The Special Program of Assistance for Africa (SPA)

An Independent Evaluation
The Special Program of Assistance for Africa (SPA)

An independent evaluation of the SPA as a mechanism to promote adjustment and development in Sub-Saharan Africa.

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Operations Evaluation Department

OED
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Foreword

The Plenary Session of the Special Program of Assistance for Africa (SPA) in June 1996 determined that the SPA mechanism should be evaluated for its role in promoting growth and development in African countries. Sweden was asked to prepare the Terms of Reference (TOR). The SPA Plenary in December 1996 endorsed them and requested the World Bank's Operations Evaluation Department (OED) to carry out the evaluation.

The evaluation has two main objectives:

- To assess the performance of the SPA mechanism and the results of its work in terms of six main functions: (i) mobilizing resources, (ii) improving donor procedures, (iii) providing a forum for policy debate, (iv) monitoring through peer review, (v) improving approaches to economic reform, and (vi) monitoring impacts of reform.
- To review the effects in recipient countries of structural adjustment programs supported by SPA resources in terms of their contribution to economic growth and poverty reduction.

At the outset, it was agreed to group the six functions listed above in four clusters:

- Mobilization of resources and debt relief.
- Improvement in the quality of quick-disbursing assistance, debt relief and donor practices.
- Facilitation of policy debate on improved approaches to economic reform.
- Monitoring of reforms and their impact.

In addition, two cross-cutting topics associated with SPA's role were examined: connection to aid coordination mechanisms and African participation.

The methodology used for the evaluation emanates from two frameworks:

(i) A model of assistance coordination for the creation and communication of consensus.
(ii) The four main clusters and the two cross-cutting issues, noted above, in terms of relevance, efficacy, and efficiency.

The evaluators reviewed SPA documents, undertook literature reviews, developed statistical databases, and carried out interviews with key officials in public and private capacities in twelve SPA donor countries and agencies and ten African recipient countries. These interviews were supplemented by questionnaires sent to a selection of donor and African officials not directly interviewed. Responses on the donor questionnaire were received from four out of seven donors; responses on the recipient questionnaire were received from three out of eleven African countries. On the workload questionnaire, nine out of seventeen donors responded.

A Reference Group, chaired by Sweden and comprised of donor representatives and African professionals and policy makers, knowledgeable about the SPA, provided invaluable...
guidance throughout the evaluation process. However, they are not responsible for any errors or omissions in the evaluation. A summary of the comments, received by the Reference Group from eleven SPA members on an earlier draft of the evaluation, is provided as a supplement to the report.

The overall goal of the SPA, as stated in the TOR, is "to achieve poverty reduction by promoting sustainable economic growth in African countries through the provision of quick-disbursing aid to the reform process within the context of structural adjustment." Over the past ten years the SPA has evolved markedly. It is now in its fourth phase with an ambitious agenda for the 1997-1999 period. This evaluation, focusing on the first three completed phases of the SPA from 1988 though 1996, should be viewed as part of a continuing learning process.

Robert Picciotto
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Highlights, Recommendations and Options

1. The Special Program of Assistance for Africa (SPA) was established in 1987 as a response to the economic crises of the debt-distressed countries in Sub-Saharan Africa. An informal association of donors, the SPA was intended to support the countries' structural adjustment programs with the International Development Association and the International Monetary Fund.

2. The SPA did respond to the challenge. Free of the restrictive formality of other fora, donors were able to test ideas and develop a mutual understanding. High-level donor representation provided the opportunity for meaningful interactions with World Bank and IMF policymakers. The SPA helped to channel substantial quick-disbursing aid. Through peer pressure, it improved donor procedures. It broadened its agenda to address structural impediments to broad-based development. It provided a platform for frank and open exchanges on Africa's economic and social policy issues. It facilitated a convergence of development assistance goals and practices while preserving flexibility.

3. As a result, the SPA partners contributed to arresting Africa's decline. But their efforts to deepen adjustment programs have not yet been effective. The SPA agenda became richer and more complex, requiring closer interaction with African partners. Communications with donor agencies and in the field proved inadequate. Links with country-focused mechanisms for donor coordination remained weak. Monitoring and evaluation of reform and development were not systematic. And most significantly, the SPA association, while open to African participation in its Working Groups and pre-Plenary sessions, did not do enough to foster African partnerships.

4. The structure and practices of the SPA mechanism did not keep up with its increasingly complex mandate, or with the reorientation of development cooperation articulated in the OECD Development Assistance Committee's *Shaping the 21st Century*. Moreover, it is apparent that the current paradigms of donor coordination need to change: the immediate threat of continent-wide macroeconomic crises is past, differences and diversities in development patterns are emerging among African countries, and a new generation of leaders is asserting the need for Africans to take responsibility for the future. Thus, the role of the SPA as an aid coordination mechanism needs to be reconsidered. SPA donors need to make clear strategic choices— informed by the lessons drawn over a decade of collaborative work, the increasingly diverse needs of SPA recipients, and the weak responses of adjusting countries in generating economic growth and poverty reduction.

The SPA's ten years

5. The Development Committee of the World Bank and IMF endorsed the creation of the SPA as a complement to existing aid coordination mechanisms. The severity of the financial crisis and the burden of debt threatened a downward spiral of economic and social conditions across the region (box 1). The deterioration in support for development assistance to Africa had to be reversed. The extraordinary scale of financial requirements was beyond the resources available to the International Financial Institutions and the need for harmonization of goals and practices among donors was urgent. The response of the SPA partners to the African challenge
consisted of a combination of macroeconomic and structural reforms and well-targeted flows of concessional assistance and debt relief and a growing consensus to move further away from isolated projects toward more macroeconomic (including budget support) and sector-oriented approaches.

**Box 1. The African crisis in the mid-1980s**

In the early 1980s, very few Sub-Saharan countries had kept their per capita growth in line with the rest of the world, and many had a lower GDP per capita than before independence some twenty years earlier. By the mid-1980s, African countries were faced with severe crises: alarming impoverishment, food shortages, low levels of literacy and health, falling commodity prices, and a stifling debt burden. In the last half of the 1980s, the economic and social situation worsened even more, with further deterioration in the terms of trade and sharply reduced access to international finance. Total debt for Sub-Saharan Africa had increased from $6 billion in 1970 to $134 billion in 1988 and debt service obligations reached 47 percent of export revenues. From 1980-1986, 25 Sub-Saharan countries rescheduled their debts a total of 105 times.

Agriculture, particularly important for the growth of Sub-Saharan Africa, had performed worse than other sectors of the economy. Between 1965 and 1980, agricultural growth was less than population growth, and between 1981-85, it actually fell by 0.6 percent per year. The physical infrastructure, already poor, had deteriorated further from lack of maintenance, and the quality of government services for basic health and education had dropped dramatically. Indicators for life expectancy and primary school enrollments, though better than in the 1960s, were still far below those of South Asia.

The economic and social stagnation in Sub-Saharan Africa was mainly due to weak institutional capacities, inadequate governance, and poor macroeconomic and sectoral policies, emanating from a development paradigm that favored import substitution with high protection and gave the state a prominent role in production and the regulation of economic activity. Although outside factors, including the worsening terms-of-trade, hindered growth, they cannot explain Africa's stagnation and decline—the falling terms of trade only account for about 10 percent of the reduction in growth rates between the early 1970s and mid-1980s. At the same time, a number of African countries, such as Nigeria, failed to capitalize on improved terms-of-trade and increased government spending as if windfall gains were permanent. In the absence of fundamental policy changes, restrictions were placed on external trade and payments in many countries.

As a mechanism for channeling resources in the most effective way possible, the World Bank prepared a special program of assistance (SPA) for heavily indebted low-income countries in Sub-Saharan Africa undertaking adjustment. In designing the program, three criteria of eligibility were identified: (i) the level of poverty, which was determined by eligibility for International Development Association credits; (ii) the size of debt burden with a debt service ratio of 30 percent or more; and (iii) a World Bank and/or IMF-supported adjustment operation. Sixteen countries were covered initially, increasing to 31 by October 1994.
6. The creation of the SPA aid-coordination mechanism was timely. No other coordination mechanism could have achieved the scope and intensity of donor collaboration which was needed at the time. Useful as they might have been, available coordination mechanisms did not provide the coherent African focus and cross-recipient country perspective which were urgently called for.

7. Thus, the SPA was established at a time when there was an absolute and urgent need for stronger financial support for adjustment programs in Africa—in quality, in quantity, and in effectiveness. Looking back, donors view the SPA as an exceptionally useful instrument for coordinating assistance to Sub-Saharan governments undertaking macroeconomic and structural reforms. From their joint perspective, the SPA mechanism:

- focused donor attention on the assistance requirements of the poor, debt-distressed African countries;
- increased the flow of quick-disbursing assistance in support of World Bank- and IMF-sponsored macroeconomic and structural reform programs for eligible Sub-Saharan countries; sustained a significant level of loan concessionality; improved donor procedures for import support (untying aid and reducing earmarking) and the allocation of resources to performing countries.
- demonstrated responsiveness to donor views and interests and fostered debate and learning on complex and controversial development issues;
- provided an opportunity for bilateral donors—particularly small donors—to engage the World Bank, the IMF, and each other on a broad-based agenda of policy reforms addressing economic growth, public sector expenditure allocation and cost recovery, sustainable poverty reduction, and gender equity; and
- facilitated World Bank and IMF exchanges with bilateral donors on the adjustment policies and resource requirements of individual SPA countries.

8. The evaluation endorses the view that, at its inception, the SPA mechanism was highly relevant to the unique economic circumstances faced by poor Sub-Saharan countries and their urgent requirements for quick-disbursing assistance. But as the need for deeper reforms, social development and capacity building emerged, the SPA mechanism became less focused. How efficient was the process of aligning agendas with objectives, mediating disagreement among members, and coming to a consensus on major issues? At the outset, the overwhelming World Bank and IMF influence on the agenda contributed to lags in achieving consensus. Donors note, however, that this situation has improved and a more collaborative spirit now prevails. But looking ahead, the SPA will again become fully effective only if it can refocus its policy agenda and nurture partnerships with African policymakers.

9. The main lines of SPA activity over the past 10 years were: mobilizing quick-disbursing assistance, improving donor procedures, improving the approaches to reform through its policy debates, and monitoring the results of its work. The efficacy of the SPA mechanism with respect to each of these objectives is reviewed below.
Focusing resources on structural adjustment

10. Between 1988 and 1996, SPA donors, including the World Bank and the IMF, provided almost $28 billion of quick-disbursing adjustment assistance to the eligible countries in Sub-Saharan Africa. The level of disbursements increased over the three-year phases from $7.6 billion for SPA 1 to $8.6 billion for SPA 2 and $11.5 billion for SPA 3. The number of countries covered by the SPA increased from 16 in 1988 to 31 in 1996. SPA allocations and disbursements were made in accord with the financing gaps estimated for eligible countries by the Bretton Woods institutions. They helped prepare the ground for a resumption of growth that would not have been possible in the absence of such support.

11. The SPA aid-coordination mechanism influenced the resource flow to SPA-eligible countries, even speeding the flow when help was urgently needed. It persuaded donors to provide quick-disbursing program assistance, which some had not done before. It sustained the flow of such assistance from donors that were challenged within their administrations to revert to project lending. The share of aid provided as quick-disbursing assistance to adjusting countries in Sub-Saharan Africa rose from 33 percent in 1988-90 to 42 percent in 1991-93 and 47 percent in 1994-96. Recipient countries viewed such quick-disbursing assistance as adequate and additional. SPA donors also exercised more selectivity by directing 80 percent of SPA resources to performing countries.

12. Four other points on resource mobilization:

- The SPA mechanism managed to keep the debt issue high on the international agenda. But the fact that debt relief remained outside the framework necessarily restrained effectiveness in resource allocation.

- Unlike project aid, where the grant element of Official Development Assistance increased over the past 10 years, the concessionality of quick-disbursing program aid loans to SPA countries (although significant at 70% for Official Development Assistance program loans) did not increase on average, and the share of grants in total assistance declined between SPA 1 and SPA 3.

- Disbursements reached 73 percent of allocations during SPA 1, 68 percent during SPA 2, and about 80 percent during SPA 3. Some lags in disbursements (to some extent allowed for in the estimates) were caused by a combination of factors including donors failing to release funds on time and recipient countries failing to meet agreed conditionalities on schedule.

- The near-complete untying of quick-disbursing assistance to SPA countries can be attributed to the influence of the SPA. The share of untied assistance rose from 60 percent of the total during SPA 1 to 93 percent during SPA 3. Recipients have acknowledged this achievement, while noting instances of continued tying by some donors.

Improving donor procedures

13. Work on donor procedures by the SPA partners evolved from an initial focus on internal practices to a focus on complementary actions by recipient countries. Donors have been satisfied with the learning process used to establish guidelines on development assistance procedures.
14. Most progress was achieved in untying and streamlining procurement practices for import support (an important complement to the liberalization measures of the recipient countries), and in ending earmarks of counterpart funds, but almost none in establishing a more consistent approach to the compensation of local staff involved in projects. On import support, there are still procedural difficulties that are being worked out. Portions of counterpart funds are still earmarked, particularly for health and education, although this earmarking is not always viewed negatively by recipients. Some donors have continued to pay salary supplements or have found alternative arrangements to attract competent civil servants—in the process thwarting civil service reform efforts.

15. Though current import procedures in recipient countries are generally consistent with SPA guidelines, the evaluators found that, with few exceptions, the guidelines were either not received or not identified, in the recipient countries visited, as being the result of the SPA’s work. The evaluators also found that no effort had been made, during the Plenary sessions of SPA 3 and 4, to ascertain whether the guidelines had been implemented by all donors. A key challenge for the SPA mechanism is how to disseminate and monitor future guidelines, especially because of the informality of its operations. Joint Evaluation Missions to the recipient countries were an important and useful instrument for follow-up and implementation, but they have been discontinued because the SPA partners concluded that the Missions were no longer needed.

16. The continuing evolution of the concept of sector investment programs (even though such programs are not financed by SPA) is an interesting example of how the SPA mechanism works to develop a consensus and convert it into operational modalities. SPA deliberations have brought donors closer together on the potential and constraints of this new form of assistance. While field missions to recipient countries brought out several difficulties in implementing sector investment programs, evaluators conclude that sector-wide adaptable aid instruments have considerable potential for better resource use and support further SPA experimentation with the approach, particularly in the more advanced recipient countries.

Debating policy

17. In the 1990s, the scope of SPA consultations evolved considerably. The Working Groups, which served as important instruments for deepening the policy agenda, demonstrated considerable responsiveness to donor views and interests and fostered debate and learning on complex and varied development issues. SPA 2 sought to examine linkages of assistance to public expenditures management and civil service reform. SPA 3 expanded the focus to a broad range of social policies previously identified, to sector investment programs, to local capacity and management, and to comprehensive economic and social monitoring. SPA 4, now under way, highlights sustainable poverty reduction, greater domestic savings, more ambitious goals for economic growth and distribution, consensus building and domestic ownership of reforms in Africa, further improvements to quick disbursing assistance modalities, and a broad sector approach to increase development impact financed through project and non-project assistance or through the SPA countries themselves.

18. Through continuous policy debate, the SPA helped to improve mutual understanding among SPA donors. While many of the design and implementation features of structural adjustment assistance were not debated, donors came to appreciate the importance of sound economic management fundamentals. Conversely, at the urging of bilateral donors, the
International Financial Institutions became more conscious of the social policy and poverty dimensions of structural adjustment, though concrete collaborative adjustment programs for poverty eradication have been slow to develop. Donors pressed the International Financial Institutions toward greater concern with issues of governance. Progress has also been made on new approaches to public expenditure reviews with greater African participation. But the influence of the SPA mechanism on major development instruments and issues—such as Policy Framework Papers, conditionality, and sequencing—is only gradually emerging.

