000 loans on their books. Second, the loans are usually owed to a significant number of creditors - multilaterals, governments, export credit agencies, commercial banks and a number of money and capital markets. All these lenders are likely to differ with regard to financial terms legal procedures and documentation, reporting requirements, etc.

Many loans are tied to projects which govern the withdrawal of funds or to programs which may consist of a "cocktail" of small projects and therefore be as burdensome administratively as individual loans.

The large number of lenders and their diversity may well have as its counterpart a variety of public sector borrowers, many of them with weak financial management and a limited horizon of international markets. Nevertheless they may enjoy considerable constitutional freedom to raise external funds with government guarantees but with little control.

When debt is restructured in the London and Paris Clubs, its management is further complicated and increasing amounts of time and effort are spent by high-level technicians and decision-makers in negotiations with lenders.

The task of managing foreign debt has been made much more complex in recent years by the volatility of interest rates and exchange rates. The US dollar in particular - the currency in which most debt is denominated - doubled in value from the late 1970s until it peaked in the mid-1980s and then settled significantly lower. Interest rates more than doubled in the early 1980s and have continued to fluctuate. The effects of these drastic changes have often been devastating in terms of cost and risk to the debtor whose liabilities could increase by 20-30% in a single year through no fault of the debtor.

In response to these volatilities, the financial markets have come up with a large number of techniques to reduce cost, extend maturities and lessen the risk of future unpleasant surprises from developments in interest and exchange rates. Together with rapid gains in computer and communications technology this has widened dramatically the scope for active liability management - confronting debt managers with new opportunities but also with new challenges and risks. The experience of a few countries show that by skillful handling of the debt, annual debt service costs can be reduced by 10-20%, but only with considerable risk that some of the activities will turn out to be loss-making and therefore look questionable within a government context.

Functions of debt management

To cope with all these complexities the debt management system for a country's public sector has to be regarded as much more than just a unit in a Ministry of Finance or Central Bank trying to keep track of foreign liabilities. It is a mechanism involving many functions in many agencies which are interrelated and interdependent. The Expert Group has the following to say about the various functions.

"Combining proposals by experts at the IMF and UNCTAD and based on its observations in the field, the Team suggests that a comprehensive debt management system for the public sector should have the following functions.

Policy - formulating a national debt strategy and policies, as a collective task involving all agencies responsible for economic management.

Regulatory - limiting and coordinating the roles of operating units and monitoring their performance, through legal and administrative arrangements.

Accounting - breaking down loan contracts into debt servicing obligations and setting up payments mechanisms; often also monitoring project execution and withdrawal of funds.

Operational - formulating short- and medium-term strategies for the approach to sources of funds and for handling the debt portfolio. Monitoring of financial markets and the development of new financial techniques. An important sub-function is negotiation and renegotiation of loan contracts.

To be effective these specific functions of external debt management should be supported by four other functions which are part of general administration.

Resourcing - providing staff, consultants, training opportunities, etc.

Auditing - checking operational and accounting activities for accuracy and economy.

Statistical/Analytical - interpreting data and providing a basis for decision-making in the other functions.

Information - supplying all participating units with current economic and financial data and providing decision-makers, media and the general public with facts and figures about debt and debt management.

How these functions are distributed among the units of government depends on historical and other circumstances, such as the form of government, the relationship between the public and private sectors, the size and kind of government debt, etc. The important thing is that all the functions are performed by staff units of high competence in the agencies involved and that the units are closely coordinated. There is also a consensus that only where a top-level "policy unit" is in control - preferably a committee with the Ministers of Finance and Planning and the Governor of the Central Bank among its members and with a small but competent secretariat - and where such a committee works closely with parastatals and with private sector banks and borrowers, can one be assured that debt strategies and policies are realistic in design and effectively implemented. The agencies concerned should share a common understanding of the government's debt strategy, the tools with which it will be implemented and their own

roles in its execution. For the day-to-day operation of debt management, it is essential that the units communicate freely and cooperate willingly with each other. Naturally, the more decentralized and complex the debt management system is, the greater the need for elaborate arrangements for information, coordination and control - simplicity and centralization therefore have considerable advantages. Unfortunately this is easier said than done in large debtor countries, particularly where there is a federal structure of government or a tradition of decentralization and thus a large number of ministries and agencies who wish to be involved in debt issues. Furthermore, it is essential that, on the one hand, the debt management system be firmly established at the outset with clear and well publicized rules and regulations and, on the other hand, permit flexibility over time."

Recently, debt management is often being discussed in terms of **strategic**, i.e. policy and long-term issues, vs **tactic** management of debt portfolios in the market which is more short-term. The former must be the responsibility of the top-level policy unit while the latter is handled at the professional, operating level. In many countries, however, this distinction is not made. In particular, the professional level may not have sufficient decision-making power delegated to it to ensure that the debt is handled as well as the competence of the staff would permit.

There are many reasons why all countries visited by the Group showed deficiencies, often serious, in most or all of the functions enumerated above. One reason is of course that debt management in the broad sense applied by the experts is a comparatively recent phenomenon in economic management and as such is not well understood in many countries, developed as well as developing. It has become a critically important issue to governments only in the last 5-10 years and its policies and practices as well as its technical instruments are still evolving rapidly at the international level. Like any new development it will need time to become known and accepted as a legitimate concern of the state.

In many countries a more determined effort at debt management requires a change of attitudes towards foreign loans, particularly within the public sector where ministers and agency heads have been more concerned with canvassing new loans than critically reviewing the terms of existing debt and new financial offers. External borrowing was almost automatically regarded as beneficial to development and necessary as a contribution to budget revenue - until the debt crisis made governments wish they had less rather than more debt. The emphasis now must be on extreme caution in contracting new debt and a constant watch over the existing loan portfolio in order to take every opportunity to improve on it. Gaining acceptance of this new attitude to foreign borrowing and enforcing the right of central authorities like the Ministry of Finance and a Debt Policy Committee to decide on whether a loan offer should be accepted or not can be a slow process, rendered difficult by administrative inertia as well as resistance from vested interests inside and outside the government.

Institutional requirements

Even if a government wins support for the idea that active debt management is necessary and that it pays in terms of lower costs and risks, an appropriate organization must be built up and resources attracted to it.

A new division of labour will have to be worked out between the Ministry of Finance and the Central Bank and between the two and other borrowers in the public and private sectors. New departments may have to be set up at the expense of established ones. All this takes managerial effort over a long period and often new legislation.

An urgent need early on will be for accurate information on debt which will call for one or several computer-based debt management systems. Indeed, such systems have been seen by some as a panacea for the problems involved in providing a usable informationbase for debt management decision-making. However, their success will depend upon effective communication and cooperation amongst the data suppliers and the users, the availability of trained staff and the existence of appropriate legal and institutional arrangements.

The new and improved administrative structures will require not only office space and equipment for data processing, information gathering, etc., but also more and even new kinds of staff, with training and experience in the management of external finance. Although their acquisition should be regarded as a profitable investment by the government, it may be difficult to attract and retain specialized personnel with a background in business and banking, given government salary scales and hiring practices. The alternative - much slower and less certain - is to invest heavily in the training of ordinary civil servants, perhaps only to find that once trained and experienced they are siphoned off to better paid jobs outside the government.

The task of institution-building is further complicated by the uncertainty that exists about the future of international debt and the rapid evolution of financial techniques. In many debtor countries no permanent solution has been found; debt management teams are not only understaffed in relation to their tasks but often contain people on temporary secondment or with provisional salary arrangements. Turnover is often alarmingly high, without a corresponding capacity for recruitment and in-service training.

The Expert Group argues in favour of a debt office separate from the ministry of Finance or the Central Bank.

"A separate debt office has several advantages; by establishing a readily identifiable unit concerned solely with debt issues, the government demonstrates that it is serious about debt management and that there is a strong focal point for this activity which has access to the country's top economic leadership as well as its own decision-making power. A strategic and prestigious position in the government will also help to ensure that this unit or office benefits from a more timely and reliable flow of data from the public sector. It will also enable the debt office to play a more direct role in securing external technical assistance and training which is tailored to the specific needs of this office. By providing career and training opportunities as well as a quality work experience, it should be able to attract and retain qualified staff - something which is not the case when it comes to small units dispersed throughout a multiplicity of different agencies.

Once a debt office has been established, it becomes necessary to clearly define the tasks to be performed and the responsibilities of each section or even of each officer so that duplication of work and mismatching of functions and staff profiles, etc., can be avoided. It is by demonstrating professionalism and proving its usefulness to the top echelons of government that the Debt Office will earn respect and status. Experience also demonstrates that this is more easily achieved if people remain in their posts for a considerable period of time, thereby acquiring real competence. The professional character of a debt office, reinforced by low turnover, will also justify higher salary levels for its officers. The unit will thus be able to compete more effectively with the private sector for personnel with high professional qualifications, especially as such persons will be dealing with highrisk activities such as liability management. Officers who handle sensitive business decisions for the government should be reasonably well paid in order to be able to stand their ground in dealing with representatives of the lenders. In keeping with its professional status and higher pay, the Debt Office staff will be expected, in return, to work as hard as any employee of the Central Bank or of the

private sector! In all these respects, a Dept Office is more closely related to other commercial activities of the public sector than to the policy-making and control functions of the Central Bank and the Ministry of Finance. Managing debt through a parastatal, particularly in respect of the operational function, accordingly makes eminent sense".

The resources needed for setting up a debt office and for generally strengthening the debt management network throughout the public sector may well be available within the sector and then only need to be pulled together, or are present in the private sector with which the government then needs to increase its cooperation.

Debtor cooperation

The experience most relevant to a sovereign debtor is likely to be that of other governments. To the extent that their loan portfolios are similar they deal with the same lenders and markets and handle loan agreements which vary little in technical and legal detail from borrower to borrower (because lenders cooperate closely and use the same international law firms). For the operational, accounting and other technical functions of debt management, debtors intent on improving their performance should be able to import procedures and practices that have proved viable for their more accomplished colleagues rather than "reinventing the wheel". While there are limits to the willingness of debt managers to provide policy information to their counterparts in other countries, most of them see no problem in freely discussing the state of the financial markets, new techniques of borrowing and liability management, institutional and legal arrangements, etc. Developed country borrowers among the OECD countries as well as multilateral financial institutions such as the development banks meet regularly - often semi-annually - for technical consultations. Regional and subregional networks of national debt managers have also been found useful. Of course a debt office can participate in as many of such networks as it deems practical. Debt managers who participate regularly will establish personal relationships which can be used for informal consultations between meetings by phone, mail or visits. Organized study visits by key staff of a debt office to another office, joint workshops and even temporary secondments can further contribute to the transfer of knowledge in debt management.

While the task of organizing consultation meetings may well rotate among the participants, experience shows that some permanent (but rather modest) secretariat resources are necessary to maintain continuity and avoid overburdening a particular debt office. Such resources are most easily provided by regional development banks who should be invited to participate in their capacity as borrowers.

The role of technical assistance

Even with greater debtor cooperation and unconventional use of domestic resources, governments will need traditional technical assistance to improve their debt management. Experienced advisers backed by the resources of an international organization can provide essential help in establishing what needs to be done and how to justify specific measures in terms of the benefits that can be derived from better debt management. Such a "needs assessment" requires a knowledge of debt management systems of a number of countries as well as insights into the peculiarities of a particular client country.

For poor governments, technical assistance agencies can finance the hiring of local competence that would not otherwise be available to a debt office as temporary staff members to serve as "starters" of critical new functions in debt management. They can tap the resources of other debt offices, central banks, private banks and law firms and make

them available as advisers or consultants and they can arrange staff training, study visits and various forms of exchange of experience among debtors.

Most importantly, technical assistance agencies can help governments establish permanent local capacity for the resourcing function of debt management, i.e. the recruitment and in-service training of debt office staff.

Much of the technical assistance provided so far has failed because the complexity and difficulties of debt management were underestimated and too few resources, sometimes of the wrong kind, were made available for too short a time. There has also been a lack of consultation and cooperation among technical assistance agencies which should be corrected i.e., by UNDP taking the lead in setting up a machinery for consultations.

Costs and financing of technical assistance

The Expert Group estimates that building a complete debt office at the centre of an institutional network comprising 50-100 public service officers in perhaps a dozen agencies, complete with a computerized debt management system, will cost in the range of USD 2-3 million over 3-5 years, depending on the level of accomplishment at which one starts. A rough estimate indicates that it would take USD 200-300 million over the next 5 years to bring external debt management in all developing debtor countries to acceptable standards, i.e. approximately a doubling of today's spending rate. Figures of this magnitude may sound over-ambitious - but if better debt management could reduce annual debt service payments by 0,1% - a very modest goal - this would save USD 1.300 million to the benefit of developing countries.

The Group therefore believes that considerably increased resources should be made available for technical assistance. It suggests that they may come out of any guarantee scheme set up to implement the Brady plan, thus enabling creditor banks to contribute to the improvement of the ability of their clients to service the "new money package".

Additional funds may also come out of UNDP's new management development program which - with USD 60 million as a first instalment - should be able to strengthen the financial administration of debtor countries as part of an involvement with the adjustment process.

If a "disarmament dividend" would become available for debt reduction and related purposes, it could usefully be employed to strengthen debt management capabilities. Contributions would be welcome both in cash and in kind - ex-military personnel and equipment could probably be used to good effect in financial management, computer work and training, with small modifications only.

OFFICE MEMORANDUM

DATE: January 4, 1991

TO: Distribution

FROM: Robert Liebenthal, PRDRA

EXTENSION: 31260

SUBJECT: UNDP Interim Evaluation of SDA

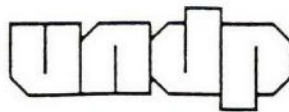
1. As you perhaps know, the governing council of UNDP requested and funded the above evaluation, which was conducted by an independent Team, not associated with the participating institutions (UNDP, World Bank, and African Development Bank). The draft report produced by this team, headed by Enrique Lerda, is highly critical.

2. An extensive rejoinder to the report: "Comments of the World Bank on the SDA Project Interim Evaluation Draft Report", was then prepared by Operations, and an Inter-Agency Meeting was held in Paris (described in the BTO of Pierre Landell-Mills, September 18, 1990).

3. In view of the obvious issues raised, I attach, for your information, a copy of the report, the Bank rejoinder, and the BTO.


Distribution

Messrs. Linn, Colaco, de Tray, Hamilton/van der Gaag, Shakow, Kanbur, Petit/Feder, Corbo, Rao/O'Connor, Holsen, Chander, Isenman



30 July 1990

To: Messrs. Mahbub ul Haq (UNDP)
Moeen Qureshi (IBRD)
Baelhadj Merghoub (ADB)

From:  Enrique Lerda

Subject: SDA: Interim Evaluation

It is my pleasure to transmit to you, herewith, five copies of the draft of the SDA: Interim Evaluation Report, which you did me the honor to request.

My colleagues and I sincerely hope that the Report will meet the needs of the Governing Council of UNDP, and will, in addition, also provide the three participating agencies with a useful perspective on the Program. While critical in several respects, we have tried to be constructive and to suggest improvements which might enhance the usefulness of the Program to the participating African countries as well as to donors.

I would be grateful if, in the course of the next four weeks, I could receive your detailed written observations on this draft. Please send them to me c/o Roger Maconick, Central Evaluation Office, UNDP, 1 UN Plaza, New York, NY 10017, Fax # 212-906-5365. As agreed in the Inter-Agency Memorandum of Understanding, I will then either adjust the Report in accordance with your comments or, where I do not see my way clear to doing this, will attach your comments as Appendices to the Report.

My colleagues and I have greatly appreciated this opportunity to study an interesting and original initiative. We are conscious of the fact that not all our conclusions will be universally shared, and even more conscious of the ever-present possibility of factual error. We have done our utmost to be both objective and accurate and can only apologize for any occasions on which we may have failed on either score.

Please convey our sincere thanks to your Associates and Staff who have been helpful in providing us with information and counsel. They have contributed to making our work easier as well as pleasant.



D R A F T

7.27.90

THE SOCIAL DIMENSIONS
OF ADJUSTMENT (SDA) PROJECT:
AN INTERIM EVALUATION

REPORT TO THE GOVERNING COUNCIL
BY A TEAM CONSISTING OF:

ENRIQUE LERDAU (TEAM LEADER)
WALTER ELKAN
THEODORE MESMER
HIEY JACQUES PEGATIENAN
ROGER MACONICK

TABLE OF CONTENTS

	Pages
<u>Preface</u>	i
<u>Introduction</u>	ii
<u>Summary and Conclusions</u>	iv
Chapter I: <u>Origins and Rationale of SDA</u>	1
A. Background	1
B. The Program	4
Chapter II: <u>Activities of SDA: FY 1988 - FY 1990</u>	9
A. Financial Aspects	9
A Note on Burden Sharing	13
B. Country Programs	18
1. Social Action Programs (SAP)	20
2. Macro and Sector Management Programs	22
3. National Information Systems	23
4. Institution Building and Training Programs	24
C. Regional Activities: The Conceptual Framework Paper	25
Chapter III: <u>Country Studies</u>	33
A. Tanzania's SDA Program	33
B. Malawi's SDA Program	43
C. Ghana's SDA Program	58
D. Cameroon's SDA Program	79
E. Madagascar's SDA Program	92

Chapter IV: <u>Other Basic Questions</u>	104
A. The Governance of SDA	104
B. External Financing Issues	109
C. The Statistical Components of SDA: Uses	111
1. Priority Surveys	112
2. Integrated Surveys The Impact of Adjustment on Women	115
3. Institutional Aspects of the Statistical Component	117
4. Conclusion	121
D. Institutional Strengthening: Other	122
Appendix I Memorandum of Understanding between ADB, IBRD and UNDP Regarding an Evaluation of Joint Project RAF/86/037 - Social Dimensions of Adjustment	
Appendix II List of SDA Publications	

Preface

This report represents the view of its authors only; the participating institutions bear no responsibility for it. They were given the opportunity to register their dissents, if any, and these are recorded in Appendices ___ and ___.

The Evaluation Team consisted of the following members:

Enrique Lerda (Team Leader, consultant)
 Prof. Walter Elkan (Brunel University, London, consultant)
 Theodore Mesmer (consultant)
 Prof. Hiey Jacques Pegatienan (Universite Nationale de
 Cote d'Ivoire, consultant)
 Roger Maconick (UNDP Central Evaluation Office)

The Report represents a consensus of views among the Team. While not every Team Member would necessarily subscribe to the precise phrasing of every sentence--some would prefer certain points made more emphatically or have others presented in a more carefully qualified or nuanced way--with one exception, noted in the text, there are no important differences of opinion on any of the significant issues.

The various sections of Chapter III were drafted as follows:

Tanzania	Prof. Walter Elkan
Malawi	Prof. Walter Elkan and Mr. Theodore Mesmer
Ghana	Mr. Theodore Mesmer
Cameroon	Prof. Hiey Jacques Pegatienan and Mr. Roger Maconick
Madagascar	Prof. Hiey Jacques Pegatienan and Mr. Roger Maconick

The Team is deeply grateful to the numerous individuals in the governments of participating countries, in the participating institutions, and elsewhere, who were so generous with their time in providing information and counsel to the Team. They are far too numerous to be listed; suffice it to say that their help was an absolutely vital element without which this Report could not have been written.

Special thanks are also due to the authorities of the three participating institutions who set up the basic framework for the Evaluation, namely Mr. Mahbub ul Haq (UNDP), Mr. Moeen A. Qureshi (World Bank) and Mr. Baelhadj Merghoub (African Development Bank). They provided the Team with all the independence necessary to produce an objective report; whether we succeeded, we must leave to the readers to decide.

Introduction

In June 1989 the Governing Council of the UNDP requested the preparation of an interim evaluation of the ongoing joint UNDP-World Bank-African Development Bank program entitled The Social Dimensions of Adjustment (SDA).¹ This Report was prepared in response to that request and is thus intended primarily to serve the needs of the Council.

Since the program is only some three years old and is still under way, an evaluation at this time must, perforce, be tentative. Especially questions relating to the ultimate impact of the program can only be answered with great diffidence, and not by looking at observed results but only on the basis of judgments--necessarily in part subjective--regarding probable outcomes.

While this consideration cannot but limit the authoritativeness of the conclusions, an interim evaluation may, nevertheless, be just as useful as a final ex post one, although the use to which it may be put may be somewhat different. To the extent that it raises plausible questions and concerns about the program, the three sponsoring institutions may take these into account and may still make certain mid-course corrections in the program, that may redound to the benefit of their ultimate clientele, i.e. the people of the participating African countries. Moreover, in the design of possible follow-up programs, or in the decision on whether to extend the present one by replenishing its resources, such questions and concerns may also provide useful inputs. The same may apply to the many bilateral donors who have joined the program subsequent to its inception.

It is important to point out from the beginning one definite gap in the Report. Although one major component in the SDA is data gathering, and although two basic models of household surveys are the primary tools being used for this, the Evaluation does not contain a technical review of these surveys from a purely statistical point of view. Not only was the Team--consisting of economists rather than statisticians--unqualified to make such a review, but also there already exists a voluminous literature on the subject to which both the UN Statistical Office and several units in the World Bank have contributed over several years. There may indeed be certain valid technical questions about the statistical methodology employed, but from our vantage

¹ GC Resolution 89/31.

point these are not the most interesting ones. The issues that concern us relate to priorities and usefulness, applicability, costs and replicability, institutional feasibility and desirability, etc. In short we consider it less important at this stage to ask whether the sampling is optimal than whether the surveys are likely to fulfill a useful function and what that function is intended to be.

The Evaluation Report tries to deal with a number of different issues. These include, inter alia, the basic strategy of the program, its intellectual coherence, its responsiveness to country needs, its efficiency, and its governance. The underlying basic issue: does the program respond to a correctly identified and defined major problem of African countries, and does this response promise to be an effective one? of course permeates all of the above questions; answers to the latter will be useful to the extent that they throw light on the former.

Limitations of time and resources prevented a complete review of all program activities and outputs. Instead the Evaluation strategy was to study the SDA work in five countries in some depth, to review the main features of the voluminous non-country (conceptual, analytical) output of the project and to base tentative conclusions on these. It is thus recognized that interesting country-experiences, both positive and negative, may have eluded us and that in some cases we may have been overly impressed by atypical experiences in our sample countries. We have tried to protect ourselves against these dangers by consulting knowledgeable people--both inside and outside the participating institutions--as widely as possible, and we are reasonably confident that we have avoided major errors in our overall conclusions. But we cannot and do not claim mathematical certitude in this regard and, especially with respect to the country material, apologize in advance for any inadvertent mistakes.

We also recognize that not all our judgments, some of which are critical, will be shared by the participating institutions and, as was agreed when the Evaluation was initiated (see Appendix I), the dissenting views of the three agencies are appended to this Report. We have, of course, adjusted the Report to reflect those observations from the participating institutions that we found persuasive.

Summary and Conclusions

Description

(i) In June 1989 the Governing Council of the UNDP requested the preparation of an interim evaluation of the ongoing joint UNDP-World Bank-African Development Bank program entitled the Social Dimensions of Adjustment (SDA).¹ This Report was prepared in response to that request and is thus intended primarily to serve the needs of the council.

(ii) Assessment of the Social Dimensions of Adjustment (SDA) is the name of a joint program initiated in 1987 by the UNDP, the World Bank (IBRD) and the African Development Bank (ADB).² It responded to increasing concerns in Africa and in the donor community with the deteriorating social situation in Africa which long term economic stagnation had brought about and which, against expectations, the economic adjustment programs of the early and mid 'eighties, had failed to reverse rapidly. Natural calamities (droughts) and man-made disasters (civil wars, mass expulsions, etc.) had aggravated the effects of external economic shocks and of domestic economic mismanagement; while there was some disagreement whether the adjustment programs had, themselves, made the situation worse than necessary, there was no doubt that the circumstances of broad population groups were deteriorating and that the socio-economic fabric of many countries was being increasingly strained.

(iii) Although the motivation for the program was clear--both donors and recipients wanted to do something, and be seen to do something, of socio-economic and humanitarian value--the actual objectives of the program were somewhat blurred from the beginning. On the one hand, for purposes of assessing emerging social situations and trends, heavy stress was laid on an "information" (statistics) gathering program in each participating country and on strengthening governments' ability to produce, process, analyze and use social data. But at the same time the seeds for going beyond this were sown when the

¹Governing Council Resolution 89/31.

² A number of bilateral donors joined subsequently, as did some other multilateral agencies.

design of "...improved poverty alleviation programs"³ as well as strengthening the institutional capacity of governments to implement such programs was added to the objectives. What was absent, from the beginning, was a clear commitment to ensuring a logical and sequential relation between these two components; it was neither suggested that the design of better programs should be the result of the better information that was to be collected, nor was such a course pursued. Rather, new poverty alleviation programs were designed and initiated under SDA long before any new data were generated.

(iv) Initially ten African countries joined the Program; this figure has now grown to thirty. The IBRD was made Executing Agency for the whole Program, but it was agreed that it would assume direct responsibility for the programs in only eight of the ten original participating countries, while UNDP would act in the other two (Niger and Tanzania). The original project cost was estimated at US\$ 10 million for four years; UNDP and ADB contributed US\$ 5 million and 2.5 million respectively in cash and IBRD was to contribute US\$ 2.5 million in kind (staff services, etc.) An inter-agency Steering Committee, chaired by UNDP was to follow Program execution and give guidance when needed. An SDA Project Unit was set up in the IBRD; while originally conceived of modest size (six to seven professionals), it now consists of 43 professionals ("Higher Level Staff" in IBRD parlance) and 21 support staff; of the professionals four are IBRD "contribution in kind," one is seconded from ADB and paid out of their contribution; four are seconded by bilateral donors and EEC, one is paid through TE project, eight are fixed term staff and 25 are consultants.

(v) The Unit's principal activities are:

- (a) Theoretical, i.e. to lay out the conceptual and analytical foundations for the Program and for the work that the Program is to help the participating countries undertake;
- (b) Diagnostic, i.e. country studies on poverty issues, both overall and in particular sectors or sub-sectors;
- (c) Project preparation, i.e. help participating countries draw up projects (in the SDA fields of interest) that can be submitted to external financing agencies (including, inter alia, IBRD/IDA);

³ This was the basis for the subsequent development of a series of so called Social Action Programs (SAP), which became a component of most SDA country programs. (For a discussion, see below para. xii.)

(d) Technical Assistance, i.e. give advice and help to participating countries in the implementation of approved SDA activities. This also includes, importantly, the design and preparation of statistical (Household, Community) surveys and the development of manuals for their application and analysis;

(e) Training.

(vi) In its first three years the Program has spent over US\$ 10 million, i.e. the total original four year budget. This is not principally the result of exceeding the budget but of the accession of new participating African countries and of new donors. In any event, at SDA's present level of operations, the funds firmly committed to it would be exhausted in one more year (i.e. at the end of FY91).

Evaluation

(vii) The Program, in some ways, is testimony to the earnest desire of the participating agencies to be responsive to the concerns and felt needs of their member countries. And the subsequent accession of a number of bilateral donors suggests further that the SDA initiative struck a responsive chord among them and went in a direction that had considerable appeal, intellectual and/or political. The Program is also a demonstration of the industry, initiative and enthusiasm of the staff who were put in charge; if many of the judgments below are nevertheless critical, it should be clearly stated here that these criticisms pertain to matters of approach and strategy, and not to the dedication and devotion of the staff⁴ or to the good intentions of the institutions.

(viii) The lack of evidence on a clear commitment to a tight relation between the two main themes of the Program--data and poverty alleviation programs--was already noted. This is not to say that such a relation may not be established in future; the data ought to be used in the design of SAP, if they are usable. One question that this Evaluation therefore addresses is that of

⁴ It must, nevertheless, be said that the Program probably would have benefitted from a higher proportion of permanent IBRD staff with operational projects and country experience, and fewer consultants and fixed term staff. Many of the flaws in project preparation might have been avoided if more people experienced in that discipline had participated.

the usefulness of the SDA's information (i.e. statistics) gathering component.⁵

The Information Component

(ix) The central tool used in SDA to develop information on the social impact of adjustment programs, on poverty profiles, and on their change over time, is Household Surveys.⁶ All participants have been urged--and most have agreed--to set up Household Survey systems by means of which the social structure and changes in it over time are to be tracked by focussing on such key variables as health, nutrition, education, income and expenditure, assets, family structure, etc. Target groups are to be identified and tracked.

(x) Chapter III contains some examples of how this is working in practice and Chapter IV details some of the main general limitations on this approach. They will be summarized below.

- (1) The true information priorities of some African Government may be administrative statistics or institutional surveys rather than Household Surveys. A country by country analysis is required to establish this. No such analyses were made.

⁵ Since the Evaluation Team consists of Applied Economists, it has a strong bias in favor of good new empirical data. But, of course, both the quality and the usefulness of any data require scrutiny.

⁶ Initially the intention was to rely on an adaptation of the IBRD's Living Standard Measurement Study (LSMS) Survey model only. When it became clear that the annual running of this--needed for monitoring--would be much too expensive and cumbersome, a simplified model, the Priority Survey (PS), was designed. Ex post, a rather elegant rationale was developed justifying why countries should have both--one frequently and the other intermittently--but it seems doubtful that many countries will--or should--find this convincing. A further instrument, called Community Survey, is under preparation but the Evaluation Team did not have access to the work in progress. It may redress some of the weaknesses of the PS noted below.

⁷ The SDA Unit's position on this is that if a country has other priorities in its information gathering plans, it ought not, and will not, join SDA. But this strikes us as an unrealistic position, given the prospects of financing that go with SDA participation.

- (2) In many critical areas the proposed Household Surveys--especially the PS that are to be the short term monitoring device--in any event, do not suffice to capture important changes in the social situation of target groups. Thus the availability or lack of free medicines, of free books, paper, pencils, etc., for pupils in schools, of free vaccines for adults, are all missed by PS. Only reference to administrative statistics (ministries, etc.) will remedy this flaw (see Chapter IV).
- (3) The usefulness of such surveys to individual government agencies depends on whether their particular interests and needs are consulted in the design stage. Little or no such consultation--and especially none with the line ministries--has taken place. The establishment of Users Committees seems to be (a) an afterthought, and (b) an attempt to inform users rather than to consult them.
- (4) There is thus a "Mother Knows Best" air about the proliferation of relatively standardized Household Surveys.⁸ In some cases this reinforces an unfortunate traditional attitude which some Statistical Offices have to their own "clients" in Government; in others it is the Statistical Offices themselves that are being induced to undertake large scale activities of questionable value, at the expense of their routine activities.
- (5) Statistical Offices tend to be badly disrupted by the superimposition of large new programs without a careful analysis of the existing programs and of the absorptive capacity of the agency; no such analyses are made.
- (6) Programs with substantial recurrent costs financed from abroad tend to cease when the financing stops. No examination of the means of sustaining these programs after SDA financing sources could be found.

(xi) In addition to the limitation already noted above regarding monitoring of social welfare through the PS, some others must be cited. The accuracy of income and expenditure data is acknowledged to be quite low ("...should not be taken too seriously"), but it is argued that valid impressions "...of the importance of various income sources..." may be gained nevertheless. Whatever may be the truth of that, it casts fatal doubt on the validity of year to year changes measured this way; if the annual observed level has an error margin of $\pm 10\%$, how

⁸ It is true, of course, that the SDA standard models can and sometimes are adapted to suit individual country settings. But this normally does not seem to affect the basic design of the component.

can annual variations of +_ 5% be assumed to be real phenomena rather than statistical "noise"?

(xii) While the PS is supposed to monitor, the IS is to explain the existing social structure in such a way as to facilitate the framing of remedial policies and interventions. In the example studied--the position of women--the Evaluation concludes that, although inherently interesting and suggestive quantifications are likely to result, little is offered to inspire confidence in their direct usefulness for purposes of social policy formulations, let alone for the design of particular targeted programs.

The Social Action Programs (SAP)

(xiii) Unlike the statistical components of SDA, the SAPs are not bounded by any particular set of rules or governing principles. In some cases--e.g. the anti-malaria program in Madagascar--they seem to be simple social programs quite independent of the need to help people hurt by adjustment programs. In others they are directly adjustment related, such as the creation of labor exchanges and labor retraining programs in Cameroon and Madagascar for public sector employees laid off because of the adjustment program. In many cases they are a mixture of both.

(xiv) It is quite impossible to make an authoritative comprehensive judgment on SAP at this time, not only because of the multiplicity and variety of components, but also because of the absence of experience in implementation.⁹ Some of them may be very useful, but certain recurring characteristics give cause for misgivings.

1. Open-endedness. Funds are set up to provide relatively small grants for which the criteria and tests are often vague.
2. Lack of monitorability. In part this follows from the previous item. Both criteria for success or failure and financial accountability tend to become evanescent in operations of this kind.
3. Lack of synergy. There seems, normally, to be very little interdependence or mutual enhancement between SAP components. One side effect of this is the

⁹ Only PAMSCAD, in Ghana, is an exception. While not, strictly, part of SDA (it precedes SDA), it is conceptually very similar and may, thus, be regarded as providing "a glimpse on the future."

multiplicity of institutions involved and the difficulty of overall administration of SDA projects.

(xv) In general, the SAP design seems to ignore the conclusive experience gained in past decades with community development programs in the Indian Sub-Continent or with integrated rural development programs in Latin America and Africa: the need for administrative simplicity, for stress on production over consumption, for at least partial cost recovery, and for financial controls. These programs have also amply demonstrated the disruptive effects and lack of positive results in projects with multiple components which cut across traditional institutional lines and are targeted to address problems of specific groups or micro-regions. PAMSCAD (Ghana see footnote 8 above) was not studied in detail in this Evaluation, but it is our impression that it confirms many of these conclusions once again. Since IBRD has documented these lessons in a number of excellent reports,¹⁰ it is difficult to understand why they were not heeded.

Terms of Financing

(xvi) Neither the data gathering component nor the bulk of the SDA augment in any direct, quantifiable and predictable way the productive capacity of the economy. Some individual components may do so, but in the main they are not chosen on that basis.¹¹ It is therefore clear that if external financing is to be used for them, it must be on a grant basis, lest the debt service--without a corresponding new flow of output--impoverish the country (compared with a no-SDA/no-foreign-borrowing situation). It is astonishing that SDA has not observed this rule: IDA and even IBRD funds have been lent for SDA project components. Basically this implies a decision to let future generations pay for present consumption, an expedient that would seem to be justified only in extreme crisis situations. No such justification can be found, for example in Malawi, where IDA funds will pay for part of the statistics work. It should be a

¹⁰See IBRD, Operations Evaluations Department, various reports, especially Rural Development Projects: A Retrospective View of Bank Experience in Sub-Saharan Africa (Report No. 2242, Oct. 20, 1978) and World Bank Experience with Rural Development, 1965-1986 (Report No. 6883, Oct. 16, 1987).

¹¹This is not to say that they always should be so chosen; governments must do many things that have no productive capacity enhancing character, and supporting the consumption levels of particular groups at particular times may be one of them. But many other governmental recurrent expenditures are discretionary.

norm among lenders and donors not to offer or agree to use anything but grant funds for SDA components unless they have passed the standard economic rate of return tests.¹²

The Role of SDA in Shaping Lending Conditionality

(xvii) At best, SDA must be viewed as a series of experiments. This applies both to the information component--the feasibility and usefulness of which remains to be demonstrated--and to the SAP components which, indeed, often are described as pilot projects. There is nothing wrong with experiments provided they are performed cautiously, risks are held to the minimum feasible, governments make the decision to participate consciously and explicitly (and not under the misapprehension that great results are virtually certain), and all parties recognize the possibility of error.

(xviii) What is precluded by such an approach is to presume, in advance, that the success is so certain and the impact so important, that all or much other lending should be held hostage to complying with particular SDA requirements. Thus, in Malawi the spring 1990 US\$ 75 million Agricultural Sector Adjustment Credit (ASAC) had its effectiveness conditioned, inter alia, by government (a) giving an understanding that it would resolve a dispute over access to data collected by the National Statistical Office (NSO) under SDA activities; (b) considering a proposed new structure for NSO; and (c) undertaking to implement the Integrated Household Survey. Moreover, the second tranche disbursement was subject to various SDA related actions such as implementing a UNDP funded pilot scheme to test fertilizer subsidies and "...strengthening the capacity to monitor and analyze the impact of adjustment programs on the poor," as well as others.

(xix) The Evaluation Team was informed that it is the intention increasingly to integrate SDA into the general lending. While this sounds appealing, if it means to extend the Malawi principle and the SDA micro-project issues to macro-conditionality, we would consider this a serious misuse of SDA.

The Conceptual Framework

(xx) A substantial--probably an excessive--amount of SDA staff time and effort was devoted to producing a 200 page

¹²Admittedly this leaves out of account the SAL/SAC modality of lending in which a whole program--with a concomitant growth rate for the economy--is financed. But here we are dealing with incremental expenditures and incremental financing, and the economic rule that incremental costs must not exceed incremental benefits clearly applies.

document that apparently was to outline the theoretical underpinnings of the SDA approach. While not without appeal to the academic reader, the resulting report, entitled Structural Adjustment: A Conceptual, Empirical and Policy Framework (IBRD, Report No. 8393-AFR, Feb. 9, 1990), called CF below, does not represent the intellectual breakthrough that its sponsors and authors seem to have expected. Its treatment of the economics of adjustment is quite conventional and its attempted innovation --to link these analytically with the issue of the welfare of individuals or households--misleads it to overstress the importance of household surveys as the sole instrument for action-oriented research.

(xxi) Its authors also misled themselves and their readers by ignoring relevant prior work in the area of poverty, not only in UNDP (Human Development Report) and UNICEF (Adjustment with a Human Face), but also in the World Bank itself (Chenery & Ahluwalia, Long Term Perspective Study, World Development Reports).¹³ And by doing so, they miss their real opportunity: to pick up the thread where their predecessors left off and to focus on the institutional, managerial, organizational and administrative aspects that are the prerequisites for any successful interventionist policies. It is this omission that is the most disappointing aspect of the CF work; some of the earlier works cited--e.g., the Long Term Perspective Study--actually show more awareness and interest in these matters than the CF. And, given the fragility of the public administration in most African countries, this is a serious shortcoming.

(xxii) CF gives little guidance to those who want to shape poverty alleviation programs. It offers little analytical help in deciding among alternative instruments or uses of public funds. And it is guilty of petitio principii in the treatment of informational requirements: rather than conclude, on the basis of a consideration of alternatives, that household surveys are the generally preferable tool, it assumes it.

(xxiii) It does not directly contradict the thesis that growth is the single most important prerequisite for a successful long term fight against poverty. But, by concentrating on qualifications, deviations, definitional quibbling and caveats, it blurs it so that readers may be forgiven if, erroneously, they read into CF the thesis that there are far more important things than growth if one worries about poverty.

(xxiv) In summary, the CF, while clearly the product of diligent efforts by economists well versed in the language of modern economics, may not have made as useful a contribution as its apparently quite high cost would seem to require. Its lack of clear focus, its single minded adherence to one tool of

¹³For references, see Chapter II.

empirical research and its total neglect of institutional issues and of delivery systems greatly curtail its value to African governments, to the donor community or even to the academic research establishment. It will be surprising if it leaves much of an imprint on either thinking about development or the actual course of events in Africa.

The Governance of SDA: The Past

(xxv) SDA has not received meaningful oversight from the participating institutions; essentially the IBRD was given a free hand. The UNDP-chaired Steering Committee has met rarely and has not, apparently, concerned itself much with either the substantive content of the program or with the overall managerial issues. Dissenting voices were disregarded. Lower level inter-agency technical working groups have been more active but were, by definition, more limited in their scope.

(xxvi) The weak supervision seems to have been the result of two factors (other than the logistic implications of the great distances separating two of the institutions from the third). One must clearly be sought in UNDP. Its concentration on subcontracting to either agencies or consultants and its limited experience with carrying out projects with its own staff limit its present ability to offer substantive guidance to others in ongoing operations. The other factor is that the reporting by IBRD has not been as complete or as revealing as a really active Steering Committee would have required. It is notable that the annual Activity Report and Work Program documents, including the most recent one (June 1, 1990) offer no breakdown at all of actual past expenditures; only totals are provided, together with breakdowns of future expenditures.

(xxvii) Similarly, while the cash contribution of UNDP and ADB are accounted for, no data are provided on the IBRD's contribution-in-kind. It appears that no such accounting has ever been requested by the Steering Committee and that it is not part of the normal record keeping in the IBRD.¹⁴

(xxviii) The information provided by IBRD is not only incomplete as far as housekeeping matters are concerned but also does not lend itself to an issues oriented discussion of substantive matters by the Steering Committee; the cited reports are totally silent on any sort of problems encountered in project execution.

¹⁴The Evaluation Team requested this information in June 1990 and was told that it would be provided but that it first had to be assembled.

Governance of SDA: the Future

(xxix) For the reasons indicated, the Evaluation Team does not recommend that after completion of the present phase at the end of FY91, SDA be continued in its present form. Neither its substantive content nor its organization make it an obvious candidate for simple extension. Instead, we see basically two alternative courses of action for donors and recipients, either one of which would be preferable to the present situation.

(xxx) One is to terminate SDA entirely as an organized program and to fold those of its components that have merit into the ordinary programs of the participants. This would mean, for example, that UNDP and others might continue -- or augment -- their support for information gathering activities in support of social programs, but to cease relying on household surveys as the sole tool. Instead, ad hoc country-by-country analyses of socio-economic data requirements would be made jointly with the local statistical offices and the data using Ministries, to define priority assistance needs. Bilateral donors would then be approached for grant funds to provide such assistance.

(xxxii) Under this formula the SAP components would be delinked formally -- as they already are de facto -- from the information gathering component and would revert to where they properly belong: into the regular public expenditure and investment programs of the recipient countries and into the regular country programs of the lenders and donors. They would compete for funds with other projects in the aid allocations of each lender/donor and would be subject to the same tests of social and economic usefulness, administrative viability, monitorability, etc.

(xxxii) The second alternative would be to continue SDA as an organized regional program, but to change both its focus and its organizational structure substantially. Organizationally, it does not seem sensible to leave the IBRD in sole charge because:

- (a) it does not, in fact, have a proven track record and comparative advantage in the design or implementation of poverty programs in Africa;
- (b) it is unlikely that the single-model approach that it has tried to develop for SDA is a suitable one; a more diverse and experimental one seems more appropriate;
- (c) there are other institutions which in parts of SDA's areas of concern are more experienced and have a quite impressive success record, whose potential should be harnessed to SDA.

(xxxiii) Instead serious consideration should be given--if SDA is to continue--to recasting it in such a way that a number of qualified agencies become Executing Agents, and that any participating country only deals--for SDA purposes--with a single agency. The agencies would not offer a full range of services but only those that they do best, and countries would chose the one whose specialty suits that country's priorities best. UNICEF with its experience in modest, issue oriented surveys would be one such agency; ILO for work on employment; possibly IFAD and/or FAO, and--if it feels ready for this--the ADB, etc. The IBRD would continue to be an Executing Agency as well, but it would not be the only one.¹⁵ If individual bilateral aid agencies could be incorporated into such a scheme, it would be all the better.

(xxxiv) SDA then would become a truly cooperative venture in which each agency contributes only those activities that it does best and each country uses only the agency that has a "product" that truly corresponds to the country's priority needs as perceived by the Government. The UNDP would provide the umbrella under which programs are agreed, experiences discussed, inconsistencies ironed out and problems ventilated. It would work with the Executing Agencies to develop common and operationally useful monitoring standards and practices; it would not only collect but review and analyze the Agencies' monitoring reports and would thus provide the documentation needed for fruitful and problem-oriented inter-agency (e.g., Steering Committee) meetings. It would become the Secretariat of SDA.

(xxxv) It would be necessary to strengthen the in-house capacity of UNDP to a certain extent in the policy formulating and monitoring area, so that it can develop standards for program execution reporting, criteria for evaluation, methods of constructive and creative inter-agency confrontation and comparison of experience, periodic overall assessments and reports to all participating governments (donors and recipients), etc. In short, the UNDP would endeavor to equip itself to provide professionally excellent coordinating secretarial

¹⁵A certain element of competition among agencies is thus introduced. But since this really also would be competition among approaches, and since, as yet, there is no monopoly on wisdom in designing and implementing anti-poverty programs, such competition might be a very good thing. Moreover, if the recommendation made earlier, that SDA projects be financed only on a grant basis, is adopted, the competition would also be relatively fair: IDA--which has no grant funds--would no longer automatically be the preferred vehicle for project preparation just because it can offer the incentive of subsequent project finance.

functions to what might otherwise become a chaotic proliferation of activities held together only by common UNDP financing.^{16 17}

(xxxvi) It should be stressed that what this recommendation strives for is multiplicity and heterogeneity of approaches, even in the case of apparently common problems. Contrary to, say, the generation of electricity or the growing of rice, the issues involved in poverty alleviation are not primarily technical and the right answers are not yet certain. Monolithic approaches are, therefore, premature.

(xxxvii) A separate, related point concerns the financing of SDA components. It would be a great help if, instead of the present frequent practice of individual SDA projects receiving financing from more than one source, in any one country any one project be financed by only one source. Since different donors have different procurement practices, reporting requirements, evaluation criteria, etc., the existence of multiple donors--five to ten per country--for individual projects imposes a rather disastrous burden on the already badly overstretched officials.

(xxxviii) The above suggestion regarding the future governance of SDA is made on the assumption that the program should continue at all. This assumption, however, may appear surprising in view of the quite critical remarks that precede it, and, indeed, is made in parallel with the alternative one of terminating SDA. What are its merits?

(xxxix) If, rather than treating SDA as a great new revelation which by virtue of its particular composition is something novel and unique, one looks instead at its separate parts, a more balanced judgment is possible. It was already noted that the element of synergy, which alone validates packages, is largely absent. But that does not mean that individual components of the package cannot have merit in their own right.

(xc) Thus, to have information components, if viewed simply as a response to the fact that the socio-economic data base available to most African governments is poor, is a perfectly reasonable thing. Where SDA becomes questionable is, as explained, when it develops a single universal panacea, the Household Survey, instead of considering this as one of a

¹⁶While the Evaluation Team has not gone into the UNDP's internal arrangements, a priori it seems reasonable to assume that this function should lie in the Policy Bureau, so that it is there that the strengthening of capacity should be undertaken.

¹⁷W. Elkan is not persuaded that this suggestion would bring about the desired improvement.

multiplicity of possible tools governments might use to improve their ability, to govern by strengthening their access to timely, reliable and relevant data. If the Information Component had been developed cooperatively with governments on a case by case basis, to determine what tools and what external assistance might have been most useful to get a better handle on that government's most pressing problems, it would have made very good sense. In some cases, household surveys might have been agreed upon, but probably not in all. But such a modification of approach might make SDA a program that would be well worth continuing. It would also be much more consistent with the heterogeneous, decentralized and experimental approach sketched out above.

(xci) A very similar conclusion can be drawn for the Social Action Programs. As they stand, they look to us un-integrated, unfocussed, unmonitorable and un-administrable. But that does not mean that individual components are not perfectly valid (e.g. the malaria program in Madagascar). Focussing on these, putting them into the hands of whatever agency has the real expertise in that field, eschewing claims of doing something of revolutionary significance, and keeping careful track of what works and why, may validate them.

(xcii) It is an SDA modified according to these broad guidelines that we would suggest might be worth continuing under the sort of regime outlined. It would dispense with attempts at making path-breaking contributions to social science; it would transfer much work from Washington to the capitals of the participating countries, and would give governments a genuine opportunity to let their priorities be reflected in the program, and it would produce a mechanism for reviewing actual experiences and performances that is business-like, orderly, problem-oriented and analytical.

Chapter I

Origins and Rationale of SDA

A. Background

1. Under the influence of a host of external and internal factors, a deterioration of the economic situation of most of Sub-Saharan Africa either began in the early 'eighties or continued and accelerated.¹ The causes for this have been explored at length in numerous UN and World Bank--and other--documents, and need not be rehearsed again here in detail. Suffice it to say that while there is some disagreement about the relative importance of the individual causal factors, there is little dispute over what they were. Oil prices, interest rates and the overall terms of trade were among the external ones, and drought, other natural disasters, accelerating population growth, internal warfare and public sector mis-management were among the main domestic ones.

2. While other regions of the developing world were exposed to many of the same vicissitudes, the impact on most of Sub-Saharan Africa was particularly harsh because of the uncommonly low initial per capita income and, hence, the extreme vulnerability of the economies. Moreover, in many countries the limitations of the existing social and economic infrastructure were also much greater than in most of Latin America or Asia, and thus the impact of declining resource availabilities for investment was correspondingly more extreme.

3. The consequences of these events could not but affect broad layers of society deleteriously. Economies "adjusted" in various ways, either haphazardly without coherent government strategies or in a planful and systematic manner. But in either case the

¹ The annual growth rates of per capita income were:

	<u>1965-73</u>	<u>1973-80</u>	<u>1980-87</u>
Sub-Sahara Africa (excluding Nigeria)	1.2	-0.7	-1.2
Low Income Africa (excluding Nigeria)	0.8	-0.6	-2.2

Source: Sub-Saharan Africa, From Crisis to Sustainable Growth: A Long Term Perspective Study (IBRD, 1989), p. 22.

burden was large, was real and was, ultimately, borne by the majority of the population.

4. As time went on, the need for orderly adjustment policies became more apparent. Moreover, external lenders and donors increasingly made their aid contingent on the presentation of coherent programs, which gave them a sense of the orders of magnitude of the required help, of the time span over which it would be required and of the strategy by which the emergency would be--it was hoped--overcome.

5. Both the IMF and the World Bank, in attempts to play a constructive role in this process, modified their lending practices to some extent. The Fund lengthened the time horizon of its programs, moving from short (one year) to medium term (three years); the Bank not only increased the resources that it devoted to non-project lending but refined a process of formulating policy packages with a medium term time horizon (three to five years) against which its "adjustment" loans would be made.²

6. The combination of the availability of structural adjustment loans from the World Bank--supported by medium term stabilization loans from the IMF--and the growing recognition by African governments that such programs seemed to offer a better prospect of restoring some growth potential to the economy than the "disorderly adjustment"³ alternative, led to the result that in

² The fact that there thus was a considerable convergence--or overlap--between the activities of the two institutions implied the need for closer collaboration between them.

³ "Disorderly adjustment" here is called what happens when no government response to a shock--say, an external one--occurs. If, say, the demand for the cotton of a country dependent on that product for its exports, collapses, its exchange rate may become over-valued. If the Central Bank continues to buy and sell foreign exchange at the old rate, and there is no fiscal or monetary contraction, foreign exchange may soon have to be rationed. Private importers may borrow abroad for a while--until their credit is exhausted--cotton producers may accumulate unsold stocks, they may lay off labor, etc. Adjustments will take place without government action but their incidence may be somewhat different from those that would occur if there were a formal devaluation. The latter might protect employment in the export sector and increase employment in the import-competing industries, might keep the external debt lower but might increase the prices of importables faster, and, thus, affect the real incomes of the consumers of imported goods. The point is simply that "adjustments" of sorts occur in

the first half of the 'eighties a growing number of African countries formally adopted such externally supported programs.

7. But for a number of reasons--among which may well have been excessive optimism regarding the speed and efficacy of the programs--the crisis did not abate. In some cases there may have been flaws in the program design (e.g., excessive concentration on demand contraction and insufficient or inefficacious measures to remove supply bottlenecks); in others the agreed measures were only partially adopted or were rescinded in the face of opposition; in still others new shocks in the form of further declines in external demand or of new natural disasters caused the original measures to be overtaken by events.

8. Thus, by the second half of the 'eighties these externally supported orderly adjustment programs had lost much of their initial political support. Governments which had pressed the programmed painful fiscal austerity programs on their populations became increasingly concerned with their inability to show that these measures--wage cuts, price increases, lay offs, cut-backs in investment and current expenditures, new taxes, etc.--had been worthwhile, all the more so as the equally (or more) painful effects of not adopting such measures could obviously not be demonstrated. And the opposition of the most immediately affected groups, often urban consumers and public sector functionaries, became in many cases strong enough to endanger the political stability of the country, while the support of the benefitting groups--who were, more often than not, rural producers--tended to be more muted and diffuse.

9. In international fora--be they in the UN and its regional bodies or be they in the Bretton Woods institutions--critical questions were increasingly asked as to whether the agencies really knew what they were doing and whether they were fully aware of the human suffering and the high social and political costs that were being incurred. The fact that in such political fora no sharp distinction was always drawn between the cost of the shocks and the cost of the adjustments was understandable; the questions reflected growing real concerns for the viability of the socio-economic structures of which these governments were part, and analytical rigor was less important to them than solutions to their dilemmas.⁴

both cases but that in the "orderly" case, while the pain involved may have a more useful purpose, it may also take somewhat different forms.

⁴ This should not be read as apologetics for faulty analysis. But the burden of insisting on objectivity and reason, and of resisting fear-engendered errors, in such extreme situations must be placed in the first instance on the

B. The Program

10. It was against this background that in 1987 the United Nations Development Program (UNDP), the World Bank (IBRD) and the African Development Bank (ADB) agreed on a joint program of "Assessment of Social Dimensions of Structural Adjustment for Sub-Saharan Africa."⁵

11. The title is not totally accurate. Although the study, "assessment" and information gathering dimension was certainly the dominant one in the way the project objectives were framed (see below), there did appear, also, a reference to helping to design improved poverty alleviation programs and programs to ameliorate temporary burdens laid on "vulnerable groups" by the adjustment programs. These were the seeds for a subsequent addition to the enterprise, namely, the Social Action Programs (SAP) (see Chapter II).

12. The "Immediate Objectives" were defined as follows:

- (i) "to strengthen the institutional capacity of participating Governments to design, monitor and implement poverty alleviation programs and projects to accompany structural adjustment programs.
- (ii) to assess the impact of structural adjustment programs over time on population groups by:
 - (a) assessing trends in the economic and social status of particular population groups in the course of structural adjustment;
 - (b) identifying possible linkages between structural adjustment policies and changes in the socio-economic conditions of specific population groups;

external agencies; they are not operating under the same life-or-death pressures as governments and they should be better placed to remain totally objective in analyzing problems and assessing the possible effectiveness and limitations of proposed remedies. They would fail in their responsibilities if out of "borrower empathy," they were to endorse approaches that, while popular and appealing, may in fact turn out to be ineffective or counterproductive.

⁵ Sub-Saharan was in the original title agreed upon by UNDP and IBRD. When ADB joined the program a few months later, all its African members were made eligible to participate, if they wished, and some non-Sub-Saharan ones have done so.

- (c) to design improved poverty alleviation programs aimed at increasing the access of the poor to employment opportunities and income generating assets and improving the quality of their assets.
 - (d) to design complementary programs aimed at mitigating the transitional impact of adjustment on vulnerable groups. •
- (iii) to strengthen the institutional capacity of participating governments to develop and maintain, in the framework of their national accounting systems, adequate statistical data bases on the social dimensions of structural adjustment, in particular:
- (a) to develop and implement household surveys to measure changes in the living standards of particular population groups throughout the structural adjustment process.
 - (b) to develop and maintain, where feasible, social accounting matrices to measure the inter-relationships between changes in macroeconomic conditions and changes in the income and consumption patterns of particular household categories in the course of structural adjustment."

SDA Project Document, 1987, para. 6.

13. It seems clear that the formulation was not made with great care, for how could one assess the impact of structural adjustment programs by designing improved poverty alleviation programs (ii)(c)? It was presumably intended to do both, but hardly to treat the latter as an instrument for the former. The same applies to (ii)(d).

14. The expected output was defined as follows:

1. A Conceptual Framework Paper
2. Economic and Social Studies
 - (a) Country Assessment and Policy Papers for each participating country.
Responsibility: SDA Unit and IBRD staff.
 - (b) Analysis of the Pattern of Socio-Economic Conditions, to be done after completion of the first half year of survey work in each country.
Responsibility: Local researchers and outside consultants under guidance of SDA Unit.

- (c) Study of the Pattern of Socio-Economic Conditions in Sub-Saharan Africa, to be done after completion of the country studies.
Responsibility: SDA Unit.
 - (d) Country Analysis of the Evolution of Socio-Economic Conditions Under Structural Adjustment, to be done after four rounds of surveys.
Responsibility: Local researchers and outside consultants under guidance of SDA Unit.
 - (e) Study of the Evolution of Socio-Economic Conditions Under Structural Adjustment in Sub-Saharan Africa, to be done upon completion of the individual country studies.
Responsibility: SDA Unit and other interested units in IBRD.
3. Design and Monitoring of Poverty Alleviation Programs and Projects.
 4. Statistical Data Bases
 - (a) Permanent Household Surveys. The Project will support the strengthening of national capability for the design, implementation and dissemination of the results of permanent household surveys ...based, where appropriate, on the Living Standard Measurement System (LSMS) developed at the World Bank...[and]...will be carried out annually, after an initial 8 to 12 months pre-survey period....
 - (b) Social Accounting Matrices. Where feasible ...built upon the SAM methodology developed at the World Bank...constructed so as to trace income and expenditure flows for major categories of households in rural and urban areas.... The SAMs will be updated annually and will integrate the results of the permanent surveys.
15. A number of features of these plans are worth noting. Only a single type of survey--later to be called the Integrated Survey (IS)--was envisaged at that stage. It was to be a continuous operation (since data are collected throughout one year for a single survey, annual repetition implies continuous work). Furthermore, the envisaged survey--the IS--was based on the already existing LSMS model; it should be noted that this model had been in use for some time in Cote d'Ivoire, but no critical analysis of its output and use seems to have been made before it was decided to extend it to all SDA countries.

16. Another feature of the original project is the reference to Social Accounting Matrices. It was never very clear what the particular role of this way of organizing data was to be in helping to achieve the broad objectives of the project. In the subsequent Conceptual Framework Report (CF, see Chapter II below) it is praised as a good schematic way to represent the transactions that take place in an economy and as a good way to identify inconsistencies in data from different sources, but it is also admitted that its data requirements are particularly onerous. It may well be that this is the main reason why in the actual work that is under way under SDA, little or no reference is made to these matrices any more (Ghana and Cameroon excepted).

17. While, thus, the expected written outputs of the program were defined in advance, it is one of its peculiarities that nevertheless it cannot easily be integrated into the conventional classifications of the Project Cycle as understood in the multilateral development banks.⁶ In the identification-preparation-preappraisal-appraisal-execution sequence, it can be argued that SDA Unit staff was to play a role, selectively, in all phases, although not necessarily in any single country. On the one hand it was intended to give direct assistance in some of the technical work relating to household surveys, on the other hand it was clear that separate projects would have to be prepared for external financing, not only for the more ambitious statistical activities but even more so for some of the much more expensive Social Action Programs. It appears that this breadth of the range of activities of the SDA Unit forced it to depart quite a lot from the traditional World Bank policy of not assuming ultimate preparation responsibility for projects that it finances, so as to avoid any possible conflict of interests. It is not clear whether this departure from the Bank's normal principles was ever explicitly considered or whether it just happened.

18. The original plans for the SDA Project Unit were relatively modest. In addition to a Project Director, they included five

⁶ For an exhaustive analytical taxonomy of the Project Cycle, see Warren Baum and Stokes Tolbert, Investing in Development (Oxford University Press, 1985).

⁷ The operative clause here is "ultimate." In many World Bank financed projects the Bank offers quite a lot of help and advice in the selection of consultants for project preparation, in the design of their terms of reference, etc. But it is nevertheless careful to maintain a visible distance between its appraisal work--for which it is solely responsible--and the borrower's (or his agents') preparation work. Regional Development Banks follow approximately the same principle.

full professionals, one research assistant and one administrative assistant, as well as 91 staff months of short term consultants.⁸ In addition, two UNDP professionals, working at UNDP headquarters, were to be fully involved in the program.

19. It was agreed that (a) the IBRD would be the Executing Agency ("...responsible for the overall management and control") for the Project as a whole, but that (b) the IBRD would have lead responsibility for the work on only eight of the ten countries that would initially be the beneficiaries of the program, while the UNDP would assume this role in the other two.

20. A Steering Committee, chaired by UNDP, was created, on which IBRD, ADB, ECA, UNICEF, ILO, NHSCP and OECD were to be represented. Its task was to review progress reports and work plans and to provide guidance to the future work of project implementation. It was to meet at least twice a year and to coopt other attendance--such as NGOs and UN system agencies--as needed.

21. The SDA Unit was required to prepare "a full Progress Report" before the end of the second year of the project and a "full Terminal Report" before the end of the fourth year. No indication was given what the raw materials for the intervening semi-annual meetings of the Steering Committee would be if the SDA Unit restricted itself to these two Reports. Nor were the elements defined for the minimum contents of an acceptable report.

22. A Donor Advisory Committee was also set up, to be composed of UNDP, ADB, IBRD and "...senior representatives of other donors, participating governments, ECA, DTCD and other UN agencies..." It was to meet regularly, to organize seminars to "...disseminate the results of the project to the UN community, the academic community and interested governments." It would also "...provide a vehicle for mobilizing funding from bilateral and multilateral donors."

⁸ 63 for the SDA Unit and 28 for the "Country Teams," i.e., the IBRD's regular operational staff, whose work load was also going to be affected by SDA. Since the budget period was about 4 years, 91 staff-months amounts to about two additional full time staff equivalents for the whole period. While the actual execution of the program will be discussed in detail below (Chapter II), it may be noted that by June 1990 the SDA Unit consisted of 43 professionals ("Higher Level Staff" in IBRD parlance), including the Project Director, as well as 21 Support Staff, including one Administrative Secretary.

Chapter II

Activities of SDA: FY1988 - FY1990

A. Financial Aspects

1. In its first three years the Program spent over US\$ 10 million in cash¹ (see Table II-1). Since this is the amount that was originally budgeted by the three participating institutions for the full program period (four years), this is an indication of the speed with which the program has expanded. The expansion was two-fold: additional African countries asked to participate, and new donors--governments and multi-lateral institutions--contributed additional funds.
2. Given the somewhat idiosyncratic accounting definitions used in the SDA, the above numbers require a qualification and an explanation. The original budget consisted of US\$ 10 million, of which, however, only US\$ 7.5 million (US\$ 5 million from UNDP and US\$ 2.5 million from ADB) was in cash; the World Bank contribution (US\$ 2.5 million) was to be "in kind," i.e. the salaries of three staff members plus administrative overhead (office space, etc.) for four years. The SDA expenditure statistics omit the "in kind" items.
3. Using the SDA's cash definition, the original US\$ 7.5 million has grown to US\$ 16.07 million through cash contributions from governments and IFAD; if one uses a full cost "cash & kind" definition, the original US\$ 10 million has grown to US\$ 19.07 million including a US\$ 600,00 "in kind" contribution from the Federal Republic of Germany (see Table II-2).
4. In any event, the funds available have about doubled while the list of participating African countries rose from 10 to 30. Such a rapid growth is impressive on the one hand but, given the short term absorptive capacity constraints of most institutions, may also not be without problems.
5. An observation is in order regarding the quality of the financial data. It is next to impossible, from the published information, to establish a realistic picture of the total cost of SDA. This does not appear to be the result only of

¹ On a commitment basis. Actual outlays were slightly less, but it is not clear whether the remainder may not still be paid out.

Table II-1

SDA Cash Budgets and Commitments, FY'89 & '90

	1989		1990	
	Budget	Commitments	Budget	Commitments
Consultants	2,838,000	2,405,595	2,653,718	2,439,501
Long term	1,338,000	705,854		
Short term	1,500,000	1,699,740		
Administr. Support	342,820	199,651	443,488	331,267
Field Office Adm. Expns.	86,695	86,902	341,600	266,100
Official Travel	1,367,500	1,486,090	1,859,030	1,338,420
Group Training	50,000	37,225	- -	- -
Contractual Services	100,000	226,718	205,000	203,548
Other	338,000	220,990	555,963	391,203
TOTAL	5,123,015	4,663,173	6,058,799	4,970,041

Note: FY'88 commitments were about US\$400,000.

Source: SDA Unit, Unpublished data.

Table II-2

Resources of SDA: Endowment, Expenditures and Remaining Funds (Est.)

	Endowments	Expenditures		Remaining Funds
		FY'88 & '89	FY'90(Budget)	
I. Cash				
UNDP	5,000,000	2,850,000	2,150,000	- -
ADB	2,500,000	100,000	600,000	1,800,000
Norway I	770,000	340,000	430,000	- -
Norway II	600,000		600,000	- -
Canada I	1,000,000	1,000,000		- -
Canada II	2,600,000		500,000	2,100,000
IFAD	100,000		100,000	- -
Switzerland	1,300,000	700,000	600,000	- -
Sweden	2,200,000		600,000	1,600,000
Sub-total	16,070,000	4,990,000	5,580,000	5,500,000
II. "In Kind"				
World Bank (1,250,000)	2,500,000	(625,000) ¹	(625,000) ¹	
Fed.Rep.Germany	600,000	n.a. ²	n.a. ²	n.a. ²
Sub-total	3,100,000			(1,250,000)
TOTAL	19,170,000			6,750,000

Source: FY90 Activity Report and FY91 Work Plan (June 1, 1990, SDA Project Unit, Africa Region, IBRD).

- 1 National, 25% of Endowment.
2 Presumed spent.

insufficient or disorderly record keeping; most of the basic data exist and, as the above discussion illustrates, were made available by the SDA Unit on request.²

6. But the SDA Unit in its published material has adopted the practice of many national planning offices of being entirely forward looking: expenditure estimates are shown for the next several years by major categories, but no comparable data for the past are presented. This greatly reduces the possibility of any analytic use of the data.

7. Add to this the already referred to "idiosyncratic" exclusion of the "in kind" expenditures³ and add further the possibly unavoidable fuzziness in allocating staff time in the World Bank between SDA and non-SDA activities, and the judgment must be that readers of SDA material can only gain a very approximate notion of the full cost of the program to the three institutions.

8. In any event, the resources remaining by mid-1990 would seem to suffice only to carry on the Program for about one more year on anything like its present scale. Even if two sources of finance shown as "expected" in the SDA's latest tabulation (see source shown on Table II-2) materialize (US\$ 1,000,000 from the Netherlands and US\$ 500,000 from Belgium), a financing gap of almost US\$ 10,000,000 is shown for the next three years if the program is to be carried out at the only slightly diminishing pace proposed by the SDA Unit.

² The preceding observation pertains to cash costs only. The situation regarding the "in kind" contributions is more complex and will be taken up later in this chapter

³ They are called idiosyncratic because they illogically treat identical costs differently depending on who incurs them. The UNDP's and ADB's staff working on SDA are included in the cost data (paid out of the cash contribution) but the IBRD staff counted as "in kind" contribution are excluded. Another example of this asymmetry is that the SDA Unit maintains a member in Luxembourg to coordinate statistical activities with EEC. His salary is counted as a cost. On the other hand, EEC pays for a staff member assigned to the SDA Unit; this is considered an "in kind" contribution and does not appear as a cost.

A Note on Burden Sharing

9. The original Project Document of 8.2.87 specified that the estimated US\$ 10 million cost of the project would be defrayed as follows:

UNDP	(Cash)	US\$ 5.0 million
IBRD	("In Kind")	US\$ 2.5 million
ADB	(Cash)	US\$ 2.5 million
Total		US\$ 10.0 million

10. The cash contributions were delivered and are being administered by the IBRD. The "In Kind" contribution, consisting principally of staff services, and overhead, cannot, of course, be delivered in advance but is provided when it is utilized.

11. While it is easy to establish how much of the two cash contributions has been used--these are subject to the IBRD's normal accounting and audit rules--the same is not true for the "In Kind" contribution. It appears that until the Evaluation Team requested it, no comprehensive accounting of this contribution was attempted. Only partial statements--i.e. those pertaining to the direct costs (salaries, travel, etc.) of the Bank staff charged to SDA--were readily available; the corresponding overhead costs were not computed and it was therefore not possible, initially, to compare the IBRD's actual contribution with that covenanted in the Project Document.

12. Table II-3 shows the original breakdown and expected annual distribution of the IBRD's contribution. It should be noted that the salary figures are said to include all administrative overheads⁴ (i.e. include not only such "benefits costs" as medical and life insurance but also an allowance for space, utilities, etc.).

13. Comparable tabulations for actual performance have not been prepared by IBRD. What exists, instead, are tabulations that are exclusive of all overheads and indirect costs (see Tables II-4 and II-5).

14. But while it is not possible to be precise about the numbers until IBRD has compiled them on the same basis as that used for the Project Document,⁵ rough orders of magnitude can be estimated. The relation between the salaries for the two higher level staff shown on Tables II-3 and II-5 implies a mark-up of about 95 percent. Applying this ratio to the salary figures of Tables II-4 and II-5, and leaving all other numbers unchanged,

⁴ Information supplied by SDA Unit.

⁵ Such a computation was requested by the Evaluation Team.

Table II-3

World Bank In-Kind Contribution
(in US\$ Current)

Title: Assessment of Social Dimensions of Structural Adjustment in Sub-Saharan Africa
Number: SAR/86/037/R/01/82

Budget Item	TOTAL		1987		1988		1989		1990		1991	
	months	US\$	months	US\$	months	US\$	months	US\$	months	US\$	months	US\$
10.00 PROJECT PERSONNEL												
10.01 Project Director	08	390,200	3	33,000	12	100,000	12	105,000	12	130,000	9	100,200
10.02 Senior Economist	08	390,200	3	33,000	12	100,000	12	105,000	12	130,000	9	100,200
10.03 Administrative Assistant	08	270,000	3	16,100	12	60,300	12	67,100	12	81,700	9	54,600
10.04 Country Issues	08	390,200	3	33,000	12	100,000	12	105,000	12	130,000	9	100,200
10.05 Short-term Consultants	20	200,000	6	60,000	14	100,000	--	--	--	--	--	--
10.00 Component Total	712	2,242,000	10	101,100	62	671,300	60	307,900	60	371,900	36	609,000
11.00 EQUIPMENT												
11.01 E-spendable Equipment		100,000		6,000		24,300		24,300		73,300		20,000
11.02 Non-spendable Equipment		170,000		60,000		60,000		--		--		--
11.00 Component Total		270,000		66,000		84,300		24,300		73,300		20,000
12.00 OTHER												
12.01 Miscellaneous		17,000		0,000		10,000		10,000		10,000		7,000
12.00 Component Total		17,000		0,000		10,000		10,000		10,000		7,000
13.00 GRAND TOTAL		2,509,000		171,100		755,600		332,200		445,200		629,000

Source: UNDP Regional Program for Africa (Project Agreement 10.2.87) (Signed 10.15.87 by IBRD and 12.11.87 by UNDP.)

Table II-4

1) Paid by the Bank for SDA Project (Bank-in-kind)
 51-FY88 DISCRETIONARY BUDGET ADJUSTMENT REPORT
 OPERATIONS COMPLEX : IBRD REGULAR BUDGET
 UP - AFRICA
 AFRICA - COUNTRY DEPARTMENT I
 2207 -SOCIAL DIMENSIONS OF ADJUSTMENT UNIT

RUN DATE: 06/12/90 AT 10:51:14

	FY88				-EXPENDITURE PA					
	YTD ACT + CORBAL	EXPENSE 1) Y-T-C	ADDITIONAL AMOUNT	CURRENT BUDGET	ORIGIN. BUDGET	FY87 ACTUAL	FY85 ACTUAL	FY86	FY87	FY86
POSITIONS:										
HIGHER LEVEL SUPPORT	1	1	0	1	1	0	0	0	0	0
TOTAL	1	1	0	1	1	0	0	0	0	0
LOCAL STAFF -HL	0	0	0	0	0	0	0	0	0	0
-SL	0	0	0	0	0	0	0	0	0	0
SPECIAL POSIT. -HL	0	0	0	0	0	0	0	0	0	0
-SL	0	0	0	0	0	0	0	0	0	0
L. T. CONS STAFFYEARS:	5	5	0	5	5	0	0	0	0	0
HIGHER LEVEL SUPPORT	2.74	2.74	0.00	2.74	1.95	.00	.00	102	0	0
TOTAL	2.74	2.74	0.00	2.74	1.95	.00	.00	96	0	0
LOCAL STAFF -HL	0	0	0	0	0	0	0	0	0	0
-SL	0	0	0	0	0	0	0	0	0	0
SPECIAL POSIT. -HL	0	0	0	0	0	0	0	0	0	0
-SL	0	0	0	0	0	0	0	0	0	0
L. T. CONS	2.55	2.55	0.00	2.55	2.00	.00	.00	0	0	0
DISCRETIONARY COSTS:										
REG. SALARIES	174.00	174.00	0.00	174.00	152.00	0.00	0.00	101	0	0
TEMPORARY	55.00	55.00	0.00	55.00	50.00	0.00	0.00	2222	0	0
OVERTIME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0
STAFF TRAVEL	237.00	150.00	50.00	180.00	0.00	0.00	0.00	124	0	0
CONS. TRAVEL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0
REPRESENTATION	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0
HOSPITALITY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0
CONSULTANT FEES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0
COMT. SERVICES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0
DIRECT COMM.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0
INTERNAL COMPUTING	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0
TRANSLATION SERVICES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0
EQUIP. - HQ	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0
EQUIP.-HQ DEPREC.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0
SUB-TOTAL	673.8	560.1	75.7	715.0	352.0	.0	.0	196	0	0
DIRECT COSTS:										
LOCAL STAFF	0	0	0	0	0	0	0	0	0	0
POST ALLOWANCES	0	0	0	0	0	0	0	0	0	0
OTHER TRAVEL	0	0	0	0	0	0	0	0	0	0
OFFICE OCCUP.	0	0	0	0	0	0	0	0	0	0
EQUIP. - FLD	0	0	0	0	0	0	0	0	0	0
EQUIP.-FLD DEPREC.	0	0	0	0	0	0	0	0	0	0
OTHER MISC.	-581.0	-340.5	-340.5	0	0	0	0	0	0	0
SUB-TOTAL	-581.0	-340.5	-340.5	0	0	0	0	0	0	0
TOTAL	-87.2	219.6	-340.8	715.0	352.0	.0	.0	-13	0	0

BUDGET INDICATORS:

FILL RATIO: HL ONLY	101.3		
AVG SAL. \$: ALL LVL	44738.9		
NO. OF TRIPS: TOTAL	34.0		
: STAFF	34.0		
: CONS.	0.0		
AVG (\$)/TRIP: TOTAL	6,970.7		
: STAFF	5,970.6		
: CONS	0.0		
TRIPS PER S/Y: ALL	15.1		
: HL	15.7		
: CONS	0.0		

Table II-5

1) Paid by the Bank for SDA Project (Bank-In-kind)

81-FY89 DISCRETIONARY BUDGET - ANNUAL REPORT
 OPERATIONS COMPLEX : 1980 REGULAR BUDGET
 VP - AFRICA
 AFRICA - COUNTRY DEPARTMENT 1
 23307 -SOCIAL DIMENSIONS OF ADJUSTMENT UNIT
 ***** FY89 *****

	YTD ACT + COMBAL	EXPENSE Y-T-D	1) ACCRUAL AMOUNT	CURRENT BUDGET	ORIGIN. BUDGET	FY88 ACTUAL	FY87 ACTUAL	FY89	FY88	FY87	-EXPENDITURE
POSITIONS:											
HIGHER LEVEL SUPPORT	1	1	0	1	1	1	0	98	93	0	
TOTAL	1	1	0	1	1	1	0	98	93	0	
LOCAL STAFF -HL	0	0	0	0	0	0	0	0	0	0	
-SL	0	0	0	0	0	0	0	0	0	0	
SPECIAL POSIT. -HL	0	0	0	0	0	0	0	0	0	0	
-SL	0	0	0	0	0	0	0	0	0	0	
L. T. CONS STAFFYEARS:											
HIGHER LEVEL SUPPORT	2.94	2.94	1.00	2.94	1.95	2.94	1.00	98	93	0	
TOTAL	3.00	3.00	1.00	3.00	2.92	3.00	1.00	99	92	0	
LOCAL STAFF -HL	0	0	0	0	0	0	0	0	0	0	
-SL	0	0	0	0	0	0	0	0	0	0	
SPECIAL POSIT. -HL	0	0	0	0	0	0	0	0	0	0	
-SL	0	0	0	0	0	0	0	0	0	0	
L. T. CONS	1.92	1.92	1.00	1.92	1.00	2.55	1.00	0	0	0	
DISCRETIONARY COSTS:											
REG. SALARIES	151.6	147.9	2.8	151.6	145.1	134.8	0	100	91	0	
TEMPORARY	17.7	17.7	0	17.7	0	55.7	0	100	22222	0	
OVERTIME	2.6	2.6	0	2.6	0	9.8	0	100	0	0	
STAFF TRAVEL	-1.1	1.1	-1.2	2.4	0	237.0	0	-2	109	0	
CONS. TRAVEL	3.9	3.9	0	3.9	0	1.8	0	66	0	0	
REPRESENTATION	1.0	1.0	0	1.0	0	1.9	0	101	0	0	
HOSPITALITY	1.0	1.0	0	1.0	0	0	0	0	0	0	
CONSULTANT FEES	1.0	1.0	1.0	1.0	0	29.4	0	0	0	0	
CONT. SERVICES	4.9	4.9	0	4.9	0	15.8	0	0	0	0	
DIRECT COMM.	5.9	5.9	0	5.9	0	14.8	0	100	0	0	
INTERNAL COMPUTING	1.5	1.5	0	1.5	0	31.0	0	0	0	0	
TRANSLATION SERVICES	0	0	0	0	0	29.8	0	101	0	0	
EQUIP. - HQ	0	0	0	0	0	65.7	0	0	0	0	
EQUIP.-HQ DEPREC.	0	0	0	0	0	0	0	0	0	0	
SUB-TOTAL	195.0	191.5	3.4	191.5	145.1	638.8	0	102	417	0	
DIRECT COSTS:											
LOCAL STAFF	0	0	0	0	0	0	0	0	0	0	
POST ALLOWANCES	0	0	0	0	0	0	0	0	0	0	
OTHER TRAVEL	0	0	0	0	0	0	0	0	0	0	
OFFICE OCCUP.	0	0	0	0	0	0	0	0	0	0	
EQUIP. - FLD	0	0	0	0	0	0	0	0	0	0	
EQUIP.-FLD DEPREC.	0	0	0	0	0	0	0	0	0	0	
OTHER MISC.	3.7	1.3	2.3	0	0	-681.0	0	0	0	0	
SUB-TOTAL	3.7	1.3	2.3	0	0	-681.0	0	0	0	0	
TOTAL	198.6	192.9	5.6	191.5	145.1	-42.2	0	104	417	0	

BUDGET INDICATORS:

FILL RATIO: HL ONLY	101.0	102.5	97.5
AVG SAL. \$: ALL LVL	50200.7	49502.0	49691.3
NO. OF TRIPS: TOTAL	0	0	0
: STAFF	0	0	0
: CONS.	0	0	0
AVG (\$)/TRIP: TOTAL	0	0	0
: STAFF	0	0	0
: CONS	0	0	0
TRIPS PER \$/Y: ALL	0	0	0
: HL	0	0	0

yields first approximation to the estimation of the Bank's contribution "in kind," using--it is believed--the concepts and definitions implicit in the Project Document:

	<u>FY'88</u>	<u>FY'89</u>
	(US\$000)	
Totals shown on Tables II-4 & II-5	222.6	192.9
<u>Minus:</u> Salaries	134.8	147.8
<u>EQUALS:</u> Non-Salary Items	87.8	45.1
<u>Plus:</u> Salaries x 1.95	262.9	288.2
<u>EQUALS:</u> Est. Actual In-Kind Contrib.	350.7	333.3
	<u>CY'87</u>	<u>CY'88</u>
Bank In-Kind Contrib. as per Project Agreement Est.	231.1	538.9

15. If these calculations are correct, one might conclude that to date the IBRD's contribution in kind has run at about one half of the rate estimated in the Project Document, while, as was seen elsewhere, the UNDP's and the ADB's contributions at the present rate of utilization will have been drawn down in less than one more year.

16. It is, however, possible to give a different interpretation to these numbers. If one assumes that the IBRD can or should also charge overhead for all the staff paid for by the bilaterals--who occupy space and consume utilities--the IBRD's "in kind" contribution becomes much larger. The conventional figure used in the World Bank for such calculations is US\$ 15,000 per person; applying this to another 30-40 individuals would more than double the IBRD's contribution. But it must be pointed out that, however valid such a way of counting might be, it does not appear to be the one that was adopted in the Project Document (see again Table II-3).

17. What seems beyond dispute is that such an inquiry should not be necessary at all. Simple and straightforward record keeping and periodic reports to the participating institutions on the budgetary execution in terms consistent and comparable with the original agreement would seem to be a modest and reasonable requirement. At present this requirement is not being met.

18. There should be no misunderstanding about the meaning of what has been said. There is no suggestion that any

improprieties have been intended or have occurred. But as executing agent for the Program, the World Bank has assumed a fiduciary responsibility vis a vis its partners. Ordinary sound business practice would include among such fiduciary duties orderly record keeping and periodic reporting on the execution of the commitments that the Bank has assumed, so that both itself and its partners are informed at all times about the degree to which these commitments are being carried out. The real problem is that at present the IBRD itself is not in a position to know this with precision without cumbersome ad hoc investigations.

19. Once it has instituted a system to keep itself and its partners routinely informed on these matters, all parties will be in a much better position to decide on future funding of the program. They will also be able to consider the much more important issues of the substantive content of the program without being diverted by the relatively tangential--but institutionally inescapable--question of whether the actual burden sharing is or is not following the intended pattern.

B. Country Programs

20. Four types of components are pervasive in all but a few of the past, ongoing and planned SDA activities in the thirty participating African countries (see Table II-6). These are:

- (a) Social Action Programs
- (b) Macro and Sector Policy Management Improvement Programs
- (c) National Information Systems Programs
- (d) Institution Building and Training Programs.

21. In addition, in some countries there are programs of studies intended to support (a) and (b), but which may be institutionally so separate as to constitute a further category.⁶

22. However, this categorization overstates the homogeneity of the programs, as the detailed content of the activities under each heading is actually quite varied. Moreover, in a substantial number of cases the work is still in such an incipient stage that no meaningful content analysis is possible yet. The following description and analysis is therefore

⁶ The above classification is not without some arbitrariness. Some of the programs classified in this Report as (b) might equally well have been put into the last mentioned additional group.

Table II-6

SDA: Contents of Country Programs

			Macro & Sector Policy Mngt	SAP	Nat'l Infor- mation & Systems	Inst. Bldg. & Trng.	Studies	
Benin	7.91		Yes	Yes	Yes	Yes		
B. Faso		To be determined					Yes	
Burundi	6.91	Others to be determined		Yes			Yes	
Cameroon	5.90		Yes	Yes	Yes	Yes	Yes	
CAR	9.90		Yes	Yes	Yes	Yes	Yes	
Chad	5.90		Yes	Yes	Yes	Yes	Yes	
Congo		To be determined						
C.d'Ivoire	10.90		Yes	Yes	Yes	Yes	Yes	
Egypt	1.91	To be determined						
Gabon		To be determined						
The Gambia	2.89		Yes		Yes	Yes	Yes	
Ghana			Yes		Yes	Yes	Yes	
Guinea	2.89		Yes	Yes	Yes	Yes	Yes	
G. Bissau	6.90		Yes	Yes	Yes	Yes	Yes	
Kenya			Yes	Yes	Yes	Yes	Yes	
Madag.	2.89		Yes	Yes	Yes	Yes	Yes	Yes
Malawi	4.90		Yes		Yes	Yes	Yes	
Mali			Yes		Yes	Yes	Yes	
Maurt.			Yes	Yes				
Mozamb.	2.90		Yes	Yes				
Niger		To be determined						
Rwanda		To be determined						
S.T. & Pr.			Yes	Yes	Yes	Yes	Yes	
Senegal	2.90		Yes	TBD	Yes	Yes	Yes	
Somalia	8.89		Yes	Yes	Yes	Yes	Yes	
Tanzania			Yes	TBD	Yes	Yes	Yes	
Togo	10.90		Yes	TBD	Yes	Yes	Yes	Yes
Uganda	12.89				Yes	Yes	Yes	
Zaire								
Zambia		No data						

incomplete; in some cases, for example, it is known that it is intended to have a Social Action Program, but not yet what it will consist of.

1. The Social Action Programs (SAP)

23. In seventeen of the 30 participating countries, it is intended to have SAP's. For 9 of these some or all of the components can already be identified (see Table II-7). For another 6 no SAP is intended, for 3 only the establishment of a fund is known--and no further programmatic details may become known until after the money is spent--and for the remainder one cannot yet tell what, if anything, will be done.

24. Although the SAPs are quite heterogeneous, some elements reappear with considerable frequency, while others are scattered. Activities to provide labor market information and guidance, as well as some training or retraining to public sector workers and employees displaced by fiscal austerity measures are mentioned in six countries; help and training for self-employment and/or micro-enterprises appear seven times, public works programs (sometimes referred to as "targeted" and "labor intensive") exist in (at least) four countries, and help to specialized organizations aiming to enhancing the status, role of productivity of women is also mentioned explicitly four times.

25. But it must also be noted that there is a somewhat worrying open-endedness in many of the proposals. Funds are set up to promote worthy causes by relatively small grants; the criteria and tests for these grants are often vague and the possibilities for monitoring them must, perforce, be quite limited.

26. It is true that in a number of cases NGOs that have operated on such a flexible basis have had better results than the more rigid and structured programs financed by official lenders and

⁷ This includes such countries as Togo, for which the latest (June 1, 1990) Status Report reads: "Social Priority Actions to protect targeted groups and centered on community development would be designed. These programs would have to be clearly integrated into the overall "Programme d'Investissement Pluriannuel," to be agreed upon by the Togolese government, the IMF and the Bank. Input into their formulation would be made by the Togolese SDA task force. These actions could be implemented in parallel with EEC involvement in the country... and through a potential World Bank self-standing operation." Clearly the thinking on these programs is in too preliminary a stage to analyze their likely content.

Table II-7

The Social Action Program Components of SDA

		Education			Labor & Employment			Health & Population					
		Public Works (Roads, drainage, etc.)	School Rehab.	Educ. Supplies subsid- ization	Access to Service (Educ. & Health)	Voc. Trng., Micro- enter- prises	Lab.Mkt. Circ.Hse Help to laid off Pub.Sect. Employees	Women in Develop- ment	Mat.& Inf. Care & P.P.	Med.& Pharm. Supplies	Constr. & Oper. of Health Facil.	Community Develop- ment	
	7.91	Yes	Yes	Yes		Yes							1
	To be determined												2
	6.91	Others to be determined					Yes						3
	5.90			Yes		Yes	Yes	Yes	Yes			Pund	4
	9.90					Yes	Yes					Pund	5
	5.90	Yes				Yes	Yes				Yes		6
	To be determined												7
	10.90												8
	1.91												9
	To be determined												10
	To be determined												11
	2.89	No SAP component				Yes	Yes						12
	PAMSCAP (Not SDA proper)					Yes	Yes						13
	2.89	Fund for Pilot Projects			Yes								14
	6.90	No SAP component					Yes						15
	2.89												16
	4.90	Fund for Pilot Projects											17
	No SAP component												18
	No SAP component												19
	2.90	Stand- pipes			Rur.hlth wrks.								20
	To be determined												21
	To be determined					Yes							22
	2.90						Yes						23
	8.89	Social Action Fund											24
	To be determined												25
	10.90												26
	To be determined												27
	12.89	No SAP component				Yes							28
	No data												29
													30

donors. But the total amounts involved were usually smaller and did not exceed the direct control span of the disbursing agent; the motivations were often higher than is common in routine public sector activities, and, even so, such programs, too, have not been free of malfeasance.

27. While it could be argued that for foreign lenders and donors these are risks well worth taking, it must be remembered that the real risks are borne by the people of the recipient countries. Even the soft IDA lending terms imply future debt service charges (and not all SDA countries are IDA-eligible); it is no small matter to decide that present consumption should be paid by future generations though in extreme crises it may be necessary to do so. But if then the consumption in question does not accrue to the targeted group the case for imposing this burden on one's descendants becomes quite tenuous. While some of the SAP components may be free of this stricture because they help expand future productive capacity--thereby providing the wherewithal for the debt service--this may be least true for funds not subjected to strict and dispassionate scrutiny.

28. The experience of other countries in Asia and Latin America here is relevant. Both the community development programs in the Indian Sub-Continent of the 'fifties and 'sixties and the integrated rural development programs of some Latin American (and other) countries in the 'seventies, have demonstrated beyond dispute the importance of financial controls, of cost recovery, of emphasis on production over consumption and of administrative simplicity, precisely in cases where strong social objectives motivated the projects or programs. Equally relevant, they have amply demonstrated the disruptive effects and lack of positive results in projects with multiple components which cut across traditional institutional lines and are targeted to address problems of specific groups or micro-regions.

2. Macro and Sector Management Improvement Programs

29. In most cases these consist of actions to support and upgrade the capabilities of the Planning Offices or Ministries, with particular reference to their ability to analyze socio-economic issues and to design appropriate programs and strategies in these fields. Although the available information is not precise enough to permit quantification, it appears that only in a minority of cases are these actions also extended to the Ministries and government agencies that have functional responsibility for social programs, e.g., those of Health,

⁸ See World Bank Experience with Rural Development Projects 1965-1986 (IBRD, Report No. 6883, October 16, 1987).

Sanitation and Water Supply, Education, etc. The implications of this will be discussed further below (see Chapter IV).

3. National Information Systems

30. As indicated elsewhere (see Chapter IV) the activities that fall under this heading are, in fact, considerably more narrowly circumscribed than the title would seem to indicate. Far from assessing the overall data needs of governments for effective socio-economic management and gearing the SDA's work to helping to fill these needs, the principal SDA service is to help governments to produce and--eventually--to process and utilize--particular kinds of household surveys.

31. Initially these followed fairly closely a model that had been developed in the 'seventies in the World Bank under an ambitious research program called the Living Standards Measurement Study (LSMS) and which had already been operational in Cote d'Ivoire and in Ghana since about two years. The approach was considered highly promising in the World Bank; it was expected to yield a rich data set, it was expected to overcome the processing delay problems of other surveys in LDC's by equipping field enumerators with PCs and it was said to be relatively robust as far as identifying misinformation was concerned.

32. Not all countries participating in SDA agreed to using this tool, be it because it was too close to things that they were already doing or be it because they did not consider this as being of sufficient priority to preempt scarce staff and money (see Chapter IV). Others objected to the need for repeat visits to respondents, to the mass of information that would be generated and to the prospect of long time intervals between initiating the surveys and getting usable and useful results.

33. It was partly in response to such concerns that a second type of survey was developed. SDA explains the difference as follows:

"First, there is the Social Dimensions Integrated Survey (IS) which uses a detailed and multi-subject questionnaire. Its purpose is to provide the necessary information to investigate the complexity of the impact of adjustment on different household groups and to establish the relationship between macro-economic policies and their effect at the household level. It is to be used to investigate household behavior and household responses to policy incentives. Secondly, there is a Social Dimensions Priority Survey (PS), which is designed to facilitate a rapid collection of priority information. It is likely to be administered to a larger sample of households and will use a shorter and more limited questionnaire. The larger

sample would permit, for instance, more socio-economic and target groups to be distinguished. When administered, the PS will generate data that will be used primarily for the identification of target groups. When repeated in subsequent years it will take on a monitoring role and will measure changes over time in key socio-economic indicators. The main purpose of the PS is to provide information on "what" is occurring without necessarily concerning itself with the "why." On the other hand the role of the IS is to provide the information for more detailed diagnostic analyses."

CF Report, para. 48. Emphasis in original.

34. Some of the evident conceptual problems inherent in this formulation will be explored further in Chapter IV. For the present, it should only be pointed out that the above implies an organic and complementary relationship between both types of surveys and that, to conform to it, countries would need to run both repeatedly, although the IS could be done less frequently than the PS.

35. As far as the Evaluation Team was able to establish, this is not the intended pattern in most countries, nor could it be expected to be if indeed the PS was developed in response to doubts about the usefulness and suitability of the IS. While in the SDA Unit there may be hope that over time countries will adopt both surveys and use them according to the diagnosis-monitoring dichotomy outlined above, the evidence that this is likely to happen is slim.

4. Institution Building and Training Programs

36. These are, de facto, components of the other three and consequently

"The agencies in charge of statistics and planning are usually the key beneficiaries of the assistance. Training programs have been included in each SDA country program appraised to date."

SDA FY'90 Activity Report and
FY'91 Work Plan, para. 4.13

37. Some illustrations of what this means in practice appear in Chapter III. As a general proposition it must be noted that these same agencies receive T.A. and training help of all sorts from bilateral and multilateral donors, so that relatively small separate programs, like SDA, cannot but add to the already heavy administrative and managerial burden of such offices. This is one of the drawbacks of fragmented assistance programs in which

it becomes increasingly difficult to take a rational, comprehensive country approach.

C. "Regional" Activities: The Conceptual Framework Paper

38. The SDA Unit has, in its first 2-1/2 years produced a formidable array of written outputs.⁹ While many of these papers are relatively ephemeral and duplicative in content (press releases, occasional speeches), the remainder can be roughly classified in the following broad groupings:

Country material (Country Assessment Papers, Project Documents, Empirical Research Papers on selected social issue in particular countries, etc.)

Statistical material (Methodological papers on household surveys and related material)

Training material (SDA Training Programs)

Conceptual (Dealing analytically with the interrelation of social and economic factors with special reference to what happens under adjustment programs.)

39. The three latter groups are referred to as "regional" material in SDA publications.

40. The country material should be considered primarily as inputs into the country programs and will be alluded to in that connection. The statistical methodological issues are not analyzed in this Report (see Introduction); they too are viewed as essentially instrumental; the question whether the heavy reliance on household surveys was a wise choice is dealt with but it does not depend primarily on technical questions of sample design. And the Training Programs are a fairly marginal set of papers.

41. A heavy effort, clearly, was made in the last category. Once again, unfortunately, it is not possible from the published data, to separate the categories according to the time and money spent on them; not only are statistical and "analytical" (conceptual) work commingled but there are, in fact, only budget tables but none on budgetary execution to tell us how costly each sub-group was. In any event, with budgets of US\$675,000 in 1990, falling to \$525,000 by 1993, the "analytical" (including statistical) work clearly is a sizable element.

⁹ For a complete list of SDA's written output, see Appendix II.

42. Its core output to date is the February 9, 1990 Report entitled Structural Adjustment and Poverty: A Conceptual Empirical and Policy Framework (Report No. 8393 AFR, The World Bank, 200 pp.). Many of the other SDA publications are really inputs for or variations on this Report, and so, to a considerable extent, is the 1990 pamphlet, The Social Dimensions of Adjustment in Africa: A Policy Agenda.

43. It is not easy to analyze or assess a piece of work which is presented without a clear statement of objectives. The closest to such a statement of why the Report was written may be found in the Foreword, to the effect that: "This document...represents the state of present thinking [on]...the links between conceptual, empirical [sic] policy issues involved in the integration of social and economic policies and programs."

44. A constructive interpretation of what was probably intended might be that it was to lay out the analytic foundations for the SDA Program. This would be a more ambitious objective than such a simple statement suggests, since rigorous analytic formulations of the interactions between social and economic variables are rare enough, while such formulations with empirical content are virtually non-existent.

45. There are at least two different tests one may apply to such an endeavor. One is intellectual: does it advance knowledge and understanding beyond that already achieved by others? Another is practical: does it help design better policies and programs; does it offer valuable guidelines on how to resolve previously unresolved conundrums or how to deal with difficult trade-offs?¹⁰ A third, more derivative and more bureaucratic test may be whether, with scarce donors' and recipients' resources, such work had higher priority to address the region's problems--including those of social impact of adjustment policies--than alternative uses.

Innovation

46. A number of serious attempts have been made in the course of the last decade or so to elucidate the relation between income distribution, poverty, economic fluctuations and growth, and even these have only resumed a tradition that can be traced back much further (at least to Malthus and Ricardo in the nineteenth century and to Adam Smith in the eighteenth). Among the many recent relevant contributions the following may be considered

¹⁰ Obviously these two tests are not unrelated. But they are not identical.

particularly germane: Chenery and Ahluwalia,¹¹ The World Development Report, various issues,¹² The Human Development Report,¹³ and the Long Term Perspective Study on Sub-Saharan Africa,¹⁴ and Adjustment with a Human Face.¹⁵

47. It is thus a fair question whether the CF Report has made a contribution over and beyond the insights gained from the above. Such contributions could be either in establishing previously ignored relationships between relevant variables, or in empirical testing of hypotheses or in establishing new models that better represent African reality.

48. It cannot be said that the CF makes a decisive breakthrough in any of the above directions although African conditions clearly inform and illuminate the discussion in a number of places. Its discussion of the economics of the adjustment process is quite conventional; where it attempts to strike out on its own is in the analysis of welfare implications of these processes. These lead to a discussion of household economics and thus become the foundation for the reliance on household surveys as the tool for empirical research.

49. There the report seems to miss an important opportunity. It is quite true that for personal welfare issues household data can be invaluable. It does not follow automatically that they are the only or the highest priority for improving all African countries' information systems. If the CF Report had taken a broader view of the problems of social and economic management

¹¹Montek Ahluwalia and Hollis Chenery, Redistribution With Growth (The World Bank/Oxford University Press, 1981).

¹²Especially World Development Report, 1990 (The World Bank, 1990), as well as several earlier issues.

¹³Human Development Report 1990 (UNDP, Oxford University Press, 1990, 189 pp.).

¹⁴Sub-Saharan Africa: From Crisis to Sustainable Growth, A Long-Term Perspective Study (The World Bank, 1989, 300 pp.). It may be argued that some of the above cited studies appeared a few months after the C.F. Report, but given the long term gestation period of such work and the desirable practice of frequent contact and exchange of views between international agencies working on related topics, one cannot assume that the C.F. Report was written in ignorance of, say, the Human Development Report work.

¹⁵Adjustment with a Human Face: Protecting the Vulnerable and Promoting Growth, A Study by UNICEF, Oxford University Press, 1987.

facing African governments, they might have reached a more balanced conclusion regarding how information systems can--and must--be improved.

50. Governments rely on administrative statistics as well as on surveys and among the latter household surveys are only one element (factory surveys, institutional surveys--schools, clinics, etc.--are others). It is unwarranted to decide a priori that household surveys must in all cases be given top priority. Surely, the state of information from other sources must be considered before such a judgment can be made, as must be the capability and total responsibilities of the statistical agencies.

51. Thus, here the CF seems to rationalize an a priori decision of what SDA was to be all about, rather than provide an intellectual foundation on which to base choices in program design in individual countries.

Applicability

52. Already Chenery and Ahluwalia, and more emphatically WDR made the important analytic distinction between measures to make the poor more productive and measures to supply them with basic services. The next step, adumbrated in WDR and in the HDR as well as in the Long Term Perspective Study,¹⁶ was clearly to discuss the institutional implications and pre-requisites of each. All manner of focussed interventions can be thought of--and many have been tried--in which the critical element turns out to be an effective delivery system, a suitable administrative and managerial structure, without which the intervention will not succeed. It is one of the most disappointing features of the CF Report that it shows less concern for or interest in these institutional aspects of governance than did its above-mentioned predecessors. Given the fragility of the public administration in most African countries, in this Region even more than elsewhere, this is a serious shortcoming.¹⁷

53. It is symptomatic of the degree to which this issue, in the view of the Evaluation Team, is under-rated or mis-read, that in the Policy Agenda document referred to above it is encapsulated

¹⁶See especially pages 55-56 on Better Government.

¹⁷This is not to say that the issue is not mentioned. But it plays no central role in the discussion or in the consideration of interventions. And it is symptomatic of the lack of continuity in the CF's underpinning that only the WDR is even cited in the extensive bibliography. The other sources mentioned above are ignored.

under the heading of "Institution building and training." It is said that:

"Institutional development can have, on the one hand, the objective of ensuring the continuation of institutional capacity building during the process of development or, on the other hand, the narrower objective of institutionalizing social dimension concerns into the planning and policy making process. Given its mandate, the SDA initiative has this second, more limited approach.

"The broader objectives of institutional development during adjustment still warrants greater attention by donors and African governments....
...three key areas in support of institutional development have been identified:

- . Improved capabilities for policy analyses
- . Reinforcement of government policy making procedures
- . Expanded participation by local groups...."

54. In other words: at present SDA focusses on "institutionalizing policy concerns" which may mean little or much in terms of the contents of Planning Office documents but certainly does not concern delivery systems. This is justified by SDA's "mandate" which surely is a self-imposed, self-willed limitation. And for the future better "policy analysis" and better "policy making procedures" are advocated, but again no attention is paid to the implementing capabilities of the government apparatus. It may be that the closest the SDA staff get to this aspect is in their advocacy of more local participation. But as promising and valuable as this may be for certain programs, if it is to be a full substitute for a better public service, it seems like a very pessimistic conclusion which is, moreover, not at all clearly articulated. And if it does not mean this, the question of what activities one can reasonably demand from public agencies with their present strengths and weaknesses, and what can reasonably be expected to be done to improve them, how long this might take, and what the implications for the SDA designed interventions are, is left largely unbroached.

55. It can be argued, of course, that these are empirical questions that require country by country investigation and thus do not lend themselves to "regional" generalizations. This is quite true--although many empirical similarities exist, for example, between countries with roughly similar colonial histories--but it casts doubt on the value of spending hundreds of thousands (or millions?) of dollars to design a common "conceptual, empirical and policy framework." Perhaps the

commonality should be sought more in the questions to be asked than in the answers to be given.¹⁸

56. Reference was made above to the problematic nature of the objective of the CF exercise and it was said that it may have been an attempt to outline the "...present state of thinking...on the policy issues involved in the integration of social and economic policies...."

57. But this leaves open some fundamental questions. Is the focus to be on observing the welfare impact of particular economic changes and shocks on individuals (and/or households)? Or is it to identify opportunities to improve the productivity, living standards and welfare of particular groups? And to do so at costs lower than the benefits? While the two foci may not sound all that different, in fact they are.

58. While the CF does not explicitly rule out the second alternative, most of what is said suggests that it is the first one that is intended. Thus:

"The analytical challenges that are faced in establishing how macro- and sector-level policies affect households and the well-being of individuals are serious...." (para. 34)

and:

"...an ultimate aim is to work towards an integrated macro-meso-micro modelling and analytic framework. At this stage, however, the state of the art is such that it is not possible to propose a definitive model or even a class of models capable of tracing the effects from the macro-level right down to the micro-level of individual households."
(para. 9.4)

To which one can only assent but ask what, then, the claim to a conceptual framework amounts to.