19. On the effectiveness of the policy debate process, the evaluation points to the following concerns:

- Further focusing of SPA Working Groups would be desirable. Their mandates do not clearly specify timing, expected outputs, or monitoring requirements.
- Donor audits, evaluations, and development effectiveness literature are rarely reflected in the policy debates.
- Operational staff in donor agencies still have little knowledge of the substance and conclusions of SPA policy debates.

20. What has been the SPA’s effect on policy changes in the recipient countries? The SPA mechanism was not intended to have direct ties to the recipient countries. Instead, its influence was to be exerted through established channels—such as the Policy Framework Papers, Consultative Groups/Round Tables, and local coordination groups. Linkages with these groups and the impact on recipients have been limited. Despite the preoccupation of the SPA partners with poverty and gender concerns for several years, there was little evidence of well articulated strategies on those issues in the countries visited by the evaluation team. Nevertheless, some areas of interest to the SPA members have been reflected in the work of the World Bank and IMF in the context of ongoing Structural Adjustment Facility/Enhanced Structural Adjustment Facility arrangements and Structural Adjustment Credits.

Monitoring results and impacts

21. The performance of SPA-supported African economies over the past 10 years is sobering. Per capita growth has resumed but it is concentrated in a handful of countries and has fallen well short of what is needed to reduce poverty in most countries. Moreover, recent gains may not be sustainable without further changes in policies. Fundamental policy weaknesses remain due to lack of ownership for needed reforms and deficient institutional capacities. The unfinished business of reform includes fiscal and public sector management, financial and private sector development, and the rural and social sectors.

22. Overall, there has been a surprisingly modest effort by the SPA partnership to trace systematically the results of its work and the impact of adjustment through specific, goal-related indicators and feedback into program design and implementation. The follow-through on agreed action—and on monitoring and reporting systems to serve donors and recipients with comparative analyses of performance—has been inadequate. Donors essentially relied on the World Bank for progress reporting, mainly through the regular Country Status Reports and the periodic self-evaluations prepared for the different SPA phases.
To be sure, the Country Status Reports have been useful. They have improved in quality and now provide detailed information on individual countries. But it is questionable that they are the best means of providing SPA partners with a comparative overview of progress in key areas. The Joint Evaluation Missions were appreciated for their careful identification of donor/recipient procedural problems and possible solutions, but were discontinued in 1995. The country monitoring mechanisms lack the kind of analyses that would help to pinpoint the main impediments to increased growth and poverty reduction and thus identify procedural and policy issues for donor attention. Evaluations pertinent to SPA’s work—such as those by the IMF, the World Bank, and other SPA members—have not been systematically shared among SPA partners. Finally, the SPA partnership has failed to promote capacity building for effective auditing, accounting, monitoring and evaluation of SPA programs in recipient countries.

Recommendations

This evaluation identifies several areas that would improve the SPA mechanism’s relevance, efficacy, and efficiency. They are outlined below.

For improved approaches to resource mobilization

The quick-disbursing assistance promoted by the SPA has provided a boost to the scarce foreign exchange of recipient countries. But as the recipient countries moved toward liberalizing their exchange regimes, the balance-of-payment gaps underlying SPA’s resource mobilization efforts lost much of their operational relevance. Meanwhile, debt, both external and domestic, continues to be a major constraint to improved growth and it requires continuing donor attention. The on-going Heavily Indebted Poor Countries’ Debt Initiative recognized the need for a framework for resolving the debt problems of the heavily indebted poor countries.

SPA donors should reorient their approach to determining assistance requirements and focus not just on balance-of-payment gaps but also on budget gaps. This would provide a better association with economic outcomes and reinforce the SPA’s focus on public sector reform and public expenditures management. The SPA partners should draw on the Policy Framework Papers and on the Consultative Groups/Round Tables to determine resource requirements for individual countries within the objectives of the recipient countries’ macroeconomic frameworks and to ensure that performing countries receive adequate quick-disbursing assistance. These efforts, explicitly linked to further action on debt relief, would be timely, since the Heavily Indebted Poor Countries’ Debt Initiative embodies many of the SPA themes and eligibility criteria.

For improved policy debates

Informal topic selection for policy debates was adequate in the initial stages when the concept of structural adjustment was new to the SPA partners and the interest of one or more donors was needed to establish the SPA as a forum for policy debate. But much has changed—given the extensive experience of the SPA with adjustment, the complexity of issues related to structural reforms, the differences among countries in terms of responsiveness to reform, and the desire among donors to have a greater development impact. The SPA partners need to rethink how it should refocus its policy agenda to achieve the SPA mechanism’s strategic objectives. The partners should reassess and clarify the SPA’s unique mission within the broader aid
coordination system and develop an action plan to guide its future policy debates and relations with other coordination mechanisms. Such measures might include:

- **Agreeing on a guide for focusing future topic selection.** This is especially important for those topics associated with the deepening of structural reform and longer-term development issues. The choice of topics would require close partnership with African leaders.

- **Giving more guidance to SPA Working Groups.** While avoiding bureaucratization, preparation of an indicative plan for specific Working Group deliberations, covering subject area, the composition of the members, time duration, the Group’s expected outputs, and processes for African participation would enhance effectiveness. If a Working Group is expected to produce guidelines, then expectations regarding donor and/or recipient follow-through with the guidelines need to be clarified. The SPA mechanism could coordinate with the Development Assistance Committee to minimize duplication. The publication and dissemination of the guidelines should be explored. In addition to specifying clearly the monitoring mechanism, and organizational responsibilities, the SPA partners should follow-up to ensure that monitoring reports are prepared.

- **Strengthening SPA’s ties with other aid coordination mechanisms of relevance to African development, such as the Global Coalition for Africa, Consultative Groups/Round Tables, regional and local coordination groups.** The SPA is not geared to address the depth of the country level discussions and policies which differentiated performance increasingly requires. Such ties would provide channels for disseminating the work of the SPA and provide important substantive input to the SPA’s deliberations and monitoring. SPA conclusions should be more explicitly addressed at the country level through Consultative Groups/Round Tables and local coordination groups.

**For improved monitoring systems**

28. SPA partners, in collaboration with African countries, should develop a comprehensive monitoring and evaluation plan that would ensure that they are well informed on the results of their work and the results and impact of the reform measures that they are supporting with their assistance. To develop this monitoring and evaluation plan, the SPA donors should turn to their own central evaluation offices to oversee SPA monitoring and evaluation requirements. The merit of this approach would lie in having a well-structured and independent monitoring and evaluation system to inform the SPA mechanism’s continuing work.

29. Such a plan, after taking into account existing monitoring and evaluation reports (by the Bank, IMF and other aid-coordinating bodies) to avoid duplication, should provide for:

- **Annual reporting on resource requirements** (both commitments and disbursements) based on estimates for Policy Framework Papers and Consultative Groups/Round Tables.

- **Annual reporting on the financial management of aid flows** and the development of accounting and auditing capacity in recipient countries.
- Annual reporting, based on systematic country coverage by Joint Evaluation Missions (which need to be resumed) of the implementation of SPA guidelines and recommendations. To reduce the burden of large visiting teams, lower donor costs, and broaden country coverage, local coordination groups could be given oversight responsibility for the joint evaluation process.

- Annual monitoring of economic growth, agricultural growth, and key intermediate social indicators such as spending on health, education, and rural infrastructure.

- Periodic comparative evaluations of recipient country performance on key macroeconomic indicators; on progress in reducing poverty and enhancing women's participation; and on structural adjustment reforms whose implementation has been particularly weak.

For better communications

30. A major finding of the evaluation is inadequate communication of the SPA’s policy conclusions and guidelines to key operational personnel within the member agencies associated with African financial and development issues, to their representatives in the field, and to the various associated coordination groups (Consultative Groups/Round Tables, the Development Assistance Committee, and other donor coordination groups). The communications should do more than inform. They should make clear the policy to be promoted and the actions to be undertaken to implement SPA guidelines. SPA’s voice could be influential as the common view of a group of partners rather than that of a particular agency. Better communication of the SPA agenda could also help strengthen ownership and implementation in the recipient countries.

31. An ad hoc group should develop—within a short period—a communications policy and action program for the SPA. This policy would give particular emphasis to those areas where the SPA has reached a consensus and wishes to speak with one voice to give effect to its guidance and other conclusions. The communications group would develop a strategy to convey the results of the monitoring and evaluation activity referenced above. The major audiences for this outreach would be the African SPA countries and SPA donor agencies and their operational, policy, and field staff that work with SPA countries. Responsibility for communicating SPA findings and guidance within donor institutions and agencies would remain with each SPA partner. Finally, the policy would establish procedures for two-way communications with the other global, regional, sub-regional, national and local coordination mechanisms associated with African development so that these groups and the SPA benefit from shared knowledge and a common view of the African situation.

For more efficient management and processes

32. Overall, the partners view the SPA aid-coordination mechanism as very cost-effective. The time and resources they expend on SPA matters are considered modest in comparison with the benefits gained from opportunities to learn from each other and develop ways to improve the results of their assistance programs. At the same time, given concerns about the frequency of meetings, the proliferation of Working Groups, the lack of systematic prioritization of the agenda, and the frequency of reports, there may be scope for greater efficiency. Increasing efficiency will become more important as workloads increase and SPA’s agenda and partnership
relationships become more complex. An important step was recently taken with the consolidation of the Working Groups.

33. Some approaches the SPA partners should consider for improving the administration and management of the SPA include:

- Further consolidating SPA meetings by reducing the number of country meetings held in conjunction with Plenary sessions to those specifically requested by donors, e.g., where there are important issues affecting donor coordination that need to be worked on and resolved.

- Facilitating speedier Working Group deliberations, by having Working Group schedules spelled out by the SPA partners, having their work monitored, and making greater use of preparatory expertise.

- Strengthening the Secretariat's capacity to ensure that the results of SPA deliberations are disseminated to its members and to administer the improved communication, reporting, monitoring and liaison functions recommended above.

*For more African participation and partnership—essential for better results and impacts*

34. African government and civil society commitment to policy reform is essential for achieving growth and poverty reduction objectives. SPA donors have repeatedly expressed their recognition of the importance of ownership by African governments and societies of policy reform measures. Yet this commitment has not been nurtured through meaningful African partner-ship and participation in SPA-supported initiatives. Until the launch of the Burkina Faso pilot in 1997 and the Higher Impact Adjustment Lending initiative, the SPA had not taken meaningful action toward supporting more participatory adjustment processes. Given that issues of ownership, participation, and aid effectiveness are so closely intertwined, the SPA partners need to consider bolder steps for reformulating adjustment programs in ways that more fully recognize the need for genuine ownership and for national leaders who are committed to working through and strengthening local constituencies and institutions in support of the reform agenda.

35. To facilitate this participation and partnership, the SPA partners should consider:

- *Creating a tripartite partnership,* with representation from senior donors, African officials, and African civic and private sector leaders (see strategic options below). Full meetings of the partnership would be convened every eighteen months. The respective constituencies could choose to meet among themselves more frequently. Thus, the donors would continue their own sessions once or twice a year. This arrangement would require strengthening the servicing, networking, and outreach capabilities of the SPA Secretariat.

- *Working more systematically in the Working Groups to include relevant African officials and representatives* of apex organizations of African civil society, business and labor as partners in a collaborative process on key SPA agenda topics. In addition, such sessions could be used for informal discussions of issues particularly relevant to those countries recognized as good performers and faced with the difficult and more advanced issues of structural and institutional reform for
promoting long-term growth and poverty reduction. This would encourage good practices through peer leadership.

- **Promoting reform of the Consultative Groups, Round Tables and local coordination groups to encourage African leadership and transparency** in aid coordination and management. Such reforms would include having the host government chair the sessions and frame the agenda to encourage broader participation.

- **Encouraging meaningful consultative processes in recipient countries** between the government and their private sector and civil society in the formulation and monitoring of Policy Framework Papers and related strategy documents. Nurturing such relations can facilitate greater understanding and more sustained support for the proposed policy reform agenda.

36. The question of African participation and partnerships needs to be viewed in the context of the strategic choices confronting the SPA. These relationships are fundamental in each of the options. A special study—beyond the scope of this evaluation—in collaboration with key African leaders (possibly facilitated by GCA) will be necessary to develop a framework for this partnership.

**Strategic choices for the SPA**

37. The reform process needs deepening. Fiscal management remains poor. The regulatory environment is inimical to private investment and the state apparatus needs reorientation and reform. Poverty reduction, rural development, environmental protection, social safety nets and economic governance have not received adequate priority in public expenditures programs. Box 2 illustrates the range of conditions and issues outstanding for reform and development in Africa’s poor, debt-distressed countries.
Box 2. The African situation in the late 1990s

In 1993, there were almost 40 million more poor people (living on less than one dollar a day) in Sub-Saharan Africa than in 1987—an increase of almost 20 percent. SPA recipient countries remain more disadvantaged than other developing countries in many respects. While infant mortality has decreased, and access to water and sanitation, and immunization coverage have improved, social indicators have not risen as fast as in other countries.

The failure to reduce poverty can be attributed primarily to poor economic growth, with a long-term decline in real per-capita GDP of 0.6 percent per year between 1980 and 1996. While some growth of per capita GDP (on average 1.0 percent per year for all SPA recipients) is reported during 1993-96, it is too early to tell whether this will be sustained. In any event, the average remains well below levels necessary to reduce poverty—at the growth rate observed during 1993-96 it would take about 80 years to double per capita income.

For the main macroeconomic aggregates, the situation in 1993-95 is no worse than it was in 1980-84, implying that the crisis of the late 1980s was brought under control. However, serious imbalances persist in the SPA countries. Domestic savings are far from sufficient to finance domestic investment. One encouraging development is that the recent GDP growth has been achieved without increases in the investment rate. It would appear, therefore, that this growth is mainly due to improvements in efficiency.

The persistent weakness of domestic savings translated into the continued fragility of the countries’ external accounts, with excessive domestic absorption linked to excessive private consumption. Imports (as a percentage of GDP) exceed pre-adjustment levels, while exports (also as a percentage of GDP) have remained flat, continuing to lose world market share. External financing covered an increasing external deficit. Sub-Saharan Africa in general and SPA recipient countries in particular have not been able to benefit on any significant scale from the world-wide increase in private capital flows. As a result, aid has financed an increasing percentage of imports and government spending. The above indicators of domestic and external balance bode ill for the countries’ longer-term financial sustainability and their ability to graduate from the SPA.

The overall debt burden for SPA countries as a group is excessive, and a number of SPA recipient countries continue to be considered “possibly stressed” or saddled with an “unsustainable” debt burden despite the rising degree of concessionality of debt rescheduling and new official capital flows.

In contrast to this aggregate picture of the economic and social situation in Africa, there has been encouraging progress in a number of reform areas and in economic growth and poverty reduction in a number of individual countries. Those countries that have remained on track with their reform programs, where ownership of the reform process has strengthened, and where more participatory government processes appear to have taken hold have performed better than others. Such emerging differentiation among countries suggests that the SPA partnership may need to consider different policy prescriptions for different countries.

Where has policy reform lagged?

- **Pricing and market reform.** Progress has been made in the SPA countries in reforming product markets; progress in reforming factor markets has been slow.
- **Trade.** Tariff reform has progressed slowly partly because SPA countries still rely on trade taxes for revenue.
- **Public sector management.** Public enterprises continue to be a source of allocation inefficiencies in many countries. Unsatisfactory tax efforts are accompanied by low levels of cost recovery for public services many of which are oriented to the non-poor. The size of the public sector still needs to be reduced.
- **Financial sector.** Sustained improvement in the financial health and operational efficiency of banks and the prudential and supervisory framework has proved elusive for many SPA countries.
38. In light of its strengths and weaknesses, the SPA partners need to reconsider the scope of the SPA agenda and the nature of its linkages with African decision-makers and the broader development community. Above all, the SPA partners need to address a growing mismatch between the mission and practices of a donors' club conceived in a time of crisis and the new paradigm of participatory development and domestic ownership of reform endorsed by SPA members in the context of the Development Assistance Committee’s goals in *Shaping the 21st Century*. A range of options is suggested to initiate deliberations on alternative conceptions of the future SPA partnership. Some selective combination of these options could also be considered.