59. It would not be totally fair to say that in the choice between viewing individuals as productive agents and as consumers

¹⁸The CF at times seems to recognize this quite clearly. thus:

"Since African economies show considerable variations in market structures, policy approaches and macro-problems, there is need to employ tools which facilitate the identification of poverty scenarios associated with different macro-strategies...."

(para. 11.20. Emphasis in original.)

of goods and services the CF opts unambiguously for the latter. The schematic presentation is, in fact, quite balanced and neutral between the two (see CF para. 9.20-9.22), so much so that in the end no guidance is given on how to evaluate alternative proposals for spending public funds. The practical effects of this would seem to be a greater focus on tracking the incidence of different expenditures on different groups (of households and/or individuals) than on designing income and growth producing programs or policies.¹⁹

60. This leads to what to many may seem a step backwards in the approach to long term development. Over the years, various issues of the World Bank's World Development Report have argued quite persuasively that the long term strategy to combat poverty on a broad scale must be economic growth²⁰ accompanied by certain social programs most of which had a growth rationale as well as a humanitarian one (e.g., pre-natal and maternal/ infant care, preventive medicine, education, etc.) The Human Development Report largely reaches the same conclusion;²¹ it is indeed the

¹⁹Once again, however, a caveat is called for. There is an attempt to achieve at least a rhetorical reconciliation between the two points of view in such passages as:

"Malnutrition and sickness reduce productivity, low productivity limits earnings and poor earnings limit investment and economic diversification. Nowhere is this more apparent than in the loss of national income that is due to the physical stunting of African children--and their loss of schooling--over the last decade.... The goal is therefore adjustment with poverty reduction, not adjustment or poverty reduction." (para. 10.1. Emphasis in original.)

All this is commendable, if unoriginal. But does it advance our ability to make choices between alternative expenditures beyond the--essentially failed--attempt by Squire and Van der Tak to attach poverty-weights to shadow prices? (See Lynn Squire and Herman Van der Tak, Economic Analysis of Projects, Johns Hopkins University Press, 1975).

²⁰True, there were certain qualifications regarding factor combinations, etc. But the underlying thesis was that growth provides jobs, jobs provide income, and income is what the poor lack most.

²¹"GNP growth, accompanied by reasonably equitable income distribution, is generally the most effective path to sustained human development."

conventional wisdom and it is most probably correct.²² The CF does not exactly contradict this thesis outright, but it blurs it. The thesis is still there, at least implicitly, but the qualifications, the short term deviations, the definitional questions all assume such prominence as to obscure it. Readers may be forgiven if they conclude, perhaps erroneously, that the CF suggests that there are more important things than growth if one worries about poverty.

61. In summary, the CF, while clearly the product of diligent efforts by a number of economists well versed in the language of modern analytical economics, may not have made as useful a contribution as its sponsors must have hoped and as its apparently quite high cost would seem to require. It fails, largely, to build on the past contributions of others (UNICEF, UNDP, World Bank, etc.). It suffers from lack of clear focus (production vs. consumption), single-minded adherence to one tool for empirical research (household surveys), and neglect of institutional, administrative and organizational issues. Except to set forth eloquently the ideological case for addressing poverty issues coherently and energetically, it does little to help practitioners do so since it fails, largely, to address problems of choice in the use of public funds.

²²What may not be correct is the Adjustment With a Human Face thesis that socially oriented public expenditures typically suffer disproportionate cuts during adjustment programs. But any cuts from initially low levels may have deplorable consequences. The Human Development Report, by focusing on program content, seems to offer a more creative approach.

Chapter III

Country Studies

A. Tanzania's SDA Project drafted by Walter Elkan

1. Tanzania's economy had experienced a decline from the 1970's onwards until it started to be arrested in 1986 by a combination of three things: World Bank and IMF assisted Structural Adjustment Programs; changes in policy associated with a new President who brought with him new ideas on economic management; and, fortuitously, a series of good harvests which helped the recovery of agriculture. The earlier economic decline had as one of its consequences a major decay of the economic and social infrastructure. Most of that infrastructure was the Government's, and the Government could no longer afford to maintain it. There was little maintenance of the transport system or the roads; school buildings, hospitals and dispensaries fell into disrepair and there was a dire shortage of foreign exchange with which to pay for the import component of such maintenance as was still carried out.

2. In 1986 the Government in consultation with, and helped by, the IMF and the World Bank, launched its first three-year recovery program referred to as Economic Recovery Program I (ERPI) 1986-89. It was intended to revive output, to restore internal and external balance and to reduce inflation. This involved devaluation, removal of many price controls, allowing the rate of interest to rise, as well as longer term measures to deal with an infrastructure that was in very poor shape. The program included cuts in public expenditure, but contrary to common belief, these cuts did not fall disproportionately on social services such as the provision of health and education services, as the World Bank's excellent Review of Public Expenditure 1989 makes clear. But cuts there were and it was in any case coming to be increasingly believed that the run-down of social services that had occurred over many years was beginning to have adverse effects on the prospects for economic recovery. The Government, helped by SDA staff of UNDP, therefore, drew up a Priority Social Action Program costed at US\$US 135 million. It was hoped that a major part of this would be financed by foreign donors and a significant amount has indeed been so pledged. The ideas of the Priority Social Action Program then also found their way into the second economic recovery program, which runs from 1989/90 to 1991/92. To underline this, that program is referred to as the Economic and Social Action Program (ESAP).

3. Other developments relevant to SDA were the setting up of a Research Advisory Committee to channel research into the socio-economic effects of adjustment and to bring its results to the attention of the Government, and also a Nutrition Surveillance Project to be run by the Tanzania National Food and Nutrition Centre. In all this UNDP played an important role.

4. Tanzania requested to be included in the Regional SDA Project in December 1987. During 1988 and 1989 a number of consultants and missions visited Tanzania to decide on the content of a program. There were also extended discussions as to whether the World Bank or UNDP should be the lead Agency in Tanzania, which probably caused about one year's delay in getting the program launched. Eventually it was decided that, in light of its existing role in helping to bring about social improvements, UNDP should take the lead. Finally an Assessment mission visited and a Project Document was drawn up in February 1990. It was submitted to the Government and to the donor community in Dar-es-Salaam in March, just in time for the regular March meeting of the resident donor representatives. The donors had only had the document for one day, and, although they had been enthusiastic about SDA when it was first mooted two years earlier, they did not feel able to make firm commitments at such short notice, especially as the Project Document did not articulate as clearly as it might have done precisely what was intended or required. In the event only UNDP and the ADB made firm pledges of US\$2 million each. SIDA provisionally indicated that it might contribute about US\$1 million. The ADB contribution will come from the Technical Assistance Fund, and will therefore take the form of a grant.

5. The project is to be managed as follows:

- (i) There is to be an Interministerial Steering Committee responsible for policy; its focal point will be the Planning Commission. Members of this Committee will be at the level of Commissioner or above. The relevant line ministries will be represented, as will all relevant donor agencies including the World Bank and UNDP, and two "grassroots" organizations. The SDA Officer, when appointed, will act as Secretary (see 3. below). It will clearly not meet very often and it is open to question whether SDA really needs such a large and high-powered Steering Committee of busy people.
- (ii) This Steering Committee will have a Technical/Research Advisory, Sub-Committee, to advise on implementation.
- (iii) A full time SDA Officer is to be appointed with responsibility for project execution and supervision. He will have support staff, including an Administrative Officer.

- (iv) In addition there will be two management committees, one for the Research and Policy Studies Fund, who will adjudicate on research proposals and sanction expenditure out of a bank account to be operated by the Ministry of Finance. The other management committee will do the same for the Priority Action Fund which is to finance the SDA Social Action Program--not to be confused with the Priority Social Program.
- (v) The Socio-economic Planning Capability Program will be run by the SDA Officer.

6. The Government has now studied the Project and wrote in late May 1990 to accept it, subject only to a reduction in size of two of the Committees to be set up, the substitution of a Tanzanian for an expatriate SDA Officer, and a request that some of the costs which the Project Document envisaged would be locally met--especially petrol and maintenance costs of the new vehicles to be supplied--should also be paid for by foreign aid.

7. The UNDP Resident Representative found these suggestions acceptable and told the Evaluation Team that it was within his power to agree to them, in which case a start might soon be made with implementation on the basis of the contributions already pledged by UNDP and the ADB. As soon as a Revised Project Document is ready, discussions could also begin with UNICEF and prospective bilateral donors.

The SDA Project

8. The Project envisages an expenditure of US\$ 11.7 million plus the equivalent of some US\$ 325,000 in local costs, spread over a period of four years beginning in July 1990. Note that disbursement was not due to begin until after our Evaluation. In practice it struck us as unlikely that it would really take off until a good deal later in the year. One reason is that no decision has yet been taken as to which donor should support what part of the project. Although the ADB and UNDP have firmly pledged US\$2 million each--i.e. over one third of the total, it may well turn out that e.g. ODA or SIDA will only support quite specifically defined activities like technical assistance or scholarships abroad, and the UNDP and AfDB contributions ought therefore not to be "wasted" on activities that others would finance. It is really only now that serious attempts can be made to enlist donors who will fund the US\$ 7.7 million that have still to be found.

9. In line with the general ideas underlying the Regional SDA, as they have slowly and painfully emerged over the years in

Washington, New York and Abidjan, the Tanzanian project has four components:

- (i) More social statistics, referred to as a Data Production Program (US\$ 2.9 million)
- (ii) Training in how to incorporate social considerations into economic planning to be known as the Social Economic Planning Capability Program (US\$ 1.7 million)
- (iii) Support for applied social research and social policy studies--the Research and Policy Studies Program (US\$ 2.0 million)
- (iv) Support for small-scale projects that will do something for those most in need, to be called the Social Action Program to be financed from a Social Action Fund (US\$ 4.5 million).

10. The Project was so designed as to fit in as far as possible with existing plans and programs, rather than add anything new. In principle, this was a sensible decision. By looking at each of the four components in turn we shall see to what extent the aim of working within an existing framework has been achieved.

(i) Data Production Program

11. The argument for improved household statistics is that while the nature of poverty is reasonably well understood its dimension is unknown, and that the size of the problem needs to be known in order to formulate appropriate policies.

12. In accordance with the decision to work within the existing framework and program of the Bureau of Statistics, the intention is that SDA should support surveys already planned but expanding the rural sample areas (clusters) from 50 to 100. Additional outputs are to be confined to a limited number of questions to be added to the surveys planned to be undertaken. These surveys are quite different in form and intent from the prototype IS or the annual Monitoring Survey (PS). There are no plans to do Community Surveys. It is intended to begin with a nation-wide Informal Sector Survey since no such survey has ever been attempted before--nor is it intended to repeat it. The following year there is to be a Labor Force Survey and the year after an Agricultural Survey. Then there is to be a nation-wide Household Budget Survey and finally an inter-Census Demographic Survey. The order in which these surveys are to be carried out is probably more certain than the timing--that being very much a matter of obtaining sufficient foreign aid, and of getting off the ground. Each of these major surveys will have an Indicator Monitoring Module--a greatly reduced and modified SDA module--attached to it. There has been a never ending stream of missions

and consultants from the World Bank and UNDP to determine the precise SDA contribution to the Bureau of Statistics, taking up much time of the one or two Tanzanian statisticians capable of engaging in these kinds of discussions. But the prize for their patience is a mixture of additional vehicles, short-term consultants, training and study abroad. There is also a more questionable benefit. Since the Bureau of Statistics feels itself to be the Cinderella of the Government, starved of staff and other resources, and not appreciated as it ought to be, an infusion of foreign assistance is regarded as a boost to its standing vis a' vis the Government. This is a common situation in many countries. Statisticians feel neglected and Governments complain that their Statistical Offices do not produce the statistics they want, and when they do, it is long after they were needed.

13. This raises the question whether the statistics to be produced with SDA assistance, both by the Bureau of Statistics and in some of the line ministries, which will also receive some support, are needed by the Government to formulate better policies. None of the statistics to be produced are frivolous, although an Informal Sector Survey on such a large scale is perhaps excessive. No doubt the statistics to be produced will be used from time to time, though probably more by researchers than by those charged with formulating and executing policy. They are unlikely ever to have more than a peripheral influence on policy, if only because the broad outlines of what they will reveal in more detail, are already perfectly well known. Probably the most useful statistics will be the annual Indicator Monitoring Module, especially if the results can be analyzed and disseminated quickly. But much of that would have been done in any case because UNICEF had secured US\$ 1.8 million, independently of SDA, from Italy and the Netherlands as a Tanzania Food and Nutrition Council project, which might have got under way by now if it had not been for SDA.

14. The Bureau of Statistics has for years had a steady flow of assistance from Statistics Sweden financed by SIDA. The assistance is coordinated by a project manager appointed for several years at a time. We suggest that it would be good if the whole of the SDA input into the Bureau were to be provided by SIDA--or to put it conversely, if SIDA were willing to devote the whole of its contribution to SDA to this one component.

(ii) Socio-Economic Planning Capability Program

15. In essence there are to be 17 person months of international consultants plus 54 person months of 'national' consultants to devise courses to be given in workshops and seminars intended to produce better planners who know how to take social factors into account. It is a very mechanistic idea of how to 'enhance capability' and there is not a shred of evidence from anywhere

in the world that it will achieve that objective. One can teach people specific skills, like how to use computers or how to design an interviewing schedule, in this way. What is proposed here is unlikely to have more than a marginal impact and the money would be better spent in producing a few more well educated social science graduates. 54 person-months of time of Tanzanian consultants as envisaged under Para. 5.27 seems a particularly misplaced use of a scarce resource.

16. Much of this training is intended for the Planning Commission, though the Bureau of Statistics and some of the line ministries will also be included. The Planning Commission only came into being two years ago when economic planning was separated from the Ministry of Finance. As in most African countries, the Ministry of Finance is where major decisions are taken and we did not form the impression that the Planning Commission is very influential. It was quite recently reorganized into nine Directorates each consisting of only one economist, and it is possible that the reason why they appeared a little vague about their role is that the reorganized Commission had only so recently come into being. We got the impression that more experience rather than training was what is most needed, though it is also possible that redeployment to line ministries would lead to more effective use of their training in economics. While all this may seem to lie somewhat outside our brief, it is an illustration of the sort of doubts that are aroused by the strategy chosen by SDA.

17. The question that is unquestionably our concern is whether, at the end of the day, social considerations will be better taken into account in policy formulation as a result of the application of new statistics and new research findings. It was not our impression that present deficiencies in social policy were the result of ignorance or lack of aptitude in applying statistical findings. It seems to us a somewhat naive conception of what determines policy to suppose that greater knowledge plays a key role. Nor are we persuaded that the Planning Commission is likely to play any major part in formulating future policies.

(iii) Research & Policy Studies Program (US\$ 2.0 million)

18. There is to be US\$ 2.0 million to finance a series of policy focussed studies to be undertaken by the Economic Research Bureau at the University of Dar-es-Salaam, by other Tanzanian organizations and by researchers from abroad. The kind of studies to be undertaken is specified in para 3.64 on p. 20 of the Project Document. They seem well conceived, sensible and to the point. A hope is expressed that the research experience gained in the process will enhance the researchers' skills--'learning by doing'--and that is a reasonable expectation. In order to ensure a continued policy focus the Committee administering the Fund from which the research is to be financed

will be located in the Planning Commission though it will have a broadly-based membership. The procedures envisaged seem perfectly satisfactory except that it should not be necessary for the proposed Research Management Committee to forward proposals "for appraisal to the TAC/RAC [Technical Advisory Committee/Research Advisory Committee] and for approval to the Steering Committee." That may have been intended purely as a formality, but the idea of a "formality" is not well understood in all African countries. Civil servants are often reluctant to take the responsibility for decisions and prefer to pass it up.

19. One other feature which might be questioned is whether it is reasonable to assume, as the Project Document does [Para 3.66, p. 21] that an average study would cost US\$ 20,000 and that the Fund could therefore finance up to 100 studies over the four years of the project. Our guess is that it is highly improbable that 100 studies could be undertaken. There is a limit to the number of competent researchers that can be found at relatively short notice and the ERB and Institute of Social Research together have severe space constraints. Even if acceptable proposals come from other organizations, as is to be hoped, and even if some of the studies turn out to cost more than US\$ 20,000, it is difficult to envisage that the full US\$ 2 million will need to be disbursed.

20. Some of the studies which are likely to be on the agenda were originally proposed in August 1988. At that time UNICEF had paid Dr. Tibaijuka to formulate 12 research projects and UNICEF and SIDA had agreed to fund them. But the advent of SDA stalled further action.

(iv) Social Action Program (US\$ 4.5 million)

21. We saw earlier that the Government had drawn up a Priority Social Action Program (PSAP) which was incorporated in the second three year recovery program, referred to as the Economic and Social Action Program (ESAP). This bit of SDA has to be viewed as a component part of PSAP. Since PSAP was in essence no more than a shopping list to be taken to prospective donors, one can view SDA's Social Action Program as part of that shopping list. More specifically it promises

- (1) to provide consultancy services to prepare PSAP projects,
- (2) to finance small scale projects that local groups and NGO's might want to undertake or that are intended as pilots for larger projects, and
- (3) to pay for Tanzanian consultants who might be needed in the Planning Commission to get PSAP projects off the ground. A Priority Action Fund of US\$ 4.25 is to

finance (1) and (2) of which US\$ 4.0--the greater part --will go on (2). Project proposals of up to US\$ 25,000 will have to be approved by a newly formed Management Committee, chaired by the senior economist in the Planning Commission. Larger projects will need the further approval of the SDA Steering Committee.

22. It is the projects to be paid for out of this Fund which may be expected to bring about a mitigation of hardships suffered here and now. None of the other components will have that effect. There seems, however, to be no machinery in place to translate the availability of funds into action. It is possible that the Director of Macro Planning in the Planning Commission, who is evidently the key person in all this, may have ideas and plans. He was unfortunately abroad at the time of our visit, as were all but one of the other key officials, etc., who had helped to design the SDA project. If even the second in command has no idea how the Fund will in fact be spent, this may be a warning signal that there will be further delays in disbursement. There is a tacit assumption (see p. 28) that once the existence of the Fund is publicized, there will be a flood of applicants with a plethora of projects. This has not been our experience in comparable situations in the past. The number of people or organizations who are prevented from going ahead with a project simply for lack of finance is probably very small indeed. In that case, as with most foreign aid projects, the impetus of ideas may have to come from the donor rather than the prospective recipients. It remains to be seen.

Financing

23. The ADB and UNDP are each to contribute US\$ 2 million and Sweden (SIDA) has given a provisional indication that it might be willing to contribute US\$ 1 million. The World Bank will contribute consultancy services from its regular staff. No other prospective donor has given any promises, though it is probable that several will in the end contribute to the total US\$ 11.7 million SDA project. A number of donor agencies have undisbursed balances, some of which they may be willing to spend on SDA. For instance, SIDA has some US\$ 8 million left over from a pledge to support PSAP. They reminded the Tanzanian Government in December to indicate which projects they wanted to be supported, but have had no reply. Several other donor agencies said they were in principle prepared to support SDA either from funds already intended for Tanzania or by allowing their own projects, if appropriate, to be treated as falling under the SDA umbrella. Our indications, however, are that many donor agencies are likely to be choosy in what they will support. For instance ODA might be willing to provide some TC's to the Economic Research Bureau for analytic, as distinct from descriptive work, and are also willing to provide TC's to the Bureau of Statistics, but not for

large household surveys. Nor will ODA apparently support PSAP and it will therefore probably not be willing to help finance the Priority Action Fund. DANIDA is providing a lot of aid to Tanzania and will probably be willing to have some of their projects treated as falling under the SDA umbrella. The Swiss Development Corporation are unimpressed by SDA as a whole, but may be willing to support the Economic Research Bureau's component. Enough has been said to show that even if the whole of the US\$ 11.7 million is found there may be a problem in fitting together the jig-saw puzzle presented by the predilections of different donor agencies. It looks as if it may prove easier to find donors of TC's and study facilities abroad than for the Priority Action Fund, although the latter could be in part paid for with counterpart funds.

24. Another worrying aspect is that each donor agency will want to re-appraise the particular bit of SDA that they propose to support. If that were only to consume the time of their own staff that would, perhaps, be a relatively small matter. But it also places an additional burden on the very small number of key officials in the Government who are already hard pressed because everyone else also wants to see them. It is perhaps no wonder that the wheels of bureaucracy grind so slowly: the key officials who should be administering the country are totally pre-occupied with talking to visitors!

UNDP as 'Lead Agency'

25. Comparing Tanzania with Malawi we did not notice any significant differences between UNDP and the World Bank as 'lead agencies,' except in two respects: first, UNDP procedures seem to enforce a peculiarly cumbersome way of setting out project documents, so that the end product is very difficult to read and is very repetitive. Secondly, attempts should perhaps have been made earlier, to get a clear indication as to which donor agencies were going to finance the program, and which part of the program.

Conclusion

26. Inevitably, one must pose the question whether, broadly speaking, what is intended under SDA in Tanzania is the most effective way of spending US\$ 11 million in pursuit of SDA's original objective. The answer cannot be unambiguous. The Tanzanian Government is reluctant to recognize that some activities must have higher priority than others, as witness the Priority Social Action Program which displays a marked lack of such ordering. SDA could perhaps be accused of reinforcing this kind of shooting in several directions at once. Also in relation to the total sum involved, it imposes an inordinate amount of

additional work on busy people. Everyone we spoke to was agreed that at present the greatest bottleneck to all progress--economic and social alike--was the appalling state of the roads. One wonders whether US\$ 11 million added to projects intended to break that bottleneck might not in the end have done more to mitigate the hardships suffered by those on low incomes, than improved statistics, better social planning, and the rest.

B. Malawi's SDA Project
drafted by Walter Elkan and Theodore Mesmer

1. Background

26. Malawi has now had a decade's experience of structural adjustment--longer than most other African countries. Although it has one of the lowest incomes per head, it had experienced an enviable rate of growth of GDP until it was hit by three exogenous shocks in the late 1970s: a steep fall in its commodity terms of trade when oil import prices rose steeply whilst export prices fell; a disruption of its normal access to the sea by the political turmoil in Mozambique and which caused a steep increase in transport costs for exports as well as imports; and a drought in 1980-1 which necessitated large imports of maize. The troubles in Mozambique subsequently also led to an influx of refugees who now account for some 10% of Malawi's population--a difficult burden for an already very densely populated country whose natural population growth is over 3% per year.

27. Even before these events Malawi already had a current account deficit equivalent to 8-9% of GDP and this shot up to 20% during 1978-80 and caused the country to borrow substantially on commercial terms. The debt service ratio eventually rose to 40% of export earnings, and, but for re-scheduling, would have been even higher.

28. The first response was a 2-1/2 year IMF standby starting in 1979, and in 1981 the Government launched its first Structural Adjustment Program with financial support from both the IMF and the World Bank. This was followed by three successive Bank Structural Adjustment Loans, a Sectoral Adjustment Loan and, most recently two (IDA) Sectoral Adjustment Credits, one for industry, and the other for agriculture--the key sector in the Malawi economy which provides virtually all her exports and provides sustenance for at least 90% of her population. The exports of tobacco, tea and sugar have been produced on estates; smallholdings have produced the food and provided the estates with labor.

29. What was it that was the subject of structural adjustment? Although Malawi had never had as grossly distorted prices as many other African countries, there was nevertheless a strong case for raising agricultural producer prices, lowering fertilizer subsidies and adjusting public utility charges to reflect long-term marginal costs. Secondly, although Malawi had a much smaller civil service than most, she ran a budget deficit which called for organizational reforms, as well as improved fiscal and

monetary management. Thirdly there was a strong case for agricultural and other marketing reforms to reduce the power of a small number of large organizations including especially ADMARC--the Agricultural Development and Marketing Corporation. More generally there was to be a reassignment of the role of estate agriculture vis a' vis smallholders: the latter had been statutorily precluded from growing Burley tobacco or, indeed, anything else much apart from food for domestic consumption, and this was regarded as a major reason for an inequitable income distribution which, it was felt, needed to be redressed. Smallholders also had very low productivity in part because in the past most of the Ministry of Agriculture's efforts had been concentrated on raising the productivity of the estates and especially the newer ones started by well-to-do Malawians.

30. The impact of the various policy changes has been mixed, although there is a general consensus that on balance they have been beneficial and effective in arresting economic decline. But with the policy changes also came an awareness that rather large numbers were living in poverty, however one cares to define the elusive concept. That poverty was partly the result of policy changes. But poverty is older in Malawi than structural adjustment, and part of what happened in the 1980's may simply have been a growing sentiment that more attention should be paid to it. It was in this context that SDA appeared on the scene--not just to address poverty, whether or not occasioned by recent policy changes, but really to help in finding ways of raising incomes of the poorest, whatever the cause of that poverty.

31. Malawi was visited by an identification mission in April 1988 soon after the Government had decided to participate in SDA. Various teams of experts then looked at particular aspects and eventually an appraisal mission comprised of World Bank staff and of several other donor agencies visited Malawi in September 1989 and drew up the Project Document of February 1990 which forms the basis of the SDA project. By drawing potential donor agencies into the appraisal mission, it proved--in contrast to Tanzania--possible to obtain at least a provisional indication of funding in the course of drawing up the project.

2. The Project

32. The US\$ 8.2 million, 4-year SDA project is conceived as consisting of two components:

- (i) Institutional Strengthening (US\$ 4.1 million), in the area of data collection and analysis, which is support to the NSO and MOAG for the collection, analysis and use of statistics, but also--facilities and a new building--for the Center for Social Research at the University;

- (ii) A Social Support Program (US\$ 2.9 million), which includes a fund to finance small-scale pilot projects, and a smaller amount to finance social policy studies. There is also money under this heading for the Economic Planning and Development Department.

33. The remaining US\$ 1.2 million is for contingencies. In financial terms it is a small program in relation to total foreign aid to Malawi which is of the order of US\$ 225 million a year, but in real terms its potential impact on statistical program priorities and the funding of studies and research could be considerable. The structure of the Malawi SDA Project is shown in Table III-1 below, in relation to the executing agencies of sub-projects and the objects of expenditure.

34. It was decided to attach SDA to what was originally a US\$ 65 million IDA Agricultural Sector Adjustment Credit. US\$ 1.5 million was added to that credit as the IDA contribution to the household surveys to be undertaken by the National Statistical Office (NSO) and the Ministry of Agriculture (MOAG). Subsequently, in 1991, an IDA credit of US\$ 500,000, under the proposed Health Sector Credit, will be earmarked for the Social Program Support Fund (SPSF). IDA funding could reach \$ 3.8 million, or 47% of total project costs.

35. Within the Government SDA is to be administered as follows: at the apex there is an SDA Working Group chaired by the Senior Deputy Secretary in the Ministry of Finance. It has met twice. The chairman is also National Coordinator of SDA. Below the Working Group, which will comprise representatives of all relevant ministries as well as donor agencies, there will be two Task Forces--one a Users Task Force chaired by the National Statistical Office but comprising not only the producers of statistics but also those who it is hoped will use them. The other is the Social Support Task Force chaired by an official of the Department of Economic Planning and Development; it is to look after both the activities of the Social Program Support Fund and the proposed studies intended to assess the impact of adjustment measures. The key person (Coordinator) here is to be the Head of the Special Studies Unit in EP & D, who will be assisted by a Program Facilitator and an Administrative Assistant, both to be appointed from overseas.

36. Let us now examine the two principal components in turn.

- (i) Data Collection and Analysis (US\$ 3.6 million)

37. A major part of this is for the National Statistical Office in Zomba to enable it to carry out a large household survey and three follow-up household monitoring surveys in succeeding years to be grafted onto other surveys. The major survey is described

Table III-1
(US\$ millions)

	Consul- tants	Travel & Training	Build- ings	Equipment Supplies Operations Maintenance	TOTAL
NSO/Ministry of Agriculture					
Data Collection and Analysis	1.1	1.1	--	1.4	3.6
EP & D					
Social Support Program	0.3	0.2	--	0.1	0.6
Project Fund	2.0	--	--		2.0
Studies Fund	0.3	--	--		0.3
Center for Social Research (institu- tional strengthening)	--	0.1	0.35		0.5
TOTAL	3.7 ^b	1.4	0.35	1.5	7.0 ^a

- Note:
- a. When contingencies are added the total comes to US\$ 8.1 million, of which US\$ 5.6 million (69%) is foreign exchange and US\$ 2.5 million (31%) are local costs.
 - b. Not less than US\$ 1.4 million is for overseas consultants.
 - c. Project Study Funds are difficult to allocate.
 - d. Errors due to rounding.

in the SDA Project document as an "Integrated Household Survey," but is referred to by the NSO as a survey of Household Expenditure and Small-Scale Economic Activities (HESSEA). It is in fact a slightly modified and enlarged survey that had been planned for some time and which is modelled on a UN Statistical Office prototype (National Household Survey Capability Programme). A pilot based on the original questionnaire was carried out in December 1989, before the additional SDA questions were at hand. But these have now been added and two external consultants have since made suggestions for (i) streamlining the Questionnaire and (ii) entering the data. The additional questions relate partly to education, health, employment and anthropometry, and partly to how much is consumed from the household's own production, as well as how much is received in the form of remittances or transfers and in payments in kind.

38. NSO plan to carry out a repeat of their 1979-80 National Sample Survey of Agriculture and other major surveys based on households in succeeding years but none of these figure in the SDA Project. The Monitoring Modules will be attached to whatever major surveys are undertaken and if they are confined to rural areas, as is clearly the case with agricultural surveys, freestanding urban components will be added.

39. The original idea of these Priority Monitoring Surveys was that they would have short questionnaires which would not take more than an hour to administer. That idea has always been dubious if only because the process of weighing and measuring members of the household must be fairly time consuming. But if these "modules" are now to be attached to other major household-based surveys, as is intended in both Malawi and Tanzania, and perhaps elsewhere, then that hour will have to be seen as an addition rather than a total.

40. One merit claimed for the Integrated Household Survey as developed in the SDA Unit at the World Bank is that, like the Living Standards Measurement Study--its progenitor--results could be produced much more quickly than was formerly the case, because data would be entered into micro-computers immediately. User-friendly, termite-resistant and battery driven micro-computers would be available in each enumeration area or region so that the completed questionnaires could be keyed in at the end of each week and inconsistencies could be spotted at once and straightened out in the second round of the interview.

41. Whether and how effectively this technique will be used in Malawi will depend partly upon the number of micros that will be supplied under SDA. The Project Document makes provision for eleven. If they materialize in time and if enough staff have been trained, so that they can all be deployed, this could prove a valuable innovation in how to conduct large scale surveys. We

were not altogether confident that this will prove feasible, but hope to be proved wrong.

42. How is this part of the SDA project viewed by the various groups concerned? The NSO is pleased to have financing to carry out the survey which they had not succeeded in persuading the Government to fund. Now SDA, in the form of an IDA credit will finance it. Moreover, the survey will basically take the form preferred by NSO despite protracted discussions and pressures from SDA staff. The statisticians may also feel that they have asserted themselves in the bureaucratic feuds that have persisted for years between Lilongwe and the NSO, of which the latter's location in Zomba, 3-1/2 hours drive from the capital, is symptomatic.

43. But what is the attitude of prospective users of these statistics? Prospective Government users were polite but indifferent, except that some welcomed the opportunity presented to update the weights used to compute the Retail Price Index. But that objective could have been attained in a much simpler and cheaper way. The great hope of the SDA Group in Washington that these statistics would greatly influence policy and encourage better planning that takes account of social factors, was not shared in Malawi. It was not thought that these statistics would greatly influence policy one way or the other. Some of the most senior officials who participate in international aid negotiations did however take a more positive view. They expect to be able to have better control over NSO output than SDA, and to use the statistics in arguments about the conditions to be attached to loans.

44. The argument especially for the Integrated Household Survey, therefore, seems less than overwhelming. Meanwhile existing statistical data are ignored. Many of the questions to which one might like answers have been addressed by the 1987 Population Census and the ministries, not always necessarily on a countrywide basis. The Ministry of Agriculture have carried out annual sample surveys in some areas, primarily, but not exclusively, on production. Both the Ministries of Health and of Education undertake regular data collection and the Ministry of Economic Planning and Development is said to be engaged in a program of nutrition surveillance. There was not time to examine these sources in detail, but it certainly struck us as strange that the proposed HESSEA survey should contain so many questions that figured in the 1987 Population Census when the results of that Census have yet to be analyzed and published. We cite only small-scale economic activity and the number of school years completed, as two rather obvious examples. The Census would even yield data on the relationship between community health services and the infant death rate during the preceding 12 months. It is not clear to us whether a part of the SDA input is to be used to call up this existing mine of information. If not, that would

seem to us to have priority over an expensive large scale survey that will bring dubious benefits. We shall return to this theme in our conclusions.

45. Meanwhile there is one further question that needs to be raised: the propriety of paying for this statistical work out of IDA funds. IDA Credits are loans, not grants, and although the terms are extremely generous, loans do have to be repaid. Countries already heavily in debt ought not to be encouraged to increase the size of their debts still further unless a clear-cut case can be made that the extra expenditure will ultimately enhance the income and taxes from which repayments must be made. To suggest that a once-off household survey followed by 3 smaller monitoring surveys will bring that about is sheer sophistry.

46. We have also to consider whether this input into statistical work will so enhance the capability of the NSO and the Ministry of Agriculture that future surveys will not again require foreign aid. We were given an unequivocally negative answer. The NSO which has had substantial UNDP assistance for many years is already negotiating with other donor agencies for support of further surveys that are on their agenda. No doubt with experience they will be technically better equipped to handle social surveys--provided their staff are not drawn away to other branches of Government or abroad. But the new equipment will wear out and need to be replaced and the Government has shown no marked enthusiasm for allowing the NSO to increase its staff. The growth engendered by SDA is therefore unlikely to be self-sustaining.

Center for Social Research (US\$ 515,000)

47. It is proposed to provide the Centre with a new building. They are at present inconveniently located away from their social science colleagues at Chancellor College. Besides they are very short of space. A new building, paid for from counterpart funds of previous aid projects will help this Centre to continue and expand its useful work. This has in the past covered a wide range of studies describing and evaluating particular situations and projects. It has also attracted a number of researchers from abroad who have gained from the local knowledge of their Malawian colleagues and in turn provided external stimulus.

48. Although the policy studies to be undertaken by the CSR and others really comes under the other heading of the SDA, viz. the Social Support Program, it is more convenient to treat it here, since the CSR is likely to be the major contributor. The studies are to look into areas "which are significant for improving social policy formulation in relation to vulnerable groups" (p.6) US\$ 300,000 have been allocated, nine possible topics identified, and the expectation is that studies will be undertaken either by the Special Studies Unit and the Food Security and Nutrition Unit

in the Ministry of Economic Planning and Development or by the Centre for Social Research in Zomba. We do not anticipate that the Special Studies Unit will be in a position to make any significant contribution as they have many other responsibilities. The major task will probably fall on the Centre for Social Research, so that the new building may be a matter of some urgency.

ii. Social Support Program

49. We saw earlier that this really has two components, and we dealt with the Policy Studies component under Center for Social Research. Here, therefore, we confine ourselves primarily to the Social Program Support Fund (US\$ 2.0 million). But there is also an element (US\$ 0.9 million) under this heading for EP & D on whom will fall the task of administering both the Social Program Fund and the Policy Studies, as well as evaluating the pilot projects to be financed by the Fund. It will comprise the usual mix of micro-computers, seminars and study abroad.

50. The Social Support Program will finance pilot projects intended to explore the possibilities of helping the very poorest to become a little better off. The very poorest are said to be amongst those with

- malnourished children
- too little land and too little education,
- too little farm equipment, and
- too little of virtually everything else.

Groups that receive special mention are female-headed households with less than half a hectare, some of the families working irregularly or seasonally on the estates, and very low income urban families.

51. The pilot projects to gain experience in helping these groups will need to be on a small scale, costing at most MK 200,000 (US\$ 73,000) so as to make the Fund go further; and the hope is that they will be proposed and run either by Government Departments or by NGOs. They should be easy to manage and, of course, replicable. The Project Document says that a number of ideas are already being considered by the Government and others, "including targeted food subsidies, food for work schemes, credit schemes targeted to the poor, pilot nutrition interventions, literacy, provision of clean water, child spacing, etc." (p. 9, para. 3.15).

52. To help the process along a Facilitator is to be appointed and an Administrative Assistant to the Social Program Support Fund Coordinator who is also head of the Social Studies Unit in

the Ministry of Planning and Economic Development. Several comments are in order.

53. First, the IBRD/SDA document has saddled the Fund with an overly complex and cumbersome set of project criteria, operating procedures, procurement guidelines, IDA clearances. Other donors, not yet committed, to the Fund may well add to this complexity.

54. Second, there seems to have been unnecessary delay in getting the SPSF organized. The Coordinator has many other duties, and although applications for a Facilitator to be provided by Britain had been submitted in March, no one has yet been selected. Nor has an Assistant to the Coordinator been appointed. All this helps to explain another delay viz. in bringing the existence of the Fund to the attention of those who it is hoped will come forward with project proposals. The Coordinator has only recently initiated such inquiries. A more active management of this component by EP & D will be required.

55. New ideas and a thorough review of existing on-going pilot projects, are presumably what are wanted. We formed the impression that where anyone had had a new idea, they had not experienced difficulty in obtaining donor support. Most donors have undisbursed balances which they are glad to make available to projects of the kind envisaged in the SDA project. Indeed a good many are already being undertaken--some with very active donor agency participation. The UNICEF project to help 700 women heads of household with less than a half hectares to increase their income by introducing them to hybrid maize and soya beans and lending them the means to acquire seeds and fertilizer, etc., is a case in point. The Ekwendeni Hospital household food security and nutrition project funded by ODA and others is another example. There are also employment generating projects supported by the ILO and the UNFPA. What these schemes have in common is that success is measured by whether they can sustain themselves without further injections of funds or technical assistance.

56. The Social Support Program is the only part of the SDA project that might be expected to mitigate hardships here and now--even if it is by no means clear that these hardships have been brought about by donor induced policy changes. Many very small farmers have positively benefited. It is also the only part of the project that might be expected to produce replicable results which could do something to ease hardship all over Malawi in years to come. Both the Government and the donor agencies have recognized for some time that a resumption of GDP growth cannot by itself be relied upon to "trickle down" automatically to the lowest strata of society, and have been actively engaged in endeavors designed to generate a more equitable income distribution. One aspect of this is the greater emphasis now

given to smallholder agriculture. The other aspect, more directly relevant to the Social Support Fund, is a good deal of experimentation in "poverty programs."

57. A number of donor agencies are quite ready to support SDA's Social Support Program. But even in the absence of SDA, most of what may eventually get under way in a rather bureaucratically top-heavy way would probably have been done in any case. Donor agencies may simply place projects that fall into this broad category, under the SDA umbrella. There is probably little net increase in aid, or even much switching to a different purpose.

3. Financing Sources

58. The three largest contributions will come from IDA (US\$ 2.0 million) (see Table III-2 below) three quarters of which will go on the Statistics component; AfDB (US\$ 1.9) half of which will pay for the Ministry of Agriculture's role in the collection of statistics and for any projects from the Social Support Fund that comes under the general heading of Food for Work; the other half is for the Household Monitoring surveys. The third largest contribution is to come from ODA (US\$ 1.1 million) of which half will be for training courses within Malawi, within Africa or in the UK; US\$ 400,000 will go into the Social Support Fund and its administration, and the rest towards the Policy Studies Fund of which the UK will fund one third. Germany and the EEC between them may contribute US\$ 0.5 million and UNDP which has already contributed indirectly to the cost of drawing up the project, will also contribute US\$ 100,000 to the Integrated Household Survey, presumably by way of consultancy services. There remains a financing gap of US\$ 1.8--roughly equal to contingencies--which IDA are prepared to fill.

59. All these contributions, with the exception of the IDA Credit, take the form of grants. That is true even of the ADB contribution which will come from its Technical Assistance Fund and therefore does not have to be repaid. As we said earlier, we have serious misgivings about using loans, however "soft," for purposes which are most unlikely ever to raise taxable capacity. Since much of the IDA Credit is to be used for the major household survey and since, as will be argued in the concluding part of this section, the Integrated Household Survey (or HESSEA as it is still called in Malawi) seems to us of dubious benefit in relation to its cost, we confess to serious misgivings about this use of IDA funds.

60. Even grant money is not as costless as that word implies. This is not the place to discuss the economics of foreign aid, except to point out that Malawi's own contribution to SDA consists not only of the local costs to which we referred earlier, but also to the "hidden" cost of a great deal of the

Table III-2

Tentative Sources and Uses of Funds
(including Contingencies)

Sources of Finance	Agencies Executing Sub- Projects	NSO MOAG Statist- tics	EP & D Social Support Program	Pro- ject Fund	Stu- dies Fund	CSR	TOTAL
IDA		1.5	--	0.5	--	--	2.0
ADB		1.8	--	--	--	--	1.9
ODA		0.6	0.3	0.1	0.1	--	1.1
FRG		--	0.3	--	--	--	0.3
UNDP		0.1	--	--	--	--	0.1
EEC		--	0.1	--	--	0.1	0.2
Government of Malawi		0.3	0.2	0.1	0.1	--	0.7
Financing Gap		0.0	0.0	1.2	0.1	1.5	1.8
TOTAL COST	US\$	4.3	.9	2.0	.30	.63	8.1

time of key officials spent in negotiations and discussions with all the donor agencies. It is not only the World Bank SDA group whose Identification and Assessment missions and technical experts have wanted to engage in lengthy discussions with senior Malawian officials in all the various Ministries etc., that are involved in this multi-faceted project. In addition, each of the donor agencies have their own procedures for deciding how to assess the projects they have been invited to support. When the amounts involved are very large, as in the case of--say--a SAL or a SECAC, the benefits may be expected to exceed these "hidden" costs. But US\$ 8 million over 4 years is not such a large amount, and that makes the "hidden" costs seem disproportionate. There is also the further point that in accounting for how the money is spent, Malawi will have to comply with different

procedures for each donor, as well as meeting the SDA reporting requirements. The Malawi SDA project was attached to the IDA Agricultural Sector Adjustment Credit (ASAC) partly for procedural reasons and partly in order to keep things simple. It does not seem to have achieved the latter objective. Instead it has added a rather undesirable constraint, in that disbursement of future tranches of the ASAC has been made conditional on carrying out, *inter alia*, the Integrated Household Survey. We mention it, not because it is likely to be an important issue in relation to Malawi, but because such conditionality may be a quite unintended by-product of the general SDA policy not to have free-standing projects but, wherever possible to attach them to other, larger, country programs or projects.

Some General Conclusions

61. To the extent that one of the principal objectives of SDA was to mitigate hardships caused by policy changes induced by structural adjustment, and to redesign policies to take account of the likely effects on low income earners, the Program's goals are unlikely to be achieved in Malawi. The new statistics will be far too long delayed to have any influence on policy decisions for years to come and it is very doubtful if they will give a substantially better definition of who the poor are, than already exists. The annual monitoring surveys might have been useful if they had been in place when structural adjustment policies first began to operate, but by the time a time-series picture begins to emerge in a few years time, structural adjustment will, one hopes, have been completed.
62. The Social Support Fund is a very cumbersome way of building up experience in ways of helping to generate income for those on especially low incomes. Much serious experimentation is already taking place under the auspices of UNICEF, some of the bilateral donor agencies and of locally based NGOs. We suspect that insofar as the Social Support Fund will be financed by bilateral donors (including the EC), all that will happen is that projects which they would have mounted in any case, will now be done under the SDA umbrella.
63. There is even confusion, though not in the Project Document, over the research component--whether it is supposed to be research into the effects of changing policies or whether the intention is to monitor and evaluate the pilot projects to be undertaken with money from the Social Support Fund.
64. In our view, if one was seriously interested in discovering what has been the effect on the lower income strata of the policy changes undertaken in response to World Bank and IMF initiatives, that would be better accomplished by supporting a small number

of well targeted studies. One obvious study would be to examine carefully in three or four different parts of the country, how the liberalization of produce marketing, and the changes in pricing policies for different crops and for different fertilizers are affecting small cultivators with various sizes of holdings. This could be done immediately as it does not require the statistics to be collected by the NSO. Another possible study would seek a better understanding of the role of off-farm income. To what extent do wages earned on estates or in the towns of Southern Africa go to support rural households? The HESSEA survey will shed light on that, but a more intensive, albeit more limited study would do just as well, and produce quicker results. A study of informal sector carpenters and metal workers to shed some light on what drew them to this way of earning their living would also be useful and will provide some guidelines to the policy changes that might result in more people earning their living in this way. How did they acquire their skills and how easy or difficult is it to gain entry to the informal sector? Woodcarving also provides incomes to sizeable numbers but there seems to be total ignorance about the economics of this fascinating trade. What possibilities exist for exporting carvings? Large quantities of rather inferior carvings used to be exported from Central Kenya, which is almost as far from the nearest port as Malawi. One can think of any number of other research topics all of which could be completed in anything between 3 months and two years and which would have direct and immediate impact on policy if they are conducted with that objective in mind.

65. Policy studies are, of course, a part of the SDA project. We hope that it is not indicative of the importance attached to this component that it is not only small (US\$ 300,000), but one part of the project that is not as yet funded.

66. It has not been the purpose of this analysis to offer a detailed critique of the SDA project in Malawi, but rather to focus on those issues that appear to have a wider relevance to the SDA program as a whole. The principal conclusions we draw from Malawi are as follows:

- (i) Nearly half of the project is devoted to the statistical component which seems to us excessive as we are not convinced of the need for the output and as we do not think that it makes sense to have a statistical office depend permanently on substantial foreign aid. Statistics, like everything else, must be tailored to what a poor country can reasonably afford.
- (ii) If the Social Action Fund is to achieve its objective of providing experimental data on small scale interventions designed to improve the lot of those on

exceptionally low incomes in ways that are both self-sustaining and replicable, much more thought should have been given to the projects it was to finance and how this Fund was to be managed.

- (iii) We are concerned about the use of loans--albeit "soft" ones--as distinct from grants, for purposes that are most unlikely ever to raise taxable capacity, and therefore urge caution in the use of IDA credits--let alone harder loans--as a way of financing most SDA activities. On present plans 47% of the project cost will be financed by IDA.
- (iv) We are concerned about the complexity of a small multi-faceted and multi-donor project because of the burden of administration which it imposes on a small number of hard-pressed senior officials.

SDA Project - Malawi
(millions US\$)

	Total	Consul- tants	Travel & Training	Build- ings	DD?? Equip Suppl. O & M	Contin- gencies
NSO/MOAG Statistics	4.34	1.14 ^a	1.06	--	1.41 ^b	.73
EP & D						
Social Support Prog.	.87	.30 ^a	.16	--	.11	.30
Project Fund	2.00	2.00	--	--	--	--
Studies Fund	.30	.30	--	--	--	--
CSR Support	.63	--	.13	.35	.03	.12
TOTAL	US\$ 8.14	3.74	1.35	.35^c	1.55^b	1.15

69% of the total is foreign exchange = US\$5.6 million, and
31% of the total is local currency = US\$2.5 million.

- a) Minimum of US\$ 1.4 millions for international consultants.
- b) Government of Malawi, local currency contribution of US\$700,000 distributed primarily in this category with US\$476,000 for local personnel.
- c) Financing source for building renovation not clear, possibly aid.

C. Ghana's SDA Project
drafted by Theodore Mesmer

Abbreviations and Acronyms

SDA	Social Dimensions of Structural Adjustment in Sub-Saharan Africa
GSS	Ghana Statistical Service
MFEP	Ministry of Finance and Economic Planning
GLSS	Ghana Living Standards Survey
ASDD	Analytic Studies and Development Division, GSS
NACPUS	National Advisory Committee of Producers and Users of Statistics
PAD	Policy Analysis Division, MFEP
SAIS	Structural Adjustment Institutional Support Project (IBRD)

I. The social impact of structural adjustment policies: the Ghanaian response.

67. With the advent of policy-based assistance--with the IMF and the IBRD providing quick-disbursing assistance in response to changes in macro-economic policies (trade liberalization, exchange rate adjustments, fiscal and monetary policy changes, etc.)--in Sub-Saharan Africa in the early 1980s there emerged a growing concern about the social costs and repercussions associated with the implementation of these policy changes. In Ghana the domestic political concern about these social impacts grew following the launching of the economic recovery and reform program in 1983. The Government of Ghana prepared a White Paper in 1986 on the subject that was discussed by the international community at a meeting in Vienna.

68. Subsequently the GOG, with help from UNICEF and other agencies, prepared PAMSCAD¹ (Programme of Actions to Mitigate the Social Costs of Adjustment) in November 1987, an omnibus program covering pilot project activities in numerous social areas (employment, training, nutrition, community initiative, education, sanitation, health, food programs, etc.) with an estimated cost of US\$ 85 millions. PAMSCAD was presented for financing to a conference in Geneva in February 1988 and received a strong donor response in the form of pledges (now totalling over US\$ 80 millions) from about 15 governments and international agencies. This program, formulated and evolved by Ghana, has since that time been dedicated to the complex task of firming up and realizing the financial commitments made, and the parallel and also difficult tasks of implementing numerous small projects in diverse fields which cut across traditional jurisdictions.

69. The Ghana Statistical Service (GSS) suffered greatly in the economic crises of the 1970s and during the last decade the GOG has taken steps to rebuild and reorganize the GSS in order to generate timely information of use to government policy makers and administrators. In this connection, in recent years (pre-SDA) the GSS has received external technical assistance (mainly from the UNDP and ODA) to train and strengthen its staff and improve its statistical output totalling about US\$ 6-700,000/annum (ratio of 3 to 1 to its current level of recurrent expenditures). The GOG was concerned, *inter alia*, that the GSS process the census data, and undertake the Ghana Living Standard Survey (GLSS) in 1987-88 (the first household income survey since 1974-75).

¹ PAMSCAD, is one of the earliest, and most ambitious examples of a "social action" program later was embodied as a module or component in many SDA projects in African countries. For more detail, see Section V.

70. The initiation of the SDA project, in 1986-87 must be examined in light of these earlier initiatives and actions taken by GOG. The IBRD, which may have been hesitant to address some of the "social dimensions" issues in Ghana in the early 1980s, became more concerned later on and in fact became, through its SDA Unit, the Executing Agency for the tri-partite SDA program in 1987.

II. SDA project promotion, preparation and appraisal process in Ghana 1986-1990.

71. In spite of its rich experience in project preparation and appraisal, the IBRD's record as an effective executing agency for this project is not good in Ghana when viewed from the country's point of view. It is now more than three years since the first project identification mission was sent to Ghana in June 1987 (see Annex 1) and even today many aspects of the project remain unresolved (management of project), unbalanced (GSS overemphasis), unclear (some financial donations uncertain), or ill-conceived (macro-modelling component). Granted that the SDA program was new in 1987 and that it may have taken some time to clarify concepts and field operational activities, but the checkered history of SDA in Ghana still raises questions. The nine man team that appraised the project in January 1988 took 10 months to prepare the final revised project report (October 1988) and this report promptly became unacceptable to the GOG because of project management and execution issues; and overemphasis on statistics. A new two man team (excluding any of the original nine) reappraised the project and issued a revised appraisal report in August 1989--the revised project changing the execution scheme, adding components, and increasing the program by 50%--US\$ 4 million to US\$ 6.1 million. The project's financing in its totality remains unclear (largely because of the uncertainty of the German and Swiss contributions). There are still discussions taking place within the GOG to resolve difference of opinion over the project management and executing arrangements in Ghana.