**Option 1: Phase out**

39. *Rationale.* The SPA mechanism could be phased out, since the crisis that triggered its creation has abated. Other institutions are available for country-level, regional, and continental aid coordination.

40. *Implications.* If this option is chosen, arrangements should be made to mainstream SPA functions with other coordination organizations associated with Africa's development and should include support for enhanced African leadership. These country-level coordination groups include Consultative Groups, Round Tables and local coordination groups. In addition, African continental and regional organizations (Global Coalition for Africa, African Development Bank, Economic Commission for Africa, African Capacity Building Foundation, Club du Sahel, Southern Africa Development Cooperation, the International Financial Institutions, and others) would take on greater responsibility for promoting development objectives, standards, and monitoring. The OECD's Development Assistance Committee would take on a special responsibility for coordinating donor assistance policies relevant to Africa's requirements. The risk of choosing Option 1 is that the trust, commitment, and gains realized through 10 years of constructive collaboration could be lost.

**Option 2: Deepen the adjustment process**

41. *Rationale.* The SPA aid-coordination mechanism would remain focused on promoting and supporting macroeconomic and structural adjustment policy reforms—the SPA's original mandate. Reform processes are not complete even in the more advanced countries and have to be accelerated in all countries.

42. *Implications.* Under this option, particular attention would be given to deepening the reforms in areas which are impeding economic growth, poverty reduction, and capacity building for economic management. Quick-disbursing assistance would be coordinated with a greater focus on funding fiscal gaps associated with measures to improve public sector management such as reforms of public finance, civil service, and social policy. Allocations of resources and debt reduction would be based on greater selectivity with priority for quick-disbursing assistance going to those countries with sound and sustainable performance on economic and governance policies. Other countries would be assisted with advice to improve their policy performance. Work on improving donor procedures and adapting assistance instruments would continue. Special steps would be taken to strengthen ownership of policy reforms by African governments and their societies. Closer linkages with other coordination mechanisms would be formed to advance SPA policy interests. Agenda setting and Working Group processes would include full
and continuing African participation and, where appropriate, co-leadership. Special partnerships would be formed with the advanced policy performers.

Option 3: Move beyond adjustment

43. **Rationale.** Long-term development concerns are assuming greater priority as more and more African countries move beyond the essentials of macroeconomic and structural adjustment reforms. Such movement is essential to sustain and accelerate economic growth and poverty reduction. Thus, deeper adjustment must be combined with broad-based development strategies.

44. **Implications.** SPA's agenda would focus on a limited set of high priority long-term development issues associated with the key social (education and health) and economic (agriculture, financial and private enterprise) sectors. The resource package would encompass the full range of donor assistance combining quick-disbursing assistance with technical assistance and investment projects and the promotion of private foreign investment and debt reduction. Priority would be given to sector programs that integrate multi-donor activity on African development objectives with capacity building, capital and budget support. Sector program assistance would be linked with budget reviews and fiscal gap analyses and other public management reforms. Further improvements in donor procedures would be important to support such sector programs. Stronger operational coordination among bilateral and multilateral donors with global programs for Africa and linkages with other coordination mechanisms would be essential to follow through on sector program initiatives.

45. As in option 2, allocations of resources and debt reduction would be based on greater selectivity with priority for all Official Development Assistance to those countries with sound and sustainable performance on economic and governance policies. African participation and leadership in agenda-setting, Working Groups, sector program design and implementation would be advanced with particular attention to tripartite associations of African leaders, civil society and donor representatives.

Option 4: Foster reciprocal accountability

46. **Rationale.** Because of a fundamental change in the development agenda and a growing realization that the relaxation of domestic capacity constraints holds the key to faster, sustainable and equitable growth in Africa, the SPA partners may consider going beyond option 3. In so doing, the SPA mechanism should be reconstituted to give full voice to African decision makers in key SPA deliberations and thereby find new ways of developing African institutions. An aid-givers' club, once justified for specific purposes to overcome a crisis situation, has lost much of its relevance at a time when the SPA partners wish to address long-term development issues in a continent that should be empowered to manage its destiny. The time may have come for the SPA association to open itself to new members, new networks, and new mechanisms.

47. **Implications.** True partnership is a mutually beneficial relationship between groups with identifiable joint rights, responsibilities, and obligations—characterized by shared values and a willingness to work together toward common shared goals. Under this paradigm, the SPA would be reconstituted as an umbrella organization for tailor-made strategic alliances involving eligible recipient countries, selected aid givers, private sector networks, and voluntary organizations with a variety of mandates and structures. Such an organization would be systematically linked to
other regional organizations such as the Economic Commission for Africa, the Global Coalition for Africa, and the Africa Capacity Building Initiative and would rely to the extent feasible on existing fora and ad-hoc groups to explore specific thematic issues.

48. In addition, control would gradually devolve to Africans. Many African leaders are ready to take responsibility for the development of their countries and thanks in part to the SPA the consensus for policy reform has spread and a momentum for intra-regional cooperation exists. With the restructuring of SPA's governance under this option, the donors would cede control over development assistance coordination, at the country level, to Africans as they develop the capacity to live up to this responsibility. As a prerequisite for this option, donors would be prepared to be held accountable for setting transparent performance guidelines, for better coordination, for coherent policies, and for access to aid resources. They would provide capacity-building support to facilitate regional responses to African challenges.

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49. The development challenge in Africa remains formidable. Poverty reduction is not being tackled successfully; the domestic savings effort is weak; the external debt burden remains excessive; and sustained growth still uncertain. Furthermore, the SPA countries, like the rest of Africa, appear to have been left behind by the wave of globalization that is sweeping the developing world. The urgency of the problem calls for a reconsideration of SPA’s agenda, instruments and modalities for African participation.
1. The SPA Story

Main features

- The primary interest, from the outset, has been to mobilize additional, concessional and quick-disbursing resources for eligible African countries—the poor debt-distressed countries with adjustment programs led by the International Monetary Fund (IMF, Fund) and the International Development Agency (IDA). During the 10-year period the number of SPA eligible countries increased from 16 to 31, with two dropping out (Zaire and Somalia). With the increased number of countries the resource requirements nearly doubled from $20-24 billion for the first two phases to $45 billion for the third phase. A key aspect of this attention on financial resources was the importance of improving the quality of quick-disbursing assistance (QDA) through untying and simplifying procurement procedures.

- The SPA partners recognized early on that donor import support programs, counterpart management, and local cost compensations must be linked with complementary measures by the recipient countries in their trade and foreign exchange liberalization, public expenditure management, and civil service reforms and related capacity building.

- The SPA agenda broadened to include questions of social policy, mitigating the effects of structural adjustment on the poor, institution building and program ownership, sector investment programs, conditionality, and sequencing. Some of these interests were evident in the first phases, but they became more dominant in the agenda by the third phase.

- The SPA mode of operation for the management of its agenda evolved from simple Plenary sessions to the formation of Working Groups for specific topics. Five Working Groups were formed in Phase 2 which were then consolidated into two Working Groups for Phase 4. For topics related to donor procedures and practices, the output was in the form of detailed operational guidelines. For the policy topics, the output was more varied and took the form of reviews, discussion papers, recommendations, or plans for testing approaches in selected countries.

- The style of the meetings has been informal, allowing for frank exchanges, relatively free of official position statements, with progressively more openness on the part of the international financial institutions (IFIs) under the urgings of the bilateral donors. Decision making has been by consensus without formal voting, and communication of the results of SPA work has been the responsibility of the SPA members through their own agencies, as characterized in chapter 2. Peer pressure, drawing on monitoring reports, has been the principal means of promoting the application of the SPA consensus.
The African crisis in the mid-1980s

1.1 In the mid-1980s, African countries were faced with severe crises: alarming impoverishment, food shortages, low levels of literacy and health, the fall in commodity prices, and the stiffing rise in the debt burden. Very few Sub-Saharan countries had kept their per capita growth in line with the rest of the world, and many had a lower GDP per capita than before independence some 20 years before. In the last half of the 1980s, the economic and social situation worsened, with further deterioration in the terms of trade and sharply reduced access to international finance. Total debt for Sub-Saharan Africa (SSA) had increased from $6 billion in 1970 to $134 billion in 1988 when debt service obligations were 47 percent of export revenues. From 1980 to 1986, 25 SSA countries had rescheduled their debts 105 times.

1.2 Agriculture, particularly important for the growth of the region, had performed worse than other sectors of the economy. Between 1965 and 1980, agricultural growth was less than population growth and, between 1981 and 1985, it fell by 0.6 percent a year. The physical infrastructure, already poor, had deteriorated further as a result of the lack of maintenance, and the quality of government services provided for basic health and education had dropped dramatically. Health and education indicators such as those for life expectancy and primary school enrollments, though better than in the 1960s, were still far below those of South Asia.

1.3 The economic and social stagnation in Sub-Saharan Africa (SSA) was mainly due to weak institutional capacities, inadequate governance, and poor macroeconomic and sectoral policies emanating from a development paradigm that favored import substitution with high protection and gave the state a prominent role in producing and regulating economic activity. Also, factors outside Africa contributed to the decline in economic growth and social indicators, and the non-oil exporters suffered from declining terms of trade. Although the worsening terms of trade hindered growth, they cannot explain Africa’s stagnation and decline, as they can only account for about 10 percent of the reduction in growth rates between the early 1970s and the mid-1980s.¹ At the same time, a number of African countries, such as Nigeria, failed to capitalize on improved terms of trade by increasing government spending as if windfall gains were permanent. In the absence of fundamental policy changes, restrictions were placed on external trade and payments in many countries. Prospects for the medium-term were hampered by savings rates that were too low to support per capita income growth.

The origins of the Special Program of Assistance

1.4 Alarmed by this Africa-wide crisis, the World Bank’s Senior Vice President, Operations, established a special unit in his office in 1984 to carry out Africa-wide analyses and administer special funds through a Special Facility for Africa (SFA).² The SFA was set up to by pass the problems associated with the IDA VIII replenishment. The European donors together with Japan mobilized funds for the Facility and turned them over to IDA to provide credits in support of adjustment operations in African countries. At the time the SFA began to operate, 22 low-

² The World Bank had two Africa Regional offices at that time.
income countries in Africa had already undergone 36 adjustment operations, sponsored by the World Bank (Bank).

1.5 In early 1987, the international community directed its attention to proposals to alleviate the problems of severely indebted low-income countries undertaking structural adjustment, primarily in Africa. It was recognized that the growth prospects for the developing countries continued to be adversely affected by the persistent weakness in commodity prices, modest growth in the industrialized countries, increasing protectionism, high debt burdens, as well as inadequate external financing flows. In the same year, a number of international organizations and fora such as the Venice G-7 Summit, the UNCTAD-VII Conference and the Development Committee, recognized that, for a number of the poorest, most severely indebted countries in SSA, something radical had to be done—a concern shared by the international donor community.3

1.6 At a meeting in April 1987, the Development Committee urged the Bank and the IMF to make proposals to address the problems of the highly indebted countries facing exceptional difficulties. The Committee urged donors to find ways to increase the concessional element of their debt relief to these countries. Furthermore, the Committee called upon industrialized countries to further liberalize their trade systems to improve market access for agricultural and manufactured goods from developing countries.

1.7 In response to the mandate given by the Development Committee, the Bank prepared a special program of assistance, providing concessional resources from various sources in a flexible manner to give maximum support to the adjustment process. The additional amount needed to stay current with debt service payments while increasing external resources to achieve modest economic growth in severely indebted Sub-Saharan countries was estimated at $1.5 billion for 1988-90.

1.8 At the September 1987 meeting of the Development Committee, the members strongly endorsed the proposal put forward by the Bank and the Fund for a special program of assistance to the poor heavily indebted countries of Africa or, as it became known as, the Special Program of Assistance to Africa (SPA). The SPA’s official title “Special Program of Assistance for low-income, debt-distressed countries in SSA” spells out three straightforward eligibility criteria: low-income, meaning IDA eligible; debt-distressed, meaning a debt service ratio of 30 percent or more; and adjustment, meaning a program supported by the IMF and IDA. The program was to be geared to the resumption of economic growth through more adequate financing and continued adjustment. Improvements in aid coordination were considered important to help strengthen the development efforts. The SPA was launched in 1987 as a donor-coordinated response to the Africa continentwide debt and development crisis. The first meeting took place during December 3-4, 1987.

1.9 The Development Committee endorsed the Bank’s proposal for an increase in IDA disbursements as well as an initiative from the IMF for a substantial increase in the resources of the Structural Adjustment Facility (SAF) to support growth-oriented programs. The Committee

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3 The Development Committee is the Joint Ministerial Committee of the World Bank and the International Monetary Fund on the transfer of real resources to the developing countries. The Committee, which is an advisory body to the Executive Directors of the World Bank and the Board of Governors of the IMF, meets biannually to make recommendations on further actions to be taken by the two boards.
underlined that the financing needs of the low-income countries should be met largely through assistance on appropriately concessional terms and that those donor countries who had not already converted their Official Development Assistance (ODA) loans into grants should do so or take equivalent action. The Committee emphasized the strong leadership role of the Bank and the IMF in expanding their financing flows as well as mobilizing additional resources and providing policy advice to the African countries covered by the new initiative. When the SPA was launched, the Bank stressed the additionality of the initiative, urging donors to provide QDA, in addition to ODA debt forgiveness, and continued financing of traditional investment projects.

1.10 The SPA brought together the Bank, the IMF, the African Development Bank (AFDB), the European Union (EU), and major bilateral donors to assist reform in Africa. Currently, the bilateral donors participating in the SPA are Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, Portugal, Sweden, Switzerland, the United Kingdom and the United States. Spain is the only donor to have left the mechanism, as early as the SPA 1 period.

The first phase of the SPA 1988-90

1.11 The initial SPA meeting in December 1987 laid the foundation for the first phase of the SPA. The focus of the first meeting was on:

- Eligibility criteria and the monitoring of social indicators.
- Financing sources: reallocations within IDA-8, an increase in quick-disbursing resources from donor governments, drawings from the SAF and debt relief on concessional terms.
- Mobilizing concessional resources for the coming three years.
- Additionality: over and above debt relief and project assistance.
- Funds to be channeled by cofinancing IDA-supported operations.
- Cofinancing in the form of untied grants to finance a comprehensive list of imports.

1.12 Sixteen countries qualified for assistance under the first phase of the SPA. Between March 1988 and October 1990, another seven countries were added to the list. Donors pushed for a higher degree of transparency through Bank/IMF consultations with bilateral donors and their participation in key missions. Donors called for a closer collaboration between the Bank and the Fund, particularly through the Policy Framework Paper (PFP) process. They also raised the question of adding a Fifth Dimension to the Bank’s debt initiative. Through this window, the donors could provide resources for refinancing the outstanding IBRD debt of countries that became eligible for IDA resources (IDA-only countries). Moreover, the debt question was high on the SPA agenda, with calls for multi-year reschedulings on more concessional terms and outright debt forgiveness.

1.13 Apart from mobilizing resources, the SPA set out to improve the quality of QDA to Africa. Streamlining donor procedures and requirements would accelerate resource flows and

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4 Burundi, Gambia, Ghana, Guinea, Guinea Bissau, Madagascar, Malawi, Mauritania, Mozambique, Niger, Sao Tomé and Principe, Senegal, Tanzania, Togo, Uganda, and Zaire.
5 Central African Republic, Benin, Chad, Kenya, Mali, Somalia and Zambia. Zaire and Somalia subsequently dropped out as SPA countries.
reduce the administrative burden for recipient countries. The concept proposed was to establish a pool of untied resources, still enabling donors to choose among the eligible countries and operations. However, the donors needed to provide at least 50 percent of their pledge as untied and they also needed to agree on the standardized procurement and disbursement procedures adopted at a special technical meeting in November 1988. In 1989, the first Joint Evaluation Mission (JEM) that addressed difficulties in harmonizing donor procedures, was carried out in Mozambique. During the JEM, it also became clear that institutional strengthening had to accompany these new procedural guidelines and recommendations.

1.14 Throughout SPA 1, donors also asked for increased coordination in the preparation and implementation of adjustment operations, including consultations on PFPs and country assistance strategies. As a result, during 1988 there was enhanced donor involvement and participation in the design and appraisal of Bank operations in Ghana, Madagascar, Malawi, and Mozambique. In responding to the criticism of the absence of social safety nets and the need to protect the poor from the transition costs of adjustment, the Bank, at the insistence of the bilateral donors, launched the Social Dimensions of Adjustment program directed toward SSA. They stressed that the social dimensions, including issues of impact on gender, had to be not just add-ons, but integrated into the adjustment programs. Furthermore, the social programs had to focus on long-term institution and capacity building in order to enable the recipient countries to implement social policies.

The second phase of the SPA 1991-93

1.15 The objectives of SPA 1 also guided SPA 2. In addition to the volume of resources, even greater emphasis was placed on the quality and timeliness of resource availability as well as on the link to broader, longer-term, development concerns such as human resource development, capacity building, and mitigation of the social costs of adjustment.

1.16 In the September 1989 meeting, the Development Committee of the Bank and the Fund urged the continuation of SPA, and the donors asked the Bank to take the lead in preparing an outline of the framework for SPA 2. All donors agreed on the need to continue the ongoing adjustment programs as well as to focus primarily on mobilizing QDA. However, they also called for a broadening of the agenda, making the social dimension an integrated part of adjustment and giving more emphasis to institution building and program ownership. Although donors advocated that QDA be accompanied by an adequate level of investment financing to address long-term development issues, the Bank did not propose to enlarge SPA 2 to encompass investment financing and sector issues.

1.17 The SPA 2 agenda also focused on improving aid delivery by expanding untied assistance, agreeing on standard international competitive bidding, strengthening institutional capacity for public sector procurement, requiring preshipment inspection, supporting bank and financial sector restructuring and increasing local donor coordination of import support programs.

1.18 Bilateral donors were asked to pledge $8 billion in new commitments, with the flexibility to accommodate higher oil prices, changes in disbursement from the Structural Adjustment Facility/Enhanced Structural Adjustment Facility (SAF/ESAF), and possible higher import requirements consistent with recovery from the severe compression of imports in the 1980s, as well as new countries becoming eligible under SPA 2. In response the SPA donors
made formal pledges amounting to $7.4 billion. Another six countries were added to the list of those eligible for SPA assistance: Burkina Faso, Comoros, Equatorial Guinea, Ethiopia, Rwanda and Sierra Leone.

1.19 To discuss certain issues more thoroughly and to come up with detailed operational recommendations, the partnership established five Working Groups during SPA 2: the group on the use of counterpart funds with a view to resource pooling and a link to public expenditure programs, the group on public expenditures to increase the efficacy and efficiency of government spending, the group on civil-service reform to avoid competition among donors through “topping up” salaries, the group on poverty and social policy to make poverty reduction an integral part of the SPA agenda, and the group on economic reform in the context of political liberalization. Moreover, the SPA added its voice prominently to those urging adoption of more concessional debt relief. It also helped to establish a “Sixth Dimension” for support of commercial debt reduction. Great attention to public expenditure programs laid the groundwork for consideration of sector investment programs (SIPs) during SPA 3.

The third phase of the SPA 1994-96

1.20 The SPA 3 agenda, which was drafted jointly by the Bank and the bilateral donors in a Working Group set up in 1993, had five pillars. The aim was to pursue an expanded agenda to achieve higher growth and poverty alleviation.

1.21 The first pillar focused on the need to continue mobilizing resources to deepen and strengthen policy reform and structural change in support of adjustment operations. Because the implementation of reform was uneven across countries, donors also needed to consider the extent to which policy reforms had been effectively implemented, thus emphasizing the need for greater selectivity. More attention was also to be given to local ownership and participation.

1.22 The second pillar, as advocated by the donors already in the second phase of the SPA, was poverty alleviation, focusing on programs and interventions explicitly geared to poverty-reduction. SPA 3 advocated a more participatory approach to the design and implementation of adjustment programs. A minimum package of public health and basic education, focusing particularly on female education, was to be made available to the poorer segments of the population. Moreover, the Plenary agreed, in its April 1994 meeting, that gender issues would be an important part of the adjustment agenda. Many donors had pointed out that the relationship between gender and structural adjustment had not received appropriate attention.

1.23 The third pillar was dedicated to supporting key SIPs. In order to accelerate growth rates, a prerequisite for poverty reduction, donors acknowledged the need to increase investment in human resource development, agriculture, and physical infrastructure. SIPs implied coordinated donor assistance, based on a clear, well-defined sector policy approach, which would enhance African ownership. The idea was that SPA should only work as a catalyst because these issues needed to be addressed on a country-specific basis.

1.24 The fourth pillar of SPA 3 was dedicated to the strengthening of local capacity and management for the successful implementation of reform programs, particularly in public expenditure management and other core institutions. Recipients needed to strengthen their capacity in designing, managing, and monitoring their own policy reform and development programs.
1.25 The fifth pillar was dedicated to improved monitoring. The main vehicle for monitoring had been the Country Status Reports (CSRs), which would include the key social indicators suggested by donors in SPA 2 as well as tables laying out the financing requirements for individual SPA countries. The monitoring would also assist in achieving greater donor selectivity, as advocated in SPA 3.

1.26 Other topics addressed during the SPA 3 period included:

- Improvements in the conditionality and the sequencing and phasing of reform programs linked to the implementation of structural adjustment. Donors wanted to move away from petty conditionality in order to avoid the stop-go patterns of disbursement that they believed hampered progress and economic growth in the SPA countries. At the December 1996 Plenary, the Working Group on Economic Reform in the Context of Political Liberalization presented its final report focusing on reformulated conditionality, and the Bank gave its report on better sequencing and phasing. A two year pilot was planned for Burkina Faso, with participation by the SPA donors.

- Higher Impact Adjustment Lending (HIAL). The main objective of the Bank’s report was to get a quicker and stronger supply response from the adjustment support provided along with more steady resource flows.

- Budgetary support. This support would focus on priority expenditures within a framework of sound public expenditure management, increasing the probabilities that key budget priorities, such as poverty alleviation through increased expenditures in human development sectors, would receive adequate funding.

- The need for SPA countries to strengthen their own resource mobilization. Concern about the countries’ longer-term financial viability was growing as foreign assistance resources became scarcer. Thus improved financial sustainability through better savings performance (most importantly in the public sector) and the attraction of private capital flows was to be more explicitly addressed in adjustment programs.

1.27 By the end of SPA 3, 31 African countries were considered eligible for SPA support and were receiving QDA from 19 donors.  

The fourth phase of the SPA 1997-99

1.28 The objectives for the fourth phase of the SPA are spelled out in the most recent SPA report Special Program of Assistance for Africa Phase Four: Building for the 21st Century. They are:


Participating SPA donors: Bilateral: Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, The Netherlands, Norway, Portugal, Sweden, Switzerland, the United Kingdom, and the United States.

Multilateral: the African Development Bank, the European Commission, the IMF, and the World Bank.

Supporting institutions: OECD/DAC, UNDP.
• To support substantial poverty reduction within a five-to-seven-year period, as countries make progress in stabilizing their economies. This entails setting more ambitious goals for economic growth and greater attention to the distribution pattern of growth.

• To channel QDA to countries that undertake poverty-reducing economic reform and make progress in raising domestic savings.

• To play a catalytic role in the difficult reform agenda that lies ahead in consensus building and ownership in Africa and in donor countries.

• To continue improving the modalities for providing QDA through simpler and better-structured conditionality, the use of expenditure frameworks for channeling assistance, and greater integration of poverty and gender issues in the design of economic reform programs.

• To increase the development impact of public expenditures, investment and current, whether financed by donors through project or nonproject assistance or by the SPA countries themselves.

1.29 In March 1996, the Bank organized a brainstorming meeting for the fourth phase of the SPA. The focus of SPA 4 would still be on mobilizing resources in support of economic reform but it would also include strengthening the links between economic reform, poverty reduction, and the broader development agenda. Donors also stressed the need for further selectivity, specifically to shrink allocations, and the Bank suggested that the issue of selectivity should be addressed by one of the working groups once SPA 4 had been launched. Donors also emphasized the need to move toward a fiscal framework for assessing the financing needs of SPA countries, recognizing the need to proceed cautiously because of its implications for resource requirements and because of its effects on recipient performance. They also stressed that the links to Consultative Groups (CGs) and Round Tables (RTs) be strengthened during SPA 4. The partnership is also looking for effective ways to enhance African participation without sacrificing the cohesiveness of the SPA as a unique donor forum.

Profile of SPA financial resources

1.30 The SPA was established as a partnership that allowed participating donors to retain full authority to allocate resources in terms of levels, countries, financing modalities, and timing. This flexibility was expected to generate the highest level of financial support from the donor community. Providing information and consultation were the principal means of coordinating or guiding the overall resource flows to achieve efficient allocation amongst recipient countries. This process of consultation would enable donors to make more informed resource decisions.

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7 To qualify as SPA resources, funds would have to cofinance IDA-supported adjustment operations and exhibit a high degree of concessionality and untying.

8 The idea was "... to give each participant ultimate flexibility in deciding the form and extent of assistance in each case. Each contributor to the program would allocate its own resources to eligible countries on a selective basis, according to its own criteria and particular situation vis-à-vis the debt-distressed country." (Development Committee (1987). "Proposals for Enhancing Assistance to Low-Income Countries Facing Exceptional Difficulties," p. 18.)
1.31 Based on the World Bank’s model for resource analysis, the SPA established a specific resource mobilization target for the eligible group of countries. It introduced a coherent framework for the intercountry comparison of financing needs and complemented existing country-specific coordination instruments, particularly country-specific CG and RT meetings. Debt relief remained largely outside the scope of the SPA, thereby precluding a more integrated approach to meeting the financing needs of adjusting countries. Despite some recipient country involvement in estimating external financing gaps, the SPA mechanism continued to be a donors’ club.

1.32 Pledging meetings at the beginning of each SPA cycle marked the principal SPA resource mobilization event. Here the World Bank presented its three-year projections of estimated resource requirements (including import needs and debt service), availabilities (including export earnings and official and commercial project finance), and financing gaps.

1.33 Between 1988 and 1996, SPA donors, including the Bank and the IMF, provided a total of $27.7 billion of quick-disbursing adjustment support to eligible countries in SSA. Over the three phases of the SPA, the volume of adjustment-related disbursements increased from $7.6 billion in SPA 1, $8.6 billion in SPA 2 to $11.5 billion in SPA 3 at current prices and exchange rates (table 1.1).

1.34 Among the 31 countries currently eligible for SPA assistance, Tanzania ($1.8 billion), Mozambique ($1.6 billion) and Zambia ($1.4 billion) have been the leading recipients of adjustment assistance over the whole period. They are followed by Côte d’Ivoire, Ghana, Kenya, Senegal, and Uganda, each of which received between $0.8 and $1.1 billion over the three phases. Next to Côte d’Ivoire, which received almost $0.8 billion under SPA 3 alone, Cameroon, Mozambique, and Zambia were the other major recipients of assistance between 1994 and 1996 (around $0.4 billion each). SPA 3 adjustment aid to Kenya, Madagascar, Mauritania, Tanzania, Uganda, and Zambia shrank considerably relative to the previous period (figure 1.1).

1.35 The bilateral and multilateral donors, other than the Bank and Fund, increased their support from $4.0 billion in SPA 1 to an estimated $5.6 billion in SPA 3. They included 15 bilateral donors (Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, The Netherlands, Norway, Portugal, Sweden, Switzerland, the United Kingdom, and the United States, and 2 multilateral institutions (the EU and the AFDB). The largest bilateral donors were France and Japan, with disbursements of $2.3 billion and $2.1 billion, respectively, of which approximately half were in the form of concessional loans. The AFDB was another major source of development credits, disbursing some $1.4 billion to the SPA countries. In turn, the EU was the single largest provider of grant resources to SPA countries, disbursing some $2.3 billion. (figure 1.2)

1.36 Next to quick-disbursing aid, debt relief has been the other major source for meeting the financing requirements of eligible countries. Debt and debt service rescheduling and cancellations granted by Paris Club creditors increased resource availability to SPA countries by about $28.2 billion. Debt relief rose from a total of $6.9 billion in 1988-90, to $7.9 billion in 1991-93, to an estimated $13.4 billion in 1994-96. Four countries from the CFA zone

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(Cameroon, Congo, Côte d’Ivoire, and Senegal) accounted for more than 70 percent of the debt relief provided under SPA 3.

1.37 The level of debt reduction coordinated under the SPA framework was more modest. Under the Fifth Dimension, IDA supplied about $1.0 billion for SPA countries to pay off IBRD debt, with donors contributing another $0.2 billion. Sixth Dimension financing to buy back commercial debt was a little over $0.1 billion.
Table 1.1: Sources of financing under the SPA framework (billions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>SPA 1 1988-90</th>
<th>SPA 2 1991-93</th>
<th>SPA 3 1994-96</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Adjustment Financing(^1)</td>
<td>7.6</td>
<td>8.6</td>
<td>11.5</td>
<td>27.7</td>
</tr>
<tr>
<td>IDA</td>
<td>1.6</td>
<td>2.3</td>
<td>3.3</td>
<td>7.2</td>
</tr>
<tr>
<td>IMF(^2)</td>
<td>1.7</td>
<td>1.0</td>
<td>2.0</td>
<td>4.8</td>
</tr>
<tr>
<td>Other SPA donors</td>
<td>4.0</td>
<td>4.9</td>
<td>5.6</td>
<td>14.5</td>
</tr>
<tr>
<td>Fifth Dimension</td>
<td>0.2</td>
<td>0.3</td>
<td>0.5</td>
<td>1.1</td>
</tr>
<tr>
<td>Funding for Commercial Debt Reduction (Sixth Dimension)(^3)</td>
<td>-</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>B Debt Relief</td>
<td>6.9</td>
<td>7.2</td>
<td>13.4</td>
<td>28.2</td>
</tr>
<tr>
<td>C Total SPA Funding (A+B)</td>
<td>14.5</td>
<td>16.4</td>
<td>24.9</td>
<td>55.8</td>
</tr>
</tbody>
</table>

**Memo Items**

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<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Outstanding Arrears, end-period(^4)</td>
<td>4.1</td>
<td>7.3</td>
<td>19.9</td>
<td>NA</td>
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<tr>
<td>Change in Outstanding Arrears(^5)</td>
<td>-</td>
<td>(2.0)</td>
<td>(2.2)</td>
<td>NA</td>
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<tr>
<td>Other Financing (Private Commercial Debt)</td>
<td>1.8</td>
<td>-</td>
<td>-</td>
<td>NA</td>
</tr>
<tr>
<td>Financing Gap before SPA(^6)</td>
<td>20.5</td>
<td>23.7</td>
<td>44.8</td>
<td>NA</td>
</tr>
<tr>
<td>No. of Eligible Countries</td>
<td>21</td>
<td>27</td>
<td>31</td>
<td>NA</td>
</tr>
</tbody>
</table>

Note: “NA” denotes Not Applicable.

1. The adjustment financing figures are disbursements.
2. For SPA 3, adjustment financing by the IMF excludes funds disbursed to Zambia under the IMF Rights Accumulation Program.
3. Sixth Dimension funding (on a calendar-year basis) was $60 million and $56 million for SPA 2 and SPA 3 respectively.
4. Excludes Other Financing (Private Commercial Debt), shown as the next table entry. The dramatic jump in the outstanding arrears during 1994-96 is attributable to the $11.5 billion in arrears owed by Cameroon, Congo, and Côte d’Ivoire which joined the SPA in 1994. An additional $3.7 billion is attributed to private debt and non-Paris Club debt of Mozambique that was previously unreported. The data on stock of arrears and change in arrears exclude The Gambia, for which no arrears data are available.
5. Change in Outstanding Arrears during each SPA phase, excludes the additions to stock of arrears attributable to new participants joining in each SPA phase. The data also excludes The Gambia (see footnote 4).
6. The Financing Gap is not a “flow” balance of payments concept. It reflects the difference between financing requirements (for imports, debt service, current transfer payments, reserves build-up and stock of arrears outstanding at the beginning of each SPA period) and resource availabilities (on account of exports, current transfers, project and non-project non-adjustment financing, net short-term borrowing and other flows). The Financing Gap is thus the sum of Adjustment Financing, Debt Relief, Outstanding Arrears and Other Financing.