72. The now-final project document also contains weaknesses normally not acceptable in project appraisal work, such as

- no examination of the sustainability of the program, financially and technically, with Ghanaian resources upon its completion;
- no analysis and review of the institutional capabilities of the major agencies in Ghana executing the project, e.g., the GSS, ASDD, PAD, PAMSCAD;
- no specification, or detailed inventory of the types of studies to be financed from the two study funds;

- no examination of the local vs. foreign consultant capabilities and mix appropriate for the project;
- no serious assessment of overall data availability and priorities from the Ghanaian user viewpoint.

73. The reasons for the delayed and erratic process of project formulation and appraisal can only be surmised. Local observers suggest the following factors may have had an influence:

- early SDA team visits, especially by consultants, reflected lack of preparations and fuzziness of purpose;
- later SDA teams came with pre-conceived approaches, failing in particular to examine and comprehend the background and prior history and actions taken related to SDA issues in Ghana (see Section I);
- there was an over-emphasis from the start on a specific statistical "solution," and this was reflected particularly in the October 1988 project draft. It was also probable that the appraisal team found that the GSS and its consultants were the most advanced in terms of defining a program that the GSS wished to continue and expand;
- there were many demands on an over-extended bureaucracy at this time and SDA became simply an additional complication.

74. This history of the SDA in Ghana is important in explaining some of the issues facing project execution, and, perhaps, in generating lessons to be learned in promoting and appraising SDA projects elsewhere.

75. Below, we will examine in some detail the SDA project as it now stands, as defined in the August 1989 revised appraisal report. As we shall see, this project--or certain components of it--has in effect been initiated with advance IDA funding, even before some matters of organization and financing remain to be clarified and confirmed.

III. Analysis of the SDA project (August 1989 revised project report)

76. The Project: A schematic profile of the SDA project is presented in Annex 2 and an overall summary of the SDA project costs, in terms of its major components and objects of expenditures envisioned, can be seen in the table below:

Table III-4

SDA PROJECT GHANA
(US\$ millions)

	TOTAL	Consul- tants	Foreign travel	Training	Equip- ment	Other (Admin. etc.)	Contin- gencies
GLSS	2.05	.39	.01	.14	.10	1.28	.13
ASDD	1.06	.50	.07	.14	.08	.21	.06
PAD	.79	.24	.07	.15	.08	.11	.04
Studies Fund	1.25	1.18	--	--	.01	--	.06
Eval/ Monitor Fund PAMSCAD	.95	.62	--	.10	.03	.15	.05
TOTAL*	6.10	2.93	.15	.53	.30	1.75	.34

* 57% of Total estimated to be foreign exchange costs.

The overall project costs are now an estimated US\$ 6.1 million with 57% in foreign exchange costs, and are heavily weighted by consultant costs and foreign travel (over 50%). The major sub-projects, GLSS and ASDD, are managed by the GSS and constitute US\$ 3 million (50% of project) which could be even higher (up to US\$ 4 million) depending upon the GSS access to the proposed Studies Fund.

77. Status of Financing: This emphasis on statistics, or more accurately a specific statistical program in which the GLSS is the centerpiece, is even greater if one examines the status of project financing to date, shown in summary form below:

Table III-5

SDA PROJECT GHANA

Tentative Sources and Uses of Funds(in US\$ millions)
as of June 1990

Sources of Finance	Agencies Executing Sub-projects	GSS (GLSS & ASDD)	Steering Committee (Studies Fund)	PAD (Macro-modeling)	PAMSCAD (Eval/Monitor Fund)
.5 IDA (from SAIS)	Foreign exchange funds released 3/90	.5	--	--	---
1.4 ODA	Foreign exchange tied to UK earmarked near approval	1.0 (tied)	.2 (tied)		.2 (tied)
1.9 USAID	Local currency released but de facto availability needs confirmation	1.6		.1	.2
1.4 German	Delays may provide financing 6 mos. then evaluate	--	?	?	?
1.3 Swiss	Delayed repeatedly scheduled for examination in 1991	--	?	?	?
Project Budget	\$ 6.1 millions	3.1	1.25	.8	.95
Likely funds available in 1990	\$ 3.1 millions	3.1	.2	.1	.4

78. The process of firming up the financing of the project has been long and complex, with many months elapsing since the original pledges were made by donors. With considerable effort

by SDA staff, releases of funds were obtained from USAID (local currency) and from IDA/SAIS funds in late 1989-early 1990. The ODA commitment limited to foreign exchange, tied to U.K. purchases of goods services, and earmarked for specific purposes is said to be near signature. The German and Swiss contributions seem subject to interminable delays and reconsiderations. The likely financing situation in June 1990 (shown above) shows that the GSS component is likely to have early and ample funding because of the earmarking of IDA and ODA funds and the general availability of local currency from AID, while the other components, depending on German and Swiss finance, remain uncertain. It should also be noted that, to the extent that IDA funds are involved, there is a hardening of the terms of the assistance provided for the statistical components compared to the grant funds provided by UNDP and ODA in the past. Whether there is any additionality in the external assistance provided, a matter of concern to recipient governments, is difficult to say. The IDA credit is simply a utilization of funds previously authorized on the SAIS credit. The ODA contribution, albeit tied, may be somewhat above its past commitments/per annum to statistical work in Ghana. USAID has only agreed to release local currency funds previously generated, i.e. does not provide additional external assistance. Whether the German and Swiss funds, if and when realized, are additional is only conjecture. In summary, the foreign assistance provided for the project in terms of its timing and earmarking have reinforced the likely execution of the GSS component of the project; the terms of the assistance are somewhat harder than the past; and the funding may or may not constitute "additionality."²

79. The GLSS and ASDD components managed by GSS: Given the importance of the GSS component in the project and its preferred de facto access to financing, it is important to look at GSS more closely (a) to examine its present operating environment and level of budgetary resources, (b) its ability to manage, and the implications of undertaking, a program of the size envisioned, and (c) the sustainability of such a program beyond the project's life.

80. The GSS, despite its buildup since the crisis years in the 1970s, still faces many of the problems common to statistical agencies and other government offices in the Region. It now has a staff of some 50-60 professionals, 200 technical officers and 300 supporting staff, but salaries are low (about US\$ 95/month for the highest professional officer) and problems of recruitment, retention, level of experience of staff persist. There are also pressures to reduce recurrent outlays below present level of about US\$ 230,000 per annum; shortages of

² In any event, additionality is a slipping benefit when the expenditures that it finances are also additional.

supplies; special weaknesses in regional offices; and return of staff from long-term fellowships abroad has been poor. Moreover the general needs for improved statistics in many fields, other than the GLSS type surveys, is considerable; the need for a census of industrial establishments in relation to industrial policy formulation, improved national accounts, strengthened agricultural statistics are examples cited.

81. The GSS is already receiving, from the UNDP, ODA and elsewhere, external grant assistance for training, general statistical advise and assistance which is in a ratio of 3 to 1 to its annual recurrent outlays. Development estimates dedicated to GSS are apparently minor. Under the SDA project this overall external assistance will increase to probably a ratio of 4 or 5 to 1, and will be more narrowly focussed on successive GLSS surveys and their analysis with extended foreign consultant support, travel and training abroad, etc. This raises serious questions as to how to manage a program of this size and narrow focus without diverting scarce management time, key professional staff, logistic support toward the GLSS and away from other broad and pressing statistical needs and priorities. It will also undoubtedly reduce the capability of GSS to respond to the inevitable specific and short term requests for data and information from the policy making bodies (MFEP, Bank of Ghana, other ministries). These questions were not raised in the SDA appraisal but should be raised by the MFEP and appropriate authorities in Ghana. The other basic question is the sustainability of such a program relying so preponderantly on external assistance, foreign advisers, training and equipment; and the real danger of creation of a program perpetually reliant on foreign finance and advisers for its sustenance. This question, which is also not addressed in the SDA project report, is moreover a question of general importance since the GLSS type surveys are being promoted in other African countries, many with statistical offices in an even weaker position than the Ghana Statistical Service.

82. The SDA project also allocates more than US\$ 1 million to the expansion of the Analytic Studies and Development Division of the GSS, again relying on consultants (US\$ 500,000) with a mandate to produce and disseminate the results of the GLSS and to "identify the data priorities of the Government in matters pertaining to the social dimensions of adjustment, poverty and income distribution in general on the basis of the requests expressed by the Steering Committee." These terms of reference again narrow the output of the ASDD to SDA related objectives, and seem to insulate and restrict this research capability to GSS purposes. This Division would also have access, under the procedures of the project to the US\$ 1.25 million in the Studies Fund. While the desirability of having some expanded capability to produce and analyze survey results within the GSS may be reasonable, the terms of reference of the ASDD and the funds

allocated raise the danger of (a) creating a research capability not easily amenable to guidance from policy makers, or narrowly confined to what are regarded as SDA type matters. The examples of studies to be undertaken by the ASDD presented in the project report are not very reassuring either, since 5 of the 8 studies are already being financed by the SDA or IBRD and undertaken by foreign/local consultants. Are the studies undertaken by the ASDD designed to meet the priorities of the GSS and organizations and scholars interested in SDA, or are they supposed to be reflective of priorities as determined by policy-making bodies in Ghana?

83. Some of the questions raised in the previous paragraphs concerning the GSS require some mention of the organizational status and management style of the GSS. The GSS, as mentioned earlier, has been undergoing a period of rebuilding and strengthening in the 1980s, but still has many operating problems. The GSS tends to take an uncommonly independent management stance. It has been given an autonomous status in the Constitution in 1985, and the head of the GSS is a member of the Economic Management Committee. The GSS sees itself as serving the government and the general public, and wants to avoid the control of any one Ministry. It views itself as being the center of technical expertise and information in the statistical field; and has actively and successfully obtained foreign assistance to strengthen its work. The management is also aware of the need to build up national technical capabilities in design, implementation and processing of the proposed surveys in the future. The GSS accepts the need for consultation with user ministries in designing its statistical program, but tends to define this relationship in a way to preserve its autonomy and independence of action. From the standpoint of the MFEP trying to get the GSS to produce information needed by the Government in a timely fashion (a chronic problem, apparently inherent in the Westminster tradition, it exists in Malawi as well), the GSS is not an agency easily amenable to guidance or direction, and this problem has surfaced again in relation to the SDA project.

84. PAMSCAD Evaluation and Monitoring Fund: A fund of US\$ 950,000 has been included in the project to permit the PAMSCAD Secretariat to undertake studies, with foreign and local consultant assistance, to evaluate and monitor the implementation of the PAMSCAD program. Discussion with PAMSCAD managers in the Ministry of Local Government and the MFEP indicate that this could be a useful and timely project component since the experience Ghana has had with PAMSCAD since its inception in late 1987 has raised many questions related to the financing of such projects and the practical institutional problems related to their implementation that deserve prompt study. The PAMSCAD Secretariat has just issued (May 1990) an Evaluation Report on PAMSCAD (27 October 1988 - 31 March 1990) which addresses the financial aspects of donor support, and the achievements and

problems of the program. The status of PAMSCAD and the various study possibilities that might be financed by the Evaluation and Monitoring Fund will be discussed further in Section V PAMSCAD.

85. Unfortunately the financing of this component of the SDA project is uncertain because of the lag in Swiss and German contributions. It would be highly desirable if the MFEP set aside some of the local currency funding available from USAID for use by the PAMSCAD fund in order to avoid prolonged delays in the utilization of this fund. It is equally important that the studies of priority be determined by the Ghanaian authorities--the PAMSCAD Secretariat and the SDA Steering Committee--and not by the information needs as perceived by the IBRD or other individual donors to PAMSCAD.

86. Studies Funds: A substantial sum of US\$ 1.25 millions has been allocated to a Studies Fund for financing consultant studies that would be subject to the approval of the Steering Committee of the SDA project. These studies have been duly budgeted and enumerated (12 per year and 200 man months in all) with an indicated preference for the use of local institutions--but nowhere is there any specific indication or concrete examples given of the studies that are contemplated. A careful review of the kinds of studies or research needed as determined by policy-making entities (MFEP and Bank of Ghana) and other operating ministries during SDA project appraisal would and should have generated a list of the kind of studies required, as well as a better cost estimate, for this important component. As it is, some \$1.5 millions (Studies Fund plus ASDD consultancies) are set aside for studies with little content specified or suggested.

87. Policy Analysis Division/MFEP: The Policy Analysis Division (PAD) is a recently created Division in MFEP, which is to assume responsibilities, inter alia, for the management of the SDA project (see Annex 3). PAD at present consists of a Director and a single economist-consultant who was designated as SDA liaison officer in November 1989. PAD has a planned complement of five consultants and five local counterpart staff in various specialties (social issues, finances, investment, etc.) but has had great difficulty in recruiting personnel including difficulties in recruiting Ghanaian professionals from abroad at higher-than-domestic salaries. PAD's current responsibilities plus the new and far-ranging responsibilities associated with the role of Main Coordinator and Secretary of the Steering Committee for the SDA project (see Annex 3 for detailed listing of new responsibilities) are far in excess of the capability of PAD at present, or even in the future unless accelerated recruitment and/or reassignment of MFEP staff strengthens PAD.

88. The gap between PAD capabilities and responsibilities is complicated further by a specific project in macro-modelling costing US\$ 800,000 (including US\$ 300,000 for consultants and

foreign travel) which was placed under PAD direct management in the SDA project. The origins of this sub-project, designed to develop SAM (Social Accounting Matrix) and CGE (Computable General Equilibrium) models for Ghana in close collaboration with GSS/ASDD are obscure, but it may have stemmed from a proposal made by a visiting consultant to GSS in 1989. In any event, it is a project of dubious priority and usefulness to the MFEP and the Government and should be reviewed and reconsidered by MFEP.

89. SDA Project Organization and Management: This analysis of the project--which reveals diverse components and wide variation in terms of their state of preparedness and readiness for execution as well as assurance of financial support--shows that there will be a great burden on the effective management of the project if the various purposes set forth in terms of data generation, its analysis, and application of results for policy purposes are to be realized. The executing scheme, as delineated in the August 1989 report, calls for Project Coordinators for the three sub-projects (PAMSCAD, GSS, PAD) with the PAD Project Coordinator also serving as the Main Coordinator for the entire project, and acting as the secretary to the SDA Steering Committee. The SDA Steering Committee (The Economic Management Committee of the GOG), while formally under the chairmanship of the Prime Minister, will in practice be headed by the Secretary of Finance.

90. This executing arrangement, established during the re-appraisal of the project in August 1989, and reflecting the wishes of the GOG is now being discussed again within Ghana, with the GSS objecting to the scheme outlined above. This matter should be finally settled. Otherwise, there may emerge a kind of de facto management of the project with the GSS, aided by foreign consultants, and with assured and earmarked funding pursuing their own established data generation and analysis program with little or no control from the MFEP or other Government ministries.

IV. Usefulness of the data to be produced--the link between producers and users of statistics.

91. This examination of SDA project content, financing and execution arrangements needs to be seen ultimately in relation to one of the central purposes of the SDA program, namely to generate data and information and studies of value and of practical application and use to the policy-making and operational Ministries who are engaged in the periodic negotiation, agreement and implementation of a series of policy-conditioned credits with the IBRD and IMF. This nexus between producers of data and users is crucial; if the data generated at considerable cost and effort have limited usefulness to those managing the structural adjustment process in Ghana this would

be serious. This issue in Ghana centers on the value of (a) the GLSS, the centerpiece of the data-gathering and analysis work of the GSS, and (b) the users committee set forth in the project document designed to link producers and users (NACPUS--National Advisory Committee of Producers and Users of Statistics.) Ghana is also treated as a prototype for other SDA projects in Africa since the GSS, which had earlier contacts with the LSMS program of the IBRD, has embraced the integrated survey concept of the SDA (the GLSS), and has utilized a series of foreign consultants financed by the SDA Regional Facility to advance this work. The GLSS (see GLSS Report, August 1989, for detailed description) was undertaken September 1987 to August 1988 with external assistance. Its initial results were processed and published by IBRD in Washington, and later in August 1989 distributed in Ghana. This was the first Household Survey undertaken in Ghana since 1974-75; and GSS plans to continue the survey over the next 5 years with SDA project funding. What has been the usefulness of the GLSS to date?

92. Users:IBRD and the academic community: The IBRD, a key promoter and financial supporter of the GLSS, was also its first user. Both SAC I and II documents³ in 1987 and 1989 referred to the forthcoming GLSS which would "assess the nature and dimension of poverty, and identify more precisely target groups" and "to monitor impact" of SACs. Having had early access to GLSS results, the IBRD in its January 1989 report, Structural Adjustment for Growth,⁴ devoted some 12 pages to discussing the survey results and the problem of employment in Ghana. The survey result seemed to confirm earlier data and presumptions on the location and characteristics of poverty groups (the premises of the PAMSCAD presentation in November 1987, for example) with only a few unexplained surprises in survey results. The GLSS and other data are also used by the IBRD to reach reassuring conclusions about the low levels of unemployment and the resilience of the labor market in Ghana. (These views on unemployment are not always generally shared in Ghana.) In general the January 1989 IBRD study reports that the structural adjustment reforms are going well and that concern for the poor

³ The SDA project in Ghana is a "free-standing" project, in IBRD/SDA terminology, in that it is not "integrated" with a structural adjustment credit, as in the Malawi case for example. The Ghana SACs (I and II) therefore do not incorporate any conditions requiring SDA-type activities to be undertaken, but rather refer in passing to the PAMSCAD program and the GLSS surveys as parallel activities. Given the nature of the SDA project in Ghana, this absence of SDA-related conditions in the SACs is wise.

⁴ IBRD Report No. 7515-GH.

is being evidenced by PAMSCAD activities and the advent of the GLSS.

93. The academic community devoted to the study of poverty in developing countries also has undertaken a series of papers, financed in part by IBRD, utilizing the GLSS data to explore its various rarified definitions of poverty, and, with appropriate technical caveats, to suggest the future usefulness and policy implications of GLSS type data (A Poverty Profile for Ghana, Boateng, Kwugi, Kanbur, MacKay, Sept. 1989) is a good example of these studies). These explorations are interesting but seem to face technical questions, clearly stated, as well as doubts as to their practicality for policy. It would be reassuring to know of some concrete case, be it in a developed or in a developing country where the type of information to be generated by the GLSS-type survey has had tangible policy and project benefits. The examples that come to mind of targeted poverty and welfare programs elsewhere, such as the range of programs undertaken in the mid-'sixties in the United States under the "War on Poverty" banner, all seemed to have required definite and very specific tailor-made studies and surveys to gauge their impact and results over the following decades. This kind of detailed scrutiny of poverty in Ghana, by foreign academics--testing their theories with this experimental case--has already begun to arouse some resentment by busy officials--as is inevitable in all energetic outsiders' efforts to probe, experiment, examine social issues, stir reforms in someone else's country.

94. The technical merits and weaknesses of the GLSS type survey, while not addressed in this Interim Evaluation of SDA, deserve a serious technical audit. Some of the questions raised in Ghana in relation to GLSS study design and results were:

- (a) The adequacy of the household definition used given the changing role and dynamics of family life in Ghana and elsewhere in Africa (i.e., household as "a group of individuals who live and eat together for a period of at least 9 months of the year preceding the interview");
- (b) Doubts that the employment results really reflected the seriousness of the unemployment and underemployment problems in Ghana;
- (c) Doubts on the response to health questions and the anthropometric data results on stunting and wasting.

95. Users in Ghana: Data and Study Requirements from the viewpoint of Ghanaian agencies: The GLSS study undertaken in 1987-88 after a lapse of 14 years was obviously overdue and serves to confirm, reaffirm, as well as question prior

information and views on the social and economic characteristics of households. This descriptive use, and ancillary uses such as preparation of consumer price indices, can be presumed to be valuable. The need to repeat these studies annually, and the multiple future analytic uses claimed for the GLSS remain to be demonstrated.

96. It was claimed, for example, that the GLSS would be used to monitor PAMSCAD implementation. This has not happened, and would seem unlikely to happen since the monitoring of PAMSCAD activities will require specific tailored surveys and studies, or overall studies of financing, institutional and implementation problems.

97. The research staff of the Bank of Ghana, a key agency in the economic recovery and structural adjustment credits, also seemed to be on the margin of the SDA project--neither informed nor brought into its web of activities. The Bank of Ghana--both a producer and user of statistical data--has in fact found it necessary this year to create a modest US\$ 200,000 (in local currency) fund for needed priority studies and applied research, apparently unaware of the substantial study and consultant funds planned for the SDA project. Some of the study areas of interest to them are:

- reasons for the weak response of private direct investments to the structural adjustment program;
- studies of the financial needs of the rural banking sector;
- studies of the money supply--and the actual use of idle balances in Ghana (others suggested that the institutional constraints on monetary policy implementation in Ghana have led to over-tight stipulation of fiscal constraints);
- financial needs of the formal industrial sector and the informal sector, in light of increased attention to industrial policies under SACs;
- manpower policies.

They welcomed any GSS contributions to improved price indices, since these data had been a matter of concern to them during the weak period of GSS operations, even requiring at that time ad hoc efforts by Bank of Ghana to construct price indices for urban centers.

98. In other agencies it was indicated that there was the need to improve other statistical series--such as national accounts, agricultural statistics, industrial statistics--not only the

household income and expenditure surveys. Beyond these recurrent statistical needs, the type of study of priority interest to operating agencies with a view to monitor projects, examine policy issues, design new programs is often a short term study of limited duration, for a specific purpose, to establish an order-of-magnitude answer to some perplexing question.

99. Examples of this kind of study cited were:

- tracing the retrenched civil servants and Cocoa Board employees, who seem to have been reintegrated into other employment with less difficulty than anticipated;
- retrenchment policy has unexpectedly revealed an active interest of many younger public employees to leave government if some financial assistance and retraining were part of the package--which in turn requires a re-examination of the vocational and technical school capabilities and demands for those services in Ghana;
- effects of changes in domestic cocoa prices;
- effects of changes of prices in staples on activities of women;
- interaction of cash and food crop activities on food security;
- reasons for unemployment and underemployment;
- revamping of statistical activities of Ministry Social Mobilization and Department of Labor field offices;
- expanded role and institutionalization of community initiative activities.

These studies may be helped at times by a responsive GSS, acting as a technical adviser or providing prompt support to the operating agency; but often what is needed is access to studies funding and guidance in locating appropriate local consultants for the work.

100. In summary, the requirements of policy-making and operational agencies in the conduct of structural adjustment programs, including anticipating and dealing with their social consequences, requires a broad range of statistics, not only household income and expenditure surveys; it also requires access to funds and consultant support, under some guidance and assistance from MFEP or other central policy committee to conduct studies and surveys of operational urgency. This reinforces the need to assure that the management of the Studies Fund, and indeed the studies funding allocated to GSS/ASDD as well, is

consonant with these priority needs (and not locked into the massaging of only one type of data, i.e., the GLSS). It also places importance on the functioning of NACPUS.

101. NACPUS (National Committee for Producers and Users of Statistics): NACPUS, chaired by the GSS, is designed to be an advisory body to the Steering Committee of the SDA project, and, inter alia, to guide it in the utilization of the Studies Fund. It is not clear what the role of NACPUS has been to date. It is supposed to have met, but evidence of these meetings is scanty--the knowledge of the SDA project outside the GSS and MFEP and international agencies is limited. NACPUS is said to be further segmented in its activities in the future through the organization of a Technical Committee and Sectoral Committees.

102. There was little or no user input into the design and preparation of the SDA project. The October 1988 project report draft has a 2-line reference to the future establishment of a Users Committee. The entire GSS component had, it would seem, an independent origin, unrelated to consultation with potential Ghanaian users. NACPUS as designed will be chaired by the GSS. In conclusion, NACPUS does not appear at this stage to be a very agile or effective advisory mechanism for assuring that the SDA project output--be it statistical data output or studies undertaken--meets the priority needs of government agencies. Perhaps the committee structure will be less cumbersome than it appears. But it is more likely that effective orientation of the project output to the requirements of policy and operational agencies will again require an active and aggressive management of the project on the part of the MFEP and its Policy Analysis Division.

V. PAMSCAD⁵ - Lessons for the Future:

103. PAMSCAD is a leading example of the kind of social action program being promoted and inserted in various SDA projects throughout Africa and an assessment of this experience should be valuable in avoiding pitfalls and maximizing the effectiveness of such programs that are in earlier and incipient stages elsewhere. The PAMSCAD program is complex involving some 23 sub-projects and no fewer than 15 donor agencies and governments. It was difficult to get started. Beginning with the initial proposal in November 1987, the first pledging in February 1988, the rest of 1988 was taken up with internal organization and management matters with the first (village self-help) project beginning with local funds in December 1988. The external assistance began trickling in only in 1989 and still presents problems.

104. The major problems identified in the implementation of PAMSCAD turn, as one might expect, on questions of external financing and internal organization and management and logistics. Staffing matters and technical issues presented some difficulties but these were more amenable to solution.

105. External financing problems. The 15 donor entities presented a welter of different and conflicting conditions related to foreign exchange-local currency availability (complicated by changing exchange rates); earmarking; insistence on donations in kind; tied assistance; separate evaluation requirements being imposed. MFEP have had to resolve these matters largely bilaterally, on their own. The IBRD presence, itself a donor,

⁵ The management of PAMSCAD was described in Washington as torn between the Ministry of Local Government where the PAMSCAD Secretariat is based and MFEP/ International Economic Relations Division that manages the financing and disbursement control of the program. The paragraphs that follow are based on separate discussions with these two units--each of which the mission found to be well informed and thoughtful, albeit subject to some bureaucratic rivalry and tugging and pulling. The overall impression was that the GOG had assigned their best staff to deal seriously with this difficult and complex program--and that "creative tension" rather than bureaucratic stalemate had been generated that probably augured well for the program. The designation of the PAMSCAD Secretariat as Project Coordinator for the Evaluation and Monitoring Fund is likely to be accepted satisfactorily by all parties; and the two ministries have cooperated in the recent preparation of an Evaluation Report on PAMSCAD (27 October 1988-31 March 1990), May 1990.

does not seem to have been of major assistance in these tasks. The problems faced by PAMSCAD in this instance (and likely to be repeated in most SDA projects with 5-9 donor agencies) seem to re-emerge endlessly in development history--with governments and agencies making resounding pledges of assistance at international meetings--and then followed by the tortuous task of making sense of the individual rules, conditions and bureaucratic apparatus in each donor agency.⁶

106. In Ghana the experience includes donors receiving a passing grade (Dutch, Canadians, U.S.), others failing (German, Swiss) and others falling in between. These financing complexities have also contributed to sub-projects going unfunded; deliveries in kind causing (health) problems; donors tying their contribution to other donor contributions (IDA, OPEC, KfW). The process of resolving these issues in the MFEP/International Economic Relations Division continues.

107. Organization and management issues. The program faced individual ministerial resistance in some cases (health, education); lack of inter-ministerial cooperation where essential (sanitation projects can involve 4 different entities); wide differences in project readiness (public works vs. women in development, for example); delays in detailed project preparation; logistic difficulties; or required special action to circumvent obstacles (UNICEF and essential drug program). The program has moved forward with great variations by sub-projects but it is likely that these types of institutional problems persist and require constant attention.

108. Staffing problems are said to have presented some problems but that they had been usually resolved. The headquarters senior coordinating staff seems modest (6 in PAMSCAD Secretariat, and 9 in MFEP/IBRD); in some cases projects benefitted from involvement of younger technical staff (water projects); the role

⁶ This problem was also faced by several regional development banks, namely the Asian Development Bank in the 1970s and the Caribbean Development Bank subsequently to the creation of their soft-loan funds. After serious diplomatic and legal efforts a more harmonious type of fund with contributions made on common terms was established. Why is it not possible to obtain this same kind of flexibility and collaboration from the same donor governments or agencies for PAMSCAD type grant programs in Africa? Or why couldn't a standard agreement accompany the pledging? In the absence of this kind of solution the alternate remedies are minimization of number of donors, or perhaps a single donor per program--or in extreme cases avoiding the more difficult grant sources.

of district officers in the Ministry of Local Government is important. Personnel restrictions imposed by SAC conditions do not seem to have a serious negative effect, although some posts can not be filled.

109. Technical problems were not emphasized as major difficulties, but the following examples were cited. The essential drugs component and the rural shelter projects presented difficult technical problems. Donor conditions can force inappropriate technical solutions. The women in development component is still delayed because of inadequate knowledge and definition of needs at village level.

110. Lessons for the future. Two major lessons can be drawn from the experience to date:

Less is more. PAMSCAD may have involved too many projects (and thereby government agencies) and too many donors. A more modest, manageable program might have been preferable. It was also noted that from the viewpoint of the villager the program may seem too little, not over-ambitious.

Orientation and preparation. A program of this type requires an early, careful and thorough briefing, education and training of the officials to be involved--particularly at the middle level technical positions and in the field offices--about the nature of program, its modus operandi, finances and funding (it often means reorientation of efforts rather than simply additionality of funds); and organizational collaboration needed. Early involvement of technical staff and district officers in design and preparation of sub-projects is needed; as is the early definition of the logistics requirement of project implementation. There is also a need to keep project designs simple and effective to permit replicability of the project with local initiatives.

111. PAMSCAD links to SDA project. While the GLSS was described earlier as a mechanism for monitoring PAMSCAD, this has not, and is not likely to be the case. The groups targeted in the PAMSCAD program--

- a) rural households in Northern and Upper regions characterized by low productivity, limited access to social services, poor and vulnerable in the lean season;
- b) low income and un- or under-employed urban households; and
- c) retrenched workers from the civil service, state enterprise and private enterprises--

were identified prior to the GLSS survey, and this survey simply reconfirms this selection as reasonable. The data requirements for management and reporting of PAMSCAD are generated through the district offices involved.

112. The major link of PAMSCAD to the SDA project is the proposed Evaluation and Monitoring Fund. The PAMSCAD managers are primarily interested in the evaluation and monitoring aspect of this fund, rather than its design or project preparation uses which are sometimes mentioned. The kind of studies that were mentioned or suggest themselves as possibilities are:

- A major mid-term review of PAMSCAD, presumably within the next year or two.
- An examination of the complex financing arrangements expost in order to devise some solutions to this type of problems in the future, through establishment of standard conditions, complementary donor packages, or early negotiation with donors, or other means.
- Special studies of projects that have problems, such as the essential drugs project, or the feeder road project and its economic impact.
- Re-examination of basic project concepts and criteria.
- Identification of those sub-projects that
 - a) may be self-liquidating (retrenched public workers);
 - b) susceptible to incorporation in the mainstream budgetary financing in the future;
 - c) projects that may be continued (e.g. community initiatives);
- Identification of new projects stimulated by PAMSCAD experience (e.g. expanded vocational training).

113. It was stressed that these studies would best be undertaken by PAMSCAD staff in collaboration with local consultants. It appears that the PAMSCAD fund embodied in the SDA project could have real usefulness but this requires that (a) its financing be assured, which is not the case at present, (b) that PAMSCAD requests be honored and approved expeditiously by the Steering Committee under auspices of MFEP, and (c) that donor monitoring conditions not complicate these tasks.

114. Future of PAMSCAD. The likelihood of there being a PAMSCAD II at this stage is limited. It is more likely that its impact, almost certain to vary by sub-project, will take varied forms, either--

- (a) incorporation in the mainstream of ministerial activities in future budgets;
- (b) in exceptional cases being sustained as a separate program; or
- (c) stimulation of the formulation of new programs and activities based on the PAMSCAD experience.

In any event, this program foreshadows some of the problems to be faced in social action programs of this type in other African countries, some of which may be less well equipped in terms of staff and organizations than Ghana to deal with the complexities of these programs.

VI. Conclusions

115. The SDA Project in Ghana was at its inception the result of a supply-driven appraisal team from the IBRD/SDA, with a preconception of the type of statistical program needed to examine the social dimensions of structural adjustment, entering into a marriage with the GSS, a supply-driven agency ready and willing to expand its statistical program with the intensive use of external assistance. Subsequently in revisions of the project, the MFEP has made efforts to redress this imbalance in the project and orient the effort more to the needs of policy-making bodies and other data and information users. These efforts have been only partially successful and the project design, and its likely implementation de facto still places heavy emphasis on a statistical program centered around successive GLSS type surveys. The Studies Fund and the PAMSCAD Evaluation and Monitoring Fund are potentially, with active and imaginative management by the Steering Committee, very useful mechanisms for providing assistance to study and survey a range of policies, project design and implementation problems and other ad hoc studies related to the structural adjustment process. However, for the project to be oriented to studies and data generation in demand by policy and operational agencies instead of pre-conceived statistical programs and analyses, urgent and vigorous action must be taken by the MFEP to establish firm control on the management and implementation of the project, including the activation and effective utilization of advice and guidance of data users through NACPUS.

Partial Chronogram of SDA Activities in Ghana
1986 to date

- June 1987 project identification mission
- January-February 1988 project appraisal mission
(9-man team)
- March 1988 first draft of appraisal report
- October 1988 revised draft of appraisal report
- August 1989 reappraisal of project (2-man team) and
issuance of final revised appraisal report
- November 1989 SDA unit established in MFEP/Policy
Analysis Division
- March 1990 release of IDA funds (\$500,000) for
project from previously authorized IDA credit.
- June 1990 SDA visit to Ghana to clarify project
status Project Supervision Mission.

GHANA SDA EVALUATION MISSION
June 14-22, 1990

INTERVIEW SCHEDULE

- 14 June 8:30 a.m. Anne Forrester, Resident Representative
UNDP; Fitzgerald Francis, Economist UNDP.
11:00 a.m. Kenneth Sigrist, Country Economist IBRD.
3:00 p.m. Mr. Ben Caiquo, Director, Policy Analysis
Division, MFEP; Mr. Cletus Dordunno,
Consultant, PAD, MFEP, and SDA Liaison
Officer.
- 15 June 11:00 a.m. Diana Ayittey, PAMSCAD finance unit,
MFEP.
3:30 p.m. Mr. K.A.P. Brown, Acting Director,
PAMSCAD Secretariat, Ministry of Local
Government.
- 18 June Phone conversations: Mr. Ed Birgells, USAID
Desk Officer, German Embassy.
- 19 June 8:30 a.m. Turhan Saleh, Economist, UNICEF
10:30 a.m. Oti Boateng, Director, Ghana Statistical
Service Nuun-Baah, Deputy Director, GSS.
- 20 June 8:30 a.m. Mr. John Napier, Second Secretary,
British High Commission.
11:00 a.m. Mr. Amokeatta, Acting Director, Research
Division, Bank of Ghana; Dr. Walden and
others of research staff.
3:00 p.m. Mr. Quarsah, Assistant Secretary,
Ministry of Social Mobilization and
staff.
- 21 June 9:30 a.m. Mr. Nyunt Maung, UNDP Statistical Advisor
to GSS.
- 22 June 11:00 a.m. Anne Forrester, Resident Representative,
UNDP.
4:00 p.m. Dr. Kwesi Botchwey, Secretary of Finance;
Mr. George Cann, Chief Economic Planning
Officer, MFEP; Ms. Sena Gabianu, Officer
in charge of World Bank matters, MFEP.

Proposed Functions of the Policy Analysis
Division (PAD) MFEP in the SDA project (August 1989)

The Policy Analysis Division of MFEP has the following functions:

1. Present functions are inter alia, to participate in the inter-divisional meetings in the Ministry; to advise the Secretary on specific matters at his request; and to review and screen macro-economic policy writings and studies and to advise the Secretary of findings of value and concern to the Ministry.
2. Under the SDA Program PAD will assume the following additional responsibilities:
 - a) Project Coordinator for the PAD component of the project, a US\$ 800,000 component designed to focus on macro-modelling (SAM and CGE) which includes US\$ 240,000 of consultant services, and US\$ 70,000 of foreign travel;
 - b) Act as Main Coordinator for all the project components--GLSS, ASDD, PAMSCAD Secretariat Evaluation and Monitoring Fund--and specifically serve as sole channel between the Project Coordinators and the Steering Committee;
 - c) Act as Secretary to the Steering Committee, nominally headed by Head of State, or Secretary MFEP acting for him, which will meet 4 times per year. In this regard to house the Steering Committee Secretariat;
 - d) Establish clear criteria for the studies to be financed under the Studies Fund US\$ 1.25 million, and the PAMSCAD Evaluation and Monitoring Fund, US\$ 950,000 projected 12 studies/year under Studies Fund, and six Studies per year under PAMSCAD Evaluation Fund.
 - e) Acting for the MFEP, to manage the studies to be authorized by the Steering Committee and financed by the Studies Fund. This involves US\$ 1.18 million of consultant services and an estimated 48 studies over a four year period.

How will these SDA responsibilities be met? Staffing, organization, criteria for studies, procedures to be followed, timetable for execution?

D. Cameroon's SDA Project
drafted by Hiey Jacques Pegatienan and Roger Maconick

I. Introduction

116. Unlike many of its African neighbors Cameroon did not encounter the kind of economic difficulties that prompted structural adjustment until well into the 1980's. It was only after 1985, when the US dollar denominated prices of its four main export products fell at the same time as the US dollar depreciated, that the government entered into negotiations with the IMF and the IBRD for restructuring of the economy. Discussions began in 1988 and a Structural Adjustment Program was approved in June 1989. Its stated goals were to re-establish growth of per capita income, to liberalize markets, to reduce the role of the state in the economy and to re-orient public services towards programs which improve the well being and productivity of all Cameroonians, taking into account the social dimension of adjustment.

117. At the same time as the SAL was negotiated, two related projects were prepared. One, PAGE¹, was designed to support economic management. The other was the SDA project. The SDA project was presented to the Executive Board of the World Bank in April 1990. It had three lines of action

- a. support to a fundamental policy design process in the social sectors,
- b. action programs to address priority needs while overall policy reforms are not in place,
- c. institutional strengthening to support emerging policy reforms and action programs.

118. The project contained seven specific elements; population, health, education and training, employment, women in development, community development, planning capacity and information base.

119. Because the project's objectives were to be achieved as an integral part of the Structural Adjustment Program (PAS), the IBRD reserved the right to suspend disbursements under the project if it found that Cameroon's general performance under the

¹ PAGE stands for Projet d'appui a la Gestion Economique or Economic Management Project.

PAS was unsatisfactory. However it was noted in the Staff Appraisal Report that in practice this applied only to the components directly related to the SAP, viz. education, formal training and self employment components. The total cost of the package was US\$ 85.7 million.

120. Financing SDA. The number of donors involved in the SDA is large (See Table III-6). This is testimony to the important role of the IBRD SDA unit in seeking ancillary funding for the SDA program. However, there are still important differences in the firmness of the commitments of the different donors. For example, the CIDA commitment to provide US\$ 3.33 million could not be confirmed at the time of the Evaluation Team's visit in June 1990, and French involvement in the Health sector may turn out to be something other than what was indicated. One may also note that the number and variety of donors may lead to problems. Procedures for project preparation and approval differ, as do expectations and perceptions of role, with the result that projects, that are supposed to be part of a coherent program, are brought on stream, at different times and sometimes in different forms, from those originally intended. This imposes an additional burden of co-ordination on the government. It is too early to indicate how well the government of Cameroon will be able to cope with these problems, but difficulties are quite possible.

II. Preparation of the SDA project

121. A six person mission led by the head of the SDA Unit in IBRD Washington, visited Cameroon for two weeks in February 1989 to identify a suitable project. A significant part of the mission's dialogue with the Government took place through five "groupes de reflexion," which were convoked for the duration of the mission, and which were supposed to continue to follow up their respective responsibilities after it left. The groups covered Population, Health, Women's Affairs, Employment and Institutional Strengthening.

122. Each group produced a report with a list of suggested actions. These groups were largely composed of interested officials from the Government, local representatives of NGOs, some IBRD staff and some expatriates including some from the UN agencies represented locally. The groups have not been very active since the time of formulation of the project. However the chairpersons of the groups are represented on the Steering Committee the government has established for the SDA project so there is continuity between those who conceived the project on the Cameroonian side and those who will oversee it.

123. The project has been further elaborated in a series of follow-up identification and pre-appraisal missions since then.

Table III-6

Financing of the SDA Project

(US \$ Millions; Including Contingencies; Excluding Taxes^{1/})

	Financing Required											Japan Grant	UNFPA
		Govt.	IBRD	AFDB	EBEC	CIDA	PRG	France	USAID	UNDP			
I. POPULATION												0.18	
1. Policy Development	0.18												
2. Maternal & Child, Health & Family Planning	3.80											0.04	2.08
3. NOD Support	1.00											1.00	3.18
Total	4.98												
II. HEALTH													
1. Policy Design	0.22				0.22								
2. Action Program													
- Primary Health Care	10.95				8.44		4.51	1.00					
- Information	0.50				0.50								
- STD/AIDS	0.25							0.25					
- Immunization	3.08				2.08			1.00					
- Operating & Maintenance	1.11							1.11					
3. Institutional Strengthening	1.77				1.08								
4. Module Management (Pop. Health)	0.92	0.11			1.00		4.51	0.11					
Total	18.64	0.11			10.00		4.51	3.60					
III. EDUCATION													
1. Action Program													
- Teaching Materials	5.48		1.93										
- Books	2.25		2.25										
2. Module Management	1.18	1.18	4.18				3.20	0.30					
Total	8.83	1.18	4.18				3.20	0.30					
IV. EMPLOYMENT													
1. Policy Design	1.57	0.23	1.34										
2. Action Program													
- DAIR	2.08	0.31	1.77										
- Formal Training	5.90	0.99	1.00	2.81					1.50				
- On-the-job Training	4.35	0.65		3.70									
- Self-Employment	10.00	1.50	0.50							1.00			
- Microenterprise	0.38	0.98		3.92									
- PNE Administration													
Start-up & Op. Expend.	0.88	0.20	0.55										
Other Expenditures	1.56			1.56									
3. Institutional Strengthening	0.42		0.42						3.00				
Total	33.11	4.64	13.56	11.64					3.00				
V. WOMEN IN DEVELOPMENT													
1. Policy Development	0.99					0.99							
2. Action Program													
- IEC	1.13					1.13							
- Maisons de la femme	0.48			0.48									
- Centres Sociaux	1.45			1.00		0.45							
3. Institutional Strengthening	1.75	0.28				1.39							
4. Module Management	0.97	0.08				0.92							
Total	5.86	0.36		1.48		3.64							
VI. PRODEC													
1. Action Program	5.00		2.00	2.00									
2. Module Management													
- Consultant Services	0.47		0.47										
- Operating Expenditures	0.23			0.23									
Total	5.80		2.97	2.23									
VII. PLANNING CAPACITY & INPS BASE											0.80		
1. Supporting Macroeconomic Planing	1.01	0.21											
2. Consumption Household Survey	4.10	0.77				3.33					0.80		
3. Price Index	2.33	2.08	0.25										
Total	7.44	3.06	0.25			3.33							
VIII. SDA PROJECT MANAGEMENT	0.98	0.48	0.52								0.80	1.00	3.18
GRAND TOTAL	85.70	10.81	21.60	18.00	10.00	7.32	7.71	3.60	3.50	0.80	1.00	3.18	

1/ IBRD figures include PPF repayments. 2/ Requested and under study.

Discussions were also held with the local donor community and the whole project was presented to a conference of donors held in Paris in February 1990. The Evaluation Team was told that the Government had been hesitant about borrowing money to pay for social programs. They had hoped that they would receive pledges of sufficient grant resources from the donor conference to cover the SDA activities. When they did not receive as much as they had hoped they decided to pay for some of the SDA activities through "hard" loans from IBRD and ADB. The final negotiations for the IBRD loan took place in April 1990 in Washington. The loan from the ADB was due to be finalized shortly after the Evaluation Team visited Cameroon.

124. Several participants noted the intense and prolonged work that they had put into these groups in which the Cameroonians were full and active participants. However there were indications that some members of the groups felt that they had been given an initial framework by the SDA mission from Washington within which they were constrained to work. They would have preferred to approach social issues and the adjustment process afresh. Some Government officials also indicated that they had had divergences of view with the World Bank over some things that were eventually included in the SDA, but that they had accepted them in the interests of receiving support for other activities, which they considered worthwhile and which were indeed retained.

125. Nevertheless it would be misleading to imply that the SDA project was imposed by the World Bank on a reluctant Government. Originally it appears to have been presented as a statistics and computer hardware project, but the pressing immediate problems perceived by the Government led to a change in its content. It was the Cameroonian officials who successfully insisted on including the component for a National Employment Fund (FNE), which is two-thirds of the SDA loan from IBRD. It is evident from the file that some elements in the World Bank considered the FNE a risky endeavour that had no place in a Bank supported project. Its retention is evidence of the Government's tenacity and the World Bank's flexibility on this issue.

126. Consultation between the SDA team and the other donors in Cameroon in preparing the SDA seems to have been uneven. Some suggested that the Bank had been somewhat overbearing in their efforts to bring about a concerted view within Government and within the donor community. Others noted that what they had agreed to do as part of SDA was what they had been planning to do anyway. One donor observation was that the Government had been far more concerned about negotiating the structural adjustment program than they were with the SDA project. The role of the local UNDP office in the process appears to have been minimal. There is more evidence of the impact of both the local offices of UNICEF and UNFPA and indeed the population component

is essentially that put forward by UNFPA prior to the SDA mission.

III. The Contents of the SDA Project

127. General Focus The SDA project was described to the Evaluation Team by one major bilateral donor as a "grab bag." If by this they meant that it was composed of different kinds of activities, which are not very coherently linked, we agree. There are some specific social actions of the type often--and sometimes better--assisted by UNICEF or NGOs like OXFAM, targeted towards the poorest groups in society. There are actions targeted, not at the poor, but at those groups directly affected by Structural Adjustment as practiced in Cameroon. These include former employees of public enterprises, or recent school and university leavers. There are the activities targeted at improving the planning and management of the social sectors. It is therefore reasonable to ask what the SDA project is really trying to do. Is it a poverty alleviation project, a means of mitigating the transitional effects of reallocation of resources in the economy in response to structural changes or is it a planning/statistics/social management project?

128. It could be argued, on the other hand, that this kind of a project is a relative newcomer to the portfolios of the World Bank (and the African Development Bank) and that therefore a somewhat eclectic and experimental approach is appropriate. If this is part of the thinking behind the SDA, then one might have expected more explicit recognition of its pioneering nature and provision within the project for a systematic comparative evaluation of the different types of intervention, so as to achieve this end. One should add that the amounts of money involved are much larger than is consistent with a pilot project approach.

129. The component that most directly "mitigates the effects of Structural Adjustment" is the National Employment Fund (FNE). This is the largest single element in the whole SDA program. Out of the total US\$ 85.7 million SDA program (US\$ 37.5 million loan and the remainder grant financing), the Government is borrowing US\$ 13.5 million from the IBRD and US\$ 11.7 million from ADB for this purpose. It is also receiving a US\$ 3 million grant from USAID.

130. This component is aimed at the staff of public enterprises that have to be "deflated"² as part of the structural adjustment

process and at the school and university leavers, who will not be able to find employment. The appraisal report indicates that, if special measures are not taken, 30,000 people will be added to the unemployed in the immediate future. An employment and training assistance division (DAIR) will be established to create and maintain a data bank on job opportunities and to offer advisory services to job seekers. The other activities are a training program for workers let go from public enterprises, a self employment program for young graduates, a micro enterprise program and strengthening of the planning capacity of the Ministry of Labour.

131. The "poverty" component. This covers five elements of the project; action programs in population, health, education and training, women in development, community development. These are projects whose rationale appears to be much more the alleviation of poverty, rather than a response to the transitional effects of structural adjustment, though some elements, viz. the educational and medical supplies, can be viewed as responses to budgetary shortfalls occasioned by the structural adjustment process.

- a. The Population component (US\$ 4.67 million) involves an extension of the existing family planning services in provincial Maternal Child Health centers. It will finance equipment and supplies for pre- and post-natal care, family planning and nutrition education as well as training and public information programs. There is also an element to support further development of the government's population policies.
- b. The (US\$ 19 million) Health component covers policy design, support for primary health care, information, STD/AIDS, immunization, institutional strengthening and management. More than half will be spent on primary health care notably through the purchase of medical and pharmaceutical supplies to re-equip primary health care centers and first level hospitals.
- c. The Education and Training component (US\$ 8.8 million) is mainly teaching materials and funds for desks and benches.
- d. The Women in Development component amounts to US\$ 5.9 million and includes development of a national strategy and action plan for the integration of women in development and reorientation of support services and institutional strengthening of the Ministry concerned

with Women's Affairs. There are also resources for an information, education and communication program.

- e. The US\$ 5.9 million Community Development component is designed to support urban community groups to target the poor. It is to provide funds for small scale social infrastructure, community focussed social services, training and support in simple business skills, and micro enterprises.

132. The Policy, Planning Information component (US\$ 10.44 million). Four of the six (population, health, WID, employment) sectoral interventions referred to have elements for the creation or strengthening of national policies in those areas. In addition there are resources devoted to building up the national planning capacity and information base. This foresees support to the Planning Directorate of the Ministry of Planning through training, short term technical assistance and computer equipment and logistical support. It includes support for resources the National Statistical directorate for a permanent Cameroon Household Survey system and for updating the national price index.

IV. Some comments on the contents of specific components

133. National Employment Fund. This is a risky and possibly cumbersome response to a major social problem. It provides a total of US\$ 31.1 million for retraining and re-employment of public employees. It contains an apprenticeship scheme, employment advisory services and a fund for micro-enterprises. Through these instruments it seeks to provide over the four years of the project's life, training and insertion or re-insertion into employment of most or all of the 30,000 individuals who, it was estimated, would become unemployed as a result of the decline of Cameroon's economy and the contraction of the modern sector. If it succeeds, the FNE will solve a significant part of the unemployment problem.

134. The most obvious comment is to ask whether using US\$ 31 million, much of it borrowed at full IBRD rates, to give employment to 30,000 people (1 job = US\$ 1,000+) represents the most efficient use of the resources and how this cost per job compares with alternative employment creation schemes. We did not find in the files or in our discussions in Cameroon, indications that this specific issue had been addressed. Another concern that was voiced was whether FNE was creating yet another bureaucracy, albeit an autonomous one with heavy private sector involvement.

135. Also there is some degree of ambiguity as to what will happen after the four year period during which the FNE is supposed to

operate. One of its functions, the provision of labor market information has, in the past, been the responsibility of the Ministry of Labour. The Evaluation Team presumes, but was unable to confirm, that thought had been given to the institutional and other complications likely to arise when the Ministry, which collects the basic data, will cede its role of source of labor market information to FNE and then, apparently, has to recuperate it again after four years.

136. The information component. The particular choice of activities to be financed seems to have been heavily influenced by the IBRD team. There is a general recognition within the Cameroon government that their information system needs some strengthening. This view is shared by several representatives of the local donor community. It is much less clear that the choice of information to be collected and the kind of strengthening envisaged under the SDA project reflects a careful analysis of Cameroon's existing systems for collecting information or for using it.

137. The Staff Appraisal Report indicates that the Cameroonian Household Survey would provide a rapid and regular source of data on the standard of living and the socio-economic status of households during the adjustment process. It would include the three types of SDA surveys: Priority, Integrated and Community. There would be a priority survey in 1990, an integrated survey in 1991-92, priority and integrated surveys in 1993 and a priority survey in 1994. On the face of it, this seems greatly in excess of what can usefully be absorbed.

138. The report of the "groupe de reflexion," which discussed the question of information, speaks of an integrated modular questionnaire developed by the Statistics Directorate in close collaboration with the user ministries. Our enquiries lead us to believe that the Directorate has not developed such a questionnaire independently and that consultation between it and the ministries on this issue has been perfunctory at best. There have been exchanges of views between the Statistical Directorate and the user ministries but they have concerned differences of interpretation over the kind of services each expected from the other.

139. The Evaluation Team saw no evidence that much time or effort had been spent by anyone responsible for designing the component in a dialogue with either the users or the collectors of statistics or that there had been a thorough diagnosis of the system's weaknesses. This observation is further supported by noting the inclusion in PAGE of an expert in statistical systems design. The terms of reference for this post, for which recruitment is now in process, are to design and set up an appropriate system of national statistics adapted to the socio-economic circumstances of Cameroon and to improve the

relationship between the Statistical Directorate and the users. If this task is still to be done it is difficult to be sure that the SDA component does indeed fit into the overall system.

140. Moreover the statistical adviser's terms of reference do not make any allusion to the need to integrate either existing socio-economic data or that which will eventually be generated under the SDA project into the main stream of Cameroonian data and analysis. It thus appears that on the one hand the Statistical Directorate is to be strengthened via PAGE without reference to SDA and all its works and on the other it is being strengthened via SDA through a permanent household survey that is supposed to be integrated into a national system for data that has yet to be designed. This apparently inconsistent approach seems disruptive rather than supportive of the development of a sound information base for economic and social management.

141. All of the above would be of somewhat less concern, if the national information system was in good shape in the conventional areas. But it is not. The latest national accounts are for 1985/6. Bringing them up to date would be an important contribution. A demographic census was carried out in 1986/87 and its results have yet to be published for a variety of reasons. To the extent that the obstacles are technical and statistical, help here could obviously be beneficial. The new tasks will certainly make it less likely that the old problems will be solved. Moreover a number of people were of the view that establishing the status of different vulnerable groups and monitoring their condition over time could be efficiently done by regular targeted surveys of those already known to be poor or seriously affected by the adjustment process. Finally and noting that data collection for priority surveys is supposed to take up to three months and that data collection for an integrated survey takes a year and given that definite financing for this component has yet to be secured, we repeat that we seriously doubt, given the rate at which data has been produced and analysed in the past in Cameroon, that the five different surveys could be completed in the four years of the project's life.

142. When exploring what the technical ministries would use the SDA data for and possible alternative needs for data which were more urgent, most of the officials we spoke to had only a very general notion about the kind of data that the permanent household survey would produce. The general view was that more data were a good thing in and of itself. One practical need that they identified was that comprehensive data were necessary to justify submissions to donor agencies for project funding. Thus it cannot be proven that there are well identified, pressing data needs that are not being financed because SDA activities have pre-empted the resources. It can however be affirmed that a nationally managed survey of how data are collected, analyzed and used remains to be done and that it would appear to be the

necessary precursor of any statistical activity as large and pre-emptive of resources as the SDA Household survey.

143. The evidence and informed local opinion suggest that the burden of the statistical work foreseen under SDA seems disproportionate given current capacity and practice of information exchange in Cameroon. The plans for its effective use are at best not clear and at worst nonexistent. There is a risk that, if implemented, the SDA component would serve as a cuckoo's egg "crowding out" other important, or perhaps even more essential, information functions.

144. The eventual use of the data and the resulting analysis are also an issue. The SDA statistical component seeks to provide a viable information base that would permit the measurement of poverty and allow one to follow the evolution of the living conditions of households and to integrate these data into macroeconomic and sectoral decision making. Both Government officials and expatriates insist that there is no shortage of qualified manpower in the country, so the constraint is not lack of trained human resources. At the same time they assert, and we concur, that there does not seem to be a congruence between the services that the Statistical Directorate claims it can provide and the kind of services that the technical ministries say they need from them. This provides further confirmation that the kind of dialogue between producers and users of data in Cameroon, that is necessary to define in a straightforward and operational fashion the absolutely essential data and analysis needs of the country, has yet to take place.

145. If this is so, then the binding constraint on economic and social planning and management is not so much the supply of information as the design and management of the information system.

146. One final comment on this aspect of the project; in reading the records available in Washington of the internal project appraisal process of the IBRD, the other components of the SDA project are discussed, often with impressive degrees of rigor. But references to either the conceptual or practical appropriateness of the statistical component were not found.

147. To sum up, while by training and experience the Evaluation Team is predisposed to favor the accumulation of relevant empirical data as an instrument for solving the problems of societies, we have some serious questions regarding the direct applicability of much of the SDA statistical approach in Cameroon, as presently conceived.

148. On the planning capacity component similar concerns must be noted. The Ministry of Planning indicated that there was a Computable General Equilibrium (CGE) model developed by

themselves with external assistance in the mid 1980s. However they also indicated that not much use was made of it.

149. As far as we could gather there was no one in the technical ministries, who had the technical knowledge and experience to use such models with any degree of ease. There does not appear to be an extensive interchange between the Government and the university community in these matters. This being the case, one must question whether further development of the model, to include a social accounting matrix, is a priority need in strengthening planning capacity, in particular if the intent is to reflect the social dimensions of development in the planning and management of the economy. If a CGE approach to strengthening planning capacity is chosen, then wider use of the basic model and ensuring that at least a small team was created and kept together to apply it, would appear to be a more obvious priority.

150. As far as the data needed for the model are concerned we were unable to find evidence of any dialogue between the macro planning division of the Ministry of Planning and the Statistical Directorate in the same ministry, regarding the kind of data which the macro planners would need, in order to constitute a social accounting matrix and to re-estimate the model on this basis.

151. The institutional strengthening component raises similar issues. There are several references in the SDA project to building up the capacities of several of the ministries. The SAR refers to introduction of a program-budgeting system in the Ministry of Health, the establishment of a health sector co-ordination mechanism and notes that each central and provincial ministry unit responsible for the development of specific programs would be strengthened and equipped to co-ordinate and supervise implementation. Similarly the planning units of the Ministries of Education and Higher Education are to be developed and a planning unit is to be created at the University of Yaounde. These are quite specific interventions and this degree of specificity implies that the capacities of these institutions have been assessed at least in broad terms and that the kinds of intervention needed to strengthen them have been identified.

152. The agent of these changes is to be a Cameroonian institute called the Institut Supérieur de Management Public. This agency, itself in receipt of assistance from CIDA, indicated that they had just begun to collect the basic data needed for an analysis of the needs of the ministries and that these data were not available previously. This raises the question of how the particular interventions in the ministries were identified. If there was no institutional analysis by the SDA team or by others, and if the data on the exact staffing, organizational setup and programs of the ministries concerned are only now being

assembled, we must conclude it was based on a priori notions of what ought to need strengthening and how it ought to be done. While we accept that detailed institutional analysis may not be needed to observe that a ministry or department is not performing well, we doubt that the precise needs of such an entity can be identified without proper analysis, and doubt even more any solutions proposed without it.

153. We also noted that the IBRD staff dealing with Cameroon in Washington, and those based in Yaounde, have both stressed that the degree of institutional and inter ministerial rivalry is high. At very least, this suggests that a carefully measured approach to institutional strengthening, preferably based on data rather than on preconceived ideas, would be necessary. This does not appear to be the approach that was taken by the SDA team.

V. Conclusions

154. All in all, the SDA project in Cameroon does contain at least one element, the National Employment Fund, that may plausibly reduce the social problems of the country. The "groupes de reflexions" which were set up very much at the World Bank's urging and to some extent with the Bank's financial support, to prepare the SDA project, appear to have promoted a fair amount of internal dialogue. The appearance of the SDA unit staff may have had some catalytic effect in promoting this dialogue on social issues.

155. The issue of whether the SDA approach led the donors to give additional resources was discussed with donors. Several (e.g. CIDA, EC and France) indicated that the components of the SDA program, which they had agreed to finance, would have been part of their programs anyway and indeed in most cases had already been agreed or at least extensively discussed with government prior to the arrival of the SDA teams.

156. The information and planning component we perceive to be ill conceived and not very practical. Many, if not all, of the other activities could reasonably have been included in bank sector loans in the relevant sectors.³ We conclude therefore that the SDA project preparation process has brought little evident value added to the process of conceptualizing economic and social development in Cameroon. As such the expenditures incurred may not be justified by the results that are likely to be achieved.

³ There are ongoing loans in education/vocational training and in the urban sector

Finally, the objectives of the joint regional project RAF/86/037, strengthening the government's capacity to design more socially sensitive SAPs, strengthening its data capacity in this regard, and then designing better Adjustment Programs, in our judgment, are unlikely to be achieved to a satisfactory degree in the case of Cameroon.

E. Madagascar's SDA Project
drafted by Prof. Hiey Jacques Pegatienan
and Mr. Roger Maconick

I. Introduction

157. With a GDP/capita of US\$ 225 in 1987, Madagascar ranks among the poorest countries in Africa. Its population is 11 million, with a 3.1% annual growth rate. Development of the country is constrained by significant transportation and communication bottlenecks associated with its particularly difficult topography.

158. After independence in 1960 economic growth was modest during the 1960-72 period, 3% per annum in real terms. Stagnation prevailed until 1978 when a strong impulse came from a vigorous public investment program in 1978-79, financed by external commercial borrowing. The boost, however, was short lived mainly because of the decline of world market prices that led to a significant economic deterioration in 1980-82, with inflation, currency overvaluation and large external debt.

159. A stabilization program was undertaken between 1981 and 1985 with the support of the IMF. The main objective was demand management through a significant reduction of public expenditure. Despite a successful restoration of fiscal balance, real growth did not resume.

160. After 1985 a sector by sector structural adjustment program was initiated with economic liberalization and a redefinition of the overall role of the State as the main features. This program was financed by loans from IBRD and ADB. The structural adjustment program seems to have begun to produce some visible improvement. GDP reportedly increased by 4% in 1989. However much of the population is very poor. Between 1983-1987 the number of children affected by malnutrition increased by 12% per annum. During the mid 1980's there was a severe malaria epidemic.

161. The Government of Madagascar, in June 1987, joined the regional SDA project seeking "assistance in identifying and implementing an emergency social action program to meet the basic needs of disadvantaged groups and in reinforcing its capacity to manage the adjustment program."

162. The process of project identification started in January 1988 with a meeting of the Consultative Group for Madagascar. In February 1988 IDA and ADB undertook a joint preparation mission.

In April and August 1988, IDA and Swiss Cooperation conducted appraisal and post appraisal missions. The outcome of all these missions was the Economic Management and Social Action Project (EMSAP), referred to in Madagascar by its French acronym PASAGE.

163. PASAGE has three components: a Social Action Program of US\$ 27.05 million, meant to meet the Government's emergency social needs; a Social Dimensions of Adjustment element for US\$ 2.98 million, designed as a "support for the preparation, implementation and monitoring of a medium and long term social action"; an Economic Management project for US\$ 10.92 million, intended to enhance the Government's capacity to manage the economy. Preparation of this third component was not part of the work of the regional SDA project, therefore will not be dealt with below except for a study fund provided through it to the Ministry of Planning.¹

II. The Social Action Program

164. This part of the project consists of seven items: malaria control, family planning, food security, targeted employment generation, support to nongovernmental organizations, redeployment and reemployment programs.

165. Malaria Control Program. Malaria is one of the most important health problems in Madagascar. It was controlled successfully for the first two decades after independence only to revive after control activities diminished or ceased in the 'seventies. The worst affected areas were in the high plateaux, where in the mid-'eighties the number of fatalities from malaria was doubling every year. The objective of the program is to develop an integrated and phased control program to implement emergency action and to treat and monitor the disease.

166. The activities scheduled are: development and supervision of a community based system for diagnosing and treating malaria; development of a chloroquine distribution system to resupply the malaria agents; an increase in the supply of essential drugs for treating malaria; an emergency program of intra-domiciliary spraying of DDT; strengthening the institutional capability of the Ministry of Health for malaria control.

¹ The Madagascar SDA project can be viewed as a US\$ 2.9 million project, as described in some of the SDA literature or as a US\$ 42 million project, as described elsewhere in SDA literature. In any event it represents a contrast with the Anglophone countries studied in this Evaluation, where the SDA projects appear to be more discrete and identifiable.

167. In this area the Swiss cooperation has been active, providing US\$ 4.75 million for essential drugs. The overall objective was to distribute three million boxes of 150 mg chloroquine pills (1000 per box). They were to be distributed in six lots of 500,000. At the time of the evaluation team's visit, the third lot was being distributed. The results of this campaign were impressive. The mortality rate due to malaria dropped by 50% between the second semester of 1988 and the second semester of 1989, and returned to the rate of 1984.

168. By means of international competitive bidding, this program also reduced the unit cost of the chloroquine pill from FMG 75 to FMG 25 (less than 2 US cents). At least one of the six lots of pills was manufactured locally. A cost recovery program was set up and out of the FMG 25 that was paid by the patient, FMG 15 were returned to the Government in order to build a chloroquine fund.

169. While there are many other health problems that have re-emerged in Madagascar in recent years, including tuberculosis and plague, it is quite an achievement to have halted, at least temporarily, the malaria epidemic. Although the epidemic was not the result of structural adjustment, the morbidity rate that was due to malaria was accelerated by the lack of drugs and equipment in the health centers² and the shortages were caused, at least in part, by the budgetary cuts associated with structural adjustment. However the program does not address the much broader, structural problem of limited access to the health services, resulting from a chronic lack of basic non-malarial drugs and equipment in public health centers. These shortages, although not created by structural adjustment, have certainly been aggravated by it, and there is no indication that the SDA project was conceived as a first step to addressing them.

170. Family Planning. The annual rate of population growth of more than 3% is seen as being excessive for the economic growth that the country can be expected to attain in the foreseeable future. Before 1988 family planning was not a popular issue and was resisted by the Government. Since then the Government has modified its position and has chosen to use local non-governmental organizations as the main vehicle of a family planning program. Support for this program is one element in the social portion of PASAGE.

171. The "Direction de la Population et de la Condition Sociale" indicated to the Evaluation Team that the "Direction de Planification Sociale," which is the unit within the Planning Ministry (MINEP) responsible for co-ordinating the social aspects of PASAGE, had not organized any technical discussions to work

² See technical note #1 on malaria of October 1988 in the SDA Unit project file.

out the division of labor between the ministries concerned with population issues. The "Direction de la Population" had not been informed that its Statistical Division was to be strengthened through the Household Survey and associated studies. Furthermore the social surveys and studies, which had been suggested by the Direction de la Population, were not accepted by the SDA coordination unit in MINEP. The reason appears to be that the statistical base for these studies was perceived to be inadequate by the IBRD SDA Unit.³ Thus there was some discussion of the content of the project, but the dialogue seems to have been somewhat one-sided.

172. The basic activities scheduled and executed by FISA, a local NGO specialized in family planning, include strengthening of FISA's information, education and communication programs; improvement of its clinical services, development of its teaching activities. The overall objective is to disseminate family planning messages, to improve the family planning services and involve more clients, to train people in family planning and to facilitate a long term population policy.

173. The reduction of population growth may be a desirable long term economic and social goal, but it is not easy to see the direct link with a program designed to provide emergency social relief in the context of structural adjustment.

174. Food Security. There is a serious problem of food security and malnutrition in the country. The SDA project seeks to mitigate this. Under the leadership of the "Direction de la Securite Alimentaire," the following activities are scheduled: targeted food subsidies to be delivered through outlets for the sale of cooked food, development of small livestock raising in poorer urban areas, promotion of new cropping opportunities in poorer rural areas, development of small savers programs, loans for marketing crops to be implemented through village level storage schemes, targeted feeding of children between one and five years of age in urban areas.

175. The Evaluation Team's discussion with the Direction de la Securite Alimentaire concentrated on the soup kitchens, which is the only part of the food security program which has started so far. This project, although modest in scope, has had both technical and management difficulties. Rice purchased on the local market was served to poor people. But the sale price was one that the poorest could not afford, hence the people targeted were not taking advantage of the project and the project competed with existing small food vendors, who are themselves not very well off. The menu was then modified and cassava and maize were provided at a lower price through outlets that ensured that only

³ See SDA Back to Office Report of 30 August 1988.

the poorest received the food. Administratively the staff were overloaded with work as a result of organizational and infra-structural problems.

176. Despite the implementation difficulties, the objective of quick relief has been served by this project element. However, the extent of the relief is minimal compared to the need. Approximately 1000 people were reached via the program. Obviously a more convincing response to the social need is awaited, one that may perhaps emerge from the other elements of this food security program that are still to be started.

177. Targeted employment generation. This program is justified by the expectation that the unemployment rate will be increased by the public enterprise reform that is being scheduled by the Government. The main activity of this program is the construction, rehabilitation and maintenance of rural roads by labor intensive techniques in specific areas. A training program is also scheduled through a Public Works Training Center (CATP). The Ministry of Public Works has created in the Directorate of Roads a unit called High Intensity Labor Techniques, HIMO in French. This unit has developed methods for labor intensive road construction. Under the sponsorship of the Directorate of Roads, 200 kms of rural roads have already been built by small private contractors using HIMO techniques.

178. The purpose of the project is to build, in targeted rural areas, 300 kms of rural road the first year and 700 kms in 1989-90 period. The roads will be constructed, rehabilitated and/or maintained by local small scale private contractors, under the supervision of the HIMO unit. The local entrepreneurs will be trained in HIMO methods, quality control, operation and maintenance of equipment; a training program will also be set to upgrade the supervision capacity of HIMO unit especially at the regional level. The work of the unit is being supported by Norwegian Aid, with technical assistance financed by UNDP/ILO, while the training programs for local entrepreneurs and the services of the Ministry of Public Works, and the construction, maintenance and rehabilitation will be financed by IDA.

179. The short term social impact of this element of the program, if and when implemented, would potentially be positive. Jobs and income could be generated. New private economic activities could be facilitated and generated by the existence, or the restored quality of rural roads, in areas that need transportation most. However no provision has apparently been made for road maintenance after the IDA credit has been disbursed, and there is no evidence that either the Government department responsible or the local communities will be in a position to take on this responsibility. Thus, it is unlikely that the newly constructed roads will last for more than a few years.

180. Redeployment Fund and Reemployment Program. This is mainly to increase the flow of information on labor markets, facilitate the labor mobility and reemployment by the private sector of laid off employees from public enterprise that are to be restructured. The first activity will be the creation of a Redeployment Fund under the Ministry of Civil Service and Labor to speed up payment of severance pay. Since public enterprises have to be reformed, approximately 7,000 employees are expected to be laid off; the advance notice, unemployment and other benefits would have to be paid by the enterprises. The purpose of the Fund is to relieve the enterprises from the liabilities involved, by paying employees severance pay through the Ministry of Finance and regional Treasury Offices, over the 1988-1990 period at an estimated cost of US\$ 2.8 million. This severance pay will be financed from a budgetary allocation by the Government.

181. Since 1989 was an election year, the process of enterprise restructuring has been delayed. The first lay offs started in December 1989 and so far are small in number. The privatization/restructuring studies are still being carried out, so little use has been made of this part of the project to date.

182. The second activity is the Information Center and Referral Services designed to improve the information available to laid off workers about job availability and/or training options. This Center will be an autonomous unit managed by Direction de l'Emploi et de la Main d'Oeuvre.

183. Once the Information Center and the Redeployment Fund are created, reemployment programs can be implemented to provide on the job and formal retraining. In the on-the-job training programs, targeted employers would commit themselves to retrain, and subsequently hire, the candidates referred to them. Their training costs would be paid by the Government. During the on-the-job training the trainees will be paid the minimum wage with the cost shared by the employer and the Ministry of Civil Service and Labor. As for the formal retraining option, eligible local training institutions will be selected and training contracts negotiated.

184. The "Direction de l'Emploi et de la Main d'Oeuvre" at the Ministry of Civil Service and Labor indicated that they are less concerned with the 7,000 employees that will eventually be laid off from the public enterprises than by the school leavers who will not find jobs. They also mentioned that part of the overall employment program needed to consider those who may become unemployed, if and when the Government ministries are restructured. These redeployment and reemployment activities will require US\$ 7.49 million financed by the Government (US\$ 2.88 million), IDA (US\$ 4.17 million), and UNDP (US\$ 0.44 million).

185. Effectiveness of the Social Action Program. The Social Action component of PASAGE amounts to US\$ 30 million out of a total package of US\$ 41 million. It was designed to respond to urgent social needs. It would seem that one measure of the effectiveness of the program would be the timeliness of its response. In the health sector the prophylactic medicine, chloroquine, has been distributed to the population that is at risk and their households have been sprayed with DDT. The mortality rate from malaria has been sharply reduced. This was financed by a grant from the Swiss Government. This component was thus an apparently effective and timely response to an urgent need, albeit not one related to the effects of adjustment policies.

186. IDA is providing US\$ 14 million for other elements of the social action program including malaria control, food security and employment promotion. Disbursements under this loan have been quite small to date. At the time of the Evaluation some US\$ 75,000 had been committed against the total allocation of US\$ 14 million. The reasons for this low rate of disbursement vary. For example, the redeployment fund has not been used yet because relatively few people have been laid off from public enterprises to date. However, the slowness of disbursement rate does raise the question of whether the SDA program was properly designed to respond to urgent social needs.

III. Statistical Data Collection and Analysis

187. Data collection and analysis is meant to be a major purpose of the SDA project, as described in PASAGE, and understood by policy makers in Madagascar. Its complementarity to the social needs expressed by the Government is to be seen through the statistical support, which it is designed to provide to the statistical services of the different social ministries.

188. The main activities of this component are: design and follow-up of social policies, programs and projects; strengthening of capacity for data analysis and economic studies; implementation of a permanent household survey; training of professional staff. The budget for the whole project is US\$ 2.98 million, US\$ 0.06 contributed by the Government, US\$.94 million by IDA, US\$ 1.98 million by UNDP. The Household Survey alone will cost US\$ 2.11 million, financed mainly by UNDP (US\$ 1.1 million) and IDA (US\$.94 million).

189. The Evaluation Team does not question the extensiveness of the general dialogue between the Government and the Bank for the negotiation of PASAGE, but discussion about the design of the overall Household Survey and, more importantly, about the content, the methodology and the utilization of the end results in improving policy, seem to have been quite limited. Only the "Banque de Données de l'Etat" (BDE) and the "Direction de la

Planification Sociale" (DPS), which is part of the Planning Ministry, appear to have been used as the normal interlocutors of the IBRD SDA missions. It was apparently assumed that the BDE and the DPS would be responsible for the coordination and the bringing together of different views within the Government.

190. Such discussions as there were, do not appear to have been substantive. This is allegedly because technical departments in the ministries, other than BDE, had difficulties defining their needs in terms of data and analysis. Another interpretation may be that this collaboration was not offered constructively by the BDE and that they did not try hard enough to obtain relevant advice from potential users, or from other people in the Government capable of offering useful views and that they did not perceive their mission to be to work with users, to help them to define and articulate their needs.

191. The BDE told the Evaluation Team that when formulating the statistical component of the project, and in particular the Household Survey, the SDA team had indicated that they would draw on the experience of Cote d'Ivoire, where a prototype questionnaire had been successfully tested. This questionnaire had benefited from an international expertise and needed only minor changes to fit the environment of Madagascar.

192. The BDE has substantive reservations about the size of the questionnaire (64 pages), its large coverage (11 headings) and the time needed for the interview (six hours in two sessions of three hours each). The BDE's overall assessment is that in its present form, this integrated survey cannot be completed within a year because it is too cumbersome; the questionnaire cannot be administered efficiently because no respondent can be expected to devote six hours of their time to it. The BDE staff mentioned that they were assembling the various reservations of different ministries about the questionnaire. These would be forwarded officially to the Bank as soon as internal consultations permitted. In the interim the questionnaire was being translated into Malagasy.

193. Consultation with donors who are more experienced in the social sectors in Madagascar than the World Bank, has not been very good. UNICEF has done a series of nutritional surveys and analyzed the needs of vulnerable groups. They indicate that they can provide quite good data on the status of vulnerable groups and what is happening to them over time. There is not much evidence that account has been taken of such prior work in designing the SDA statistical component in Madagascar. The donor community in Madagascar, especially the UN system, expressed general interest in having access to a better, more extensive data base, in order to assess the relevance of their programs. However, they doubted the value added of the data that would eventually be collected under the SDA project.

194. The Household Survey component of PASAGE is to be financed by UNDP, whose technical input to this dialogue was minimal. UNDP staff indicated that they had voiced concerns about the form and size of the questionnaire that was being contemplated, but that the discussions with the World Bank Staff had been kept to administrative issues rather than substantive ones.

195. The Household Survey is an extra burden for a statistical administration that is already fragile. The form and size of the data collection, which is being planned, will not strengthen the statistical administration. It will instead divert scarce human resources from outstanding, and at least as urgent, tasks like National Account statistics. One priority is to harmonize the methodologies used by both the BDE and the Planning Directorate to compute National Accounts aggregates. Apparently they have two quite different estimates of GDP for the most recent year for which estimates are available, 1984/5. One estimate is for 1.3 trillion FMG and the other is for 1.7 trillion FMG⁴. A 30% discrepancy would appear to be worthy of further consideration. And even more important: national income accounts that are five years out of date need prompt attention.

196. Whatever its deficiencies, there is existing local capacity for data collection in social sectors scattered in different ministries. One obvious course, if the objective is to strengthen the Malgache capacity to collect, analyze and use data on the social sectors, is to rationalize and co-ordinate ongoing activities and enhance the skills of existing staff, not only in collecting and processing data, but also in using it effectively to formulate good policies and to manage them better.

197. The recurrent cost of the SDA statistical surveys will be significant and will pre-empt resources that could have been used for other, perhaps more modest, basic tasks. If the overall purpose of the statistical component is the targeting of the poorest and of the vulnerable groups, then the net contribution of the particular method used will not be substantial compared to the targeting achieved by using simpler, cheaper, more accessible methods, designed by other agencies experienced in social sectors like UNICEF. Given the economic problems of Madagascar and the prospects for the future, the sustainability of the overall data collection activity is questionable.

198. There is no clear evidence that the potential users of the data within the Administration will actually use it. Officials in the Ministries of Population, Health, Agriculture, and Civil Service and Labor did claim that more data will be helpful to them, but none of them was willing or able to share with us

⁴ FMG stands for Francs Malgaches. Currently US\$ 1 is approximately equal to 1500 FMG.

examples of the practical ways in which it was going to be used. One of the most important reasons for this seems to be the level of economic understanding of most civil servants. We doubt that the relevant civil servants of Ministries of Planning and Finance of Madagascar, let alone those of the social ministries, have today internalized all the implications of what is involved in both the statistical and the analytical parts of the SDA project, and the data requirements implicit in the "design and implementation of a macroeconomic framework to integrate distributional and employment impacts into macro-economic policy making".⁵

199. Given the political and social sensitivity of income distribution data, access to the information produced by the survey may well be restricted, as for example in Cote d'Ivoire, to very few civil servants. In this kind of situation the Evaluation Team suspects that, should the survey data be collected, it will be processed and used by institutions outside Madagascar. Most of the benefit would go to them and not help the local administration to improve its policy design.

200. One other troubling aspect of the whole exercise is that the questionnaire, which is to be used, has apparently yet to be pre-tested in the particular context of Madagascar. The Back to Office report of the relevant SDA staff member notes, in mid 1989 well after the elaboration of the Madagascar SDA project, that "the Malagasy and Senegal surveys will be a test of our pilot questionnaire proposal."⁶ In fact the questionnaire for the integrated survey has been modified and was pretested in Ghana in May 1990. The statistical approach, which is being urged on Madagascar, is still experimental, even if it builds on the experience with LSMS and prior work under SDA. It appears however that it is being presented to the Government, as if it reflects up to date, proven and trustworthy techniques of economic and social data gathering and analysis.

IV. Financing

201. The overall budget for the PASAGE project is US\$ 41 million. This includes the contributions of all donors. The loan portion amounts to US\$ 24 million, 22 million from IDA and 2 million from ADB. These loans cover redeployment and re-employment activities, the household surveys and a component for economic studies. Although these loans are made on highly concessional terms, unless they raise the productive capacity of the country,

⁵ See "Sustainable Growth with Equity : A Long Term Perspective for Sub-Saharan Africa," IBRD report # 8014, Box 9.2, p.183.

⁶ See Back to Office report of 15 May 1989.

the SDA project will have reduced the disposable real income of Madagascar, once these debts are serviced.

V. Concluding remarks

202. The Social Action program. Given the perceived urgency of the social situation, which led to PASAGE, one would have expected that a program designed in October 1988 would have been in full implementation by mid-1990. Only two elements of the social action program have been implemented: the malaria program with clear immediate success and the soup kitchens with major problems. In the health sector, the program does not address the broad structural problem of access to health services.

203. It is worth noting that there are some other promising approaches to the social dimensions of adjustment in Madagascar. UNDP is supporting work by the regional planning department of MINEP to prepare a disaggregated profile of a large number of sub-regions in Madagascar. These profiles are designed to provide the data necessary for any Government department or external donor to consider financing local small projects for infrastructure, productive activities or social services. These profiles would be made available by the Government to a donor conference for the social sectors foreseen for the end of 1990 or early 1991. The significance of this approach is that it recognizes the need for data to make decisions but ensures that the data collected are directly relevant to decisions by Government or donors, about what to support, and where. It also ensures full involvement of the nationals in the process.

204. Information and Policy Analysis. The Household Survey component, meant to alleviate poverty through its contribution to better policies, is still being discussed and is scheduled to start only in September 1990. It is hard to believe that this delay does not mean that, in the Government's calculus, the problems it seeks to solve are not urgent, or that the way in which it seeks to solve them is unconvincing.

205. If targeting is the thrust of the Household Survey, the question arises whether it is really what the Government of Madagascar is looking for. Targeting is not the major concern

⁷ It is the function of the government's development policy to address these structural concerns. One of the implicit arguments for PASAGE is that while, in the short run, it helps to solve urgent needs, in the medium run, it improves the condition of those affected by structural adjustment, via better data and analysis, which permit the Government to target their programs better. As stated elsewhere, this aspiration of SDA appears to be optimistic.

of the Government officials encountered. They claim that 87% of the population is poor and the income differentials between those poor people are so small that targeting does not improve the impact of their programs and as such it is meaningless. Even if, as external observers, we see benefits to targeting, a second question then arises whether such targeting is better served by the type of Household Survey proposed in the SDA project or by alternative methods like those of UNICEF or WFP? The cost of targeting using SDA methods seems to be very high. Is statistical data collection the right answer to a pressing social need? Although we cannot question the need to base any policy on hard facts, we do not see the immediate or even longer term relief that will be provided by this activity.

206. Altogether neither of the elements of the SDA project, the social action and the statistical component, even if they are eventually implemented, seem likely to make much contribution to improving social welfare or social policy formulation in Madagascar in either the near or medium future. If they do not, then the wisdom of borrowing IDA resources for this purpose must be questioned.

Chapter IV

Other Basic Questions

A. The Governance of SDA

1. It is a very conventional feature of UNDP financed TA projects to make some agency with particular sectoral or functional expertise the Executing Agency which will assume full responsibility for the overall management and control of the project. This is done in a Project Document with specific terms of reference, work programs, time schedules, budgets and reporting requirements. If the UNDP wishes to act in as many fields as it does, without building up a far larger establishment than it already has, one really cannot imagine any fundamentally different alternative solution. And, given the number of sectorally, functionally and geographically specialized agencies already in existence, it also seems, for the most part, a sensible model.

2. But it is based on the existence of an agency with a clear and recognized competence in the field of the project. For the traditional sectors and types of projects this precondition can usually be met; between the regional development banks, the World Bank, the IMF and the specialized UN and regional agencies such sectors as health, education, agriculture, industry, finance infrastructure, and others are usually adequately covered.¹

3. When a program is proposed in which none of the existing agencies has either a special mandate or a successful track record of achievement, the question must be asked whether the conventional model still applies or whether it can or should be modified. For the UNDP this means that it must at least ask itself the question whether it wants to delegate executing responsibility as completely to an agent without such special competence as it does when the agent has a well established record.

4. This is a policy decision for the UNDP. If the answer were to be negative, it might well imply a decision to build up its in-house capacity to design, execute, and monitor programs in

¹ This is not to say that TA projects in these sectors are always well run or successful. But failures can seldom be attributed to a basic lack of competence of the institution--as distinct from individual staff--chosen as Executing Agency.

this sector, even though it may wish to continue, as a general rule, to limit the growth of its own establishment.

5. Given the absence of any single institution with a very obvious comparative advantage in the broad field of social policy formulation and execution, the case for relying on a single one is, as was noted, weak. Given, further, the absence of wide agreement on models or approaches to be used and the similar absence of many successful experiences--other than in individual fields, such as education, nutrition, etc.--one must ask whether the time was really ripe already for choosing a single model or a single relatively homogeneous approach. The issue here is not just the--admitted--variety of country situations, but rather the genuine doubts and uncertainties--not often admitted--of what approaches serve best to deal with the problems at hand.

6. Given such a situation, it might have been worth considering following a more heterogeneous, decentralized and frankly somewhat experimental approach. And it may still be worthwhile to consider such an option at the time of replenishing SDA's resources, which will have to be done soon (see Chapter II, above).

7. One could, for example, conceive of a wider distribution of responsibility between more Executing Agencies. Besides the IBRD and the ADB (if it feels ready for this), UNICEF and the ILO come to mind, as possibly might, in such a setting, a strengthened UNDP itself,² and, if possible, individual bilateral donors who at present participate multilaterally in SDA. These agencies, after negotiating among each other and with the Governments of the countries concerned, might each take on the programs of a few countries.

8. While this would inevitably lead to a loss of uniformity of approach, for the reasons noted above this is considered, potentially, a virtue rather than a vice. And the valuable experience of some of these agencies in selected fields might thus be brought to bear on the problem much more effectively than it is now. One example is UNICEF's record of modest, practical and issue-oriented field surveys and related studies which are quite different from the academically more impressive, far more expensive and time consuming LSMS or Integrated Surveys and Priority Surveys. In Malawi, UNICEF also initiated some pilot projects with the appropriate ministries, and in general it appears to combine detailed knowledge of local social conditions with sufficient decentralized authority to innovate on a small scale. In many situations they may well be more appropriate to African needs and possibilities. Similarly, the ILO's work on employment creation might thus be incorporated into some country programs. This approach could also have the great advantage of

² But see para. below.

simplifying the financing schemes; ideally no more than one or two donors should be involved in any single program. Both in the decisions on what is to be financed and in the administration and oversight of programs, the multiplicity of donors imposes extraordinary burdens on the recipients.

9. There are some undoubted drawbacks to such ideas. The inter-agency relationship problem must not be under-estimated and the experimental nature of this approach may not sit well with all governments, even though SDA, as presently constituted, is also an experiment, albeit a rather large and monolithic one. Obviously, it will be up to each agency to work with the individual governments to design programs that seem persuasive--feasible and effective--in their own right, rather than because they are experiments, but that should have been--and sometimes was--true for SDA as well.

10. In such a scenario, UNDP might reasonably decide to carve out a somewhat different role for itself, which might gradually replace its present, slightly anomalous position. Two possibilities suggest themselves:

- (a) It could assume an operational responsibility for a few more countries, i.e. over and beyond that which it has taken on already for Niger and Tanzania.
- (b) It could assume a central coordinating, monitoring, reporting and evaluating function.

11. The former one of these two alternatives does not look very persuasive. The UNDP, because of its nature and past history, probably has substantially less technical in house capability than the specialized agencies and what it has mostly been used for advisory and diagnostic functions.

12. Direct operational work has focussed heavily on the subcontracting aspects, either through specialized Executing Agencies inside and outside the UN family, or, in the case of the Office of Project Services (OPS) through consultants.³ It would not be easy to modify the institutional culture drastically enough to mount an efficient socio-economic project preparation and implementation operation. If the principle of comparative

³ OPS operates on a very large scale. But they do not use their own staff for actual project execution. Hence even their backstopping capabilities are limited, and to build up the corps of technicians--financial, engineering, economic, sociological, medical, etc.--that would be required to take over responsibility for doing (as distinct from contracting out) an SDA project in a country, would signify, in institutional terms, a quantum jump.

advantages has any application in institutions, it would seem unwise for UNDP to try to do what others are doing reasonably well, rather than capitalize on its existing strengths.

13. Under option (b), to become the Operational Secretariat of a decentralized SDA, UNDP would also have to agree to a build up its in-house capability. It is not the purpose of this Report to enter in any details of the internal administrative arrangements in UNDP that this might imply. But, since the function that is under consideration here is not an operational one, this build-up would probably most logically not be located in any operating unit such as a Regional Bureau, but in a central policy unit, such as the Policy Bureau.

14. Even now, the UNDP already ought to have some of the required strengths. It has not, as far as the Evaluation Team could establish, used its membership (chairmanship) in the Steering Committee in a purposeful way, not only to brief itself on progress but to give active guidance and direction to the program. And it evidently could not do this because it lacked the organizational and technical strength for it. If one accepts that such an active and constructive role does not only require attendance of the Committee meetings by capable and sophisticated senior officials--which the UNDP of course can provide--but also an experienced and mature policy staff that can crystalize the available knowledge on the execution of the programs in different countries--successes, failures, problems, solutions--into sharply drawn policy position papers to be used in the Steering Committee, the present constraints on UNDP become clearer.⁴

15. For a more ambitious role, in which the UNDP would assume a real monitoring function and would use the Steering Committee--reformed or replaced by a more appropriate body⁵--to produce meaningful confrontations of alternative experiences and interpretations of the various Executing Agencies, a number of senior policy analysts, knowledgeable in the field and,

⁴ W. Elkan is not persuaded that this suggestion would bring about the desired improvement.

⁵ The Committee has met infrequently and without leaving much of a track record. One member told the Evaluation Team that he no longer attended because of his failure to get a serious hearing for his concerns relating to the strategy and direction of the program. As far as we could establish, the Committee never attempted to address the reporting deficiencies (see Chapter II), a subject that would certainly have been within their mandate. Nor is it clear whether reports of UNDP field officers regarding conditions in the countries and progress or problems with SDA were ever solicited or received.

preferably, with practical executing experience, would be required.

16. No cost estimate will be made here. But there is absolutely no doubt that the budgetary implications of this proposal would only be a fraction of the amounts spent so far, on attempts to conceptualize the SDA issues. As was noted elsewhere (see above, Chapter II), there are grounds for doubt that much of this work has yielded useful fruits.

17. If such a modification were decided upon, it would, of course, also have important implications for the SDA Unit in the IBRD. Basically most of the Unit could be integrated into the normal operating units of the Bank, i.e., the Country Departments; this would merely reinforce a decision taken already.⁶ Whether it would be useful to still retain a central core unit in the Bank or not--considering that some of its present functions would revert to UNDP--is a detail that need not be considered here. But even if the formula sketched out above is not found acceptable, a further transfer of SDA Unit staff to the Country Departments would seem to have much to commend itself on grounds of efficiency, usefulness and even symbolism.

18. If the above formula seems too complex and cumbersome, an alternative would be to terminate SDA entirely as an organized program and to fold those components that have merit into the ordinary programs of the participants. This would mean, for example, that UNDP and others might continue--or augment--their support for information (statistics) gathering activities in support of social program, but to cease relying on household surveys as the sole tool. Instead, ad hoc country-by-country analyses of socio-economic data needs and availabilities would be made jointly with the local Statistical Agency and the data-using Ministries. These analyses would define the major data gaps impeding more effective social programs in areas in which the Government wants to move, and would specify what external assistance--if any--might help fill these gaps. Donors would then be approached for grant funds to provide such assistance.

19. Under this formula, the SAP components would be delinked formally--as they always have been de facto--from the statistical components and would revert to where they properly belong: into

⁶ As of 1 July 1990, two or three SDA Unit staff members are transferred to each of the Country Departments to work on SDA or SDA-type activities which thus become integrated into the regular lending program decision making and implementation processes of the Bank. It is expected that this step will help make the SDA activities conform better to individual country needs and to the achievements of the overall agreed Country-Bank objectives.

the regular public expenditure and investment programs of the recipient countries and into the regular country lending programs of the donors and lenders. In the country aid allocation of each lender/donor, they would compete for funds with other projects and would be subject to the same tests of social and economic usefulness, administrative feasibility, monitorability, etc.

20. Neither one of the two alternatives is ideal. Neither one is fully responsive to the serious short-term difficulties which gave rise to SDA. But if, as suggested in this report, SDA does not seem to be a good solution either, it may be best to recognize this. In any event, it is becoming increasingly clear that "adjustment" in Africa may mean structural transformations far deeper and far more extended than in the rest of the developing world, and that therefore short-term palliatives to the dislocations that they produce may be ineffective at best and counterproductive at times.

21. The logical role of the UNDP under the more radical alternative -- to terminate SDA and to rely on better designed adjustment programs to minimize social frictions -- would be clear: to continue to finance, generously and expeditiously, the TA activities that countries with the assistance of lender/donor agencies and UNDP identify as particularly necessary for the success of the structural transformation process. It would not be very different from its traditional role -- which it has not performed badly, everything considered -- and would thus respect the principle of institutional comparative advantages.

22. The UNDP's role under the other, more complex, alternative would be two-fold. On the one hand it would play the central coordinating role of bringing together the participating agencies, working out with them what their special activities "on offer" under SDA would be (e.g., UNICEF for nutrition and health survey and delivery programs, ILO for employment survey and labour exchange activities, IFAD/FAO for agricultural survey activities and, possibly, for targeted programs in that sector, IBRD for more capital intensive activities, including road maintenance, etc.), providing a mechanism under which countries may opt for which agency -- i.e. which program -- meets their particular priority needs, and under which agencies would meet annually to review progress as well as problems. And on the other hand it would play the same, traditional, role of financing TA activities under the program and, one hopes, of taking a leading role in avoiding duplication and inconsistencies.

B. External Financing Issues

23. The initial US\$ 10 million for SDA came out of the UNDP's grant TA funds and out of the ADB's and IBRD's administrative budgets. They thus created no financial problems for the

recipient countries except to the extent that the UNDP funds were not available for other uses in these countries.

24. But a large element of SDA is the preparation of projects for external financing from multilateral and bilateral sources. The latest status report⁸ estimates the total cost of projects or components of projects prepared by SDA at just under US\$ 200 million, and out of this some US\$ 16 million is to be defrayed by the recipient countries. Thus over US\$ 180 million of external financing will be attached to the projects developed so far; once more SDA projects are developed, of course this amount will rise further.

25. SDA has not recorded the terms of the envisaged financing; some of it will be relatively "hard" loan funds (e.g., IBRD); some of it will be highly concessional "soft" credits (e.g., IDA) and some of it will be grants.

26. It has long been recognized that external borrowing at real interest rates above the marginal productivity of the capital invested impoverishes the borrowing country. When the borrowed loan funds are not invested but consumed, of course, the marginal productivity is zero and any interest payment reduces real disposable income in the borrowing country below that which it would have been, ceteris paribus, without the loan.

27. It is not at all clear why these basic truisms should not apply to SDA activities which, for the most part cannot be shown to increase the productive capacity of the recipient countries. It is difficult to understand how the household survey work, for example, can add to future output capacity, however deserving of applause they may have been (a) as instruments to add to our knowledge of social trends and configurations, and (b) as tools to shape more effective poverty alleviation interventions. Some countries, e.g., Tanzania, have, in fact, refused to borrow for this purpose, insisting that such incremental current expenditures must be paid either out of incremental current receipts or by additional foreign grants. This position seems eminently reasonable and it is not clear why it seems not to have been considered by the SDA Unit as the basis for a general rule.

7 The two Banks' funds cannot be viewed in the same way. They might not have been spent at all.

8 Op. Cit., June 1, 1990. There are some conceptual problems with these numbers. The figure shown in the text is a minimum estimate.

9 Some SDA components may be exceptions to this generalization but they too are not, apparently, selected on that basis.

28. But the concept of additional foreign grants, referred to above, also raises a wider problem. Governments had strong reasons to believe that SDA offered at least an element of additionality to total external assistance flows: loans, credits and grants. Whether this was a realistic expectation in a world of constrained foreign assistance funds and of pre-negotiated IDA shares is highly debatable. What is less debatable is that by now it is reasonably clear to many of them that external funds for SDA projects or project components most of the time are far from additional but come out of pre-determined country aid allocations.¹⁰ This cannot but lead to a realization that there are, indeed, trade-offs involved and that more SDA (present consumption) may mean less investment (future consumption). To the extent, therefore, that the passage quoted above (see Chapter I) that

"The goal is therefore adjustment with poverty reduction, not adjustment or poverty reduction."
Conceptual Framework, etc., page 142.
 (Emphasis in original.)

suggests that there are no trade offs at all, it may have been seriously misleading.

C. The Statistical Components of SDA

29. It was already noted (see Introduction) that this Report will not evaluate the statistical methodology of SDA from a technical point of view. Most of what is said in this section is simply based on the assumption that the technical work was done by competent statisticians who knew their jobs.¹¹ It should only be recorded here without comment that questions have been raised by some African social scientists whether the definition of a household that is used ("...a group of individuals who live and eat together for at least nine months of the year preceding the interview...")¹² is appropriate to present day African social conditions, including changing family life, large refugee

¹⁰ While this formulation necessarily oversimplifies the complexities and subtleties of the aid giving, decision making processes of many bilateral and multilateral donors and lenders, it does not distort their essential nature.

¹¹ In this respect the applicable analogy is an economic evaluation of an investment project in which the professional quality of the engineering work is taken for granted.

¹² A Poverty Profile for Ghana, Sept. 1989, p. 15. (By E.O. Boting, K. Ewusi, R. Kanbur, A. McKay. Mimeo.)

movements, large groups of migratory labor and other deviations from the traditional rural and urban settings.

30. A good deal of technical elegance seems to have gone into the design of the surveys. There also has been produced a voluminous manual giving guidance on how the surveys can be used for analytical purposes in various fields.¹³ The importance of this can hardly be overstated, since--in the absence of an actual record of completed and utilized surveys,¹⁴ it is one of the relatively few indicators on which the Evaluation can base a judgment on the likely eventual practical utility of the surveys for formulating better social policies and programs in the participating countries.¹⁵

31. It is impossible to review in detail the ten substantial papers that constitute this users' manual. A selected sample will have to do.

1. Priority Surveys

32. Since it seems quite possible that, because of its lower cost, faster turn-around time and larger sample size, the Priority Survey (PS) will be used in a majority of countries instead of--rather than in conjunction with--the Integrated Survey (IS),¹⁶ the Analysis Plan for this tool is especially important.

33. The primary role of the PS is said to be:

"...identifying target groups and establishing for them indicators through which the impact of adjustment can be recorded."

Analysis Plans, etc., op.cit., para. 10.02.

¹³ Analysis Plans for Understanding the Social Dimensions of Adjustment (Report No. 8691-AFR, June 1990, DRAFT, 386 pp.).

¹⁴ Except for Ghana Poverty Profile, op. cit. But this is essentially an academic use.

¹⁵ As distinct from their value to researchers, which will not be analyzed in this Report.

¹⁶ Since Community Surveys--the third leg of the survey tripod--have not yet been designed, this Evaluation cannot deal with them.

34. Unfortunately the Analysis Plan does not consider this function but only deals with the analysis of cross-section variations, i.e., with structure rather than changes in structure.¹⁷ Thus, one can only make laymen's judgments on the analytic use to which the PS can be put over time.

35. PS groups data under nine headings, namely household structure, income and expenditure, education, health, employment, migration, housing and household operations, agriculture and other household enterprises, assets and investments. While these certainly contain a number of the most interesting--from a social point of view--categories, there are serious practical problems with some of them. Thus,

"This section is seen as the most important....

Where the survey is to be used mainly to monitor changes from an established baseline, the emphasis will be on the estimation of expenditure data for key categories only. The definition of these categories can be altered in each country....

It is felt that there will be considerable problems associated with obtaining more detailed information.... A single visit survey, with an interview with just a single respondent is not an appropriate vehicle for collecting expenditure...."

SDA: The Design of Social Dimensions Priority Surveys for the SDA Survey Program (Draft, Sept. 1989).

36. This would virtually rule out monitoring income--rather than expenditure--at all. And, indeed:

"The respondent is asked to give an estimate of income from each source.¹⁸ Although the precise value of this estimate is not to be taken too seriously, its order of magnitude should be useful enough to make some assessment of the importance of various income sources."

SDA, Analysis Plans, etc. (June 1990, Draft, pp. 315)

37. Whether, if the values "should not be taken too seriously" one can put any reliance on their year to year variation is not stated but seems at least questionable.

38. Moreover, the income concepts are not spelled out in any detail, and in agriculture there are enough well known pitfalls--

¹⁷ A separate Analysis Plan for the monitoring function is expected to be issued in September 1990.

¹⁸ Eleven sources of income are listed.

-valuation of family labor, retention of seeds, depreciation of assets, etc.--in the movement from gross to net income, to make it questionable whether in an hour's interview on nine subjects, a correct and conceptually standardized answer can be expected.

39. There are other queries that bear on the validity of the data for tracing inter-temporal welfare changes. The health component records consultations of health services (numbers and kinds) as well as expenditures on health. But whether free medicines were received in the process, and what their value might have been, does not seem to be part of the record.¹⁹ And whether adults received free vaccinations or free contraceptive devices or not, also seems to go unrecorded. Thus, it is questionable whether the PS can be relied upon to pick up the impact on the health/welfare status of target groups of changes in some of the main Government interventions in the health field.

40. Something similar may occur in education. Cut-backs in the supply to schools of educational materials--books, paper, pencils, chalk, ink, maps, etc.--will not be recorded in the household responses even though they may seriously affect the effective access to education of target group children. Since it is not uncommon that in fiscal retrenchment programs--such as those associated with stabilization/adjustment programs--non-personnel recurrent expenditures suffer disproportionate cuts, this can be a far from trivial limitation on the reliance one is justified in placing on PS as welfare monitoring devices.²⁰

41. In spite of what was said above, the PS probably can provide some interesting and valid impressions about certain important social trends. Nutritional outcomes, particularly for minors are a case in point. The use of anthropometric measures--essentially height/age and weight/height relations--in which actual results are compared to norms derived from adequately nourished groups,

¹⁹ This is the direct result of focussing on household expenditures; only when these data are combined with the administrative statistics of the medicine providing agency, can a valid judgment on health status changes emerge. This would seem to be an illustration of why the single minded concentration on household data of SDA is unwise; the administrative statistics may also need improvement.