Fig. 1.1: SPA disbursements by selected recipient and phase

Source: SPA Secretariat

Fig. 1.2: SPA disbursements by selected donor and phase

Source: SPA Secretariat
2. The SPA’s Agenda and Linkages: A Model

2.1 In order to evaluate the SPA as a donor-coordination arrangement, the evaluators found it useful to construct a model of the SPA mechanism. This model, illustrated in figure 2.1 is not based on any explicit statement or document about how the SPA would function. Drawing on the discussions during the Plenary meetings and related documents on interviews with the members, the evaluators developed this model of how the SPA was expected to function and accomplish its objectives—creating and communicating consensus. This model helped the evaluators assess the SPA’s relevance, efficacy, and efficiency—the criteria used to evaluate the different features of the SPA mechanism.

2.2 Aid-coordination mechanisms presume that the participants recognize that the harmonization of policies and practices and the joining of resources are necessary to achieve agreed development objectives. The participants are, therefore, willing to make changes in their policies and practices and redirect their resources accordingly. In practice, the spectrum of aid coordination extends from informal and occasional information exchanges to the highly structured and disciplined requirements of multidonor investment programs and projects. The SPA lies at some point in the middle of this spectrum. It has been described as reflecting classic multilateralism in addressing issues that would not be addressed if donors were left to act according to their individual interests.

2.3 In the model, commitment to the overall objective of the coordinating arrangement is critical. It can be a powerful force for promoting cooperation, especially when addressing an emergency situation such as during the early phases of the SPA. This commitment is reinforced by the pressures of leaders and peers to comply with the consensus, using joint monitoring as an essential instrument for exerting pressure. Where the requirements for compliance run counter to member situations and interests, they can either withdraw or ignore the requirement as there is no procedure for enforcement, and participation is voluntary. Thus the mechanism must maintain a careful balance between conflicting views if it is to be sustained. As the process relies on consensus-making (with no voting), much depends on the chairperson to interpret the depth of agreement, the strength of the opposing views, the opportunity to move the group toward its objectives, or the need to back off. The technical quality of the Secretariat is also critical in keeping the partnership on track.

2.4 The underlying expectation in this model of the SPA is that, through its debates on policy and practice—the choice of topics and their analyses, members would reach common understandings. Where, at first, an issue or proposal may be unclear, threatening, or subject to conflicting views, frank exchanges would help the members reach a common position, or, if they do not, put the topic aside. Basic to this form of coordination is the appreciation that it is a mutual learning process in which the members, through their collaborative analyses, sharing of experiences, and debates increase their understanding of the nature of the task and the role that they can play. For this learning process to be effective, it is expected that the members would be active participants, providing their time and staff resources. Participation would take the form of special working groups, joint field missions for program design and monitoring, special monitoring arrangements, active participation in the Plenary sessions, and various other forms of collaboration.
2.5 Thus the model assumes that the SPA would serve as a forum for developing a common understanding of issues, reshaping the views and positions of its members, where necessary, and reaching a consensus on actions to be taken. This consensus would then be communicated back to the members’ organizations for appropriate action by their policy and operating staff. The model recognizes that the process is collegial and flexible, enabling members to accommodate their varied interests and circumstances. Yet it is assumed that having reached a consensus, the members would do their part to communicate the SPA’s conclusions and apply them. The more formal requirements relate to pledges of funding and agreement with specific guidelines endorsed by the SPA Plenary.

2.6 The model also assumes that the consensus—and specific guidelines—would be communicated to the African recipient countries by way of such channels as the PFPs, CGs and RTs, the individual members through their field representatives, local coordination groups, and informal exchanges. It is assumed that those responsible for these channels of communication would incorporate the SPA’s consensus and guidelines into their work. These channels would also serve as a means for feedback to the SPA members.

2.7 One clear consideration in the model is that the SPA itself would have no direct line of communication with the African recipient countries (for example, by its chairperson and Secretariat), and its work, while open, need not be known by the recipients directly. The issue of direct African country participation in the SPA is not represented in the model as there is no provision for African recipient membership equivalent to that of the donors. The partial exception is when the SPA chairperson makes a special provision for feedback from African leaders in pre-Plenary sessions and for their participation in working groups and seminars.

2.8 The model recognizes that the SPA members and the African recipient countries are influenced by a wide spectrum of global events and pressures that do not result from the work of the SPA itself. In addition, each of the participants in the SPA is subjected to the pressures of advocates in their communities and to the policy initiatives and constraints inherent in their established purposes and legal mandates. These pressures may support or restrain SPA initiatives. Finally, SPA topics may have been the subject of donor deliberations in other fora, well before the SPA became engaged, thus conditioning understandings. As a consequence, it may be difficult to establish cause and effect relationships from the SPA’s work.

2.9 Finally, the model is not static. As the agenda of the SPA evolves so will the unwritten concept of the model. At the outset, the SPA was conceived of as a mechanism for the IFIs to focus on mobilizing donor resources and improving their practices—all direct responsibilities of member internal policies and operations. The linkages with the overall content of structural reform policies and their expression in PFPs and CGs was assumed to be largely an IFI function. Then, individual members worked to influence specific components of IFI policy and instruments. Subsequently, as the agenda became more complex and more involved with the broader features of structural adjustment and evolving issues of development and related investment programs, the fuller dimensions of the model emerged, with its linkages and questions of African participation and ownership.

2.10 With this model in mind, the next two sections provide an assessment of (a) the SPA’s agenda—on resource mobilization, donor procedures, improved adjustment reform policies, monitoring performance—for creating a consensus, and (b) the SPA’s linkages with other
coordination groups and African participation—for communicating a consensus. The basic tests of the SPA as an aid-coordination mechanism are:

(i) Has it achieved consensus on priority topics in a timely manner, with clear conclusions on actions to be taken?

(ii) Have the consensus and related actions been communicated effectively through the proper channels to those who have implementation responsibilities?

(iii) Have the results of the implementation been monitored and reported back to the members?

(iv) Are there periodic reports on the results and impact of the mechanism’s work that could provide the basis for formulating the SPA’s future agenda?
Figure 2.1

The SPA Aid Coordination Mechanism: model of communications links

SPA Donors

CGs RTs

African recipients

SPA Policy Debates Consensus Guidelines

PFPs CASs ESAfs

Growth, financial sustainability, poverty reduction, gender effects

Monitoring: CSRs, JEMs, Pov. Assmts, etc.

Primary lines of communication

Secondary lines of communication

Monitoring and special studies

Actors Coordination Mechanisms & Instruments Results (intermediate and impact)
3. Resource Mobilization

Main findings

Closing the financing gap:

- SPA's efforts to mobilize additional quick-disbursing balance-of-payments support were relevant for stimulating adjustment in eligible countries: they helped prepare the ground for a resumption of growth that may not have been possible in the absence of such support, especially in the context of the donor fatigue that prevailed in the mid-1980s.

- The relevance of the balance-of-payments gap as the only determinant of external financing requirements has diminished over time. Calculating the fiscal gap may be of more immediate operational relevance since it focuses attention on overall government expenditures and medium term fiscal viability, as well as on capacity building for budget management. Thus the approach to determining assistance requirements may need to include both balance-of-payments and fiscal gaps.

- The SPA kept the debt issue high up on the international agenda but stronger formal links between the SPA and the Paris Club/London Club would have enhanced the effectiveness of the SPA.

Additionality:

- The SPA succeeded in focusing additional donor QDA resources on Africa thereby enabling the IFIs to move forward on a much larger scale. At the individual country-level, there was provision of additional program aid after the country became eligible to join the SPA. The recipient countries' perceptions of the adequacy of resources confirm the additionality (at the country level) of QDA promoted by the SPA mechanism.

- Although it is difficult to determine how much of the increase in QDA is attributable to the SPA mechanism, donor interviews confirm that the SPA was an important mechanism for mobilizing resources in support of structural adjustment.

- The decline in the share of bilateral donor funds in total assistance, specifically in SPA 3, was offset by an increase in IDA funding.

Selectivity:

- SPA monitoring mechanisms were intended to guide donor allocations of both new and existing QDA. However, donor interviews did not produce conclusive evidence of the extent to which allocation decisions were actually guided by the information provided by the Bank and IMF.

- Donors exercised some selectivity—on average, almost 80 per cent of the SPA donor resources went to performing (on-track) countries. However the pattern of
selectivity was not a clear one (for example Chad, Madagascar). The picture was complicated by the fact that the World Bank repeatedly asked donors, especially in the earlier years not to cut support to those countries where reform efforts were lagging but were expected to pick up. Also donors have attached increasing importance to non-economic conditions and concerns about weak implementation. The decline in the share of Bank-administered cofinancing of donor adjustment resources from 50 per cent in SPA 1 to 20 per cent in SPA 3, for example, indicated a donor desire to be more independent of World Bank analysis, conditionality and disbursement procedures.

- When exercising selectivity, donors as a group adapted their resource flows to changes in performance status in a graduated manner rather than through strict stop-and-go, highlighting that donor budgetary cycles prevent rapid response to changing environments.

**Quality of QDA**

- SPA did not have any direct impact on increasing the concessionality of QDA loans. While the grant element of ODA program loans is significant at a little over 70 per cent, it has remained virtually unchanged since the early 80s despite the high indebtedness of SPA countries. The share of grants in total assistance declined from 51 percent during SPA 1 to 45 percent during SPA 3.

- The share of untied QDA increased from less than 50 per cent in the pre-SPA period to 92 per cent in 1994-96. By comparison, untying in non-SPA countries has been slower. Given indications of retying of QDA, further monitoring at the donor level is important to safeguard the progress made so far.

**Closing the financing gap**

3.1 Relevance of the approach. Fostering adjustment formed the centerpiece of the SPA strategy. The mobilization of QDA was seen as a major instrument for assisting poor and debt-distressed countries in SSA to resume economic growth. Such support was especially relevant in the context of the donor fatigue that prevailed in the mid-1980s. Widening external deficits in the 1980s, prompted by declining exports, deteriorating terms of trade, and mounting debt burdens had left countries unable to pay for essential imports and service their debt. Foreign exchange represented one of the most severe and binding constraints to the countries’ growth.

3.2 Investment was the key to growth. The “financing gap” model adopted by the SPA in its simplest form presumed GDP growth proportional to the level of investment. With the usual shortfall in domestic savings, the savings-investment gap (or the current account deficit) had to be financed through external resources, in most countries mainly through foreign aid. Within the context of SPA, a growth objective (including some modest growth in private per-capita consumption) was postulated, determining the current account deficit. Thus, the gap between investment and domestic savings constituted the financing gap, providing a point of reference for

10 The so-called “Revised Minimum Standard Model” (RMSM) developed in the early 1970s and its enhanced 1990 version, RMSM-X, used by the World Bank to determine the external financing shortfalls, remained true in essence to the original growth model formulated by Harrod and Domar and its formalization in Chenery’s two-gap model.
donors on the amount of balance-of-payments support and debt relief needed for a particular country. The financing gap also spelled out the commitments and obligations of the recipient countries.

3.3 The resources mobilized under SPA aimed at supporting the process of structural adjustment in recipient economies, bringing about the conditions necessary for economic growth. Accordingly, the financing gap projections would be justified de facto on an ex post basis through successful structural adjustment and the resulting acceleration of growth. The financing gap model was mainly used to ensure internal coherence of the iterative estimates that were based on an evolving appreciation of the requirements for growth and expected availability of resources, as well as consistency across countries. In practice, donors repeatedly expressed their concern about constantly changing financing gap estimates. The donors' unease with the evolving nature of the financing gap also stemmed from the suspicion that the purpose of recalculating the gap was to keep generating unfilled gaps and that the larger the gaps, the larger the donor contributions.

3.4 Also, donors as well as the academic world, repeatedly challenged the underlying assumptions of the model. The main strand of criticism stemmed from the simplicity of the model, assuming a direct relationship between investment and growth with not enough emphasis on factors such as the development of human capital and technological progress. The other strand of criticism focused on the incentive effects of the model. Donors argued that larger gaps and larger inflows of foreign aid do not provide an incentive for recipient governments to reduce aid dependency and close or even diminish the gap through, for example, an increase in domestic resource mobilization. Moreover, throughout the SPA, no timetable for country graduation from the SPA framework has been presented.

3.5 The relevance of the balance-of-payment gap as the only determinant of external financing requirements has somewhat diminished over time, as SPA eligible countries liberalized their exchange regimes and no longer face foreign exchange shortages per se. A number of countries (Kenya, Tanzania, Uganda) confirmed that foreign exchange constraints are no longer binding, but that fiscal gaps are now holding back investment and growth. Virtually all of the recipient countries sampled by the evaluation seemed to believe that determination of aid requirements based on fiscal gaps would be more appropriate. While similar in its impact on macro-economic aggregates, including money supply and government revenues, the fiscal gap approach links donor resources directly to the planning and management of the government budget (both expenditure and revenue) and medium-term fiscal viability, and it could thereby promote transparency and accountability in the budget process. The fiscal approach would also focus attention on domestic resource mobilization efforts and thus provide an instrument for

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12 For example, Sweden is currently pilot-testing a new disbursement modality under which its own funds will be matched to increases in domestic resource mobilization.
13 The adoption of the fiscal gap approach may help but may not be sufficient for remedying the incentive effects, discussed in para. 3.4, that reliance on the balance of payments gap implies.
14 Both public expenditure management and medium-term fiscal viability have been singled out by the IMF’s recent ESAF review as needing close attention.
stimulating recipient countries' revenue performance. Furthermore, a budget gap framework could provide an opportunity for better coordinating quick-disbursing and technical assistance for the reform process and institution building.

3.6 Donors recognized the need to focus on budget gaps but emphasized to the evaluators the need to proceed judiciously on a case-by-case basis, since fiscal frameworks were simply not strong enough in many recipient countries. Evaluators agree that the approach to determining external assistance requirements needs to include both the balance-of-payments and the fiscal gaps. The fiscal gap is still a very new concept, requiring a new set of conditions, targets and monitoring, and possibly even more enhanced coordination between the Bank and the IMF as the former focuses particularly on expenditures, and the latter on revenues. Also, primary reliance on balance-of-payments gaps will continue to be relevant for many SPA countries.

3.7 In summary, SPA's efforts to mobilize additional quick-disbursing balance-of-payments support were certainly relevant to stimulating and enabling adjustment in eligible countries. They helped prepare the ground for a resumption of growth that would not have been possible in the absence of such support. However, reliance on balance of payments gaps for determining external financing requirements may now be somewhat less relevant in many country situations as foreign exchange regimes have been liberalized. A shift in approach to focusing not just on balance of payments but also on budget gaps may therefore be more appealing to recipients and (some) donors because the fiscal approach, which links financing to overall government expenditures and capacity-building for public sector management in country-specific contexts, may be of more immediate operational relevance. In the process, the SPA could draw on the PFPs to determine resource requirements for individual countries within their macroeconomic frameworks, which would then determine how the external resources were absorbed by both the external accounts and the budget.

3.8 **Efficacy.** Over the course of the SPA, the aggregate financing gap to be met by the SPA rose from $20 billion in SPA I to $24 billion in SPA 2 and $45 billion in SPA 3 as additional countries became eligible (table 1.1).17

3.9 SPA allocations and disbursements have, overall, been made in accordance with the financial requirements measured by the aggregate financing gaps. Due to the frequent adjustments in financing gaps, reflecting both internal and external factors influencing the financing requirements, it is difficult to assess both the adequacy as well as the timeliness of the support provided. Supporting underfunded programs is, however, not feasible for the Bank and the Fund, so if donor pledges fell short of financing requirements, the gap had to be adjusted in a somewhat ad hoc manner to meet donor allocations.

3.10 Disbursements fell short of country allocations in all three phases of SPA (annex 1, 15 The median ratio of public revenue (excluding grants) to GDP for the SPA group as a whole during 1994-96 declined to about 14 percent and only five countries (the Congo, Cote d'Ivoire, Eritrea, Kenya, and Mauritania) consistently maintained public revenue ratios in excess of 20 percent—a level generally considered necessary for the public sector to carry out its normal functions. On the expenditure side, the balance of payments approach may also have unduly directed donor attention to investment, at the expense of essential recurrent expenditures.

16 Moreover, it is the budget that better reflects the concessionality of aid.

table 1). This does not necessarily indicate that the SPA did not provide adequate financing for countries undergoing economic reform; the shortfalls could reflect the frequently changing financing requirements and the normal lag between commitment and actual disbursement, which had been allowed for, to some extent. However, the prevailing allocation/disbursement gap has been of concern to the SPA partnership, as insufficient or untimely funding could undermine the success of ongoing adjustment programs.

3.11 The purpose of the SPA mechanism was to mobilize enough resources to prevent a further build-up of already large initial stocks of arrears, while deferring specific solutions to the debt problem to the appropriate fora. In spite of the overall success of the SPA in mobilizing adequate resources for implementing adjustment programs, some performing (on-track) countries did build up arrears during the SPA 2 and SPA 3. Of the $11.1 billion in arrears accumulated under SPA 2 and SPA 3 by the current 31 SPA members about half were in countries currently "on-track". However, the approximately $3.7 billion owed by Mozambique was due to private and non-Paris Club debt that was previously unreported. Other countries that accumulated arrears during 1990-96 were Côte d'Ivoire ($3.98b, of which $3.49b was accumulated before the country joined the SPA), Tanzania ($919m), and Ethiopia ($800m).

3.12 The SPA forum has from the beginning attached great importance to debt relief as a vital means of meeting balance-of-payments requirements and has managed to keep the debt issue high on the international agenda. The Chairman's summary always touched on debt relief. The "pink" tables distributed at the Plenaries highlighted the current terms and the need for additional concessionality. The SPA has also promoted new modalities such as the Fifth and Sixth Dimensions. Nevertheless, the debt overhang remains large in most of the SPA countries. Stronger formal links between the SPA and the Paris Club/London Club in the area of debt relief would have enhanced the effectiveness of the SPA, leading to more prompt action in order to reach a sustainable solution at an earlier stage.

Additionality

3.13 Relevance. When launching the SPA in 1987, an explicit goal of the mechanism was to provide additional resources to the crisis-stricken countries in SSA. Also, the additional resources had to be in the form of quick-disbursing funds so as to ease the acute foreign exchange shortages, enabling countries to pay for essential imports and service their debt. When evaluating the additionality aspect of SPA, a valid starting point would be the fact that recipient countries seem to view adequacy more in terms of historical trends in quick-disbursing resource flows. By and large, their perception of the adequacy of resources confirms the additionality promoted by the SPA mechanism. Furthermore, it is important to point out that additionality could be analyzed from a number of angles: an increase in donor budgets, reallocations within existing budgets, and improvements in the quality of aid.

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18 SPA 3, for example, estimated commitment requirements assuming a 0.8 disbursement rate. (World Bank (1994). Special Program of Assistance: Launching the Third Phase. Africa Region.)

19 The debt data for the base year, 1990, includes "Other Financing" (private and non-Paris Club debt).

20 Several SPA countries are expected to qualify for relief under the new Highly Indebted Poor Countries (HIPC) Initiative. However, country eligibility and relief will depend on the country-specific findings and judgments that result from the tripartite debt sustainability analyses carried out by the governments of HIPC countries and Bank and IMF staff.
3.14 Ideally, SPA funds were to be mobilized by increasing national aid budgets and, to a lesser extent, by reallocating resources from other regions and other non-eligible or poorly performing countries within the Africa region. The SPA stressed that, in order not to jeopardize additionality, QDA be provided on top of already existing project assistance. Additionality was also to be achieved by speeding up disbursements through streamlining disbursement procedures on non-project funding. Finally, the value of resources to recipient countries would also be increased through greater concessionality and untying of resources.

3.15 The fathers of the SPA (and its predecessors) placed significant emphasis on assuring additionality in donor national budgets during the early stages of the SPA. However, as financial support to adjustment stabilized, the concept took to the backstage. The lack of more systematic analysis of the additionality of resources within the SPA framework makes it difficult to determine how much of the increase in resources can be attributed to this particular mechanism. However, it seems clear from donor interviews that the establishment of the SPA served as an important mechanism for mobilizing resources in support of structural adjustment and refocused donor attention on Africa. Another explicit objective of the SPA process was to increase the share of QDA in total aid flows.

3.16 Efficacy. The picture regarding additionality is different in SPA 3 as compared to SPA 1 and SPA 2.

3.17 In SPA 1 and SPA 2 (1988-1993), total development assistance remained fairly constant but the share of total ODA going to SSA increased. Thus the refocus on Africa was at the expense of other regions. Also in SPA 1 and SPA 2, a growing share of aid to the adjusting countries in SSA was provided as QDA, rising from 33 percent in 1988-90 to 42 percent in 1991-93.

3.18 In SPA 3 (1994-1996), total ODA as a share of donor GDP declined significantly by 14 percent, mainly due to financial constraints in donor countries. At the same time, SSA’s share of total ODA remained stable, though there was some decline in assistance to a few African countries such as Zaire, Somalia and Sudan. The share of QDA in total ODA continued to grow from 42 percent in 1991-93 to 47 percent in 1994-96. Though there was a small increase in the magnitude of project financing during SPA 3 relative to SPA 2, it was not enough to prevent a decline in the share of project financing in total SPA assistance. Donor interviews confirm that the rise in balance-of-payments support was offset by a decline in the share of project financing. What is clear is that the increase in total SPA assistance between SPA 2 and SPA 3 was largely due to QDA. Evaluators therefore conclude that SPA donor assistance was indeed additional. Finally, IDA has provided a growing share of the QDA funding for SPA countries, suggesting a decrease in the efficacy of the bilateral donors in mobilizing QDA resources, in the SPA 3 period relative to SPA 2.

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21 One donor has emphasized that it was important to increase QDA even at the expense of project aid, because “project aid could achieve nothing without a better policy environment and more resources for operations and maintenance”.

22 Analyses found in the SPA documents commonly resort to “before and after” comparisons (additional resources over and above previous levels).

23 Based on DAC and SPA Secretariat data.
3.19 At the individual country level, according to the OECD/DAC Creditor Reporting System (CRS), recipient countries joining the SPA experienced an increase in the flow of program resources over the SPA period relative to the pre-SPA period (table 3.1). Though for individual countries that joined the program during SPA 1 funds have tended to decline during SPA 3 for a number of reasons (among them, non-performance, decline in individual country aid needs, lags in disbursement), the overall level has risen, largely due to the addition of new countries during SPA 3.

Table 3.1: Average annual program aid (non-IFI) for selected SPA countries
(current US$ millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SPA 1 countries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chad</td>
<td>2</td>
<td>16</td>
<td>19</td>
<td>23</td>
</tr>
<tr>
<td>Ghana</td>
<td>28</td>
<td>78</td>
<td>75</td>
<td>66</td>
</tr>
<tr>
<td>Kenya</td>
<td>37</td>
<td>77</td>
<td>38</td>
<td>20</td>
</tr>
<tr>
<td>Malawi</td>
<td>29</td>
<td>39</td>
<td>24</td>
<td>55</td>
</tr>
<tr>
<td>Mozambique</td>
<td>53</td>
<td>102</td>
<td>74</td>
<td>30</td>
</tr>
<tr>
<td>Niger</td>
<td>11</td>
<td>34</td>
<td>-42</td>
<td>21</td>
</tr>
<tr>
<td>Uganda</td>
<td>18</td>
<td>53</td>
<td>84</td>
<td>39</td>
</tr>
<tr>
<td>Zambia</td>
<td>34</td>
<td>60</td>
<td>169</td>
<td>58</td>
</tr>
<tr>
<td><strong>SPA 2 countries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>8</td>
<td>12</td>
<td>37</td>
<td>57</td>
</tr>
<tr>
<td>Rwanda</td>
<td>2</td>
<td>9</td>
<td>23</td>
<td>17</td>
</tr>
<tr>
<td><strong>SPA 3 countries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cameroon</td>
<td>17</td>
<td>34</td>
<td>172</td>
<td>93</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>21</td>
<td>124</td>
<td>264</td>
<td>278</td>
</tr>
</tbody>
</table>

Note: Shaded areas show when countries were included in the SPA.

Source: OECD/DAC Creditor Reporting System.

3.20 In conclusion, the SPA managed to mobilize additional bilateral resources in the first two phases of SPA, mainly through the reallocation of funds from other regions and from countries that were no longer the target of bilateral development assistance. However, the decline in the share of bilateral donor funds in donor GDPs and in SPA’s QDA assistance, specifically in SPA 3, had to be offset by an increase in IDA’s share of QDA funding (table 1.1). From donor interviews it seems clear that the SPA acted as a “brake pad” for safe-guarding SSA’s share of ODA. Without the SPA, the decline could have been much more significant.

3.21 Additionality with regard to QDA was provided through six channels of SPA funding:

24 The DAC-CRS data may differ from the Bank-Fund data on SPA aid (for such reasons as differences in data sources, exchange rate fluctuations).
(i) **IDA adjustment lending.** IDA adjustment allocations (in current US$) for all SPA countries rose from a pre-SPA annual average of $530 million to $950 million a year during 1988-90. They fell to $860 during SPA 2, but recovered in SPA 3 to reach $1050 million per year on average. For 21 SPA 1 countries IDA adjustment allocations increased by about 50 percent in real terms from the pre-SPA period to 1988-90. The share of adjustment lending remained fairly stable, indicating that adjustment funding under SPA 1 did not crowd out regular IDA lending, thus meeting additionality standards. Overall, IDA allocations to SSA have increased from about 20 percent to 40 percent of total allocations reflecting the Bank's re-prioritization. Annual average IDA disbursements for adjustment programs rose from about $530 million during SPA 1 to $770 million during SPA 2 and reached $1120 million during SPA 3. IDA provided a rising share of SPA adjustment financing (29 percent of disbursements in SPA 3 compared to 22 percent in SPA 1), accounting for 43.5 percent of the increase in adjustment support.

(ii) **IMF Structural Adjustment Facility (SAF) and Enhanced Structural Adjustment Facility (ESAF).** Under SPA 1, 2 and 3, gross disbursements of SAF/ESAF resources averaged over $450 million (current US$) per annum, more than doubling from 1986-88 to 1994-96. During 1988-90 gross disbursements to the 21 SPA-eligible countries increased by over $350 million per annum over the 1985-87 period. Under SPA 2, adjustment efforts stalled in several SPA 1 countries (including those of the CFA zone) and annual average disbursements to them declined; at the same time disbursements to SPA 2 countries picked up. In total, annual average disbursements amounted to $320 million, a decline of $160 million from 1988-90. During SPA 3, there was a sharp rise in annual average disbursements to $590 million, largely reflecting assistance to CFA countries. The IMF provides SAF/ESAF resources only for those countries that have an adjustment program in place and is being satisfactorily implemented. Hence, there is no question about the additionality of these resources. Furthermore, SAF/ESAF resources meet the criterion of "greater concessionality".

(iii) **Cofinancing and coordinated quick-disbursing concessional financing from bilateral and other multilateral donors.** Allocations of QDA to SPA countries doubled after the establishment of the SPA reaching $1.3 billion on an annual basis during 1988-90. The share of bilateral donors' overall program aid that went to SPA countries jumped from 12 percent in 1985-87 to over 20 percent during the first phase of the SPA. Overall, there has been a longer-term trend in favor of program financing approaching one third of overall assistance by SPA donors (annual averages: 24 percent in 1980-84, 29 percent in 1985-87, 33 percent in 1988-1990).

(iv) **Bilateral debt relief.** The SPA called for greater concessional debt relief as an important means of providing African countries with the necessary external resources to stimulate growth. From 1988 onwards, Paris Club creditors agreed to provide more concessional rescheduling for low-income countries. Their response to the increasingly

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25 The IMF has also provided nonconcessional support to many SPA countries, primarily through stand-by and extended arrangements, amounting to $348 million under SPA 1, $66 million in SPA 2 and $213 million under SPA 3.

26 Indicative data generated from the OECD/DAC Creditor Reporting System to provide comparisons with pre-SPA periods. Excludes IDA/IMF.
unsustainable debt situation is reflected in a series of debt relief measures, the “Toronto Terms,” the “London Terms,” and the “Naples Terms,” and finally the “Lyon Terms” to be granted to qualifying countries under the Highly Indebted Poor Countries (HIPC) Initiative. SPA’s main contribution, apart from its own small debt facilities (see v and vi below), has been to promote a consensus that concessional debt relief, together with development assistance, should be part of a coordinated strategy to assure an adequate flow of resources to debt-distressed countries.

(v) **Support to offset IBRD debt service through supplemental IDA credits and donor financing (Fifth Dimension).** The program of supplemental adjustment credits was launched by the World Bank in 1989 to reduce the burden of IBRD debt owed by the Bank’s borrowers. Under this modality, 14 SPA countries received supplemental credits from IDA worth over $1.0 billion and bilateral donors added close to $190 million (table 3.2 and annex 1, table 2).

<table>
<thead>
<tr>
<th>Table 3.2: Disbursements: Fifth and Sixth Dimensions (US$ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Disbursements</strong></td>
</tr>
<tr>
<td>5th Dimension</td>
</tr>
<tr>
<td>World Bank</td>
</tr>
<tr>
<td>Donors</td>
</tr>
<tr>
<td>6th Dimension, of which,</td>
</tr>
<tr>
<td>World Bank</td>
</tr>
<tr>
<td>Donors</td>
</tr>
</tbody>
</table>

*Source: SPA Secretariat. SPA disbursement data based on information supplied by donors (December 1997).*

(vi) **Funding for commercial debt reduction through IBRD and donor contributions to the IDA Debt Reduction Facility (Sixth Dimension).** The Debt Reduction Facility set up in 1990 bought back SPA countries’ commercial debt. The extraordinary allocation of World Bank income to eligible SPA countries was complemented by contributions from bilateral donors amounting to $9 million (table 3.2; for details by recipient country, see annex 1, table 3).

3.22 Most donors, including the Bank and the Fund, provided additional resources in response to a continent-wide African crisis, though not all of this additionality can be attributed to the SPA mechanism. More than anything, the SPA provided a framework in which the donors could link their growing program support to the implementation of structural adjustment, a necessary prerequisite for the resumption of economic growth and long-term development in SSA. The SPA and its donor contributions enabled the IFIs to move forward on a much larger scale through the provision of timely and adequate resources.

Selectivity

3.23 **Relevance.** As successful implementation of economic reform formed the basis for achieving sustainable growth in poor and debt-distressed countries, differentiation between performing and non-performing countries had to be one of the key principles of the SPA.
mechanism. The principle was applied both in determining initial eligibility for SPA assistance and in channeling resources to "performing" countries, i.e., countries whose stabilization and adjustment performance were considered acceptable ("on track") by the IMF and the Bank.