²⁰ Even personnel cuts can introduce similar undetected biases, such as when reductions in teaching staff produce major increases in class sizes (outside the range for which, according to most educational research, this variable does not have much of an impact on educational results). However, in practice this is probably a less important source of bias.

can flash rapid²¹ warning signals to national government about the emergence of a major social problem if the data are trustworthy.²²

42. It is also true, of course, that this particular variable can be measured by much more modest survey exercises, and that UNICEF has done so. The PS is certainly not without its uses, but whether--given the sort of limitations that were discussed above--it is a cost effective tool must remain a matter of some doubt.²³

2. Integrated Surveys

43. Contrary to the original conception (see SDA Project Document) it is now recognized that the IS cannot be thought of as a short term monitoring device. Instead, its role is that of a tool to be used periodically²⁴ to get snapshots of the social fabric detailed and rich enough to analyze relatively intricate

²¹ Provided the turn-around time is as fast as the SDA Unit expects. It must be noted, however, that while in the SDA model the PS is to be a free-standing operation, in at least two of our sample countries (Malawi and Tanzania, see Chapter III above) it will be, in fact, tacked on to other, much larger and more ambitious surveys. Thus enumerators will presumably spend much more than the notional one hour with each respondent, will visit fewer respondents per day and take correspondingly longer to get the required sample size (or the sample size will be reduced). What this does to the turn-around time is difficult to estimate but it will certainly not shorten it.

²² Some of the flaws noted above may well be addressed by means of the Community Surveys, once these exist. Work on them is under way, but was not yet available to the Evaluation Team at the time of writing. So a judgment as to whether they will be an effective tool in this connection must be reserved.

²³ It goes without saying that the PS cannot, for the most part, differentiate between causes. Adjustment programs, droughts and locusts may have similar impacts on anthropometric measures. This is not a reason for criticism; it is inherent in much work of this kind, including, in spite of some careless statements in the CF Report, LSMS or IS. What is important is to keep this in mind in the interpretation of results and not to attribute changes between surveys automatically to Adjustment Programs.

²⁴ Say less frequently than annually but more frequently than the ten-yearly censuses.

interrelations on how and why various phenomena impinge on the target groups, and to base social policies on these analyses.²⁵ One such "Analysis Plan" chosen somewhat at random, will be reviewed below from that perspective.

The Impact of Adjustment on Women

44. Breaking down socio-economic data by gender can, of course, reveal--or document--many important features of a society, all the more so when, as is true in Africa, traditions of strong differences in the social roles of males and females, exist.

45. Whether it concerns non-leisure time allocation, ownership of assets, educational attainment, health and life expectancy, or many other quantifiable aspects of socio-economic life, the data for males and females illuminate vital role and status differences. The social scientists have long been aware of these differences qualitatively, but, of course, the more reliable figures come in, the better may they understand the degree and the detailed impact of these differences.

46. This much is beyond doubt. That sometimes it is possible to frame social policies and ad hoc interventions to redress particular aspects of these imbalances, or to set into motion processes that promise, in the course of time, to bring about more fundamental changes in these role and status differences, is also widely accepted.

47. But the extent to which such knowledge can usefully and directly be brought to bear on Adjustment Program issues, is much more debatable. To illustrate: after showing hypothetical tabulations from a national IS which show that

- "- women are skewed towards the non-tradable sector (where they predominate);
- women are skewed away from market allocation of labor; and
- within household allocation, female-headed household labor is more skewed towards non-tradables than that of male headed households...."

the Analysis Plan paper asks: "What might these findings suggest?"

48. The answer given is:

²⁵ While this formulation is somewhat different from that quoted from the CF paper, it seems a fair inference that it paraphrases the underlying thought.

"Structural adjustment involves a reallocation of resources from the non-tradable to the tradable sector. If women predominate in the non-tradable sector this tells us that resource reallocation will primarily concern females. If additionally, women's labor is allocated by the household, this tells us that we cannot rely on the labor market to achieve this reallocation. If, within household allocation, female-headed households are skewed towards non-tradables, and if such households are numerous, this suggests that the gender of the household head may currently be a significant influence upon accessibility of traded activities."

(Analysis Plans, etc., op. cit., pp. 237)

49. Now whether one accepts this reasoning or not (and the second sentence certainly seems to be a non sequitur), it is highly unclear what policy conclusions--if any--governments could draw from such analysis. They could, of course, eschew the adjustment program, but that is certainly not the intended meaning. They could--theoretically--compensate affected women for all or part of their losses, but if, indeed, the majority of the losers are women, this, too, would reverse much of the intended economic effects of the Adjustment Program.

50. Most of the other examples in the Women Analysis Plan are similar. The data that would be collected by the IS would probably greatly enrich and sharpen our knowledge of the social setting, but might have only minimal relevance to decisions to be made in connection with Adjustment Programs. This is not to say that they are without value for other purposes. But in the particular context of the SDA, their function is far from clear.

3. Institutional Aspects of the Statistical Component

(a) Costs and Finances

51. It is one of the commonplaces of external assistance programs that one must be cautious with the use of aid funds for the initiation of programs with substantial future recurrent cost implications unless either (a) external donors/lenders really intend to fund these costs over very long periods, or (b) there is solid evidence for the belief that governments truly attach such high priority to the activity in question that, in spite of overall budget constraints, they will devote the necessary public resources to the program, once the external funding ceases.

52. Given this well known caveat, the wisdom of which is confirmed by hundreds of worthy initiatives all over the developing world, that were abandoned when the foreign financing came to an end, it is surprising that no evidence of concern with matters of future recurrent costs could be found by the Evaluation Team. In none of the sample countries in which Household Surveys were part of the SDA activities, could any data

on the subject be found in the project files, and discussions with SDA Unit staff did not indicate that serious efforts had been, or were being made to get them.

53. Nor could precise data be found on the overall budgets of the statistical agencies that would handle the Surveys, so that mostly only qualitative judgments exist as to whether these new activities were marginal or substantial increments to the agencies' costs. In the case of Ghana and Malawi, they seem to have expanded the budgets by multiples of 1 to 2 (see Chapter III). The degree to which this downgrades other, ongoing activities--in terms of management attention, allocation of prime staff, etc.--is easy to imagine. And the degree to which donors have bought themselves the choice between either very long term commitments of financial support or the risk of an aborted program a few years hence, while unquantifiable, must be assumed to be considerable. Finally, it is also likely that SDA interfered with, replaced or altered the focus of long term statistical TA previously supplied to African countries (e.g., Ghana and Malawi).

(b) Priorities, Capacity, Management

54. It would seem a matter of normal prudence and good project management, before deciding to charge a statistical agency with a major new responsibility, to review with some care its existing program of work, medium and long term plans and priorities and the degree to which these stretch its human, financial and managerial capacities.

55. It would seem highly questionable to introduce such a new program without having assessed the possibly sizeable disruptive effect that such a new program can have. The cost to other activities, including both the timely production of routine statistics in many fields and the planned expansions of services to users cannot simply be dismissed by an assertion of absolute priority for the new activity, backed up by generous new financing.²⁶ And that such disruptions are likely when the new activity quantitatively is large compared to the ongoing ones (see (a) above) can hardly be doubted.

56. The Evaluation Team saw no evidence that such assessments were made and that at any time the congruence between the new survey work and the ongoing and planned work of the Statistical Agencies was an important element in either the decision on whether to initiate the former or in how to shape it so as to best complement and fit in with the office's other activities. Given the likelihood that eventually the users of the other

²⁶ Such financing may gain the support of the Statistical Office but may be inimical to the interests of many of its users (see (c) below).

programs will notice that their interests have been relegated and will try to reverse this trend, one should not be surprised if substantial difficulties will emerge in the prompt and efficient completion of the production and processing of the SDA data as well as in the normal output of the Statistical Offices.

(c) The Users

57. Statistical Offices, ultimately, are producers of an intermediate good. The information that is their final product is an input used by other government agencies, researchers, the private sector and the general public. As such, the value of their output is determined by the use to which it is put by these clients and it is not up to the producer, in isolation, to determine what his clients need.

58. Consequently, when a major new data production and processing initiative is proposed, it seems axiomatic that both its overall usefulness and its particular structure and composition must be thoroughly discussed with potential users. In principle, it is they who can be expected to know best precisely what sort of data would be most valuable to them and would help them most to perform their own missions. Naturally, different clients' needs and preferences will differ and may often conflict and some may in the end have to be disregarded to accommodate others, but this should be an informed, not a haphazard, choice.

59. Within a government, the clientele also differs substantially. On the one hand the Planning Office, Central Bank, and other central, macro-economically oriented agencies often will be the most frequent and demanding interlocutors of Statistical Offices; on the other hand there are line ministries and other spending agencies that both generate statistics in the execution of their programs, and need statistics to set up and improve programs.²⁷ The latter, too, are clients of the Statistical Office although the contacts may be less frequent and less systematic.

60. It should be noted that both types of clients, but particularly the line ministries, do not only look to Statistical Offices as a source of data but, at least as important, as a source of technical expertise. It is the Statistical Office that would normally advise them on all the technical and organizational problems involved in developing a new survey, a new regular reporting series, etc. It is important that Statistical Offices not only have the desire to supply this vital

²⁷ Thus a school-lunch program will generate statistics on meals served in different locations; to set up a new infant dietary supplement program statistics on degrees of deficiency, location and number of deprived infants, etc., will be needed.

service but also the ability. This they can ensure either by having sufficient slack in their regular work load or, better, by setting themselves up explicitly for it. In either case, the Household Surveys should not--but well may --be allowed to interfere with this function.

61. The Household Surveys are to help governments design and execute better social policies and, indeed, at least part of the information that they may yield can be potentially very valuable for this. Thus, both Planning Offices and spending ministries should be thought of as major clients, the former primarily for the broad policy formulation function and the latter to design specific programs to deliver particular service to particular target groups.

62. It thus becomes relevant to ask whether the views and needs of these users have been effectively incorporated into the design of the data gathering component of SDA.

63. By and large the answer seems to be that they have not. In Malawi, to cite one example, the so-called Users Committee was only established after the survey, both in principle and in detail, had already been agreed on, and even after the Committee had been established it seems to have met rarely and not concerned itself with issues of the substantive content of the work. In Cameroon and Madagascar the situation seems rather similar. Although line ministries as well as central macro departments are represented, it is not clear that the interests of either are really reflected in the work.

64. This seems most regrettable; the views of a Health Ministry on what it needs to know to structure a new nutrition program or of an Education Ministry on its data needs to design and deliver a new training or literacy program, would seem to be of critical importance to assure that the surveys are designed for maximum potential utility. It is true that the Evaluation Team found, at times, that such ministries had difficulty articulating their data needs (see Chapter III, Madagascar) but that only confirms the absence of any record of consultation. Part of a well designed program might have been to work with the users to help them define their data needs.

66. Thus, so far apparently the Users Committees, in addition to informing their members, perform no more than a formal function. They could still become the basis for an effective dialogue between data producers and data consumers, but the whole approach to them to date does not suggest that this is intended. A major opportunity might thereby be missed.

67. If neither the Statistical Offices, nor the principal data using units of government are the authors and "owners" of the particular format and content of the surveys, who is? Certainly not the other national users in the country of the survey;

neither the research establishments nor the public at large are involved in any systematic way. One must conclude that it is the donor community, and, more particularly, the World Bank and its research establishment that has the main responsibility for and the main interest in the surveys as they stand now. While they are, no doubt, totally sincere in the conviction that they have thereby also designed a product that corresponds to the best interests of the users in Africa, such a conviction is not derived from genuine and searching consultation. The Evaluation Team found quite a lot of evidence that this fact has not escaped the attention of African officials.

5. Conclusion

68. It would have been excellent if the SDA Unit had heeded the following prescription:

"Which of all these statistical gaps and weaknesses should governments and international agencies address as priorities? In every country, no matter how poor, extensive statistical activities are taking place. There are the regular statistical operations allied to the administrative processes, the large-scale (regular but infrequent) operations such as the population, housing and agricultural censuses, and a considerable number of surveys and case studies undertaken independently by various governmental and academic agencies. Programs for improving statistics of human development should try to build on and rationalize existing activities, particularly the various surveys and case studies--being careful to avoid unnecessary duplication. They should also seek to link the improvement of the data situation to decision making on development, especially the monitoring of overall trends in priority areas."

Human Development Report, op. cit., p. 112.

69. Concentrating on those data that are either immediately needed for particular interventions, or needed as key indicators of critical welfare trends, and using the existing data gathering system as a springboard to be perfected only as needed, rather than designing totally new tools across the board, might have added greatly to the usefulness and the acceptability of the data gathering component of SDA.

70. Since one must presume that the IBRD does not intend to take over a long term responsibility for TA functions on statistics in Africa, i.e. that the time horizon of SDA is limited, one must ask whether, at the end of the day, the Statistical Offices will have benefitted or will have been set back by SDA. If all goes well, they will have some household surveys. They may also have lost time--and established external assistance ties--for their continuing programs.

D. Institutional Strengthening: other

71. Several of the SDA country projects contain activities described as "institutional strengthening" which do not provide assistance to statistical offices or similar data generating and analyzing offices. In Cameroon, for example, quite a lot of effort was put into preparing this aspect of the program. Policy development and institutional strengthening accounts for \$8 million or 10% of the whole SDA program. These specific activities respond, presumably, to the first of the three objectives of the SDA project, namely "to strengthen the institutional capacity of participating Governments to design, monitor and implement poverty alleviation programs and projects to accompany structural adjustment programs" (See Chapter I).

72. Efforts to achieve this objective are more evident in the francophone countries in the sample. Our observations on performance in this area are therefore based principally on what we saw in those countries. For reasons that are not entirely clear to the team, this objective seems not to have received so much attention in the other countries of the sample.

73. The remarks made in the context of building up national statistical services about (a) the need to take an approach that is sustainable once assistance is withdrawn, and that is appropriate to the resources that are likely to be available, and (b) the importance of involving users of the institutions services in the design of any institution building intervention, apply to equally to the other areas of institution building into which the project has ventured.

74. The specific institutional strengthening that is typically sought is a strengthened policy capacity with little recorded thought being given to the use of that capacity and its links to other parts of the government's policy making apparatus. The specific goals of the institutional strengthening are left relatively undefined, as is the way in which it will be carried out. The assumption appears to have been that the presence of technical advisers and the provision of some training will automatically create a stronger capacity on the part of the institution concerned. The Evaluation team sought but did not find indications of what subsequent supervision missions would be expected to look for, in order to determine whether the institutional strengthening was on track or not.

MEMORANDUM OF UNDERSTANDING BETWEEN
ADB, IBRD, AND UNDP REGARDING AN EVALUATION OF
JOINT PROJECT RAF/86/037-SOCIAL DIMENSIONS OF ADJUSTMENT

1. Background. An evaluation of this project was requested by the UNDP Governing Council in June 1989 in Decision 89/32. The project is a joint effort of a number of Sub-Saharan African governments, UNDP, ADB and IBRD with the latter being chosen to act as Executing Agency.
2. The project which began its work in 1987 was developed in the context of the increasing concern over the social implications of Structural Adjustment in Africa and was designed to assist Governments in addressing the problems of the impact of IBRD/IMF Structural Adjustment Programmes on vulnerable groups.
3. This document, agreed to by the three co-sponsoring agencies of this regional project, lays out the purpose, approach and operational arrangements for this evaluation.
4. Purpose. The evaluation's essential purpose is to provide an independent and systematic review of the ongoing project, to review its design, to examine its implementation experience and its achievements to date in relation to its objectives, to see if the project approach remains valid and its implementation is cost-effective. The evaluation should assess the project's continued relevance, its effectiveness, and contribution to the needs of participating countries. On this basis, the evaluation report will make recommendations for the future direction and management of the project. It should be recognised that this is an evaluation of an ongoing and as yet unfinished project. Many of its elements have yet to be completed. The evaluation cannot be expected therefore to make judgements about the ultimate impact of what the project has achieved.
5. Specific Issues to be Covered

The evaluation should examine implementation and the project's evolution, review the experience and achievements to date in order to assess its continued relevance, its effectiveness, and contribution to the needs of participating countries. Particular attention should be paid to the following points:

 - i) the concept, design and scope of the project, in particular, the continued relevance of the project's objectives in the context of the developments taking place in African economies;
 - ii) the project organization and its vertical and horizontal linkages - within the ADB, the World Bank and UNDP, - within the countries and between the ADB, World Bank and UNDP and the countries;

- iii) the arrangements for executing, monitoring and evaluation of the project;
- iv) the internalisation of the project and its results, by national institutions;
- v) the achievements of the project at the national and regional levels, in relation to its objectives;
- vi) co-ordination of the project's activities with related ongoing efforts of other donors; and
- vii) any unforeseen effects of the project;
- viii) the extent to which SDA activity has influenced or interacted with Structural Adjustment Programmes/Structural Adjustment Loans.

6. The evaluation team leader should moreover not feel constrained from exploring other questions that emerge as the mission carries out its work and which he considers pertinent to the stated purposes of the evaluation.

7. Basic principles. This evaluation is to be carried out by an independent team under the leadership of Mr. Enrique Lerda, former Director of Projects, South Asia Region in the IBRD. The report resulting from this evaluation is to be seen as the product of an independent team. As such it does not commit any of the organisations concerned. Equally its content and conclusions should not be subject to modification by any of the organisations or any other party at any stage of the process. Any significant comments, from any of the parties, on its final contents should be shared with the others and, if requested, be incorporated as an addendum to the final report

8. The members of the team will be selected by the team leader. In doing so, he should see that, in addition to the necessary level of objectivity and independence, the team contains a combination of relevant technical skills, as well as knowledge of the issues and of the institutions and governments concerned and to the extent possible, practical African experience in managing social dimensions of adjustment.

9. The leader of the evaluation team is responsible for the implementation of the evaluation. This includes, in addition to the selection of the individual team members, assigning the specific tasks to be carried by the team members, determining their sequencing and the mix of headquarters and field work, the scheduling and destination of any field missions and reviewing the output of the team members. The co-sponsoring organisations may choose to suggest to the team leader the names of individuals they

10. The mission should use all material and statistical information that it considers relevant. It is the responsibility of the three co-sponsoring agencies to assist in the provision of such material and to facilitate the team's access to it and to any officials involved in the SDA project with whom the evaluation mission wishes to consult.
11. Budgetary arrangements. The costs of the evaluation are to be charged to the budget of the joint project.
12. Logistical arrangements. The mission will need to work at the headquarters of the co-sponsoring organisations in Washington, Abidjan and New York. It will also need to carry out some short field missions to assess selected samples of the project's work at the field level. Five countries have been suggested by the co-sponsoring organisations for field missions, Ghana, Cameroon, Madagascar, Malawi and Tanzania. However, the mission leader is responsible for determining the precise timing and itineraries in consultation with the governments concerned. The sponsoring institutions will help with seeking agreement to individual missions upon the request of the team leader.
13. Time frame, Composition and Administration of the Mission. A team of about six persons will be needed to carry out the above tasks. The team leader should circulate the CVs of the team members to the sponsoring agencies for their information. The team should begin work on 14 May and, if so, be able to complete its task by 3 August.
14. The team members' reporting responsibility will be to the team leader and not to any of the institutions concerned. The precise responsibilities, length of service of the respective members of the team, their itineraries and the arrangements for briefing them will be laid out in their respective contracts.
15. Each of the co-sponsoring organisations will provide any necessary administrative support to the mission while it is working in its headquarters or in one of its field offices.

Approved, on behalf of ADB: Gabriel Kariis Date: 23/05/90

Approved, on behalf of IBRD: [Signature] Date: 30 May 1990

Approved, on behalf of UNDP: Jehan Raheem 24 Date: 29 June 1990

LIST OF SDA PUBLICATIONS

<u>PROGRAM DESIGN AND IMPLEMENTATION</u>	<u>Ref. No.</u>
FY88 Activity Report and FY89 Work Plan, August 31, 1988	5-012
FY89 Activity Report and FY90 Work Plan, Feb. 1/September 30, 1989	5-013
FY89/90 Activity Report and FY 90/91 Work Plan, February 20, 1990	5-014
Evaluation des Dimensions Sociales de l'Ajustement Structurel En Afrique Sub Saharienne, October 1987	5-015
Assessment of Social Dimensions of Structural Adjustment in Sub-Saharan Africa Summary Project Status, August 1989	5-016
SDA Steering Committee Meeting Speech, July 11, 1988	6-001
SDA: Minutes of the First Steering Committee Meeting New York, July 11, 1988	6-002
SDA: Minutes of the 2nd SDA Steering Committee Meeting Paris, October 6 - 7, 1988	6-003
Second Social Dimensions of Adjustment Steering Committee Meeting, PRESS RELEASE Paris, October 6 and 7, 1988	6-004
International Meeting of Statisticians - Discussion Document: Issues in Survey Design - Concept Framework Paper - Executive Summary African Development Bank May 9 - 11, 1988	6-005
Rencontre Internationale de Statisticiens Banque Africaine de Développement Abidjan, 9-11 Mai 1988	6-006
International Meeting of Statisticians A Summary Report, Abidjan, May 1988	6-007
A Note on Coordination Between the SDA Project and the NHSCP Executive Summary, January 1989	6-008
Project Summary Prepared for Presentation at the Meeting of International Donors to African Education Paris, January 25-27, 1988	6-009

Ref. No.

Evaluation des Dimensions Sociales de l'Ajustement Structurel en Afrique Le Projet en Resume, Mars 1989	6-010
African Alternative to Structural Adjustment Programmes: A Framework for Transformation and Recovery, April 1989	6-011
Communiqué de Presse les dimensions sociales de l'ajustement en Afrique December 1987	6-012
Press Release: Addressing the Social Dimensions of Adjustment in Africa December 1987	6-013
Warwick Conference Report SDA: Key Issues for Policy and Analysis, April 1988	6-014
Economic Recovery in Sub-Saharan Africa: Assessing the Joint Effort, E. Jaycox Feb. 22-23, 1988	6-015
Structural Adjustment, Smallholders, and the Rural Poor, Background Paper on Conceptual Approach and Methods, December 1988	6-016
Le Projet Dimensions sociales de l'ajustement et ses implications en matière de statistiques Juillet 1989	7-001
SDA Missions Schedule, April 1990	7-002
Country Activity Charts, August 1989	7-003
SDA Operational Status Tables, April 1990	7-004
CAP Status Tables, April 1990	7-005
Policy on SDA Survey Data Release and Use in the World Bank, January 1989	7-006
Country Project Task Managers, April 1990	7-021
Country Macro Framework Support Program: Activities Table, April 1990	7-022
SDA Country Projects Cost Structure, April 1990.....	7-023
UNDP Regional Project for Sub-Saharan Africa	7-024
Integrating Social Dimensions in Macro Policy Design May 1990	7-025

<u>POLICY ANALYSIS</u>	<u>Ref. No.</u>
Analysis Plan - Role of Women Under Structural Adjustment.....	3-010
Analysis Plan - Education	3-011
Analysis Plan - Food Security and Nutrition.....	3-012
Analysis Plan - The Poverty Profile	3-013
Analysis Plan - The Smallholder Sector	3-014
Analysis Plan - Employment and Earnings.....	3-015
Terms of Trade Shocks: A Graphical Analysis	3-016
Structural Adjustment and Poverty: A Conceptual, Empirical and Policy Framework Grey Cover, February 1990	4-010
Structural Adjustment and Poverty: A Conceptual, Empirical and Policy Framework Executive Summary, October 1989 (English/French)	4-011
The Social Dimensions of Adjustment A Policy Agenda, March 1990	4-012
Social Development in Africa Report - Country Time Lines, November 1989	4-013
Social Development in Africa Report - Social Actions Country Tables, December 1989	4-014
Social Development in Africa Report - Statistical Tables, April 1990 ..	4-015
SDA Research Strategy, November 1989	4-016
Club du Sahel - Evaluation des Systemes d'alerte precoce mis en oeuvre dans les Sahel OCDE/OECD, October 1987	5-001
Le Projet Dimensions Sociales de l'ajustement face a l'action de la cooperation, prepared by Act Consultants	5-002
Country Assessment Paper Generic Terms of Reference November 1988	5-003
National Project Document Generic Outline	5-004

Ref. No.

SDA Concept Framework Paper
 Summary of Contents
 Paris Feb. 16 - 17, 1989 (English)5-005

SDA Concept Framework Paper
 Summary of Contents
 Paris Feb. 16-17, 1989 (French)5-006

SDA Concept Framework Paper
 Summary of Contents
 Arusha March 20-23, 1989 (English)5-007

SDA Concept Framework Paper
 Summary of Contents
 Arusha March 20-23, 1989 (French)5-008

SDA Concept Framework Paper
 Summary of Contents
 Dakar March 28 - 31, 1989 (English)5-009

SDA Concept Framework Paper
 Summary of Contents
 Dakar March 28 - 31, 1989 (French)5-010

SDA Working Paper Series FY90/91 Releases, April 19905-011

SURVEY AND STATISTICSRef. No.

A Household Survey Questionnaire, August 1989 (English/French)	7-007
The Design of Social Dimensions Priority Survey for the SDA Survey Program, September 1989 (English/French)	7-008
Mesure Et Analyse des Niveaux de vie dans les pays en Développement C. Grootaert Mai 1987	7-009
The Conceptual Basis of Measures of Household Welfare and Their Implied Survey Data Requirements, C. Grootaert	7-010
Generating Data to Monitor The Social Dimensions of Adjustment Vijay Verma, September 1988	7-011
Social Dimensions of Adjustment Project and Its Implications for Statistics, Munich July 1989 English/French	7-012
SDA Survey Schedule, April 1990	7-013

TRAINING

SDA Regional Training Program (English/French) April, 1990	7-014
SDA Regional Training Program, Technical Annexes April 1990	7-015
SDA Regional Training Program Schedule of Activities, May 1990	7-016

SDA COUNTRY ASSESSMENT PAPERS/NATIONAL PROJECT DOCUMENTS
AND COUNTRY SPECIFIC DOCUMENTS:

Ref. No.

CAMEROON

- Country Assessment Paper, Yellow Cover, November 19891-001
- Cameroon: Staff Appraisal Report, Yellow Cover,
March 12, 19901-002
- Cameroon: Presentation to the Donors' Conference
Paris, February 1990 (English and French)1-003
- Cameroon: Fonds National de L'Emploi
Etude de Factibilité Mai-Juillet 1989.....1-004
- Cameroon: Mise En Place des Budgets Programmes
Juillet 19891-005

CENTRAL AFRICAN REPUBLIC

- Country Assessment Paper, January 11, 19901-006

CHAD

- Country Assessment Paper, April 27, 19891-007
- National Project Document, April 1989 (French)1-008

COTE D'IVOIRE

- Country Assessment Paper, September 19891-009
- National Project Document Sept., 1988, (French).....1-010
- The Prevalence and Determinants of Malnutrition
in Côte d'Ivoire By David E. Sahn, August 19881-011
- Cote d'Ivoire Vocational and Technical Assistance
By C. Grootaert, June 19881-012
- Comportement Economique des Menages de Côte
d'Ivoirien Matière d'Habitat by
C. Grootaert and Jean-Luc Dubois, Avril 19861-013
- Teacher-Non teacher Pay Differences in Côte d'Ivoire
By A. Komenan and C. Grootaert, December 19861-014
- Research Proposal: "Proposal and the Social
Dimensions of Structural Adjustment
in Cote d'Ivoire:
A Policy Oriented Analysis, 1985-1988",
July 1988.....1-015
- Poverty Alleviation in Cote d'Ivoire
By Prof. S.M.R. Kanbur, April 19881-016
- Profil de la Pauvrete en Cote d'Ivoire.....2-001
- Policy-Oriented Analysis of Poverty and the Social
Dimensions of Structural Adjustment
A Methodology and Proposed Application to
Côte d'Ivoire, 1985-88
By: C. Grootaert and R. Kanbur2-002
- Poverty and the Social Dimensions of Structural
Adjustment in Côte d'Ivoire by: Ravi Kanbur7-017

THE GAMBIA

- National Project Document, April 19882-003
 Institutional Strengthening Project Within the
 Framework of SDA, May 24, 19882-004

GHANA

- National Project Document, October 19882-005
 -Ghana Living Standard Survey Preliminary Results 1988
 October 19882-006
 -Programme of Actions to Mitigate the Social Costs
 of Adjustment November 1987.....2-007

GUINEA

- National Project Document, March 1988 (French)2-008
 -Composante Sociale du Deuxieme Pret d'Ajustement
 Structurel2-009
 Staff Appraisal Report, March 19897-020

GUINEA-BISSAU

- National Project Document, October 1988 (French)2-010

MADAGASCAR

- National Project Document, October 1988 (French)2-011
 Country Assessment Paper, August 19882-012

MALAWI

- Country Assessment Paper, June 6, 19892-013
 National Project Document2-014

MAURITANIA

- Document de Projet National, October 19882-015
 Country Assessment Paper, June 19892-016
 National Project Document, April 1989

MOZAMBIQUE

- National Project Document, January 19903-001
 Poverty Assessment Paper, February 1989.....3-002

SENEGAL

- National Project Document, 19883-003
 Country Assessment Paper, October 19893-004

TOGO

- Country Assessment and Policy Issues, April 19893-005

UGANDA

- National Project Document, November 19897-018

Ref. No.**ZAIRE**

Country Assessment and Policy Issues, May 25, 1989
Volume I A Poverty Profile3-006
Volume II Annexes3-007
National Project Document, Nov. 1989 (French)7-019

ZAMBIA

National Project Document, November 19883-008
Country Assessment Paper, September 19873-009

PAPERS BY ISMAIL SERAGELDIN:

- Alleviating Poverty During the African Crisis,
November 22, 19874-001
- Un Défi à relever
Remedier à la Pauvreté Pendant la Crise Africaine,
November 22, 19874-002
- Quelques observations sur l'expérience des pays
de l'Afrique de l'Ouest Avril 1987.....4-003
- The Social Dimensions of Structural Adjustment
Experiences from West Africa,
April 8, 19874-004
- Poverty and Adjustment in Sub-Saharan Africa,
February 1, 19884-005
- Beyond Crisis Management
The World Bank's Comprehensive Program for Promoting
Sustained Growth with Equity in Africa, July 12, 1988
.....4-006
- Comment Gerer la Crise: Le programme global de la
Banque mondiale de promotion d'une croissance
durable dans l'équité en Afrique4-007
- Memorandum on Bank Instruments to Support Poverty
Alleviation Operations, November 17, 19884-008
- Poverty, Adjustment and Growth in Africa,
January 1988 (English/French)4-009

August 20, 1990

Mr. David Bock

Re: SDA - Evaluation

I attach for your record a copy of Mr. Qureshi's letter to Mr. Draper including our comments on the Lerdaup report. The attached documents incorporate your comments and suggestions. We are grateful for your time and advice on this matter. A set of the attached documents is being sent to Mr. Qureshi's office.

I am taking the liberty of sending copies of the attached documents to Messrs Grilli, Sicat and Raphaeli for their information.

Thanks.

Sincerely yours,

A handwritten signature in cursive script, appearing to read 'ME Tadros', written in dark ink.

Mahfouz E. Tadros
Acting Chief, AFTSD

cc: Messrs. Serageldin (o/r), Hindle, Grilli, Sicat, Raphaeli, Noel (o/r)

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

August 17, 1990

Mr. Pierre-Claver Damiba
Assistant Administrator and Regional Director
Regional Bureau for Africa
United Nations Development Programme
1, United Nations Plaza
New York, N.Y. 10017

Subject: RAF/86/037 - Assessment of the Social Dimensions
of Adjustment in Sub-Saharan Africa

Dear Pierre:

Mr. Qureshi has forwarded our extensive comments on the SDA draft Interim Evaluation Report to Mr. Draper. I attach a copy of Mr. Qureshi's letter and of the comments for your information.

I look forward to continuing our excellent relationship with you and your colleagues in the Regional Bureau for Africa.

With best regards,

Sincerely yours,



Ismail Serageldin
Director
Africa Technical Department

Attachments

cc: Mr. Henri Bazin

cc: Messrs./Mme O'Brien, **Noël (o/r)**, Chander, Tadros, Lassen, Gabriel

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

August 17, 1990

Mr. Baelhadj Merghoub
Director - SCPR
African Development Bank
Africa Hall
P.O. Box 1387
01 Abidjan, Cote d'Ivoire

Subject: RAF/86/037 - Assessment of the Social Dimensions
of Adjustment in Sub-Saharan Africa

Dear Baelhadj:

Mr. Qureshi has forwarded our extensive comments on the SDA draft Interim Evaluation Report to Mr. Draper. I attach a copy of Mr. Qureshi's letter and of the comments for your information.

I look forward to continuing our excellent relationship with you and your colleagues in the African Development Bank.

With best regards,

Sincerely yours,



Ismail Serageldin
Director
Africa Technical Department

Attachments

cc: Mr. B.C. Muzorewa, Karissa

cc: Messrs./Mme O'Brien, Noël (o/r), Chander, Tadros, Lassen, Gabriel

The World Bank

Washington, D.C. 20433

U.S.A.

MOEEN A. QURESHI
Senior Vice President, Operations

August 17, 1990

Mr. William Draper
Administrator
United Nations Development Program
One United Nations Plaza
New York
N.Y. 10017

Dear Bill:

Re: RAF/86/037 - Assessment of the Social Dimensions
of Adjustment in Sub-Saharan Africa (SDA)

I have received the draft report on the interim evaluation of the SDA project prepared under Enrique Lerdaú's leadership.

As requested, my associates have prepared extensive comments on both the summary and conclusions as well as the main report. I should tell you quite frankly that there is a profound sense of disappointment on the part of all those who have read the report with its general quality and conclusions. It is, of course, entirely legitimate to have different views regarding program objectives, design, and implementation. However, the general reaction here -- including amongst those who are not involved in the SDA program -- is that the report is lacking in objectivity, and contains serious factual and other errors.

I am not sure at this stage what can be done with the report. As our comments show, we would like to see an extensive revision although there is some question as to whether it is worth investing the effort to undertake the wholesale revision that is needed. This report, as it stands, is damaging to our SDA effort which, as you know, was singled out for appreciation by the African Heads of State in their OAU Summit last month in Resolution AHG/Res.8(XXVI). This effort is one of the most important of the wide spectrum of activities on which we are so effectively collaborating with UNDP's Regional Bureau for

Africa, the African Development Bank, the UN agencies and the donor community at large. Clearly, we intend to continue our commitment to fully integrate the Social Dimensions of Adjustment into our ongoing development work in Africa.

I sincerely hope that this report will not do damage to the excellent relationship that we have with your colleagues, particularly in the Africa Region, and that we can continue to build on the pioneering work that has been done within the framework of the SDA program.

Sincerely,

John

The World Bank
Washington, D.C. 20433
U.S.A.

MOEEN A. QURESHI
Senior Vice President, Operations

August 17, 1990

Dear Mahbub:

Re: RAF/86/037 - Assessment of the Social Dimensions
of Adjustment in Sub-Saharan Africa (SDA)

I have tried to reach you by telephone, but unfortunately you were away. I have written the attached letter to Bill Draper on the SDA interim evaluation. I believe that the report prepared by Enrique Lerdaun and his team falls far short of what we were entitled to expect. I feel confident that when you see the comments on the report you will share my view.

I hope we can continue to work together on these important issues and, in particular, to benefit from your views.

With warm personal regards,

Sincerely,

Mr. Mahbub ul Haq
Special Adviser to the Administrator
United Nations Development Programme
1 United Nations Plaza
New York
N.Y. 10017

Attachment

COMMENTS OF THE WORLD BANK ON THE
SDA PROJECT INTERIM EVALUATION DRAFT REPORT

Summary and Conclusions

Nature and Scope of the SDA Project

1. The description of the rationale and of the objectives of the SDA program as presented in the draft report has been apparently based on the initial project document. As a result, the report does not provide a complete or accurate description of the current SDA Program. A more recent document, the Policy Agenda, which has been endorsed by the three co-sponsoring agencies, presents the most comprehensive statement on the rationale of the program as it has evolved since the original project document was prepared. More importantly, this evolution has itself been the result of a rich and continuous process of interaction and consensus-building between the co-sponsoring agencies, African governments, and other UN agencies and donors. Thus the departure point of the report fails to take into account the lessons of experience and adaptation that are built into the SDA program as it is currently operating.

2. The draft report also does not recognize the long-term implications of the recent decision made at the request of the donors to fully integrate SDA with country operations. As a result a Social Dimensions of Adjustment and Development Unit has been established as part of the Africa Technical Department and two SDA staff have been integrated with the staff of each Country Department. This reflects a full commitment by the Bank to the principles and goals of the SDA to the point where the activities of the SDA program are fully integrated as part of the regular Operations and Economic Sector Work Programs. This commitment is of profound significance to the continuing evolution of the SDA program in the future.

3. The draft report is also highly troubling in that it criticizes the integration of the components of the SDA program into lending conditionality. In fact, this role of the SDA constitutes its central mission, namely to ensure that country specific adjustment programs take full account of the social dimensions. The close working relationship between the SDA Unit and Country Departments in the World Bank Africa Region as well as the staff of the African Development Bank and UNDP was developed specifically to integrate social policy reforms, including capacity building, in actions that underpin the goals of structural adjustment programs.

The Conceptual Framework

4. In evaluating the SDA, the draft report reviews the conceptual framework and makes several major criticisms.

5. One of the main criticisms is that the conceptual framework ignores earlier work in the area of poverty. Numerous works, including the UNICEF report Adjustment with a Human Face, are cited and given careful consideration in the conceptual framework. The UNDP Human Development Report, which the draft report criticizes the SDA for not having consulted, was in actual fact issued after the Conceptual Framework. The SDA also consulted closely with the authors of the Long Term Perspective Study (LTPS). Two points are worth highlighting concerning linkages with the LTPS. First, the Conceptual Framework of the SDA Program is seen as an essential contribution to the strategy of growth with poverty reduction proposed by the LTPS. Second, the empirical framework developed in the Conceptual Framework is a first contribution to the new strategy for the development of statistical information systems in Africa proposed by the LTPS.

6. The report also argues that the conceptual framework does not adequately focus on institutional, managerial and administrative issues. Unfortunately, the report fails to describe the extensive work on these aspects which is being carried out in the SDA unit as part of its regional activities. These include the regional training program, and the strengthening of research and analytical capabilities, which are not considered in any detail in the draft evaluation report.

7. A further criticism is that the conceptual framework provides little guidance for poverty alleviation policies. The basis for this conclusion is difficult to understand. In Part III of the conceptual framework, a detailed description of poverty-sensitive structural adjustment programs is given. This includes an analysis of overall fiscal and monetary balance, the public finance strategy, monetary and financial exchange rate policies, trade policies, policies towards self employment, and policies towards wage employment. Advanced drafts were made available to the evaluation team of an additional pertinent document, the Analysis Plans for Understanding the Social Dimensions of Adjustments, which provides guidelines on linking economic analysis to social policies. Only passing reference was given in the draft evaluation report to these documents.

8. The conceptual framework is also criticized for blurring the thesis that growth is the single most important prerequisite for a successful long term fight against poverty. The focus on the analytical relationships between structural adjustment policies that are themselves aimed at restoring sustainable growth and poverty reduction is not taken into account. The conceptual framework stresses that growth, while necessary, is

not a sufficient condition to reduce poverty, which is the thesis adopted by 1990 World Development Report.

9. Overall we feel the draft report is seriously deficient in its description and analysis of the conceptual framework. As a result, we find the criticisms ill-placed and misleading. It should also be noted that the conceptual framework of the SDA Program was developed as a result of an extensive debate, both through the broad consultation process that preceded the LTPS as well as through seminars and workshops sponsored by the SDA program itself. It was developed in consultation with policy makers and academics from Africa and the donor community and has been widely acclaimed for its contribution to thinking about these issues.

The Information Component

10. With respect to the information aspects of the SDA, the evaluation team, did not contain anyone with technical competence in this area. This is regrettable in view of the prominence given to the topic in the draft evaluation report. This lack of familiarity with statistical developments and programs in Africa is reflected in the comments made and may possibly account for the failure of the report to grasp the significance and importance of the SDA activities in this field.

11. The evaluation of the information component of the SDA program does not take account of the central message of the empirical framework of the program, which is to underline the need for a hierarchical information system. This reflects the growing consensus among African policy makers and within the development community that statistical systems development in Africa should be based on simple information systems built around key data requirements at the macro, meso, and micro levels. Despite the fact that the conceptual framework has underlined at length the fact that household surveys are only one part of such a system, the evaluation has focussed exclusively on the survey tools.

12. In not recognizing the key concept of a hierarchical information system to be used to capture the relationships between macro policies and micro outcomes through the conduit of the meso economy the report entirely misses the contribution that the SDA surveys are intended to make towards the overall goals of the SDA. As a result, the surveys are reviewed and criticized on the grounds that they do not achieve objectives which they were never intended to meet.

13. The report suggests that household surveys have been urged on countries with little or no consultation with line ministries and other users and without reference to the real information priorities of the African Governments. This is incorrect. The components of a national system that the SDA is

to support are jointly elaborated with the government at the time the project is prepared. The SDA also advocates the establishment of "demand-driven" information systems in which user's committees are considered not as an option, but as an essential prerequisite. The view that is expressed in the draft report that statistical offices are being disrupted by the superimposition the SDA surveys is also incorrect. Special care is taken from the beginning to see that SDA supported surveys are fully integrated into the on-going national statistical programs. This is not acknowledged in the report even though two out of the five countries reviewed by the team were the subject of special joint missions with the members of the UN Household Survey Capability Programme (and in one of the cases, the Economic Commission for Africa) to ensure that full integration is achieved.

The Social Action Programs (SAP)

14. The authors criticize the Social Action Programs on the following counts:

15. Open-endedness of social funds and Lack of Monitorability: Social funds are not open-ended operations. The funding of individual projects is subject to clearly defined criteria. Procedures for the management of the funds and for subproject administration and monitoring, are defined at the appraisal stage. In addition to regular supervision requirements, disbursements are often tranced on the basis of satisfactory reviews of the successive phases of the program by the Bank following standard Bank procedures. Social action programs are also designed with the same monitorability criteria as regular World Bank projects and financial reporting procedures follow standard World Bank guidelines. Regular monitoring is therefore taking place.

16. Lack of synergy: The design of SAPs presents a unique opportunity to transcend traditional sectoral divisions and to approach social policy issues with a broader policy perspective. The multiplicity of sectors involved in these operations is precisely the source of the synergy that the Bank, UNDP, and the ADB have endorsed in the design of such programs.

17. The design of each SAP takes into account the experience gained through rural development programs in the 70's. The organizational structure of the SAP is different in that it is based on a system of task management where a line ministry is responsible for the delivery of one particular module of the program. Each module is designed in such a way that its success or failure does not impair the success or failure of other modules. In this way synergy at a policy level can be achieved without making the mistake of creating new and complex institutional arrangements.

Terms of Financing

18. The draft report recommends that SDA activities should be financed solely by grant funds to the exclusion of IBRD and IDA lending because SDA activities represent consumption. Although, for most countries, the greater part of SDA project financing is in the form of grant funds, IBRD and IDA funding is available as a last resort where other donor funds are not sufficient. The report's recommendations would imply that the World Bank as the major lending institution in Africa would not be able to finance SDA projects. This principle would also exclude ADB lending except for ADF grants. The wisdom of this recommendation* is questioned. The programs supported under National SDA Projects are not consumption but investment activities, aimed at: (i) capacity building of national governments to improve macro economic and sectoral policy management and national information systems, and (ii) poverty reduction. Lending for SDA projects has in fact become a regular part of World Bank and African Development Bank lending activities.

Governance of SDA: The Past

19. The allegation that the SDA has not received any meaningful oversight from the participating institutions is mystifying. The UNDP-chaired Steering Committee of the Program has met twice and there have also been two meetings of the co-sponsoring agencies. The interagency working group that was set up by the Steering Committee to coordinate the activities of the three co-sponsoring agencies also meets regularly on a biannual basis. The working group in turn has established a statistical subcommittee to coordinate activities in the area of statistics. A training subcommittee is in the process of being established to coordinate activities in this area.

20. There has been regular contact between senior officials of the UNDP Regional Programme for Africa and senior officials in charge of the SDA Program at the Bank. In addition, there have been extensive and regular contacts between staff from the UNDP Regional Programme for Africa and those based in the Bank to follow up the implementation of the Program. UNDP staff participated in Bank-led SDA missions and Bank based staff participated in UNDP-led missions. The Bank as the Executing Agency has regularly reported to UNDP, ADB and other donors on project activities and accounts. The World Bank reports present financial information regularly in the form of PDRs and mandatory budget revisions as required by UNDP and in the format required by other donors. At the national level, UNDP Resident Representatives have been systematically involved in the preparation of the Project to the maximum extent of their availability. In several cases, their contribution has been

instrumental in launching the program. This collaboration has been very rewarding for the SDA staff.

21. The African Development Bank, as a co-sponsoring agency, has seconded a Senior member of its staff to the SDA Unit. The staff concerned has been fully integrated in the staff of the SDA Unit and is also a member of the Unit's management team. He has contributed greatly to the overall management and coordination of the Program, and in addition has played a pivotal role in the implementation of SDA in several participating countries. There has been complete and highly beneficial day-to-day collaboration between the two institutions through this secondment arrangement.

22. All in all the collaboration among the participating institutions appears to be working well and it is thus difficult to understand the report's negative findings in this area.

Governance of the SDA: The Future

23. The draft report proposes that the SDA Program be either terminated or that a secretariat be established in the Policy Bureau of UNDP to manage the program at the head of a consortium of specialized UN agencies. The latter proposal, was originally made by the UNDP, and discussed by officials of the UNDP, ADB and the World Bank on the occasion of a meeting of the three co-sponsoring agencies in October 1989. Both ADB and Bank management after careful review rejected it on the grounds that it was incompatible with the central objective of the SDA program. The views of the Bank on this issue remain as they were in October 1989. Detaching the SDA from the overall adjustment policy review process would greatly reduce its impact and would deprive the SDA of much of its impetus and *raison d'etre*.

24. In fact, this proposal was initially included as part of the draft terms of reference for the evaluation as presented by the Policy Bureau of the UNDP. This was subsequently withdrawn when the ADB and the World Bank indicated that it would be inappropriate to include such statements in the terms of reference of the evaluation as it would prejudge the outcome. Moreover, one of the members of the evaluation team has registered his dissent from this proposal, which indicates that the proposal was not fully endorsed even within the evaluation team.

Concluding Remarks

25. As can be seen from the preceding comments, there are numerous omissions, as well as errors of fact and interpretation in the draft report. These are also found throughout the main

body of the report, and are documented in a chapter by chapter review in a separate set of comments. On the whole, therefore, the report as it stands raises four major concerns:

- a) The report does not accurately reflect the objectives and scope of the SDA project, which have been fully articulated by the three co-sponsoring agencies in the Policy Agenda which was published and widely disseminated as of March 1990. The report ignores that very full statement which was the result of extensive dialogue and consensus building between the international community, the African Governments and the co-sponsoring agencies and refers only to partial statements of earlier interagency documents.
- b) The report does not place the SDA effort in the context of the various initiatives that are brought together within the framework of the Long Term Perspective Study (LTPS), which was released in November 1989, and has been widely commended in academic and governmental circles. Indeed the LTPS specifically recognizes the value of the ongoing SDA work and its contribution to the evolving development strategy for Africa in the 1990s.
- c) The report reveals a limited technical understanding of the conceptual and methodological aspects of the project. Whilst the SDA project is admittedly broad in scope, the report contains numerous technical misunderstandings and errors of interpretation about the methodological work that has been undertaken within the framework of the SDA.
- d) A lack of objectivity runs through the report. This is not just the result of the many factual errors and unsubstantiated observations, but is also a matter of tone and of what is not mentioned. As a result, it is not possible for any reader to form an unbiased assessment of the objectives of the SDA project or the scope and effectiveness of its current activities on the basis of this report. Nor does it provide a sound basis for determining the most appropriate evolution of the design and management of the program after 1990.

DETAILED COMMENTS OF THE WORLD BANK ON THE
DRAFT SDA PROJECT INTERIM EVALUATION REPORT

The following are our comments on the Draft report on the interim evaluation of the SDA Project, prepared by a team led by Mr. Lerda. The note starts with a point-by-point review of the Summary and Conclusions. A detailed discussion of the main evaluation report is then presented, chapter by chapter.

I. SUMMARY AND CONCLUSIONS: A POINT-BY POINT REVIEW

Description :

1. The description of the rationale and objectives of the SDA Program does not provide a just or accurate description of the evolution in the objectives, scope and operational strategy of the SDA Program from its inception to date. The report does not review the Policy Agenda, published in March 1990, that presents a comprehensive statement of the rationale of the Program and demonstrates, by comparison with the original Project Document, the considerable evolution in the thinking of the three co-sponsoring agencies concerning the objectives and the scope of the Program. The Policy Agenda was also widely discussed with Donors and African governments and NGOs, and as such is the most important document setting out the SDA program's objectives and scope of current operations. The Policy Agenda was also endorsed by the Senior management of the three co-sponsoring agencies and by the President's Council of the Executing Agency. Furthermore, key senior staff, including the Chairman and other members of the management committee of the Project were not consulted by the evaluation team and this fact together with the team's failure to examine the up-to-date documents, led to a description of the Program apparently based solely on the initial Project Document. The evolution of the Program, which has been the result of a rich and continuous process of interaction and consensus-building between the co-sponsoring agencies, African governments, and other development agencies and donors, was completely missed in the report. In particular, they did not recognize the long-term implications of the decision taken by the Senior Management of the World Bank's Africa Region to establish a Social Dimensions of Adjustment and Development Unit as part of the regular organizational structure of its Africa Technical Department, and to fully integrate the activities of the SDA Program as part of the regular Economic and Sector work and lending activities of the Region.

The Information Component

2. The report's evaluation of the information component of the SDA Program is fundamentally flawed on two counts. First, it entirely overlooks the central message of the empirical framework of the Program (described below). Second, the evaluation team, of its own admission, did not contain anyone with the competence to make a technical evaluation of the SDA's data gathering program. This may partly explain what appears to be a serious lack of understanding of the significance and importance of the SDA activities in this field. The review is so full of misunderstandings of statistical issues and misrepresentations of the SDA program that serious doubts must be cast on this entire section of the report.

3. First, contrary to what is stated in the report, the empirical framework of the SDA program finds its origins in an extensive debate that took place, first through the broad consultation process that preceded the LTPS, second through several seminars and workshops sponsored by the SDA Program itself. The essential message of these discussions is that there is a growing consensus among African policy-makers on their need for simple information systems built around key data requirements, based on light data collection and innovative processing methods, with quick turnaround time and feeding directly into the policy making process. This means implementing simplified national accounts systems, rapid price and community data collection systems at the meso-level, and light household surveys to monitor the evolution of living conditions of households at the micro level. African Governments and a large majority in the development community are rallying around the new approach to the development of statistical information systems proposed by the LTPS. The SDA empirical framework, which builds on this consensus, is a first contribution toward the implementation of this new strategy. This is fundamentally at odds with the statements made in para (x) (1) of the report.

4. Contrary to the statement in para (ix), the central thrust of the empirical framework of the SDA Program is on the development of a hierarchical information system that allows for the capture of relationships between macro policies and micro outcomes through the conduit of the meso economy. It is within this framework that the development of community and household surveys is being undertaken, in conjunction with efforts to strengthen macro and sectoral data. The Conceptual Framework states explicitly that community and household surveys have to be placed within the context of this hierarchical information system, of which they are an essential, but not sufficient, component. Yet the evaluation report fails to do so, thereby badly misrepresenting the SDA

survey program. Besides this fundamental point, some additional remarks are in order.