3.24 Thus, country performance would ultimately determine whether a country would receive SPA resources. Hence, SPA monitoring in the form of CSRs\(^{27}\) and review sessions, in particular, was devoted primarily to providing donors with information about a country's adjustment performance as a guide to selectivity over time. The information guiding donor allocations was contained in the SPA financing tables and CSRs, which the Bank prepared on a semi-annual basis for the Plenary meetings. These tables recorded expected debt relief and allocations of adjustment financing from donors on a (recipient) country-by-country basis and identified residual financing gaps to the participating donors. The evaluation confirmed that donors appreciated the CSRs as an input to allocation decisions affecting both existing and new quick-disbursing resources. Unfortunately, however, there is no data available to confirm the extent to which CSRs actually influenced the shifting of resources, in a major way, from non-performers to performers.\(^{28}\)

3.25 The use of selectivity, favoring countries with adequate adjustment performance, served to maximize the impact of limited donor resources on growth. It was an important means for reinforcing good performance. Over the past few years, in view of shrinking resources relative to the number of eligible countries and mounting concerns about the effectiveness of SPA quick-disbursing assistance, the SPA has called for greater selectivity in the disbursement of funds. The Bank's HIAL initiative, launched in 1995, seeks to promote greater selectivity in adjustment lending based on performance, and thereby to increase the effectiveness of such lending.

3.26 **Efficacy.** The SPA was to focus resources on performing countries with external financing gaps. It now covers all but seven IDA-eligible low-income countries in SSA, and virtually all of the adjusters in that category.\(^{29}\) Under SPA 3, all 31 countries received a share of the pie though a few non-performers saw their receipts drop significantly.

3.27 The evaluation confirms that donors have exercised some degree of selectivity: On average, almost 80 percent of the SPA donor resources (excluding IDA & IMF) went to performing countries, whereas non-performers received less than 10 percent of the resources, with the remainder going to mixed performers. There is some evidence that donors did try to match allocations and disbursements to adjustment performance over time. However, as table 3.3 shows, the pattern of selectivity was not uniform or consistent. For Burundi, Senegal, and Tanzania, for example, ups and downs in resource flows track the country's performance status fairly well. In other countries, such as Chad and Madagascar, adjustment performance did not seem to matter all that much. The picture is also blurred by the fact that the Bank repeatedly asked the SPA donors to continue providing QDA in off-track situations, in order to finance shadow programs and not jeopardize already achieved results in the reform process. This is the

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\(^{27}\) See also para. 4.31 on the role of CSRs in monitoring implementation of guidelines.


\(^{29}\) IDA-eligible countries which do not qualify for SPA assistance are Angola, Djibouti, Lesotho, Liberia, Somalia, Sudan and Zaire.
case, for example, in Tanzania which received considerable funding in 1994-95, even though its reform program was off-track. Other countries, such as Zambia saw a considerable drop in QDA in 1995 even though the country was on-track, as bilateral donors withheld their support for non-economic reasons.

3.28 When exercising selectivity, donors as a group adapted their resource flows to changes in performance status in a graduated manner rather than through strict stop-and-go responses. Donors were more responsive when countries were off-track for longer periods. In interviews, donors indicated that budgetary cycles might have prevented rapid response to changing performance: allocated aid had to be used up by a certain date, or it would lapse. Also because it was considered likely that a country that was declared "off-track" today might soon come back "on-track", funds were kept in reserve. However, donors have sometimes reallocated resources to the Fifth or Sixth Dimension. Nevertheless, there seems to be no evidence that funds were actually reallocated from non-performing to performing countries in the event of a program going off-track. This could partly explain the gap between allocations and disbursements (annex 1, table 1), pointed out in para. 3.10.

3.29 It is important to point out here that all "performing" countries do not necessarily "perform". Killick (1996) summarized the gulf between government promises of policy change and what actually happened: as of April 1993, for example, only 5 out of a total of 26 ESAF programs had been completed within the planned period and 8 had apparently broken down completely. During 1980-88, three-quarters of the Bank’s adjustment loans had tranche releases delayed because of the non-implementation of policy conditions. A 1997 OED report on SSA (World Bank (1997). Adjustment Lending in Sub-Saharan Africa, Report No. 16594, Operations Evaluation Department) showed the lack of selectivity in World Bank allocations of adjustment assistance (poor and weak compliers with programs received $11 billion of the $15 billion lent for adjustment from 1980 to 1996). This has implications for the extent of selectivity that bilaterals could exercise independently and may explain the rise in coordinated financing arrangements in SPA 3.

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30 A systematic and in-depth analysis, by the SPA, of country histories linking donor flows to the progress of policy dialogues may be useful for informing future SPA deliberations on selectivity.

31 Significantly, donors indicated to the World Bank that their ability to reallocate funds from one country to another was limited.

Table 3.3: Selectivity of donor financing related to adjustment performance, 1992-96

<table>
<thead>
<tr>
<th>Status of Adjustment Program</th>
<th>Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin</td>
<td>On</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>On</td>
</tr>
<tr>
<td>Burundi</td>
<td>On</td>
</tr>
<tr>
<td>Cameroon</td>
<td>--</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>On</td>
</tr>
<tr>
<td>Chad</td>
<td>Off</td>
</tr>
<tr>
<td>Comoros</td>
<td>Off</td>
</tr>
<tr>
<td>Congo</td>
<td>--</td>
</tr>
<tr>
<td>Cote d'Ivoire</td>
<td>--</td>
</tr>
<tr>
<td>Equatorial Guinea</td>
<td>Off</td>
</tr>
<tr>
<td>Eritrea</td>
<td>--</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Off</td>
</tr>
<tr>
<td>Gambia, The</td>
<td>Off</td>
</tr>
<tr>
<td>Ghana</td>
<td>Off</td>
</tr>
<tr>
<td>Guinea</td>
<td>Off</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>Off</td>
</tr>
<tr>
<td>Kenya</td>
<td>--</td>
</tr>
<tr>
<td>Madagascar</td>
<td>Off</td>
</tr>
<tr>
<td>Malawi</td>
<td>On</td>
</tr>
<tr>
<td>Mali</td>
<td>On</td>
</tr>
<tr>
<td>Mauritania</td>
<td>Off/On</td>
</tr>
<tr>
<td>Mozambique</td>
<td>Off</td>
</tr>
<tr>
<td>Niger</td>
<td>Off</td>
</tr>
<tr>
<td>Rwanda</td>
<td>Off</td>
</tr>
<tr>
<td>Sao Tome and Principe</td>
<td>On</td>
</tr>
<tr>
<td>Senegal</td>
<td>Off</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>Off</td>
</tr>
<tr>
<td>Tanzania</td>
<td>Off</td>
</tr>
<tr>
<td>Togo</td>
<td>Off</td>
</tr>
<tr>
<td>Uganda</td>
<td>Off</td>
</tr>
<tr>
<td>Zambia</td>
<td>Off</td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(number of countries)</th>
<th>(in percent)</th>
<th>(in percent)</th>
<th>(in percent)</th>
<th>(in percent)</th>
<th>(in percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-Track</td>
<td>17</td>
<td>18</td>
<td>21</td>
<td>19</td>
<td>21</td>
</tr>
<tr>
<td>On/Off Track</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Off-Track</td>
<td>6</td>
<td>8</td>
<td>5</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Outside SPA</td>
<td>4</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>31</td>
<td>31</td>
</tr>
</tbody>
</table>

Note:  
"Donor" excludes IMF and IDA.  
"On-Track" countries sustained their reform programs during a specific year.  
"On-Track/Off-Track" countries went off their reform programs for part of a specific year.  
"Off-Track" countries did not have a reform program during the specific year.  
"Rev" indicates countries with no program; "Rev" (or review) indicates that a program was being considered.  
"N.A." indicates data not available.  
Shaded entries refer to countries where disbursements generally matched adjustment performance over time.  

1. Includes Rev/Off and --/Off countries.  
2. Includes Cameroon, Congo, Cote d'Ivoire and Eritrea which were outside the SPA during 1992-93.  
Source: SPA Secretariat (April and November 1997).
3.30 The evidence of slow response to change in performance status could also indicate that bilateral donor decisions were fueled by motives other than implementation of economic reform. Given the donors' distinct interests in particular recipients, no "invisible hand" could have been expected to steer resources towards the desired allocation.

3.31 The share of Bank-administered cofinancing of donor adjustment resources has declined from 50 percent under SPA 1 to 20 percent under SPA 3. This is a major shift, which may have added to the aggregate transactions cost of development assistance. Coordinated financing under which donor funds could be allocated independently on the donor's terms simply with a donor-defined link to country performance on reform, has proved increasingly attractive to donors. Some donors indicate that this shift reflects their preference for freeing themselves of the Bank's cumbersome administrative procedures, and for being more independent from Bank analysis as the basis for determining selectivity. It also indicates the growing importance that bilateral donors attach to non-economic issues in disbursing QDA. Conversely recipients told evaluators that non-economic conditions attached by donors were creating uncertainty in resource flows. For instance, in Zambia, the main complaint was dual conditionality (one related to economic and social performance, and the other to governance). Recipients also complained, and the evaluators share their concern, that non-economic criteria were not being applied in a transparent way across countries.

![Figure 3.6: Types of donor financing](image)

Source: SPA Secretariat: Donor allocation data based on information supplied by donors (April 1997).

### Changing the quality of QDA (concessionality, untying, speed)

3.32 **Relevance.** The value of QDA to SPA countries could be increased by making existing and new resources more concessional, by untying procurement and by speeding up disbursement. Changing the quality of QDA has, therefore, been an explicit SPA goal alongside additionality—a highly relevant objective of the overall SPA effort.

3.33 **Efficacy**

(i) **Increasing concessionality.** The share of grants in total SPA assistance has declined between SPA 1 and SPA 3 from 51 percent to 45 percent (down from 55 percent during
SPA 2; see annex 1, table 4); and unlike ODA project assistance, which has seen the
grant element of loans increase over the past ten years, quick-disbursing program loans
to the SPA countries has not benefited on average from greater concessionality.
However, ODA program loans during SPA 3 enjoyed an already significant grant
element of a little over 70 percent; but the level has not increased since the early 1980s
(table 3.4) despite the high indebtedness of SPA countries. The absence of any
significant shift in the degree of loan concessionality is also transparent at the level of
individual donor and recipient countries (annex 1, table 5). Thus, SPA has not had any
impact on the degree of concessionality of donor ODA.

Table 3.4: Average grant element: ODA program and project loans (in percent)

<table>
<thead>
<tr>
<th>Time Period</th>
<th>ODA Project Assistance</th>
<th>ODA Program Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Aid</td>
<td>Loans Only</td>
</tr>
<tr>
<td>1980-84</td>
<td>93.8</td>
<td>65.1</td>
</tr>
<tr>
<td>1985-87</td>
<td>94.7</td>
<td>64.1</td>
</tr>
<tr>
<td>1988-90</td>
<td>94.8</td>
<td>66.3</td>
</tr>
<tr>
<td>1991-93</td>
<td>97.7</td>
<td>71.3</td>
</tr>
<tr>
<td>1994-96</td>
<td>99.0</td>
<td>72.2</td>
</tr>
</tbody>
</table>

Source: OECD/Credit Reporting System

Excluding AFDF and IDA, loans constituted 22 percent of total adjustment financing
during SPA 1 and SPA 3, and 32 percent during SPA 2 (mainly due to declines in French
and German loan funding; see annex 1, table 4). The share of development bank lending
relative to total SPA funding has continuously increased over the SPA phases, from
31 percent during 1988-90 and 38 percent in 1991-93 to 43 percent for 1994-96. The grant
element of their lending was held constant at about 80 percent.

(ii) Faster disbursement. Disbursements reached 73 percent of allocations during SPA 1,
68 percent during SPA 2, and nearly 80 percent during SPA 3. Donors pointed out that 80
percent was a high disbursement rate compared to project loans and that it met the
disbursement assumption underlying the SPA 3 pledging exercise. Regarding
timeliness, evaluators learnt that assistance was timely in Uganda and Mozambique, but
not in Kenya, Mali, Senegal, Burkina Faso and Zambia. In the three CFA countries visited
(Mali, Senegal and Burkina Faso), the bunching of disbursements at the end of
the year resulted in uneven resource flows. Recipients were concerned about
conditionality affecting the timeliness of disbursements. One donor that cofinanced
with the World Bank faulted Bank staff for not informing the donor promptly the

33 World Bank (1994). *Special Program of Assistance: Launching the Third Phase*. Africa Region, Washington,
D.C., p. 78.

34 Foreign exchange requirements may vary even within periods. In one of the sampled countries, a payment
anticipated and needed at the beginning of a year was disbursed much later in that same year. While the concerned
government was forced to borrow the money from the capital market, the disbursement actually arrived at a time when
there was no shortage of foreign exchange with potentially negative effects both at the time of need and of availability.

35 Recipients in general expressed great dissatisfaction with the excessively large number of conditions (Mali and
Zambia), the timeframes in which they were set (Kenya and Malawi) and dual conditionality (Zambia).
conditionality had been fulfilled so that the donor's own disbursements could proceed. Thus faulty communications resulted in avoidable delays.

(iii) **Progressive untying.** Countries eligible for SPA assistance benefited from the progressive untying of QDA. (See also paras. 4.4 and 4.10). Such untying gave recipients a wider choice of procurement: during 1994-96, 93 percent of the resources disbursed by SPA donors were reported to be untied by source of procurement (annex 1, table 6). The 93 percent rate compares with only 60 percent under SPA 1 and less than 50 percent for the three-year period preceding the establishment of the SPA. Under SPA 3, though two major donors continued to fully tie their aid, eleven donors provided assistance without attaching any conditions on the source of procurement and another two significantly boosted their share of untied assistance. Ten years ago, only loan-supplying donors (AFDF, France, and Japan) had no restrictions on procurement. By comparison, the untying of program assistance (for imports, and balance of payments, budget and structural adjustment support) has been slower for non-SPA countries qualifying for IDA support. From a 1985-87 level of 28 percent, untying has now reached 75 percent in the non-SPA countries, with any further untying being much less likely. The virtually complete untying of QDA to SPA countries can therefore be attributed to the influence of the SPA mechanism. This was also borne out from donor interviews. The donors indicated to evaluators that the peer pressure via SPA helped them to gain the needed support from donor capitals and that the high untying rate was an important achievement of SPA considering that it is difficult to justify to home audiences. However, untying needs continued monitoring at the donor-level. There were indications that two donors that currently have 100 per cent untying may go back to tying a part of their assistance. Moreover, recipient country evidence did not appear to support the high untying rate of 93 percent. The positive effect of untying by source of procurement was in some instances, offset by procedural difficulties.

**Evaluation summary**

3.34 The SPA partnership has galvanized donor interest in supporting Bank/IMF-led economic stabilization and adjustment programs. As the numbers suggest, the SPA is likely to have been instrumental in focusing existing ODA resources on SPA-eligible countries. The mechanism can be credited with the progressive linking of donor quick-disbursing program financing to structural adjustment programs. The SPA influenced the quality of QDA, most notably in terms of the untying of procurement. While disbursements fell short of allocations, the rates improved to 80 percent of allocations by SPA 3. It is not clear to what extent allocation decisions were actually guided by SPA monitoring mechanisms on performance and gaps. The fact that debt relief has remained outside the framework has restrained SPA's potential resource impact. SPA donors have to a certain extent exercised selectivity among performing (on-track) and non-performing (off-track) countries. Donors, however, adapted their resource flows to changes in performance status in a graduated manner rather than through strict stop-and-go responses. Donors have found coordinated financing to be increasingly attractive, possibly indicating a more independent stance from the IFIs.

36 Based on DAC/CRS data on non-food program aid by purpose of commitment. Reporting started only in 1983.

37 That project assistance to the SPA countries by the same donors has seen virtually no untying further confirms the SPA's influence. Today's level of 37 percent for project untied assistance is barely higher than in the mid-1980s.
SPA's importance as a resource allocation mechanism is reduced somewhat by the diminishing relevance of the financing gap methodology. Exclusive reliance on balance-of-payments financing gaps as the guiding criteria for program aid has been questioned within the SPA framework as budget shortfalls and domestic debt, rather than foreign exchange shortages, increasingly become the main financial constraint to economic growth in SPA recipient countries. The external gap methodology applied under the SPA may have created the impression that donor quick-disbursing resources would remove the binding constraint to growth in recipient countries. Coordination between Bank/IMF and donors needs to focus increasingly on the structural adjustment process and to deal with the various financial, human resource, and institutional constraints to growth in a more integrated fashion; and the required resource flows need to be determined within sound macroeconomic frameworks by focusing not just on balance of payments but also on budget gaps. However, the concept of budget support needs to be developed in recipient countries, particularly since many recipient countries lack a strong budgetary framework—a basic prerequisite for providing budget support.
4. **Improving Procedures**

**Main findings**

- The SPA’s work on donor procedures evolved from the initial focus on the internal administration of their assistance to the need for complementary actions by the SPA recipient countries on their related policies and practices.