5. First, in para (ix), footnote 6, it is entirely incorrect to portray the Priority Survey as a "simplified model" of the LSMS survey. The objectives of the Priority Survey, which are quoted in the evaluation report (pp 23-24), make that quite obvious. It would even be incorrect to state that the Priority Survey is a simplified version of the Integrated Survey. Chapter 8 of the Conceptual Framework explains clearly the point that the two SDA household surveys, the Priority Survey and the Integrated Surveys, have entirely different but complementary goals. This complementarity pertains to the time horizon for data collection and analysis, the capturing of seasonality, the focus on household vs. individual-level information, the full accounting of household income and expenditure vs. the use of proxies, etc.,. The statement in the report that "ex-post, a rather elegant rationale was developed" (emphasis in original) regarding this complementarity is entirely false and unsupported.

6. Second, p.viii, item (2): it is true that the Priority Survey does not capture the availability of medicine or textbooks. It is not intended to do so. The Community Survey is designed to capture these and other elements of the economic and social infrastructure, the importance of which is amply emphasized in the documentation on the Priority Survey. The report suggests that this could be captured through administrative statistics. The SDA program in no way rejects the role that such statistics have to play in a national information system but recognizes that they are seriously inadequate as a source of information for measuring the effect of structural adjustment on different household groups. Even if a country had complete and up to date administrative statistics, SDA's concern is not only with total availability, but critically with the distribution of available medicines, textbooks, etc. Only the latter provides a guide to policy design and targeted interventions. In this case, as in many other places, the policy relevance of the data proposed to be collected has been entirely missed in the report.

7. Third, the claim made in the report in para. (x) (3) that "the establishment of the Users Committees seems to be (a) an afterthought, and (b) an attempt to inform users rather than to consult them" is unsupported and wrong. No evidence is given to back up their claim. In fact, the delays experienced in launching the surveys in a number of countries is precisely because of the insistence on the presence and effective functioning of the user committees before launching any field activity. In addition, the report misses the point that Users Committees systematically include line ministries.

8. Fourth, the report states, in para (x) (4), that SDA is supporting the proliferation of relatively standardized surveys is again wrong. The facts are that the SDA Unit, per its mission stated in the Policy Agenda, is developing household survey methodologies that are (1) modular, and (2) designed from the beginning to be adaptable to local country conditions. In particular, the questionnaires developed for the Integrated Survey and the Priority Survey are by definition pilot questionnaires, that provide a basis for the development of national questionnaires adapted to country needs and conditions by the authorities in the country .

9. Fifth, the statement in para (x) (5) that SDA surveys are implemented without a careful analysis of existing programs and of the absorptive capacity of the agency contradicts the available evidence. In the main text of the report, reference is made to the examples of Ghana and Malawi to back-up this claim. The facts speak otherwise. In Ghana and Malawi, the SDA data collection program was introduced into an existing statistical program as a result of a tripartite collaborative effort between the Government Statistical Office, the UNSO, and the World Bank. In both cases, joint UNSO/SDA missions visited the country and agreed with Government authorities on a coordinated program.

10. Sixth, contrary to the claim made in para (x) (6), the additional recurrent cost implications of the surveys are systematically worked out by the local authorities with the support of World Bank and ADB staff.

11. Seventh, the statements made in para (xi) show a complete misunderstanding of the purpose of the Priority Survey. The Priority Survey has well defined objectives, and measuring income and expenditures is not one of them. As the citations in the evaluation report indicate, the Priority Survey documentation explicitly states this. To cite as a weakness therefore that the Priority Survey may not adequately measure income or expenditures is similar to criticism of a health survey for not properly measuring school enrollment rates. It was never intended to. As already stated above, it is one of the elements of complementarity between the Priority Survey and the Integrated Survey that the latter takes on the role of measuring income and expenditures. As to the numerical example given on margins of error (which of course could apply to any survey), it is correct by definition, but entirely irrelevant. Why was it chosen? Nowhere in the Priority Survey documentation is it implied that annual variations of the collected variables are expected to be in the order of 5% nor that the expected error margins are in the order of 10%. One could just as well, but with equal irrelevance, praise the Priority Survey for measuring 10% changes with 5% margins of error. Quite obviously, these values need to be estimated empirically in

each country case, where, together with other parameters, they help determine sample size and design. This is standard survey procedure and is no different for the Priority Survey. It would appear that the main criticism of the Priority Survey is that it does not contain certain items of information (textbooks, expenditures,...). Yet the Priority Survey documentation is explicit in explaining that these items belong either in the Integrated Survey or the Community Survey.

12. Indeed the Community Survey, presently being developed, will be an integral part of this hierarchical information system. Work on that survey is also progressing on the basis of widespread consultations throughout the statistical community in Africa as well as internationally.

The Social Action Programs (SAP)

13. While openly recognizing in para (xiv) that "it is quite impossible to make an authoritative comprehensive judgement on SAP at this time", the report presents certain misgivings about the programs. In particular, it criticizes the programs on three counts.

14. First, open-endedness of social funds. Contrary to the view expressed in the report, social funds are not open-ended operations. The funding of individual projects is subject to a series of well defined criteria, agreed with the Government, at the appraisal stage. Procedures for the management of the funds, and for sub-project administration and monitoring are defined at appraisal. In several cases, a first set of projects is pre-identified at appraisal to prime the use of the fund when it becomes effective. In addition to regular supervision requirements, disbursements are often tranced on the basis of satisfactory review of successive phases of the program by the Bank and other cofinancing agencies.

15. Second, lack of monitorability. Social action programs are designed with the same criteria for monitorability as regular World Bank projects. Expected program outputs for each program component are clearly defined in relevant documentation negotiated with the Government. Criteria for success or failure of individual components are the same as for regular World Bank projects. All regular legal covenants for World Bank projects are systematically applied. Regular supervision is carried out by World Bank staff from the Country Departments concerned with support from SDA staff and all financial reporting procedures follow standard World Bank guidelines. The claim in para (xiv) (2) of the draft report that "criteria for the success or failure and financial accountability tend to become evanescent in operations of this kind" does not apply to operations

designed and run by the SDA Program. The comment is entirely speculative and without foundation.

16. Third, lack of synergy. This view is simply not supported by the evidence. The preparation of social action programs presents a unique opportunity to transcend traditional sectoral divisions and to approach social policy issues with a broader perspective. As demonstrated in the case of Cameroon, the preparation of a social action program can be a powerful tool to unlock or enhance policy dialogue in critical social sectors, and to tackle the growing interdependence between key issues, for example between the development of women and access to health and education, or between employment policy and the strengthening of grass-roots initiatives. The multiplicity of sectors involved in these operations is precisely the source of the synergy that the Bank, UNDP and the ADB have experienced in designing social action programs and is a particularly innovative facet of the SDA program which would be lost if the draft report's recommendations were accepted.

17. The report criticizes the design of social action programs for ignoring the experience gained through the rural development programs of the seventies. As was pointed out to the evaluation team, the organizational structure of social action programs is fundamentally different from the structure of rural development programs, in that it is based on a system of task management where a line ministry is responsible for the delivery of one particular module of the program under the general coordination of a program management unit. Each module is designed in such a way that its success or failure does not impair the success or failure of the other modules. At the occasion of regular program reviews, a problem component can be terminated or redesigned, while another successful component can be accelerated. The goal is to achieve an improvement in the welfare of specific target groups through a range of channels or instruments, but recognizing that certain will work better than others. As the program unfolds, the least performing instruments can be terminated, while the most promising are expanded.

Terms of Financing

18. The draft report presents the view that SDA activities should be financed solely by grant funds to the exclusion of IBRD and IDA lending because SDA activities represent consumption. It goes without saying that every effort is made to maximize the grant component of SDA operations, in collaboration with other multilateral and bilateral institutions. IBRD and IDA funding is available as a last resort where other donor funds are not sufficient. The report's recommendations would imply that the major lending institutions in Africa would not be able to finance SDA

projects. This principle would also exclude ADB lending except for ADF grants. The wisdom of this recommendation is seriously questioned as is the theoretical justification for it. The argument presented in the report that IDA and IBRD lending for SDA components "implies a decision to let future generations pay for present consumption" is a fallacy. National SDA Projects support (i) capacity building of national Governments to improve macroeconomic and sectoral policy management and national information systems, and (ii) poverty reduction programs and projects. These activities constitute investment as opposed to consumption. Recognizing this fact, IBRD/IDA and the ADB routinely lend for technical assistance operations that pertain to capacity building of national Governments in macroeconomic and sectoral policy, and in information systems development and management, including national accounts, trade and balance of payments data, and sectoral and micro-level data. They also routinely lend for poverty reduction activities and the World Bank has developed the concept of core poverty programs as a regular part of its lending operations. SDA is an integral part of these investment operations. Moreover, the SDA program is an essential element in a broader reform program in that it facilitates consensus building in support of administrative measures that might otherwise be jeopardized for lack of political support. Viewed in this perspective the rate of return may be very high indeed.

The role of SDA in Shaping Lending Conditionality

19. The claim that integrating SDA programs and activities as part of the regular conditionality in structural adjustment lending is "a serious misuse of SDA" also points to the report's failure to grasp the basic objectives and concept of both SALs and the SDA Program. All structural and sectoral adjustment lending operations contain, as a regular part of program documents, matrices of monitorable actions that present in detail the actions that the Government commits itself to undertake at the macro, sectoral, and subsectoral levels as part of the operation. This systematically includes actions to improve the Government's capacity for macroeconomic and sectoral policy management. The basic criticism of the first generation of structural adjustment operations was precisely that social policies and programs were ignored by policy-makers in designing these programs. The essential mandate of the SDA Unit is therefore to ensure that the social policy reforms and programs, including capacity building, that are seen as critical to achieve poverty reduction are systematically integrated in the matrices of monitorable actions prepared by the Governments in the framework of their structural adjustment and sectoral adjustment operations, as an integral part of SAL conditionality. What is characterized in the report as a "misuse of SDA" constitutes in fact its central mission.

The Conceptual Framework

20. The brief review of the conceptual framework contains numerous unsupported statements which are almost entirely unrelated to the Conceptual Framework Paper itself.

21. The first argument made in the report is that the Conceptual Framework "overstresses the importance of household surveys as the sole instrument for action-oriented research". In fact, the essential message of Part 2 of the Conceptual Framework is that, to correctly address social policy concerns, what is required is to develop hierarchical information systems at the macro, meso, and micro levels. The Conceptual Framework stresses the importance of considering community (meso-level) and household (micro-level) surveys as an integral part of this hierarchical information system. The discussion of the surveys is limited to only 20 pages in a 180 page report.

22. The second argument is that the Conceptual Framework ignores prior work in the area of poverty, i.e. Adjustment with a Human Face by UNICEF and several Reports by the Bank itself. Concerning Adjustment with a Human Face, the authors of the Conceptual Framework did of course review the Report. The UNICEF Report, which was instrumental in raising the consciousness of the international community on the social dimensions of adjustment, does not however provide a theoretical and empirical methodology for analyzing the relationships between structural adjustment and poverty. Concerning Chenery and Ahluwalia, all previous work on adjustment and poverty by the main authors of the Conceptual Framework makes explicit reference to this publication. The book version of the Conceptual Framework will contain this reference. The UNDP Human Development Report, which the SDA is criticized for not having consulted, was in actual fact issued after the Conceptual Framework. The same applies to the 1990 World Development Report, although of course intense dialogue did take place with the authors of that report. Two points are worth highlighting concerning the LTSP in particular. First, the Conceptual Framework of the SDA Program is seen as an essential contribution to the strategy of growth with poverty reduction proposed by the LTSP. Second, the empirical methodology developed in the Conceptual Framework is a first contribution to the new strategy for the development of statistical information systems in Africa proposed by the LTSP.

23. The third argument is that the Conceptual Framework does not focus on the institutional, managerial, organizational and administrative aspects that are prerequisites for any successful interventionist policies. Extensive work on these aspects is being carried out in the SDA Unit as part of its

Regional activities. Draft guidelines for the design of social funds have been produced and were available to the evaluation team. Draft guidelines for the design of social action programs are being produced, based on the experience acquired to date. The institutional implications of work with NGOs is being analyzed as part of the studies being undertaken by the SDA Social Policy and Program team.

24. The fourth argument is that the Conceptual Framework provides "little guidance to those who want to shape poverty alleviation programs". (see para (xxii)). Part 3 of the Conceptual Framework contains a detailed analysis of how to design poverty-sensitive structural adjustment programs. This includes a detailed analysis of overall fiscal and monetary balance, the public finance strategy, monetary and financial policy, exchange rate policies, trade policies, policies concerning self-employment, and policies toward wage-employment.

25. The fifth argument, which is a repeat of the first one, is that the Conceptual Framework is "guilty of petitio principii in the treatment of information requirements: rather than conclude, on the basis of alternatives, that household surveys are generally the preferred tool, it assumes it." (see para (xxiii)). As noted above, this accusation is baseless. Rather it is the evaluation report itself that is in fact guilty of petitio principii, in that it makes allegations based on preconceptions about the content of a particular document, not on the basis of what the document itself says.

26. The sixth argument is that the Conceptual Framework blurs the thesis that "growth is the single most important prerequisite for a successful long term fight against poverty". (see para xxiii). This statement is in complete contradiction to the very essence of the document, that analyzes the relationships between structural adjustment policies, that are themselves aimed at restoring sustainable growth, and poverty reduction. In doing so, the Conceptual Framework shows that growth, while necessary, is not a sufficient condition to reduce poverty. This, incidentally, is also the thesis adopted by 1990 World Development Report.

Governance of SDA: The Past

27. The evaluation report claims that SDA has not received any meaningful oversight from participating institutions. Yet, the Steering Committee of the Program has met twice and there have also been two meetings of the co-sponsoring agencies. The interagency working group that was set up by the Steering Committee to coordinate the activities of the three co-sponsoring agencies has also met regularly twice a year. The working group has established a high powered statistical

subcommittee to coordinate activities in the area of statistics. A training subcommittee is being established to coordinate activities in this area.

28. The ADB, as a co-sponsoring agency, has seconded a senior staff member to the SDA Unit, who has been fully integrated into the SDA Unit and is a member of the Unit's management team. He has contributed greatly to the overall management and coordination of the Program, and in addition has played a pivotal role in the implementation of SDA in several participating countries. As a result, there has been complete and highly beneficial day-to-day collaboration between the two institutions in the implementation of the SDA Program.

29. Concerning UNDP, the Bank has regularly reported to UNDP on project activities and accounts. There has been regular contacts between senior officials of the UNDP Regional Programme for Africa and Senior officials in charge of the SDA Program at the Bank. In addition, there have been extensive and regular contacts between staff from the UNDP Regional Programme for Africa and the Bank to follow-up the implementation of the Program. Bank staff participated in UNDP-led missions and UNDP Regional staff have participated in the Bank-led missions. At the national level, UNDP Resident Representatives were systematically involved in the preparation of the Project to the maximum extent of their availability. In several cases, their contribution has been instrumental in launching the program.

Governance of SDA: the Future

30. The draft report proposes that the SDA Program be either terminated or that a secretariat be established in the Policy Bureau of UNDP to manage the program at the head of a consortium of specialized UN agencies. Three fundamental points need to be made in response to this latter proposal:

- . Origin of the proposal
- . Incompatibility of the proposal with the central objective of the SDA Program
- . Mainstreaming of SDA in the World Bank.

Origin of the Proposal

31. It is worth noting that the proposal made in the draft evaluation report, i.e. to establish a UNDP Secretariat responsible for executing the SDA Program at the head of a consortium of specialized UN agencies; was formally submitted by UNDP to World Bank and ADB management on the occasion of a meeting of Senior officials from the co-sponsoring agencies held in Paris in October 1989. The reactions of ADB and the World Bank Senior management were recorded in the minutes of

the meeting. Since the views of the co-sponsoring agencies were already on record on this issue they should have been properly considered in the document.

32. It is also interesting to note that this proposal was already contained as one of the conclusions of the initial draft terms of reference prepared by the Policy Bureau for the evaluation team. When the ADB and the World Bank pointed out that it would be inappropriate to mention such conclusions in the terms of reference of an evaluation as it would prejudice the outcome, these were withdrawn by the Policy Bureau, but were apparently still made available to the members of the evaluation team.

Incompatibility with the Central Objective of SDA Program

33. As mentioned earlier, the evolution of the objectives and scope of the SDA Project has been inadequately described. As clearly stated in the Policy Agenda of the SDA Program, the central objective of the SDA Program goes well beyond the design and implementation of social action programs to accompany structural adjustment programs, or the collection of statistical data on the living conditions of households. The central objective of the SDA Program is to thoroughly integrate poverty reduction at the core of structural adjustment programs being undertaken by Governments in Africa. The surest way of achieving this objective is to work through the institutions who support the design and follow-up of these structural adjustment programs, i.e. the World Bank and ADB. Staff from these two institutions are responsible for negotiating these programs with governments, starting with the macroeconomic framework, and continuing with all sectoral and sub-sectoral policy reforms that are an integral part of these programs. It is their job to help governments to integrate poverty reduction objectives into the structural adjustment design. To turn over the operational responsibility for this essential component of structural adjustment programs to an agency that is not at the negotiation table is the surest way to marginalize social policy and poverty reduction concerns in the policy dialogue and in the programmatic design of structural adjustment operations. The fact that one of the authors decided to openly record his dissent on the Report's central proposal should be noted.

34. The report should have reflected the evolution in structural adjustment lending which now includes these poverty reduction objectives, and should have made reference to the record of design and negotiations of recent structural adjustment operations in Africa. This would show that social policies and programs are rapidly becoming an integral part of these programs. World Bank, ADB and UNDP teams are working with governments to design operational tools to integrate income

distribution and employment impacts as part of the macroeconomic framework used for simulating macro policy scenarios. They are working together to design core public expenditure programs that protect basic social services for the poor, as part of the restructuring of public expenditures undertaken in the framework of structural adjustment programs. Social policy reforms and social action programs are increasingly becoming an integral part of structural adjustment programs in the Region. As part of this undertaking, World Bank, ADB and UNDP staff are systematically designing together with the governments concerned expanded technical assistance programs, cofinanced with other multilateral and bilateral donors, to strengthen the capacity of governments to conceptualize, design, and follow-up social policy reforms and programs undertaken in the framework of structural adjustment programs. These programs include a systematic strengthening of governments' capacities in the areas of macroeconomic and sectoral policy management, social action programs design and follow-up, and strengthening of information systems to assess and monitor the evolution of living conditions of households during adjustment.

35. The thorough integration of the social dimensions in the very design of structural adjustment programs and in the accompanying technical assistance programs is made possible by the constant day-to-day interaction between all staff concerned at the ADB, the World Bank and the UNDP. Within the World Bank, this achievement has been made possible by the synergy between the Country Teams in the Country Departments and specialized staff from the Social Dimensions of Adjustment and Development Unit, now centrally located in the Technical Department of the Africa Region. Management of the two institutions view this synergy as the sine qua non for the successful achievement of the objectives of the SDA Program.

Mainstreaming of SDA in the World Bank

36. In April 1990, in response to requests from members of the Steering Committee, Senior Management of the Africa Region at the World Bank decided to integrate the social dimensions of adjustment operations into the Region's regular organizational structure and activities, with continued active participation from the donor community. To this end, a new Social Dimensions of Adjustment and Development Unit (AFTSD) was established in the Technical Department of the Africa Region as of July 1, 1990. At the same time, two higher-level staff from the SDA Unit were integrated into each Country Department. In addition, a Group Team on Social Dimensions of Adjustment has been created, under the chairmanship of the Director of the Technical Department, with the responsibility to ensure dissemination of SDA experience and innovation in the Region, contribute to the general orientation of the SDA Regional

studies program, and advise on general personnel planning issues in the area of social dimensions of adjustment. The effect of this decision is to make SDA a regular component of the Bank's organizational structure and activities, just as are Environment, Agriculture or any other sector of activity.

37. These decisions are germane to any analysis of the management of the SDA Program. They mean that the Bank's Senior Management sees the Social Dimensions of Adjustment and Development as a permanent activity, which will play an increasingly crucial role in the dialogue on macroeconomic and sectoral policy issues with member governments. These decisions and the evolution of the organizational structure for SDA activities in the Africa Region of the Bank have not been reflected in the evaluation report.

II. MAIN REPORT

Chapter I: Origins and Rationale of SDA

38. The analysis of the rationale of the SDA Program is fundamentally flawed because the report does not examine the evolution in the objectives and the scope of the SDA Program from its inception to date.

39. To present a thorough analysis of the rationale and objectives of the SDA Program would have required doing two things. First, an in-depth review be undertaken of the Policy Agenda of the SDA Program, which presents a comprehensive statement of the rationale of the Program and demonstrates, by comparison with the original Project Document, the evolution in the thinking of the senior management of the three co-sponsoring agencies on the objectives and the scope of the SDA Program. Second, a series of in-depth exchanges be held on these issues with key senior officials involved in the Program, starting with the Chairman of the Program Management Committee. The Policy Agenda, which has been endorsed by the three co-sponsoring agencies, presents the most comprehensive statement on the rationale of the program as it has evolved since the original project document was prepared. More importantly, this evolution has itself been the result of a rich and continuous process of interaction and consensus-building between the co-sponsoring agencies, African governments, and other UN agencies and donors. Thus the departure point of the report fails to take into account the lessons of experience and adaptation that are built into the SDA program as it is currently operating. The report therefore misses the substantial broadening in the objectives and the scope of the Program and the deepening institutional commitment of the World Bank to the Program over the longer-term, as evidenced by the establishment of a Social Dimensions of Adjustment and Development Unit as part of the regular organizational structure of the Africa Technical Department, and as evidenced by the full integration of the Program as part of the regular Economic and Sector work and lending activities of the Region.

40. Besides this fundamental point, several specific points are in order. In para 8., the report states that "by the second half of the eighties, these externally supported orderly adjustment programs had lost much of their initial political support". This statement is totally at odds with the rapid expansion in the adoption of structural adjustment programs by African governments over the same period. A review of the Policy Agenda document, which discusses the evolution of

structural adjustment programs in the eighties and distinguishes between successive generations of adjustment operations with gradual incorporation of social dimensions policies and programs in the very design of the programs, would have made this clear.

41. The statement made in para. 13 results from a misinterpretation of the text in para 12, caused by a typographical error. Points (c) and (d) in para. 12 are in fact sub-sets of point (b), and therefore should be numbered (b1) and (b2). The text then correctly reads that the identification of possible linkages between structural adjustment policies and changes in the socio-economic conditions of specific population groups is carried out (i) to design improved poverty alleviation programs aimed at increasing the access of the poor to employment opportunities... and (ii) to design complementary programs aimed at mitigating the transitional impact of adjustment on vulnerable groups.

42. The statement made in para. 15 that "this model (i.e. LSMS) had been in use for some time in Côte d'Ivoire, but no critical analysis of its output seems to have been made before it was decided to extend it to all SDA countries" is erroneous. The LSMS survey in Côte d'Ivoire has been evaluated under the auspices of the International Statistical Institute (ISI) and the Report is readily available from the relevant Department in the Bank. Its findings have been fully taken into account in subsequent survey design.

43. The statement made in para 16., referring to Social Accounting Matrices, that "it was never very clear what the particular role of this way of organizing data was to be in helping to achieve the broad objectives of the project" is also erroneous. The Conceptual Framework of the SDA Program gives a thorough justification of this choice, and the analytical implications of this choice for the analysis of the meso-economic effects of macro-policy changes is fully explained in the document entitled "Analysis Plans for Understanding the Social Dimensions of Adjustment", dated June 1990, which is barely referred to in the evaluation report.

44. The statement made in para 17. that "it appears that this breadth of the range of activities of the SDA Unit forced it to depart quite a lot from the traditional World Bank policy of not assuming ultimate preparation responsibility for projects it finances" is not substantiated. As a regular Unit in the Operational Complex of the Bank, the SDA Unit strictly follows the same project preparation procedures as other Divisions. In fact, the preparation of SDA projects in participating countries is done jointly with the Country Department Divisions, which have direct task management responsibility for the preparation and follow-up of the

majority of the country projects. The statement made in the report therefore implies that the Operational Divisions concerned in the Africa and EMENA Regions of the World Bank are collectively departing from the traditional Bank practice.

45. In para. 21, the report criticizes the Project Document for failing to indicate "what the raw materials for the intervening semi-annual meetings of the Steering Committee would be if the SDA Unit restricted itself to these two Reports." The report is correct in saying that the Project Document does not specify the types of Reports to be prepared for the Steering Committee. However, in practice, detailed Activity Reports and Work Plans were systematically prepared by the Bank and shared among all members of the Committee.

Chapter II: Activities of SDA: FY1988 - FY1990

A. Financial Aspects

46. In the review of the financial aspects of the Program, the report criticizes the reporting by the World Bank on two grounds. First, internal Bank accounting procedures do not permit an estimate of the amount of Bank-in-kind contribution to the Project without specific additional administrative work. Second, reporting procedures on the Trust Fund component of the Program do not permit a realistic assessment of the expenditures of the Program.

47. Concerning the first point, it is correct that estimation of Bank-in-kind contribution in FY89 and FY90 required specific additional work by the administrative section of the Africa Region. This work has now been completed by Regional administration, and the results are shown in Attachment 1. The table shows that Bank-in-kind contribution amounted to US\$ 543,416 in Fiscal Year (FY)88, US\$ 977,255 in FY89, and US\$ 1,533,221 in FY90. This translates in US\$ 271,708 in Calendar Year (CY) 87, US\$ 760,336 in CY88, US\$ 1,255,168 in CY89, and US\$ 766,611 in the first six months of CY90, compared to US\$ 231,100 for CY87, US\$ 738,500 for CY88, US\$ 538,800 in CY89, and US\$ 280,100 in the first six months of CY90 required for the same periods under the Project Document. This translates into an additional Bank-in-kind contribution of US\$ 1,265,322 by comparison with the original Document over the past three Fiscal Years (see attachment 1). Since the mainstreaming of SDA on July 1, 1990 (beginning of FY91), SDA has been fully integrated into the Region's Country Assistance Management (CAM) system for staff-time allocation and time recording purposes. In consequence, this issue should not arise in future years.

48. Concerning the second point, the SDA Unit follows standard Bank reporting procedures for all Trust Fund contributions and is subject to regular Bank audit requirements. All this information is available through Black Books for FY88, FY89, and FY90. The system permits a review of any kind of expenditure by task and by funding source. The system also permits any kind of aggregation on request. All these outputs are readily available.

B. Country Programs

1. Social Action Programs

49. In the review of social action programs, the report expresses concern about (i) the "open-endedness" of social funds; and (ii) the justification of incurring debt charges, even on concessional terms, for financing "present consumption" through external borrowing (see paras 25-28). Both concerns are misplaced.

50. First, social funds are not open-ended operations. The funding of individual projects is subject to a series of well defined criteria agreed with the government at appraisal. Procedures for management of the funds, for sub-project administration and monitoring are defined at appraisal. In several cases, a first set of projects is pre-identified at appraisal to prime the use of the fund when it becomes effective. In addition to regular supervision requirements, disbursements are tranced on the basis of satisfactory review of successive phases of the program by the Bank and other financing agencies. Similar arrangements have been often followed successfully in other Bank financed projects (e.g. technical assistance projects) and introduce a beneficial degree of flexibility.

51. The Guinea Socio-Economic Development Fund, established as part of the Socio-Economic Development Project, provides a good example of the type of criteria attached to the selection of sub-projects to be supported by the fund. Six project selection criteria were agreed between the Government and the Bank at the time of appraisal:

- a. to the extent possible, projects should incorporate employment and income-generating activities that would extend beyond the life of the sub-project;
- b. the practical and operational feasibility of the sub-project should be demonstrated. To that end the sub-project executing agency should possess the management, staff, and financial capability to carry out the Project. Normally, projects would be carried out by NGOs with a proven track record. However, efforts should be made to reinforce the capacity of as-yet-inexperienced NGOs by associating one experienced one with it. The bottom line is that the NGOs should have the capacity to ensure honest, rapid, and effective implementation of the sub-project;

- c. foreign NGOs accepting funds from the SEDF would be required to train Guinean nationals so that ultimately they can take over management of the Project;
- d. The NGOs concerned should be capable of meeting the salaries of their own staff from their own resources. An amount is set aside in the fund for that purpose;
- e. sub-projects should be consistent with the sector strategies and programs of the technical ministries concerned;
- f. sub-projects should not entail future operational expenditures beyond the capacity of national or local budgets, or user charges, to finance them.

52. Second, social funds are not aimed at financing present consumption. Such operations, such as a food-for-work program in Mauritania, are funded through separate project components, for which funding on grant terms is sought. Social funds concentrate on directly income-generating activities or on basic social infrastructure at the community-level. Borrowing for such activities, which contribute either directly or indirectly to future growth through physical and human capital formation, is perfectly justified.

2. National Information Systems

53. The brief presentation of the SDA information system in this section is seriously inaccurate, as it ignores the presentation of the SDA information system contained in the Conceptual Framework of the SDA Program. It also fails to examine how the SDA information gathering program operates as a complement to other national statistical operations and it fails to refer to the ways in which the SDA has been working with the UN and other technical agencies to ensure that support meets national information priorities and is provided to countries in a coordinated manner.

54. The report states that SDA activities falling under this heading are more narrowly circumscribed than the title would seem to indicate. This contention is erroneous as the SDA has emphasized the role of information systems encompassing macro, meso, and micro data sets. In this framework there has always been a place for tapping administrative data, despite what has been maintained in the report. The repeated references to administrative data in the evaluation report, however, take no account of conditions in many countries in so far as administratively generated data are concerned. Vital statistics, education, health and other statistics such as trade, are in general the outputs of administrative systems.

It is openly acknowledged though that administrative systems are weak and have limited coverage and span. Were administrative systems adequate it would have been appropriate to argue that there is no need for surveys either of households or enterprises. But this is not the case. In somewhat idealized conditions - income data would flow from tax records, industrial production would be captured by licensing authorities, population dynamics captured by vital registration. Because this is not true, the U.N. launched a major initiative (with UNDP, UNFPA, UNICEF and Bank support) in 1980 - the NHSCP program, wholly using household surveys as a tool.

55. The evaluation team's view seems to fly in the face of the statistical community's espousal of household surveys as the primary tool for filling gaps. The report also criticizes the SDA unit for ignoring other statistical priorities e.g. compilation of national accounts, that are crucial in decision making. There can be no disagreement with the notion that national accounts are important - a fact recognized in the Conceptual Framework given the role of macro data. It is indeed surprising that the report ignores the overall statistical program that the SDA lays out and focuses on just the household survey component. Even more puzzling is the failure to note that national accounts compilations cannot be undertaken in the absence of micro data sets gathered through surveys of producing agents which in most countries of Africa are households or composites of household units. The report has taken very little account of the considerable study and consultation that has gone into the SDA Unit's development of its statistical methodology.

C. Regional Activities

56. The analysis of regional activities of the SDA program carried out in the report is flawed on two grounds. First, the review excludes more than two-thirds of the Regional output of the SDA program. Instead, the review of SDA Regional activities in Chapter II concentrates only on a brief review of one output of the program of regional activities, i.e. the Conceptual Framework, supplemented by a superficial discussion of the uses of SDA surveys in Chapter IV. Second, the review of the Conceptual Framework Paper itself and of the uses of SDA surveys in Chapter IV, are badly flawed (see below).

57. As described in the successive Activity Reports of the SDA Program, the regional activities of the SDA Program includes four components as noted below.

(i) Socio-Economic and Policy Analysis (SEPA)

58. The SEPA program comprises country-level studies, including poverty assessment papers and applied policy studies using SDA household surveys available in Côte d'Ivoire, Ghana, and Mauritania:

- a. Fourteen poverty assessment papers have been completed to date. Contrary to the claim of the report, these papers are not only inputs into the preparation of the SDA country projects, but they are also self-standing pieces of Economic and Sector Work that are an integral part of the Regional Studies Program managed by the SDA Unit.
- b. Five applied policy studies based on SDA survey data in Côte d'Ivoire and Ghana have been produced, and published under the SDA Working Paper Series.

59. The SEPA program also comprises methodological studies, including the Conceptual Framework of the SDA Program, and Analysis Plans for Understanding the Social Dimensions of Adjustment:

- a. The Report entitled "Structural Adjustment and Poverty, a Conceptual, Empirical and Policy Framework" (Report No. 8393-AFR), referred to as Conceptual Framework was the only piece of SDA Regional work reviewed in the evaluation report.
- b. The Report entitled "Analysis Plans for Understanding the Social Dimensions of Adjustment" (Report No. 8691-AFR) presents detailed conceptual and methodological statements on how to analyze key social dimensions on the basis of the cross-section household survey data to be collected under the SDA Project. The Plans are essential instruments developed by the SDA Unit to guide researchers who will be associated with the analysis of SDA surveys in participating African countries. They also provide the basis for the development of training materials in support of the institution-building and capacity-building objectives of the SDA Project. This Report has been prepared as a result of a major consensus-building effort among participating agencies, including an Interagency Technical Workshop on the SDA Information System which was held at the World Bank in November 1989. The draft chapters of this major Project output were made available to the evaluation team at the start of the evaluation. The final Report was submitted to them for their review in early June. With the exception of a brief reference to the analysis plan of the Priority Survey, and to the analysis plan on structural adjustment and women in the review of the

uses of the Integrated Survey in Chapter IV; the evaluation report does not refer to it.

(ii) Surveys, Statistics and Data Processing (SSDP)

60. The SSDP program consists of developing the SDA survey tools, i.e. the Priority Survey (PS), the Integrated Survey (IS), and the Community Survey (CS). Detailed draft documents covering the rationale, structure, technical specifications, and field operations of the Priority Survey and of the Integrated Survey were available to the evaluation team, but the objectives and specifications of the surveys still appear to have been misunderstood.

(iii) Social Policy and Program Design (SPP)

61. The SPP program consists of preparing a series of guidelines for the design of (i) poverty-conscious public expenditure programs; (ii) social funds; (iii) social action programs; and (iv) employment programs. The conceptual basis for the design of poverty-conscious public expenditure programs, and draft guidelines for the design of social funds is presented in an approach paper but is not reviewed or referred to in the evaluation report.

(iv) Regional SDA Training Program (TRG)

62. The Regional SDA Training Program was launched in the course of FY90 to ensure the availability of qualified national manpower in participating countries to plan and implement social dimensions activities over the long-term. To date, the training team has concentrated on the development of a training strategy and a core regional training program, and initial steps in the operationalization of the program. A comprehensive document describing the objectives, characteristics, scope, and contents of the Regional Training Program, with detailed technical annexes on regional and technical training activities, was made available to the evaluation team. This was dismissed without explanation as a "fairly marginal set of papers" (see p. 25, para 40 of the evaluation document).

Review of the Conceptual Framework

63. The review is replete with unsupported statements, which are almost entirely unrelated to what is actually written in the document. A few examples follow.

64. In para. 49, the report states that "it is quite true that for personal welfare issues household data can be invaluable. It does not follow automatically that they are the only or the highest priority for improving all African countries's information systems". The central message of Part II of the Conceptual Framework is precisely that surveys must be put in the broader context of a hierarchical information system encompassing macro, meso, and micro data.

65. In paras 50-51, the report claims that the Conceptual Framework "seems to rationalize an a priori decision" regarding the role of household surveys. On what basis is this claim made?

66. In para. 54, the report suggests that "if (local participation) is to be a full substitute for a better public service, it seems like a very pessimistic conclusion". This contention is in no way derivable from or supported by the Conceptual Framework.

67. In para. 57, the report asks "Is the focus to be on observing the welfare impact of particular economic changes and shocks on individuals (and/or households)? Or is it to identify opportunities to improve the productivity, living standards and welfare of particular groups? And to do so at costs lower than the benefits? While the two foci may not sound all that different, in fact they are"; and in para. 58 they state "While the CF does not explicitly rule out the second alternative, most of what is said suggests that it is the first one that is intended." These statements constitute a complete misrepresentation of the Conceptual Framework. The document explicitly addresses both the question of policy impact on household as well as the identification of new opportunities, as is essential for a policy-relevant framework. Part III of the document in particular addresses several policies aimed at improving opportunities and productivity of the poor. Moreover, observing the facts is a prerequisite for sound policy analysis and the design of action programs.

68. In para. 59 and footnote 19, the report recognizes that the presentation of the conceptual Framework is "quite balanced" between the production and consumption sides of household behavior. But why is this considered "rhetorical"?

69. In paras 60-61, the conclusion that the Conceptual Framework does not fully support the importance of growth as a poverty reduction tool is incorrect. The analysis of adjustment and its impact contains a specific treatment of the dynamic growth effects of structural adjustment policies, and on their likely impact on poverty (see Part I, Chapter 3, pp 48 sq).

Chapter III: Country Studies

A. Tanzania's SDA Program

Data Production Program

70. The evaluation report expresses the doubt that the statistical data to be produced under the Project will be used effectively by the Government to formulate social policies. This leads the report to conclude that the influence of the SDA data on policy makers will be peripheral. The reason given for this conclusion is that the broad outlines of what these data will reveal "are already well known." (see para 13). Also, the report contends that the data to be produced by the SDA monitoring survey is duplicating what might have been produced by a UNICEF project whose funding had been secured but whose its implementation was delayed by the SDA Project. These contentions are not accepted, particularly as the mission formulated the Project in close consultation with UNICEF. Given the views expressed by Government officials on this subject, there is no reason to believe that the influence of the SDA data on the policy makers is peripheral.

71. The report also makes the suggestion that the SDA data program should be coordinated with the SIDA assistance to the Bureau of Statistics. This point is well taken, but it is not new. It was discussed at the time of the appraisal by mission members and by the Bureau of Statistics.

Socio-Economic Planning Capability Program

72. The report criticizes this component as being large and representing a "...misplaced use of a scarce resource." . This is because the bulk of the training to be provided under this component will go to the Planning Commission, which was established only two years ago and is still weak. The Bank recognizes that this component is indeed large, but takes the position that the mere fact that the Planning Commission is new and lacks experience gives even stronger justification for this component. Also, the views presented in the report that the Planning Commission is weak and thus does deserve training are not shared by many who are familiar with Tanzania's policy making environment.

Social Action Program

73. While acknowledging the importance of the projects financed under the Priority Action Fund (PAF) in mitigating the hardships of the poor, the report questions the ability of the

proposed management of PAF to "translate the availability of funds into action." Since the official in charge of PAF was outside the country during the visit of the consultant, this question will remain as an unsubstantiated guess. In fact, if anything is urgent in Tanzania, it would seem to be the micro and community managed projects such as the ones proposed under PAF. Also, those familiar with Tanzania may take issue with the view by stressing the existence of strong local communities capable of managing these projects.

Financing

74. The report states that the World Bank will contribute consultancy services from its regular staff is incorrect. The Bank's contribution will be coming from its local consulting budget. Also, the Bank expressed its readiness to utilize funds from both the Health and Education projects to finance discrete activities under the Project. The evaluation report, however, raised an important point, namely, Tanzania's inadequate capacity for effective donor coordination.

Conclusions

75. The consultant concludes his review by criticizing the SDA Project for imposing an "inordinate amount of additional work on busy people". Also, the consultant wonders whether spending the amount allocated to SDA on improving the roads in Tanzania might not in the end have done more to mitigate the hardships suffered by low incomes groups than improved statistics, etc. brought about by SDA. Firstly, the integrated roads project referred to is fully funded at about US\$850 million, and therefore, shifting US\$11.7 million to the project would hardly make a substantial difference. Secondly, the consultant's conclusion, if to be taken seriously at all, reflects a total lack of understanding of Tanzania's current socio-economic conditions, Government social policies, and existing arrangements and mechanisms for effecting social change.

B. Malawi's SDA Program

Introduction

76. The evaluation of the Malawi SDA Project identifies a number of concerns that we share. However, it underestimates the extent to which those were (and continue to be) taken into account in modifying the design of the Project. The Project has the potential to achieve significant benefits for the poor in Malawi, with careful supervision and continued efforts to ensure complete integration of the Project with the rest of the Bank's Malawi program and strategy.

Modifications to the Project as Described in the Document to which the Evaluation Refers

77. In Malawi, the SDA Program originally sought to implement a standard SDA package for the Africa Region. From that starting point, the Malawi Country Team has been working with SDA to tailor the Project to meet Malawi's particular development needs. This process has continued since appraisal. Several of the criticisms made in the draft evaluation report are valid when applied to the National Project Document which was written by the appraisal team, but that document does not reflect the latest understanding between the Government of Malawi and the Bank on the Malawi SDA Project. In particular, the support for data collection and analysis is still under discussion. Any objective evaluation should have noted these developments.

Data Collection Strategy

78. The Interim Evaluation makes some significant criticisms of the data collection component of the Project. It argues that there is no need to produce new data, because the National Statistical Office (NSO) has lots of data that are not yet analyzed, that the SDA-supported data collection and analysis is duplicative and unlikely to lead to improved policy decisions, and that loan funds should not be used to finance data collection on the grounds that it is not an investment activity. Nor does the report think that the Project will enhance sustainable statistical capability.

79. It is true that the 1987 census data have not been adequately analyzed, in part because NSO has been reluctant to collaborate fully and share its data even with other parts of the Government. This has been an issue of considerable sensitivity, which it was decided not to attack head-on, but to use the SDA Project to build a constructive and supportive relationship between NSO, and the donors and the rest of the Government. Other donors had specifically asked the Bank to use IDA funds to gain some leverage with NSO in this area, and the issue of access to and use of data has been carefully discussed and agreed upon (although it will need to be monitored).

80. The SDA Project is not supporting a large new data collection effort, but is assisting NSO to streamline and improve the HESSEA survey that was already a priority part of NSO's work program. This is a strength of the Project rather than a basis for criticism. There is no easy way to achieve sustainability and to build capacity, but the intention is to ensure that the Project (i) will provide job-specific training

to NSO staff, and help them to carry out their own work program and mandate more effectively, but (ii) does not pressure NSO to collect additional data solely for the sake of cross-country comparability.

Expected Benefits of the Social Support Program Project Fund

81. The draft report criticizes the Social Support Program Project Fund for being unlikely to raise any additional funding for the type of projects it will support, commenting that "where anyone has a new idea, they have not experienced difficulty in obtaining donor support". Given this view, and the small size of the fund (US\$ 2 million), it questions whether the Government resources that the Fund will cost to administer are well used.

82. We disagree with this assessment. This is because the potential value of this Fund does not lie in the additional resources it might attract or the additional projects it might assist, but in the process it will support. There is currently lack of communication and understanding between the NGOs and other organizations designing and implementing small-scale, poverty-focused projects and the Government officials who set countrywide policies and expenditure priorities. The Fund will involve the Government's central planning department, EP&D, in monitoring and evaluating poverty-focused projects. This could have two major benefits; improving communication and collaboration between government and NGO's; and giving EP&D information about what approaches work and could be effective on a large scale in combatting poverty.

Other Specific Comments

- a. para 35, final line: The Program Facilitator and Administrative Assistant will only be recruited from abroad if no suitably qualified Malawian can be found. Recruitment is under way.
- b. para 38: We are not aware of plans to carry out "other major surveys based on households in succeeding years".
- c. para 39: Not all surveys would include anthropometric measures.
- d. para 41: These computers, and indeed much of the support (excluding TA) to the NSO in the Project is planned to be financed by Government counterpart funds, training of 10 NSO staff in data entry is part of a course being run in-country at present.

- e. para 43: It is misleading to argue that NSO has not persuaded Government to fund the HESSEA survey, particularly as under the SDA Project, Government counterpart funds are earmarked for this activity.
- f. para 43: The skepticism about the likely impact of household socio-economic data on policy should be tempered by history: the nutrition data collected (with UNICEF assistance) in the 1980/81 NSSA survey has been crucial in getting recognition of the malnutrition and poverty in Malawi and opening a debate in Government about what to do about it.
- g. para 54: There has been significant progress since the evaluation team visited Malawi, and a supervision mission is about to begin.
- h. para 55: The Ekwendeni Project is funded by the Canadian High Commission and UNICEF.
- i. para 60: Whether SDA activities are ultimately subsumed under different sectoral activities with a central coordinating mechanism, or whether they are funded under the rubric of a free-standing SDA project is largely a matter of individual country preferences subject to sufficient administrative and financial support to make the choice a viable one in the country's specific circumstances. In this case the SDA Project was attached to ASAC. Carrying out an Integrated Household Survey is not a condition of tranche release for ASAC. It is an item in the Policy Agenda Matrix, and the letter of development policy states that "Government will undertake an integrated household survey and carry out studies related to poverty issues". The HESSEA is an integrated household survey; no additional duplicative survey is planned.
- j. para 66, (ii): The Project is criticized for not giving enough thought to the projects that the Social Support Fund is expected to finance, yet earlier (para 53), it is argued that "the (SDA Project) has saddled the fund with an overly complex and cumbersome set of project criteria".

C. Ghana's SDA Program

Introduction

83. The evaluation team that visited Ghana consisted of only one consultant and not two as originally planned. The consultant was able to spend only limited time with the parties concerned, nor did he review the Bank's supervision reports on the Project, which provide essential information for understanding the Project's current status. For example, Switzerland and Germany, two major co-financiers of the Project, and the World Bank Resident Mission in Ghana were not contacted, USAID's representative was contacted only by telephone, and ODA's staff at Headquarters, who participated in the project appraisal, were never approached. Moreover, being alone and for a relatively a short time made it difficult for the consultant to fully understand the context of the Project during his visit. This is evident in the various gaps and factual errors in the information provided by the consultant, in the incorrect designation of some Government officials, and in the report's lengthy treatment of topics that are outside the scope of the Project (e.g. PAMSCAD). It is apparent that the consultant did not fully grasp the background of the Ghana SDA Project, its evolution, the role of the donors and the Government in its design and in its current status.

84. The consultant implies that IBRD may have been hesitant to address some of the "social dimensions" issues in Ghana. The facts do not bear this out. The mission to undertake a policy review in Ghana in late 1985, prior to preparation of the First Structural Adjustment Credit, included someone to examine the social impact of adjustment and possible measures to address this issue. This work was followed up during appraisal of SAC I and resulted in the initiation of discussions with the Government on the possibility of carrying out the Ghana Living Standards Survey.

SDA Project promotion, preparation and appraisal process

85. In view of the above, it may not be surprising to note that in the preamble of the Ghana report, the consultant passed his verdict on the Bank as the Executing Agency for the Ghana SDA Project, as being "not good... when viewed from the country's point of view", as the Bank took a long time to prepare the Project, and as "many aspects of the project remain unresolved" (see para 71). This judgement ignores the important fact that the Project's preparation was a joint effort by the Government and the donors with the Bank playing a catalytic role. Hence, the donors' procedures for processing their contribution to the Project and their relationship with the Government was not factored in the above verdict.

86. Again, lack of time in the field led the consultant to commit a number of factual errors. For example, the consultant states that in August 1989 the Bank "reappraised the project" and increased its cost by 50 percent. In fact, the Project was never reappraised. It was simply reviewed by the Government under the chairmanship of the Minister of Finance himself, who agreed with the Bank to increase the policy analysis component of the Project and to shift its overall coordination from the Ghana Statistical Service (GSS) to the Policy Analysis Division (PAD) in his Ministry. The Minister also took the opportunity to reaffirm his support for the Project by elevating its Steering Committee to the level of the Prime Minister. Following this review, a number of donors adjusted their contribution to the Project, which resulted in a net increase in the overall funding for the Project. Admittedly, there were delays in the process, but had the consultant placed the Project in its proper context, he should have arrived at a completely different conclusion.

87. The report also concludes that the final Project Document which resulted from the August 1989 review still suffers from weaknesses, such as lack of assessment of the Project's sustainability, the institutional capacity of the concerned agencies, the availability of local vis-a-vis foreign consultants, as well as no detailing/prioritization of the studies and data to be produced under the Project. Here again, had the consultant taken little time to review the Aide-Memoires left by the Bank supervision missions and their Back-to-Office Reports, he would have avoided such sweeping conclusions. In fact there was ample discussion of these issues with government officials, in which the Bank and the donors stressed the need for sustainability and institutional strengthening. Also, the concern for these issues is clear throughout the Project Document, as reflected in the resources allocated for training and institutional support. The Project Document clearly stresses the need to rely mostly on Ghanaian consultants.

Status of Financing

88. The report mentions that the project cost amounts to US\$ 6.1 million (Table III-4), while in the Sources and Uses of Funds (Table III-5), the financing adds up to US\$ 6.5 million. Both above figures are incorrect as the total financing is US\$ 6.2, financed by USAID (US\$ 1.9 million), ODA (US\$ 1.4 million), Switzerland (US\$ 1.4 million), Germany (US\$ 1.0 million), and IDA (US\$ 0.5 million). Details of the components to be financed by Switzerland and Germany are also available both in the report and the Bank supervision reports. Moreover, Table III-5 in the evaluation report is both inaccurate and

misleading. For example, there was no budget made for the Steering Committee, and PAD's responsibility is not confined to macromodelling as the table implies. PAD's tasks under the Project includes overall coordination of the Project, providing secretariat for the Steering Committee, managing the Studies Fund, and constructing the SAM-based model whose data will be assembled by GSS. This and other details are missing from the report. Hence, considerable revision will be required to set the Project's financial record straight as well as its implications.

The GLSS and ASDD components managed by GSS

89. The consultant questions the administrative capacity of GSS to implement successive GLSS surveys. This is because the consultant overstated the extent to which outside assistance is involved in the GLSS. Most of the consultants' input occurred up front, but the day to day operation of the survey is handled by Ghanaians. Once more, it is regrettable that he had insufficient time to review the Bank supervision reports and discuss with the donors (particularly ODA and the Bank) their experience with GSS, so that his judgement could have been more balanced. In this connection, it is to be noted that GSS' performance in carrying out household surveys has been commendable. It is for this reason that GSS has been chosen to support the testing for SDA surveys (e.g. Integrated Survey, Priority Survey), and GSS' output has been used as teaching material in SDA sponsored training courses. Unfortunately, this is ignored by the report. Furthermore, while supporting the Project's efforts to increase the capacity of GSS to analyze and disseminate GLSS data, the report expresses concern over the inability of the Government to guide such research capacity. The report was not clear as to why this should be the case given the fact that this component was developed in response to the Minister of Finance own wishes and those of the donors who wanted GSS to provide more than raw data. Also, contrary to what the report states, GSS has been responsive to the Government's needs and guidance. Finally, with the support of the National Committee for Producers and Users of Statistics (NACPUS) established under the Project, all data produced under the Project will be geared toward the needs of the users. It is true that at this stage NACPUS is not active, but as the project implementation unfolds, NACPUS activities are expected to follow suit.

90. The technical merits and demerits of the GLSS have been discussed extensively, but this report raises them again in paragraph 94. Such a discussion, which is not based on any technical expertise, but merely repeats concerns raised by others is not very useful. The Ghana Country Teams feels that

the importance of the GLSS should not be underestimated. It is an extremely valuable source of data which is available on a timely basis. Without it, there would be a dearth of information on the impact of the structural adjustment program in Ghana.

SDA Project Organization and Management

91. The report states that the executing arrangement established during the August 1989 review, which made PAD the overall coordinator for the Project has been objected to by GSS. The report then concludes that unless resolved, this could lead to a de facto management of the Project by GSS. This is an important point, but again the consultant did not attempt to clarify this issue with the Minister of Finance who assured the Bank supervision mission, which was in the field during the consultant's visit, that the existing executing arrangements would remain unchanged.

92. Also, information provided on the staffing of the Policy Analysis Division (PAD) is incorrect (paragraph 87). There are some vacant positions in the division, but there are several officers in place covering agricultural fiscal studies, modeling, legal issues, etc, in addition to the Director and economist-consultant mentioned in the report.

Usefulness of the Data to be Produced

93. The report is implicitly critical of the Bank for its assistance to GSS in the production of GLSS. This is unfortunate, because until recently GSS did not have the capacity to process and produce households surveys results. The Bank assistance was essential for both producing the data without further delays and for giving technical assistance to GSS in this area. The report gives qualified endorsement for the usefulness of the GLSS for both the Bank and the academic community, and indicates that studies using these data by foreign academics have begun to generate the resentment of government officials. This statement is curious since one of the first studies carried out on the basis of GLSS data, entitled "A Poverty Profile for Ghana", is co-authored by two Ghanaian professors, including the Government Statistician. The report also questions the usefulness of the GLSS to PAMSCAD. This is an incorrect conclusion because the report narrowly defined the nature of data needed by PAMSCAD. Finally, the report complains that the Bank of Ghana, a key agency in the Ghana SAPs, is on the margin of the SDA Project. This is an oversight by the author as the Bank of Ghana is a member of NACPUS.

94. Also, the report mentions several studies (paragraph 97) which the Bank of Ghana is interested in carrying out. However, none of them seems appropriate for SDA. There are resources available from other donors which could be utilized for these.

D. Cameroon SDA's Program

95. The Project's objectives are two-fold: i. to protect those vulnerable to economic crisis and adjustment and ii. to promote the participation of the poor in economic development. By assuming that the objective is to merely to protect those vulnerable to adjustment the report finds, in effect, that only the employment module has any potential merit (although they argue that it is too expensive).

96. The review's principle criticisms are as follows:

- a. The Project provides little or no value added. It is argued that most of the donor resources would have been supplied anyway and that many of these resources simply represent double counting of funds already allocated to programmed activities. Furthermore the Project activities could have been included in other Bank projects. While it is true that German, French, American, and UNFPA financing has been allocated to the Project from already programmed activities, this is not the case for the ADB, UNDP, Japanese, and IBRD financing (CEC and Canadian financing fall somewhere in between). In addition, the Government insisted that all financing be allocated to items budgeted for the Project and hoped that by joining donors together under the SDA umbrella their disparate activities can be better coordinated. While there is no technical reason for systematically grouping all the various SDA while program components under one single project, it is highly unlikely that the Government would have given as much attention to the population, health, education, and women in development sectors if they had not been included under the SDA umbrella.
- b. The planning capacity and information base module is ill conceived and not very practical. It is argued that the institutional capacity to manage and make effective use of the surveys is lacking, that their size may prevent the collection of more essential information, and that the component was not appraised with adequate rigor. The report also questions the appropriateness of macro-modeling, given the Government's failure to make use of the existing CGE model. This is in fact an

attack on the SDA approach in general rather than on the Project itself. Cameroon's exceptional endowment in well-trained statisticians suggests that it should be easier to undertake SDA surveys here than in most other African countries.

- c. The "objectives of the...regional project...are unlikely to be achieved to a satisfactory degree in the case of Cameroon." It is hard to see how such criticism can be sustained in the case of the Cameroon SDA Project which provides a clear example of the thorough integration of social dimension at the core of a structure adjustment program.

97. The following paragraphs address point by point the issues raised by the review.

98. Introduction. This section contains some inaccuracies. The Project was approved in May, not April, 1990 and training is covered under the employment, not the education, module.

99. Financing SDA. While the number of co-donors increases the complexity of project implementation, it simplifies the Government's task by providing the Government with the means to coordinate the diverse donor activities in the areas covered by the Project. Note that US\$ 3.99 of financing from CIDA has been confirmed. The US\$ 3.33 mentioned in the review is an additional amount that was proposed for CIDA financing after the original request had already been processed.

100. Preparation of the SDA Project. The Project was prepared through five major missions plus various additional interventions in the field by Bank staff and consultants. The Project was thoroughly and repeatedly reviewed within the Bank, including at the level of the Regional Management Team. This review process resulted in a number of modifications of the Project.

101. The report provides an inaccurate list of the Cameroonian working groups which helped prepare the Project (health and population were one single group and the education and vocational training group is not mentioned). It suggests that IBRD staff played a key role in these groups. In fact IBRD staff and consultants met with the groups during the project preparation missions, and local staff met with the groups when requested, but they were not involved in the groups on a continuing basis.

102. The draft report states that "some Government officials...indicated that they had divergences of view with the World Bank over some things that were eventually included in the SDA, but that they had accepted them in the interests

of receiving support for other activities, which they considered worthwhile and which were indeed retained." This was a conscious strategy to initiate a dialogue on the protection of vulnerable groups (the Employment Fund), and then expanded the dialogue to cover both the participation of the poor in development and to renew the dialogue in the area of human resources. The report adds that the Government would have preferred to provide their own approach to social issues. During identification, the working groups did present their own proposals, many of which were included in the Project. However, the Technical Committee for the Design and Follow-up of the Structural Adjustment Program asked the working groups to prioritize their proposals subject to overall budget constraint.

103. As for consultation with the donors, local representatives of the donor community were invited to participate in the working groups right from the start, and staff of the Commission of the European Communities, the African Development Bank, the Caisse Centrale de Coopération Economique, and GTZ participated in project preparation missions. These missions met systematically with other members of the donor community. Donor response has been uneven with several donors seeking to join the Project by asking that previously programmed activities be considered part of the SDA Project. The Government, however, has insisted that all contributions be used for activities identified as part of the Project.

104. General Focus. As indicated in para. 2, this section is premised on a fundamental failure to understand the goals of the Project. The Project is intended to address both issues of vulnerability and poverty. It is indeed composed of different kinds of activities, but these activities are linked by the threefold approach taken by the Project to the attainment of the objectives listed in para. 2. This approach calls for the development of appropriate policies, the strengthening of institutions to facilitate the processes of policy development and implementation, and action programs designed to meet immediate needs while the policy development process proceeds.

105. The Project is also intended to be experimental. Therefore the Project does include the sort of "systematic comparative evaluation of the different types of intervention" which the review suggests is lacking. One may also add that while the "amounts of money involved" are indeed large, the individual components have been designed to fit within the overall constraint set for the Project within the Government Investment Program.

106. The "poverty" component. The action programs in population, health, education, women in development, and

community development are indeed aimed at addressing poverty and are not a response to the transitional effects of adjustment. This is the intention of the Project. Furthermore, the budgetary shortfalls in health and education were not occasioned by the adjustment process, as is suggested in the review, but by the economic crisis that preceded it. In fact, the Government's Structural Adjustment Program contains measures to ensure that health and education budgets be maintained at adequate levels. The purpose of the action programs in population, health, and education is to prime the supply pipelines to a level where normal budgets can keep the pipeline flowing.

107. National Employment Fund (FNE). The FNE is only in part an employment creation scheme. It also includes support for improved vocational training and measures to improve the transparency of the labor market. The FNE is intended to be innovative precisely because we do not have good answers to the question of what is the most efficient use of resources for the promotion of employment. Therefore a number of different activities are proposed and will be evaluated to determine what has and has not worked.

108. The suggestion that the FNE would replace the Labor Ministry, particularly in the provision of labor market information, assumes that the Labor Ministry had been fulfilling this role. In fact, the Ministry has been incapable of either providing labor market information or effectively promoting small enterprises and it is for this reason that an autonomous agency with the light structure is being established by the Government.

109. The information component. This section contains not so much an attack on the Project as an attack on the SDA approach in general. A major goal of both the Project and the Government is to promote the participation of the poor in the economy. If the Government is to pursue this goal it needs information on who the poor are and on why they are poor. The statistical data currently available in Cameroon cannot provide this information. Nor can they provide feedback to the Government on the socio-economic effects of policy decisions. It is for this reason that the Planning Capacity and Information Base Module of the Project was designed.

110. The review suggests that the Government may not have the institutional capacity to absorb the survey data. As stated above, this is somewhat surprising given that Cameroon is exceptionally well-endowed with capable and experienced statisticians. As for the claim of lack of involvement of user ministries, one may point out both that the survey component has not yet started up and that the plans call for the

involvement of a users' group in the development of the survey program.

111. The claim that the SDA and Economic Management Projects will work at cross purposes is also surprising given that the two projects were developed together in close consultation. Both projects are indeed strengthening the Statistics Directorate, through a carefully drawn out division of labor. The strengthening measures envisaged under the Economic Management Project should ensure that the SDA surveys do not "crowd out" other important information functions.

112. The claim that no discussion of the "conceptual or practical appropriateness" of the proposed survey program could be found is strange since the SDA unit has produced abundant material on its approach to the collection and use of socio-economic data.

113. The planning capacity component. The existing CGE model in Cameroon was developed with the support of the Bank. However, insufficient follow-up was provided at the time to ensure the continued use and development of the model. To correct this problem and to provide a means to eventually allow policy-makers to assess the consequences of various decision options, the planning capacity component has been included in the Project. The Planning Minister is personally committed to the CGE model and the Ministry does have staff who can use it. The Project will provide the support to allow them to do so.

114. The institutional strengthening component. That the planning capacity of the Health, Education, Higher Education, Labor, Planning, and Women's and Social Affairs Ministries is weak is not controversial. It is true that their specific needs were not determined during project preparation. This is because this strengthening (like the development of policy under the Project) is envisaged as a process. The first stage, which has been started with Project Preparation Facility funding, is the identification of needs. Only once specific needs are identified will the process move on to the next stage. Nor is it mandated that the Institut Superieur de Gestion Publique, which is undertaking the evaluation, would necessarily take charge of the strengthening program.

115. In conclusion, the evaluation team appears to have approached the review with a preconceived verdict which it sought to justify. While the report does contain some valid criticisms, it is clearly not an unbiased review of the Project and is based on a fundamental misunderstanding of the goals and purpose of the Project. It also contains a number of factual errors.

E. Madagascar SDA's Program

116. In general, the consultant study describes accurately the status of the numerous components of the Project in so far as progress in their implementation is concerned. At the same time, the study draws far-reaching conclusions at this still relatively early stage of project execution -- in essence judging the design of the Project as fundamentally flawed. While some of the more than 15 project components may need rethinking in the light of the experience to date, a conclusion we have ourselves reached internally, this does not justify in our view the critical tone of the report and certainly not its conclusions. The report concentrates on negative aspects, shows gaps of information or capacity to analyze properly the situation and so raises some doubts on its objectivity.

Project design and negotiations

117. The report implies that in several area the Project was designed without proper participation of all the institutions concerned. This is not correct since they were contacted, and lengthy discussions were held with them during the Project appraisal. However, priorities had to be determined according to the overall assistance provided or planned for the country, and therefore some components were deferred to upcoming sector programs. Also the major emerging component, the "Fonds d'Intervention Social", proposed under the Project was deleted for reasons related to the upcoming election campaign.

Relationships with other donors

118. The EMSAP missions in general and the SDA Unit missions in particular have always worked in close collaboration with the major donors and development agencies in Madagascar.

119. UNICEF has been involved since the project design stage, and was consulted throughout the project preparation and implementation, including the questionnaire design. USAID, was interested in co-financing the Family Planning component. More recently, coordination was established, under a UNDP umbrella, between the SDA and Cornell University, which is carrying out the USAID/SDA project, for elaboration and implementation of support for the National Accounts. WHO participated in the EMSAP appraisal mission for the design of the Food Security component. FAC was also contacted and agreed to participate in the Project and only their funding of the survey resident advisor position at BDE could not be worked out as they did not receive the government request on time. For this reason UNDP decided to finance this position as a UNDP CTP.

120. The UNDP Resident Mission worked closely with all SDA missions. They are aware of the Project status and evolution. The SDA missions discuss all issues with UNDP staff in Madagascar and seek advice and assistance from the resident mission. The resident mission staff were informed regularly of the survey preparation and the SDA Unit efforts to assist BDE. The UNDP macro-economist, provided assistance to SDA missions during "table ronde" discussions held at UNDP.

Project Implementation

121. Family Planning. There is confusion where the report, under this title, discussed matters not related to Family Planning but to support to Social ministries for data analysis. Also, it is said that the Direction de la Population at the Ministry responsible for population affairs, "was not informed that its Statistical Division was to be strengthened through the Household Survey and associated studies". During the appraisal and post-appraisal missions the SDA Unit consultants had several meetings at this ministry to assess their needs, their capacity, and to determine support to the Direction de la Population. Aide-memoires were left with the Government to state all the agreements reached with the ministries on the EMSAP project contents. Also, it is worth noting that the Director General of "Population and Condition Sociale" was a member of the Malagasy Government delegation at the EMSAP negotiations in Washington where the government requested this component to be financed by UNDP.

122. The report stated that the "social surveys and studies, which had been suggested by the Direction de la Population" were "not accepted by the SDA coordination unit in MINEP" because they "were perceived to be inadequate by the IBRD SDA Unit". The SDA Unit's concern was in fact that the proposals were too vague to form an adequate basis for funding. It therefore proposed to have a consultant assess the staff qualification and capacity, to determine a training program for these staff, and finally to assist with the elaboration of a studies program to be presented for financing under the EMSAP Study Fund. No agreement on the status for the Study Fund has yet been reached.

123. Contrary to the statements in the report, a Country Assessment Paper (CAP) was produced by the SDA Unit, using available data to analyze the country poverty situation. Among the issues to be highlighted in the CAP was the scarcity of reliable socio-economic data in the country.

124. Targeted employment generation. The report does not mention that the SDA Unit has provided supervision for this

component even though it does not appear as an SDA component of the EMSAP. Nor does it mention that the SDA regional funds were used to finance the development of an evaluation methodology for the HIMO project. The study methodology was designed by a firm of consultants in collaboration with the Direction du Travail and under the SDA Unit supervision. The Direction du Travail is in charge of the implementation of the evaluation survey which is to be financed by the Study Fund. Even though this was agreed during negotiations and is written in the negotiations minutes, the Ministry of Planning has recently refused to finance the survey (\$20 000), arguing that there are no funds available in the Study Funds.

125. Redeployment Fund and Reemployment Program. The report fails to report that the Direction de l'Emploi et de la Main d'Oeuvre (DEMO) at the Ministry of Civil Service and Labor has produced with the SDA Unit assistance a legal statute for the Information Center which was signed by the Government under a decree in October 1989. This directorate has already launched studies with a consulting firm, and it is expected that the center will be fully effective as soon as the hiring process of a consultant is finalized.

126. As regards the Social Action Program, the evaluation appears to be based on the assumption that the Project was designed to substantially alter social conditions in Madagascar in the short to medium term. In fact, the Project was designed in modular format precisely with a view to testing approaches, in connection with numerous pilot schemes, that may in time and only in time, lead to more ambitious and better targeted programs that should make a difference in terms of their impact on social conditions in Madagascar. The fact that some of the tested pilot schemes are unlikely to be replicated on a larger scale is in itself a useful outcome of the Project, considering the relatively small investment that would have been made to test the schemes in question. The experience gained in such cases will still prove valuable in the design of alternative approaches. In any event, none of the project components have yet to lead to such a conclusion, and those that are being rethought concern schemes that have not been tested for various country reasons. In two major areas -- health and food security -- the experience under the Project has already proven immensely useful in the design of two self-standing operations in our lending program, one of which has recently been appraised.

127. The report's evaluation of the Information and Policy Analysis components dwells somewhat excessively on the merits of alternative statistical methods for targeting vulnerable groups, questioning the methodology advocated by the SDA Unit based on the successful Cote d'Ivoire model.

128. The report implied that the survey questionnaires were imposed on the country. We disagree. The survey and questionnaire have been planned and developed as a collaborative effort with the BDE staff. Following the SDA request, drafts of the prototype questionnaire was also distributed to the line ministries' statistical units, including the Unit for Population Policy at Planning.

129. The report called for harmonization of methodologies to compute national account aggregates. This is surprising since SDA has already sent three missions specifically to address this operation.

130. Paragraph 200 of the report criticizes the SDA for not providing Madagascar with a pre-tested questionnaire. This misunderstands entirely the statistical support role of the SDA Project. The Project has developed a prototype questionnaire which countries such as Madagascar may use as a basis for making their own national adaptations. The prototype has been pre-tested in other countries, but it still needs to be piloted in each country in which it is to be used, before it can be administered on a large scale basis. SDA surveys are no different from any other surveys in this respect.

131. The report said that "BDE does not perceive its mission to be to work with users, to help them define and articulate their needs". This is not supported by the facts including the recently created Comité de Coordination des Informations Statistiques. We are, however, fully aware that considerable time and efforts will be needed before transparency and close collaboration be enforced and become effective between the national institutions.

Conclusions

132. Unfortunately, the evaluation report does not recognize explicitly enough the real issue which is a reluctance on the part of the Government officials to publicize, particularly within the country, the extent of poverty in Madagascar, which is a politically sensitive question. It is precisely this reticence that the Project is trying to overcome by encouraging the Government to launch the SDA operation. Madagascar's social indicators are among poorest in Africa and the incidence of poverty is alarming. The challenge therefore is to design cost effective programs that can have maximum impact nationally. This project is one of the several vehicles through which the Government and the donors community can begin to address this challenge.

Chapter IV: Other Basic Questions

A. The Governance of SDA

133. Three fundamental points need to be made in response to the report's proposals on the governance of SDA:

- . Origin of the proposal
- . Incompatibility of the proposal with the central objective of the SDA Program
- . Mainstreaming of SDA in the World Bank.

Origin of the Proposal

134. The proposal made to establish a UNDP Secretariat responsible for executing the SDA Program at the head of a consortium of specialized UN agencies, was formally submitted by UNDP to World Bank and ADB management on the occasion of a meeting of Senior officials from the co-sponsoring agencies held in Paris in October 1989. The reactions of ADB and the World Bank Senior management were recorded in the minutes of the meeting. Since the views of the co-sponsoring agencies were on record on this issue, they should have been included in the evaluators' analysis of their recommendation.

135. This proposal was already contained as one of the conclusions of the evaluation as part of the initial draft terms of reference presented by UNDP's Policy Division of BPPE for the evaluation team. When the ADB and the World Bank pointed out that it was inappropriate to mention such conclusions in the terms of reference of an evaluation that was yet to take place, these were withdrawn by the Policy Division, but nonetheless seem to have influenced the conclusions of the report.

Incompatibility with Central Objective of SDA Program

136. The report does not outline the evolution in the objectives and scope of the SDA Program for the senior management of the co-sponsoring agencies.

137. As clearly stated in the Policy Agenda of the SDA Program endorsed by the Senior management of the three co-sponsoring agencies, the central objective of the SDA Program goes well beyond the design and implementation of social action programs to accompany structural adjustment programs, or the collection of statistical data on the living conditions of households. The central objective of the program is to integrate poverty reduction at the core of structural adjustment programs being

undertaken by the Governments in Africa. The only way to achieve this objective is to work through the institutions that support the design and follow-up of these programs, viz. the World Bank and ADB. Staff from these two institutions are responsible for negotiating these programs with Governments, starting with the macroeconomic framework, and continuing with all sectoral and sub-sectoral policy reforms that are an integral part of these programs. It is they who bear the responsibility of helping Governments to integrate poverty reduction at the core of structural adjustment design. To turn over the operational responsibility for this integral component of structural adjustment programs to an agency that is not at the negotiation table would marginalize social policy and poverty reduction concerns in the policy dialogue and in the programmatic design of structural adjustment operations. One member of the evaluation team decided to record openly his dissent on the Report's central proposal which, as noted above, had been arrived at prior to the start of the evaluation.

138. The report has not grasp the evolution in adjustment lending. World Bank and ADB teams are working with Governments to design operational tools to integrate income distribution and employment impacts as part of the macroeconomic framework used for simulating macro policy scenarios as part of the design of structural adjustment programs. They are working together to design core public expenditure programs that protect basic social services for the poor, as part of the restructuring of public expenditures undertaken in the framework of structural adjustment programs. Social policy reforms and social action programs are becoming an integral part of structural adjustment programs undertaken by Governments in the Region. As part of this undertaking, World Bank, UNDP, and ADB staff are systematically designing together with the Governments concerned expanded technical assistance programs, cofinanced with other multilateral and bilateral donors, to strengthen the capacity of Governments to conceptualize, design, and follow-up social policy reforms and programs undertaken in the framework of structural adjustment programs. These programs include a systematic strengthening of Governments capacities in the areas of macroeconomic and sectoral policy management, social action programs design and follow-up, and strengthening of information systems to assess and monitor the evolution of living conditions of households during adjustment.

139. The increasingly thorough integration of social dimensions in the very design of structural adjustment programs and in the accompanying technical assistance programs is made possible by the constant day-to-day interaction between all staff concerned. Within the World Bank, this achievement has been made possible by the synergy of Country Teams in the Country Departments working together with specialized staff from the

Social Dimensions of Adjustment and Development Unit, now centrally located in the Technical Department of the Region. Management of the World Bank and the ADB views this synergy as the sine qua non for the successful achievement of the objectives of the SDA Program.

Mainstreaming of SDA in the World Bank

140. In April 1990, in response to requests from members of the Steering Committee, Senior management of the Africa Region at the World Bank decided to integrate the social dimensions of adjustment into the Bank's regular organizational structure, with continued active participation from the donor community and UN agencies. To this end, a new Social Dimensions of Adjustment and Development Unit (AFTSD) was established in the Technical Department of the Africa Region as of July 1, 1990. In addition, two higher-level staff from the previous SDA Unit were integrated in each Country Department. In addition, a Group Team on Social Dimensions of Adjustment has been created, under the chairmanship of the Director of the Technical Department, with the responsibility to ensure dissemination of SDA experience and innovation in the Region, contribute to the general orientation of the SDA Regional studies program, and to the general personnel planning issues in the area of social dimensions of adjustment. The consequence of these decisions is to make SDA a regular component of the Bank's organizational structure and activities, in the same way as Environment, Agriculture or any other sector of activity.

141. An understanding of these decisions is essential for any analysis of the governance of the SDA Program. They mean that the Bank's Senior Management sees the Social Dimensions of Adjustment and Development as a permanent activity, which will play an increasingly crucial role in the dialogue on macroeconomic and sectoral policy issues with member governments.

C. The Statistical Component of SDA

142. The evaluation team, of its own admission, did not contain anyone with the competence to make a technical evaluation of the SDA's data gathering program. This is highly regrettable in view of the prominence given to this topic in the report. The lack of familiarity of the members of the team with the statistical developments and programs in Africa is reflected in their comments and may possibly account for their failure to grasp the significance and importance of the SDA activities in this field. Despite claims to do otherwise, the report makes a number of value judgements and observations of a technical

nature in this and in other sections of the report, and their unfamiliarity with the subject matter is evident. The references made to the definition of a "household" (pages 70 and 111) are a case in point. (The definitions suggested in SDA documents are, as it happens, founded on standard UN concepts and modified only insofar as to meet the specific circumstances prevalent in Africa).

(i) Priority Surveys

143. In para. 34, the statement made in reference to the Priority Survey Analysis Plan that "the Analysis Plan does not consider this function but only deals with the analysis of cross-section variations" is incorrect. Even in the first application, the Priority Survey focuses on change through the use of retrospective questions, and these are fully discussed in the Analysis Plan.

144. In paras 35-38, the report expresses concerns about the ability of the Priority Survey to measure income and expenditures adequately. As stated in its very title, the Priority Survey is not an income/expenditure Priority Survey, but a social dimensions Priority Survey. To cite as a weakness the limitations of the Priority Survey in measuring incomes and expenditures is similar to criticizing a health survey for not properly measuring school enrollment rates. The Priority Survey has well-defined objectives, and measuring income and expenditures is not one of them. As cited in the report, the Priority Survey documentation explicitly states this. This is precisely one of the elements of complementarity between the Priority Survey and the Integrated Survey that the latter does fully measure income and expenditures.

145. In para. 39, the report criticizes the Priority Survey for not containing information on availability of medicines. The documentation of the Priority Survey is quite explicit about this, and indicates that information on these items belong to the Community Survey.

146. In para 40. the report criticizes the Priority Survey for not containing information on availability of educational material in schools. Again, the documentation of the Priority Survey is quite explicit about this, and indicates that these items belong to the Community Survey.

(ii) Integrated Surveys

147. The review of the Integrated Survey is entirely superficial and is confined to a few paragraphs on the analysis plan on adjustment and women.

(iii) Institutional Aspects of the Statistical Component

148. Turning to the institutional aspects of the statistical component, the report implies that the design of SDA Programs has been made without proper coordination with other statistical programs being undertaken or planned by the statistical services concerned, and that the planned expansion of services to users is likely to result in disruption of the activities of these statistical services.

149. The report overlooks the fact that, in a growing number of countries where the SDA Program is being implemented, the Bank and UNDP, in conjunction with other multilateral and bilateral institutions, is implementing technical assistance programs that involve restructuring of the statistical services as part of the restructuring of the central Government Ministries, and strengthening of capacity of these statistical services across the board, including for national accounts, agricultural and industrial data, trade data, and demographic data. SDA must be seen as one component of these broader programs that tackle the broader questions of organization and restructuring of statistical services.

150. In the area of household surveys, SDA supports the strengthening of existing subdivisions responsible for conducting these surveys in the statistical services concerned. The additional recurrent cost implications of these surveys are systematically worked out by the authorities with the support of SDA staff. The relevant information is readily available from the Country Programs Team Coordinator in the SDA Unit.

151. The speed at which recurrent costs can be integrated in the budget must be judged on a country by country basis. The long-term commitment of the World Bank, ADB and UNDP to the SDA Program has been systematically communicated to each participating Governments by the management of the three co-sponsoring agencies. As far as the World Bank is concerned, participating Governments have systematically been given assurances at the highest levels on two fundamental points:

- a. The commitment of the institution to the SDA Program is of a long-term nature, and extends well beyond the first four-year phase of the Program;
- b. The Bank intends to support the implementation of the Program by giving support to the strengthening of institutional capacities, in particular in the area of statistical systems development.

152. The statement that "it is also likely that SDA interfered with, replaced or altered the focus of long-term statistical TA

previously supplied to African countries (e.g. Ghana and Malawi)" is not supported by any evidence. Indeed, the cases of Ghana and Malawi are clear examples where SDA data collection program was introduced into an existing statistical program, as a result of a tripartite collaborative effort between the Government Statistical Office, the UNSO, and World Bank. In both cases cited in the report, joint UNSO/SDA missions visited the country and agreed with Government authorities on a joint, coordinated program.

153. In the section dealing with the users, the report states that "it is the donor community, and, more particularly, the World Bank and its research establishment that has the main responsibility for, and the main interest in the surveys as they stand now. While they are, no doubt, totally sincere in the conviction that they have thereby also designed a product that corresponds to the interests of the users in Africa, such a conviction is not derived from genuine and searching consultation". Contrary to the claim made in the report, the complete conceptual framework for the SDA Program has been the result of an extensive collaborative process between Governments, UN, and donor agencies participating in the Program. This is particularly the case of the empirical framework for the program, which has undergone considerable evolution since the inception of the program, thanks to substantive inputs received from Government and UN and donor agency specialists at the occasion of numerous international seminars and workshops, both at the subregional and at the national levels.

154. The exchanges between the participants and the work actually carried out among specialists on the occasion of these seminars and workshops are a testimony to the broad support of the development community for the demand-driven approach to statistical systems development that is at the core of the empirical framework of the SDA Program. These exchanges confirmed the views expressed by Government and non-Government officials from African countries in the course of the preparation of the LTPS. Among the most urgent requirements of policy-makers and analysts in Africa want are simple information systems built around key data requirements at the macro, meso and micro levels, and based on light data collection and innovative data processing methods for quick turnaround time, feeding directly into the policy design process..

155. The concluding paragraph of this section of the report states "Since one must presume that the IBRD does not intend to take over a long-term responsibility for TA functions on statistics in Africa, i.e. that the time horizon of SDA is limited, one must ask whether, at the end of the day, the Statistical Offices will have benefitted or will have been set

back by SDA". While it is, of course, true that the Bank does not intend to take over long term responsibility for statistical development in Africa, it is determined to ensure that there is continuity of support and that the SDA effort now initiated does not falter while ensuring its full integration into a strengthened statistical capability at the national level.

Concluding Remarks

156. As can be seen from the preceding comments, there are numerous omissions, as well as errors of fact and interpretation in the draft report. These are also found throughout the main body of the report, and are documented in a chapter by chapter review in a separate set of comments. On the whole, therefore, the report as it stands raises four major concerns:

- a) The report does not accurately reflect the objectives and scope of the SDA Project, which have been fully articulated by the three co-sponsoring agencies in the Policy Agenda which was published and widely disseminated as of March 1990. The report ignores that very full statement which was the result of extensive dialogue and consensus building between the international community, the African Governments and the co-sponsoring agencies and refers only to partial statements of earlier interagency documents.
- b) The report does not place the SDA effort in the context of the various initiatives that are brought together within the framework of the Long Term Perspective Study (LTPS), which was released in November 1989, and has been widely commended in academic and governmental circles. Indeed the LTPS specifically recognizes the value of the ongoing SDA work and its contribution to the evolving development strategy for Africa in the 1990s.
- c) The report reveals a limited technical understanding of the conceptual and methodological aspects of the Project. Whilst the SDA Project is admittedly broad in scope, the report contains numerous technical misunderstandings and errors of interpretation about the methodological work that has been undertaken within the framework of the SDA.
- d) A lack of objectivity runs through the report. This is not just the result of the many factual errors and unsubstantiated observations, but is also a matter of tone and of what is not mentioned. As a result, it is not possible for any reader to form an unbiased assessment of the objectives of the SDA Project or the scope and

effectiveness of its current activities on the basis of this report. Nor does it provide a sound basis for determining the most appropriate evolution of the design and management of the program after 1990.

OFFICE MEMORANDUM

DATE: September 18, 1990

TO: Files

FROM: Pierre Landell-Mills *PLM*

EXT: 34727

SUBJECT: SDA Inter-Agency Meeting: Paris, September 11

RECEIVED

90 DEC 13 PM 4:54

P R D D R

1. A meeting of the SDA sponsoring agencies was held in Paris on September 11 under the chairmanship of Mr. P. Damiba. A list of those who attended is attached as Annex 1. Two items were placed on the agenda:

- follow up to the draft SDA evaluation report.
- arrangements for the next SDA Steering Committee meeting.

Evaluation Report

2. Critique. All three agencies attending the meeting expressed major reservations about the quality of the Lerdau evaluation report and their strong disapproval of the lack of professionalism. They stressed the unsatisfactory manner in which the report had been prepared. There was great concern about the possible damage this report might have both for the future of a major innovative program that enjoyed the strong support of both the donors and African governments and for the kind of inter-agency cooperation which this project had pioneered.

3. It was felt that the report was highly subjective and did a gross injustice to those who had worked so hard to advance the project. Mr. Lerdau was considered to have failed properly to consult those responsible for the overall direction and leadership of the SDA program and had instead expressed his own subjective opinions. It was also particularly regretted that the evaluation team had apparently failed to study all relevant documents and especially the agreed action plan.

4. Mr. Serageldin stressed that the World Bank's detailed critique of the Evaluation Report represented the institution's position, not that of a few Bank staff. It was felt that the Report made selective use of the facts and had an unacceptably prejudiced tone. It was noted that Mr. Lerdau had refused to meet with Mr. Serageldin and that the Evaluation Team had allowed the Bank only a little over two weeks to send comments.

5. The AfDB representatives were equally critical. They explained that the comments made so far were only their preliminary ones and stated their intention to elaborate on them. The UNDP representatives stated they shared the World Bank's and AfDB's great disappointment and were deeply disturbed by the Report. However, Mr. H. Bazin noted that the report did raise three matters that had been of concern to him, namely that:

- social projects should be financed by grants not loans, however soft;

- ways should be found to involve the UN Specialized Agencies more in the "implementation" of the SDA program; and
- information on the financing of the SDA program should be shared more fully with the participation donors.

6. On these matters, Mr. Bazin was not supported by Mr. Damiba. Mr. Serageldin pointed out that all three criticisms were misplaced:

- donors had agreed from the start that IDA credits or even Bank loans were acceptable because overall the SDA program could be expected to have a significant impact on productivity which justified loan financing;
- the World Bank was perfectly agreeable to involving the UN Specialized Agencies in the implementation of the SDA program (and indeed had done so) but it would cause major confusion to have any agency other than the World Bank as the Executing Agency and would run counter to the expressed wish of donors that SDA activities should be better integrated in SAL programs, something only the Bank could achieve;
- detailed information on the financing of the SDA program was set out in the periodic Activity Reports which were available for anyone to read.

7. Next Steps. After a lengthy discussion, it was agreed that no useful purpose could be served by arguing for amendments and corrections to the Evaluation Report. It was noted that the Report was the responsibility of UNDP's Central Evaluation Office. There was no question of it being suppressed or even substantially revised as this might give rise to the criticism that efforts were being made to suppress an unfavorable evaluation. Mr. Damiba proposed, and others agreed, that when the report was submitted to UNDP's Governing Council in June 1991 it should be presented with a brief covering memorandum submitted jointly by the Sponsoring Agencies forcefully rejecting the findings and concisely explaining why. The detailed comments of each sponsoring agency would be attached as an annex to the report. It was agreed that the SDA division in the World Bank would prepare a first draft of the proposed Covering Memorandum in consultation with UNDP. Mr. Damiba emphasized that it would be important for both the World Bank and AfDB to attend the Governing Council Meeting.

8. Ken King of UNDP who had previously worked in the CEO, insisted that the issue of the poor Evaluation Report should not be taken too seriously. It was not unusual for UNDP to be faced with negative CEO Reports and in the past the Governing Council had given great weight to the counter comments of agency staff. With a unanimous and highly condemnatory response from UNDP, ADB and the World Bank, it was certain that the Council would discount the Evaluation Report.

Next Steering Committee Meeting

9. It was agreed that the next Steering Committee meeting should be held in Washington on October 31 after the SDA and ACBI meetings. The agenda should be as follows:

1. Evaluation Report. It was agreed not to distribute the report which might add to the confusion and disinformation. Instead donors would be given an oral briefing. If there was a request for detailed comments, the written memorandum submitted to CEO would be distributed.

2. Status Report on past SDA Activities. The Steering Committee would be briefed on the latest administrative arrangements in the Bank's Africa Region for the SDA program, which is intended as a response to the criticisms of some donors and recipients that the SDA work was not integrated adequately into the Bank's mainstream operational work.

3. Proposed Future SDA Activities. A presentation will be made stressing how new and innovative features will be incorporated in future SDA projects and activities.

Other Business

10. In response to a question from UNDP, Mr. Serageldin noted that the Germans had set aside DM 5 million for training of country officials for example, on such activities as survey work etc. He agreed that it was very important that SDA training activities should be highlighted at the next Steering Committee meeting, to demonstrate how SDA work is being internalized through systematic capacity building.

11. With regard to the role of the Specialized Agencies, Mr. Damiba agreed that their current and projected involvement in specific programs also merited being highlighted at the next Steering Committee meeting.

12. In conclusion, Mr. Damiba asked the Bank to notify the donors informally about the time and venue of the next Steering Committee meeting at the same time as notices are sent out about the SDA and ACBI meeting. UNDP subsequently would issue a formal invitation and circulate an agenda.

cleared with and cc: Mr. Serageldin
cc: RMT, AFT DMT,
Messrs. Birnbaum and Tadros

PLM/lr

SDA MEETING**Paris, September 11, 1990****LIST OF PARTICIPANTS****AFRICAN DEVELOPMENT
BANK (A/DB)**

Mr. Baelhadj Merghoub
Director
Country Programmes Department I

Mr. Wa Kasanda Kasonga
Chief of Division
Economic Analyses & Planning
Development Policies Department

Mr. T. Kebede
Division Chief, North Region
Country Programmes Department

Mr. Basil Chenjerai Muzorewa
Division Chief, South Region
Country Programmes Department

Mr. Lual Deng
Senior Economist
(Seconded to AFTSD)

UNITED NATION

Mr. Pierre-Claver Damiba
Assistant Administrator and
Regional Director for Africa

Mr. Jacques Loup
Coordinator of Assistance to the
LDCs
Regional Bureau for Africa

Mr. Henri Bazin
Chief, Regional Programme Division
and Senior Co-Adviser
Regional Bureau for Africa

Mr. Kenneth King
Coordinator, SAATA
Africa Bureau

Mr. Mulumba Lukoji
Consultant
UNDP Africa Bureau

WORLD BANK

Mr. Ismail Serageldin
Director
Africa - Technical Department

Mr. Pierre Landell-Mills
Senior Policy Adviser
Africa - Technical Department

OFFICE MEMORANDUM

DATE: October 25, 1990

TO: Distribution

FROM: Michel Noël, ^{MN} Chief, AFTSD

EXTENSION: 34723

SUBJECT: SDA Status Report and FY91 Work Plan

RECEIVED
90 OCT 26 PM 4:52
PRDDR

1. Attached please find the latest SDA Status Report and FY91 Work Plan, dated October 11, 1990.
2. This document will be discussed on the occasion of the Third SDA Steering Committee Meeting to be held in Geneva on November 12, 1990.

Distribution

AFR RMT
 AFR GT1
 AFR Lead Economists
 AFR Division Chiefs
 AFR Resident Representatives
 AFR Country Economists
 SDA Research Advisory Committee
 SDA Project Management Committee
 AFTSD Staff

Ms/Messrs Sandstrom (EXC), Dubey (EAS), Wyss (CODDR), Dervis (EM2DR), Chopra (EM3DR), Grais (EM2CO), Voyadzis (EM3CO), Keare (EM3PH), Isenman, Ingram (PRDDR), Liebenthal, Gillespie (PRDRA), Shakow, Grenfell (EXTDR), Carter (EXTIE), Linn (CECDR), Corbo (CEGMG), Thomas (CECTP), Petit (AGRDR), Braverman (AGRAP), Piddington (ENVDR), Pouliquen (INUDR), Churchill (IENDR), Hamilton, Haddad, Berg (PHRDR), Verspoor, King (PHREE), Herz, Kalanidhi (PHRWD), Measham, McGuire (PHRHN), van der Gaag, Glewwe, Louat, Lavy (PHRWH), Dowd, Barnes (IENHE), Armstrong, Swamy (AFRCE), Landell-Mills (AFTDR), Please (AFTSE), Morris-Hughes, Reutlinger, Riley, Tuinenburg (AFTFS), Humphreys (AFTTF), Murphy, Lele, Gbetibouo, Og Mook, Salome (IMF)

Attachment

above pp 9

J Salop (with attachment)
 R Liebenthal
 U Ribe/p Hoperafy
 Lots of good lessons
 (if some good ones) re
 aid coordination, flexibility
 (from a statistics project
 to a poverty strategy
 topic).

without attachment

OFFICE MEMORANDUM



DATE: October 9, 1990

TO: See Distribution

FROM: Michel Noël, ^{MM}Chief, AFTSD

EXTENSION: 34723

SUBJECT: SDA Priority Survey: Minutes of Green Cover Review.

Enclosed please find the minutes of the Green Cover Review on the SDA Priority Survey Volume, held on October 1, 1990. Questions about the Priority Survey may be addressed to Mr. Timothy Marchant, ext. 34721.

Cleared with and cc: Mr. Stephen O'Brien

Distribution

AFR RMT
AFR GT1
AFR Lead Economists
AFR Division Chiefs
AFR Resident Representatives
AFR Country Economists
SDA Research Advisory Committee
SDA Project Management Committee
AFTSD Staff

Mmes/Messrs. Sandstrom (EXC), Dubey (EAS), Wyss (CODDR), Dervis (EM2DR), Chopra (EM3DR), Grais (EM2CO), Voyadzis (EM3CO), Keare (EM3PH), Isenman, Ingram (PRDDR), Liebenthal, Gillespie (PRDRA), Shakow, Grenfell (EXTDR), Carter (EXTIE), Linn (CECDR), Corbo (CEGMG), Thomas (CECTP), Petit (AGRDR), Braverman (AGRAP), Piddington (ENVDR), Pouliguen (INUDR), Churchill (IENDR), Hamilton, Haddad, Berg (PHRDR), Verspoor, King (PHREE), Herz, Kalanidhi (PHRWD), Measham, McGuire (PHRHN), van der Gaag, Glewwe, Louat, Lavy (PHRWH), Dowd, Barnes (IENHE), Armstrong, Swamy (AFRCE), Landell-Mills (AFTDR), Please (AFTSE), Morris-Hughes, Reutlinger, Riley, Tuinenburg (AFTFS), Humphreys, Murphy, Lele, Gbetibouo, Ogbu (AFTAG), Ainsworth, Elmendord, Marek, Hill (AFTPN), Moock, Salome (AFTED), Gabriel (AFTPS, Lassen (AFTPS).

Attachments

The SDA Priority Survey:
An Instrument for the Rapid Identification and Monitoring
of Policy Target Groups: Minutes of the Green Cover Review
held on October 1,1990 4.00 PM (J-9009)

1. The meeting was chaired by Mr Steve O' Brien (AFRCE).
2. T. Marchant gave a short introduction outlining the intent and purpose of the document and explained how the Priority Survey (PS) fitted within the broader framework of the SDA project.
3. A question was asked concerning the Community Survey. It was suggested that more could be written indicating the relationship between the CS and the PS.
4. It was suggested that the questionnaire should contain more questions on household energy use as this was both an important component of the budgets of the poor and also one subject to rapid change.
5. R. Chander congratulated the SDA statistical team on the professional excellence of the document. He then made a number of technical suggestions:
 - 5.1 Only the head and spouse are covered in detail. Consideration should be given to other major contributors to the household.
 - 5.2 The Integrated Survey sample could be a sub-set of the PS sample.
 - 5.3 More topics could be added to the household listing phase to reduce the interviewing time of the main survey. Tabulations from the listing exercise should be included in the document. Listing and interviewing should be done by different teams.
 - 5.4 There should be a specific reference to the category homemaker in the questionnaire.
 - 5.5 Data could be collected on other factors such as births, deaths and fertility.
 - 5.6 Consumption of own produce is not dealt with in the survey.
 - 5.7 There was a question on rent. - What about owner occupiers. Could rental value be imputed?
 - 5.8 What about other assets eg sewing machines?
 - 5.9 The document did not provide a software specific methodology, but did cite some examples of appropriate software. Why was the software developed by the LSMS project of the World Bank not included?

6. Josette Murphy said that it was important that countries had the advice of a sociologist in adjusting the questionnaire to their special needs. Training should also have a sociological input.

7 S. O'Brien asked whether the survey would be repeated on the same population or households - would there be a panel element - as this method would give estimates that were more sensitive to change.

8. A question was asked concerning the price information. The questioner considered that prices are key indicators of the effects of adjustment policies that have to be monitored. The lack of information being collected in this area was a serious weakness.

9. M. Ainsworth raised the issue of the use of the listing data form. These could be used for analysis but no consideration of this was given in the plan. She also raised some questions concerning the relationship between the IS and the PS.

9.1 If the PS was replaced by an IS in one year then would there not be a discontinuity in the data, as the more detailed questions of the IS would provide different estimates?

9.2 Doing the PS and the IS together would allow the SDA project to relate the two surveys and identify the extent to which the PS could be used to provide effective indicators using simpler questions.

9.3 There was a need for research in this area, particularly on the possible guesses from using data collected from a proxy-respondent. She also suggested that the analysis plan section tended to suggest that the survey could achieve more than it should.

10. T. Marchant said that the questions raised and the points made were very helpful. Many of the issues had been raised in discussion within the Unit.

10.1 The CS and its relationship to other surveys was important and work was now taking place in this area.

10.2 The PS was intended to be a short survey. The energy questions were important and were addressed in the IS. Additional indicators on energy consumption could be added as optional extra questions.

10.3 The points made by R. Chander would be considered further. Some of them had been considered at length. The problem was a question of trade-offs between keeping the survey short and deciding what questions should be given priority and included.

10.4 With reference to R. Chander's comment on software, the decision was to limit discussion to generalized software whereas the LSMS software was survey specific.

- 10.5 Adjusting the questionnaire was an important issue. It was for this reason that the SDA project advocated the establishment of a user advisory group in the country which should call on whatever support it needed.
 - 10.6 A research program was considered to be an important part of the SDA project. This would consider the relationship between different collection vehicles, the use of diaries for collecting expenditure data, the use of different recall and reference periods, and various other methodological issues.
 - 10.7 In response to the question on the absence of prices data, T. Marchant said that it was never intended that the PS should include this information. The PS was part of a system of data collection. Prices data could also be obtained from existing country programs or from the CS. More data could also be collected by means of supplementary surveys, which a country might choose to implement.
11. M. Noel added that it was perhaps necessary to highlight not just what the survey can do, but also what it cannot, so that the complementary relationship between the PS and the IS is fully understood. On the question of prices, the SDA fully recognized their importance in the overall information system. The chronological order in which the SDA methodological documents are being produced (PS - IS - CS) is not the same order in which these surveys might be implemented in the field. In fact, one would often expect to have a strong price collection program as one of the earliest elements of the system.

OFFICE MEMORANDUM

DATE: October 9, 1990

TO: See Distribution

FROM: Michel Noël, ^{MM}Chief, AFTSD

EXTENSION: 34723

SUBJECT: SDA Priority Survey: Minutes of Green Cover Review.

RECEIVED
90 OCT 19 AM 11:05
PRDDR

Enclosed please find the minutes of the Green Cover Review on the SDA Priority Survey Volume, held on October 1, 1990. Questions about the Priority Survey may be addressed to Mr. Timothy Marchant, ext. 34721.

Cleared with and cc: Mr. Stephen O'Brien

Distribution

AFR RMT
AFR GT1
AFR Lead Economists
AFR Division Chiefs
AFR Resident Representatives
AFR Country Economists
SDA Research Advisory Committee
SDA Project Management Committee
AFTSD Staff

Mmes/Messrs. Sandstrom (EXC), Dubey (EAS), Wyss (CODDR), Dervis (EM2DR), Chopra (EM3DR), Grais (EM2CO), Voyadzis (EM3CO), Keare (EM3PH), Isenman, Ingram (PRDDR), Liebenthal, Gillespie (PRDRA), Shakow, Grenfell (EXTDR), Carter (EXTIE), Linn (CECDR), Corbo (CEGMG), Thomas (CECTP), Petit (AGRDR), Braverman (AGRAP), Piddington (ENVDR), Pouliguen (INUDR), Churchill (IENDR), Hamilton, Haddad, Berg (PHRDR), Verspoor, King (PHREE), Herz, Kalanidhi (PHRWD), Measham, McGuire (PHRHN), van der Gaag, Glewwe, Louat, Lavy (PHRWH), Dowd, Barnes (IENHE), Armstrong, Swamy (AFRCE), Landell-Mills (AFTDR), Please (AFTSE), Morris-Hughes, Reutlinger, Riley, Tuinenburg (AFTFS), Humphreys, Murphy, Lele, Gbetibouo, Ogbu (AFTAG), Ainsworth, Elmendorf, Marek, Hill (AFTPN), Moock, Salome (AFTED), Gabriel (AFTPS, Lassen (AFTPS).

Attachments

The SDA Priority Survey:
An Instrument for the Rapid Identification and Monitoring
of Policy Target Groups: Minutes of the Green Cover Review
held on October 1, 1990 4.00 PM (J-9009)

1. The meeting was chaired by Mr Steve O' Brien (AFRCE).
2. T. Marchant gave a short introduction outlining the intent and purpose of the document and explained how the Priority Survey (PS) fitted within the broader framework of the SDA project.
3. A question was asked concerning the Community Survey. It was suggested that more could be written indicating the relationship between the CS and the PS.
4. It was suggested that the questionnaire should contain more questions on household energy use as this was both an important component of the budgets of the poor and also one subject to rapid change.
5. R. Chander congratulated the SDA statistical team on the professional excellence of the document. He then made a number of technical suggestions:
 - 5.1 Only the head and spouse are covered in detail. Consideration should be given to other major contributors to the household.
 - 5.2 The Integrated Survey sample could be a sub-set of the PS sample.
 - 5.3 More topics could be added to the household listing phase to reduce the interviewing time of the main survey. Tabulations from the listing exercise should be included in the document. Listing and interviewing should be done by different teams.
 - 5.4 There should be a specific reference to the category homemaker in the questionnaire.
 - 5.5 Data could be collected on other factors such as births, deaths and fertility.
 - 5.6 Consumption of own produce is not dealt with in the survey.
 - 5.7 There was a question on rent. - What about owner occupiers. Could rental value be imputed?
 - 5.8 What about other assets eg sewing machines?
 - 5.9 The document did not provide a software specific methodology, but did cite some examples of appropriate software. Why was the software developed by the LSMS project of the World Bank not included?

6. Josette Murphy said that it was important that countries had the advice of a sociologist in adjusting the questionnaire to their special needs. Training should also have a sociological input.

7 S. O'Brien asked whether the survey would be repeated on the same population or households - would there be a panel element - as this method would give estimates that were more sensitive to change.

8. A question was asked concerning the price information. The questioner considered that prices are key indicators of the effects of adjustment policies that have to be monitored. The lack of information being collected in this area was a serious weakness.

9. M. Ainsworth raised the issue of the use of the listing data form. These could be used for analysis but no consideration of this was given in the plan. She also raised some questions concerning the relationship between the IS and the PS.

9.1 If the PS was replaced by an IS in one year then would there not be a discontinuity in the data, as the more detailed questions of the IS would provide different estimates?

9.2 Doing the PS and the IS together would allow the SDA project to relate the two surveys and identify the extent to which the PS could be used to provide effective indicators using simpler questions.

9.3 There was a need for research in this area, particularly on the possible guesses from using data collected from a proxy-respondent. She also suggested that the analysis plan section tended to suggest that the survey could achieve more than it should.

10. T. Marchant said that the questions raised and the points made were very helpful. Many of the issues had been raised in discussion within the Unit.

10.1 The CS and its relationship to other surveys was important and work was now taking place in this area.

10.2 The PS was intended to be a short survey. The energy questions were important and were addressed in the IS. Additional indicators on energy consumption could be added as optional extra questions.

10.3 The points made by R. Chander would be considered further. Some of them had been considered at length. The problem was a question of trade-offs between keeping the survey short and deciding what questions should be given priority and included.

10.4 With reference to R. Chander's comment on software, the decision was to limit discussion to generalized software whereas the LSMS software was survey specific.

- 10.5 Adjusting the questionnaire was an important issue. It was for this reason that the SDA project advocated the establishment of a user advisory group in the country which should call on whatever support it needed.
- 10.6 A research program was considered to be an important part of the SDA project. This would consider the relationship between different collection vehicles, the use of diaries for collecting expenditure data, the use of different recall and reference periods, and various other methodological issues.
- 10.7 In response to the question on the absence of prices data, T. Marchant said that it was never intended that the PS should include this information. The PS was part of a system of data collection. Prices data could also be obtained from existing country programs or from the CS. More data could also be collected by means of supplementary surveys, which a country might choose to implement.
11. M. Noel added that it was perhaps necessary to highlight not just what the survey can do, but also what it cannot, so that the complementary relationship between the PS and the IS is fully understood. On the question of prices, the SDA fully recognized their importance in the overall information system. The chronological order in which the SDA methodological documents are being produced (PS - IS - CS) is not the same order in which these surveys might be implemented in the field. In fact, one would often expect to have a strong price collection program as one of the earliest elements of the system.