- The SPA partnership had a significant influence on reforms in donor procedures for import support. Of the three main areas of donor procedures addressed by the SPA, most progress was made in untying and streamlining procurement practices for import support and in ending earmarks of counterpart funds; and the least progress in establishing a more consistent approach to local cost compensation (LCC). Although import support programs have largely achieved SPA objectives, continuing work may be desirable to further simplify procedures and documentation requirements. While some pooling of counterpart funds has occurred, some earmarking continues particularly for health and education. However, earmarking is not always viewed negatively. Donors have continued to pay salary supplements or have found alternative arrangements to attract competent civil servants.

- Donors were generally satisfied with the process used to establish guidelines on donor procedures. In particular, they valued the learning experience that flowed from their active participation in the process.

- Reforms in donor procedures complemented and facilitated the process of liberalization of foreign exchange markets in recipient countries; current import procedures in recipient countries are also generally in line with SPA guidelines. Nevertheless, the evaluators found that, with few exceptions, the guidelines were either not received in recipient countries or were not identified as being the result of SPA’s work (reflecting donor consensus). A key challenge for the SPA is how to disseminate and monitor guidelines especially in view of the informal nature of its operations. In the past, Joint Evaluation Missions (JEMs) to recipient countries were an important and useful instrument but they have been discontinued as no longer needed. CSRs lack the comparative information needed to maintain peer pressure.

**Evolution of the agenda**

4.1 Improving donor procedures to enhance the quality and effectiveness of QDA has always been a major interest of the SPA. Over time, this interest broadened from a focus on untying resources and streamlining procedures to accelerating disbursements to other features of donor programs, such as the use of counterparts funds, LCC and SIPs.

4.2 The evolution of the SPA agenda has demonstrated that as the members examined their procedures they identified practices that were not supportive of adjustment objectives. They found poor synchronization of the flow of resources in support of recipient country policy actions, burdensome demands on limited administrative capacities, and distortions in the use of financial and personnel resources. The examination of their own procedures brought out the
need for the recipient countries to strengthen their internal institutions and systems that were used to manage their own and donor foreign exchange and budgetary resources. For the donors such strengthening was important to provide greater confidence in how their resources would be used. Local procurement administration, import liberalization, public expenditure management, and civil service reform were among the main areas requiring this strengthening. Thus, reforms related to import regimes and counterpart management required collaborative actions by the donors and recipients. What started out as a largely donor-focused agenda on procedures for accelerating disbursements grew into a broader interest in policy and institutional reform in recipient countries. This called for improved in-country coordination and a more systematic exchange of information that would help to assure more coherence and complementarity in the donors' programs, as the JEMs had recommended. With this evolution, the relevance of the SPA's work to recipient development objectives increased markedly.

**Import support programs**

4.3 In September 1987, a framework for the SPA, prepared by the SPA Secretariat, pointed out the importance of coordinating disbursement procedures to improve the efficiency and efficacy of QDA. This point was highlighted at the first SPA meeting in December 1987 (see para. 1.13), when the Bank laid out the objectives and policies for the first phase of the SPA. In seeking donor support, the Bank emphasized the need for a shift in aid composition in favor of quick-disbursing financial resources with modalities as flexible as possible to accommodate a variety of donor circumstances. Even though a high degree of flexibility was to be established, some minimal conditions, such as high concessionality, rapid disbursements against a broad and flexible list of imports, and concentration on the eligible, low-income, debt-distressed countries with adjustment programs had to be met.

4.4 Untying QDA was a primary aim of the SPA in its early efforts to improve the quality of assistance. In urging donors to provide cofinancing, the Bank stressed at the first meeting of the SPA in December 1987, that it be in the form of untied grants to finance a comprehensive list of imports to permit rapid disbursements. As a result of this concern, the Bank organized a special meeting at the SPA Plenary in October 1988 to agree on specific recommendations for standardizing procurement and disbursement procedures. Actions agreed among the SPA partners included:

- Standardized competitive bidding procedures for untied assistance.
- Greater use of Letters of Credit.
- Common higher thresholds for the application of competitive bidding procedures.
- Greater use of ex post review of contracts.

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38 This emphasis in the SPA on untied assistance was not new to donors. The same donors had already been wrestling with the issue of untying assistance at the Development Assistance Committee (DAC) for several years. In 1987, the DAC members agreed in principle with "the valuable role of untied aid for the development of recipient countries' economies and societies as well as for minimizing trade distortions and thus encouraged each other to provide aid in this form, wherever possible." It also supported the advantages of international competitive bidding. However, the DAC, in its report on principles, brings out the considerable difficulty that the donors had with untying aid and thus dwelled at length on managing tied aid to ensure "obtaining best value for money and minimizing trade distortion." See OECD/DAC (1992). *DAC Principles for Effective Aid*, Paris, p.121.
Also, a number of changes were introduced in the IDA-administered cofinancing of import programs as part of the standardization and acceleration of disbursement procedures. Those included:

- One single disbursement letter covering all funds disbursed by IDA.
- The use of a single special account for each operation.
- Standardized cofinancing administration agreements.

4.5 This aim was reemphasized at the Plenary session. The chairman stressed “the importance of the timely flow of resources in support of the adjustment programs. Funds have to be disbursed quickly. In order to increase the disbursement rate, first, we are concerned that the various procurement and disbursement procedures proposed and used by different cofinancers under the SPA are likely to overtax the already weak administrative capacity as well as slow down the search for competitive supplies”.

4.6 In April 1989, agreement was reached on steps to speed up disbursements and ensure greater transparency in their use. Subsequently, JEMs were sent to Mozambique (September 1989), Tanzania and Uganda (early 1991) to harmonize and streamline donor procedures for procurements and disbursements. Drawing on the findings of the JEMs and on the results of a questionnaire, the SPA formed a Working Group on Import Support Programs, in October 1991, chaired by the United Kingdom.

4.7 The Working Group process. The Working Group on Import Support Programs produced a number of guidelines that were adopted by the Plenary in April 1992. The guidelines outlined some basic principles to be followed by all recipient countries in the design and implementation of import support programs, aimed at satisfying donors in areas such as economic efficiency, value for money, accountability, and transparency. Specifically, the guidelines called for:

- The Bank to work with the SPA-recipient countries on programs to increase enterprise sector efficiency through limits on budget subsidies to the parastatal sector, removal of price controls and ensuring that both public and private enterprises have the same access to the foreign exchange available.
- Establishment of a unified market-based exchange rate.
- Disbursement of funds through a decentralized competitive foreign exchange market.
- Agreement on a negative list and standardized procedures on procurement.
- Pre-shipment inspection.
- Provision of technical assistance to build capacity.
- Timely audits and agreement on the standardized terms of reference for audits of import support programs drafted by the Bank.

4.8 The guidelines also called for the Bank and the Fund to monitor those points and report on them in their CSRs, use the CGs and RTs to follow up on major issues in those areas, and continue to gather information on donor procedures. It was recognized that, during SPA Plenary meetings, donor procedures for procurement and disbursement could be harmonized and policy measures adopted for donor action. But, as the JEMs made evident, concrete actions to achieve

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39 Transcript of October 3-4, 1988, SPA meeting.
harmonization had to be undertaken on a case-by-case, problem-solving basis in response to the particular situation in a recipient country, with regular monitoring and "enforcement" through peer pressure.

4.9 **Implementation and results.** A progress report presented at the SPA meeting in April 1994 on import support programs concluded that Ethiopia, Burundi, the Gambia, Ghana, Guinea, Malawi, Mozambique, Sao Tomé and Principe, Tanzania, Uganda and Zambia had made significant progress. They had all liberalized their foreign exchange and trade regimes, thereby improving their public procurement practices and strengthening their reporting and auditing systems. In response to these liberalized regimes, the donors were called on to liberalize their import financing by untying their assistance, removing administrative disbursement procedures, and, in general, dispensing with the need to link their financing to specific imports. Instead, donors were called on to rely on the overall efficiency of the foreign exchange market, on export accounting, and on financing imports that had already taken place. Moreover, it was suggested that the donors provide cash transfers of foreign exchange through central banks since there is little relationship between foreign exchange provided by the donor and import documentation for accountability purposes.

4.10 The findings of the 1994 report brought out the following:

- More than 90 percent of QDA as of December 1993 was untied, but there continued to be instances of tying to specific commodities and markets.
- Some donors were still running their own commodity import programs.
- More progress was needed to get donors to use the standardized audit procedures that were agreed to.

The report concluded that "donors have made very significant progress in improving the quality of their import support programs." Yet, it notes: "there are areas where further improvements are needed, particularly by donors..."

4.11 The findings of the evaluators’ field missions broadly support the conclusions in the 1994 report. They found that there had been achievements in both the harmonization and simplification of donor procedures and untying. Some recipients (Malawi, Tanzania, Uganda, Zambia) perceived more progress than others (Burkina Faso, Kenya, Mali, Mozambique, Senegal). Unlike in the past, most import support programs were limited to a negative list of ineligible import items. One donor (the United States) had moved to cash transfers in some instances. Reporting procedures had been streamlined.

4.12 Yet, according to field reports, even when procedures appeared to be simplified, difficulties were encountered in implementation owing to political considerations and procedures in donor capitals, difficulties associated with the centralization of donor decisionmaking, and the complexities of donor bureaucracies. While the amount of tying had been reduced, donor requirements and conditions still varied, according to donor and recipient country representatives, usually depending on the extent of transparency and donor confidence in the procurement, accounting and auditing system of the recipient government. For example, based on field reports in Tanzania, the U.S. Agency for International Development (USAID) expected 60 percent of imports to come from the United States. In Ghana, according to the Central Bank, the United Kingdom tied support to the United Kingdom on a reimbursement basis on the
submission of specified documents; the Canadian International Development Agency (CIDA) tied support to non-OECD countries; and the EU, to EU member countries. In Mozambique, funds from an ongoing German line of credit were tied to procurement from Germany. In Kenya, since donors did not have confidence in the government, procedures for procurement and auditing were more cumbersome than in other countries. Country officials' views varied on the continuing requirements for documentation that the donors required before making disbursements. Some considered those requirements burdensome—more so with some donors than with others; others found the procedures of minimal concern.

4.13 In summary, the SPA, through its work on import support programs, has made an important contribution to the quality of donor QDA and thereby strengthened recipient country programs for liberalizing foreign exchange and trade regimes, procurement practices, and related reporting and auditing systems. The success achieved in liberalizing import support could be attributed to several factors:

- Common interest of bilaterals, IFIs and recipients to speed up disbursements.
- Representation of operational staff.
- Monitoring by JEMs, plenary discussions, questionnaires, and the peer pressure generated by these processes.

The extent of progress achieved in liberalizing exchange and trade systems would not have been possible without donor flexibility. The success achieved in liberalizing import support was particularly noteworthy in view of the internal procedural and political difficulties faced by several donors and the fact that donor compliance actions were voluntary. However, it is important not to overstate the role of the SPA in untying import support. Liberalization of exchange rate regimes did form the core of the adjustment programs; untying was not a new topic. While the termination of the JEMs reflects the conclusion that this task was essentially completed, the findings of the evaluators suggest that there is a continuing need for monitoring the application of the guidelines. Also, further steps by the donors are needed to reduce the burdens of procurement procedures, documentation, and related administrative requirements on governments, and to follow up on import program audits.

Management of counterpart funds

4.14 Issues related to the management of counterpart funds have been of long-standing concern among donors and recipients. Experience with their use and management extend back to the Marshall Plan in the late 1940s and early 1950s and has been a common feature of development assistance for some donors since then. The OECD/DAC addressed this topic in the late 1980s and issued its principles for the management of counterpart funds in 1991, as part of its work on the principles for program assistance. As the volume of counterpart funds increased with the drawdown of QDA, these issues became more prominent with SPA members.

4.15 The Working Group process. The Working Group on Counterpart Funds was formed at the June 1990 Plenary meeting, chaired by the EC. The guidelines were approved in April 1991 and had three objectives:

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40 In a recipient country where the value of imports from the donor country exceeds the tied aid allocated to the recipient, the impact of such a procedure on resource allocation is minimal.
• To ensure that counterpart fund management was consistent with adjustment policies and reforms within a framework of stabilization and growth-oriented development objectives.
• To simplify and increase efficiency in donor procedures for allocating and auditing counterpart funds.
• To ensure that the counterpart allocations were consistent with the government’s public expenditure program within a comprehensive budget; thus donor counterpart funds should not be earmarked for certain purposes.

The guidelines also acknowledged the need to make public expenditure planning more efficient and transparent as one of the priority reforms in SPA-recipient countries.41

4.16 Other provisions of the guidelines called for establishing a single account for the government’s deposits of all counterpart funds (including counterpart funds from all forms of program and food aid). These funds would be released in support of an approved public expenditure program and would be monitored by the recipients, in close collaboration with the donors with a standard format for reporting the collection and use of the funds. The Bank and the Fund were urged to be flexible and pragmatic in taking into consideration donors’ views and their financial support when preparing the framework for stabilization and growth. Finally, it was proposed that progress made in the application of the guidelines be assessed after one year and reported at the spring meeting in 1992. There is no record that such a report was made.

4.17 Implementation and results. The 1994 “Progress Report On Improving Quality of Import Support Programs” pointed out that many donors were applying the counterpart guidelines. However, there was still considerable earmarking, and the donors were urged to stop this practice as recipient countries adopted more efficient and equitable public expenditure programs. Similarly, at the June 1995 Plenary, it was reported that many donors still earmarked and managed these funds, making budget management by recipient governments difficult. Stressing the need for improving budget management and setting priorities in public expenditures, the Bank urged the donors to view the funds as a source of local financing in support of the general budget.

4.18 During their field visits the evaluators found that the procedures for using counterpart funds had been simplified, in line with DAC principles, to the extent that, in some countries, this control by donors had been largely eliminated. Thus the most serious distortions stemming from earmarking have largely been eliminated, but only modest progress has been made in establishing a single account for all counterpart funds. Yet there were instances in seven of the countries visited in which donors required that they authorize utilization of the funds. For example, the use of counterpart funds had not been completely freed up as donors earmarked them for support to specific projects in priority sectors, particularly health and education. This was the case in Malawi, Mozambique, and the francophone West Africa countries visited. In one instance, the funds were earmarked for the payment of primary teachers salaries (Malawi); in another for water supply or for the local expenditures related to projects funded by the donor.


(Mozambique). In yet another instance, the use of the funds was linked to the retirement of domestic debt (Malawi). Actual control, however, was somewhat loose and mostly served the function of enabling donors to check that certain important public expenditures were actually carried out by the government.

4.19 An interesting alternative view, held by some government officials in spending ministries, is that earmarking is a way of protecting funding for their programs. Moreover, in the three francophone countries visited, government officials make a distinction between budgetary aid for current expenditures and aid for financing public investment. The ending of earmarking for current expenditures is regarded as good policy, while earmarked financing of public investment is more natural and in the spirit of project aid.

Local cost compensation

4.20 The Working Group on Civil Service Reform, chaired by Sweden, was formed in April 1992 to address donor LCC practices in the framework of civil service reform; guidelines were adopted in April 1994. Also in 1994, the United Nations Development Programme (UNDP) became the chair of this Working Group to address other dimensions of civil service reform. (The discussion of the follow-up work on civil service reform chaired by the UNDP, is covered in chapter 5 and annex 2.)

4.21 The Working Group process. In the early 1980s, the issue of “salary topping” or, as more formally titled “Local Cost Compensation” (LCC) for government officials became a topic of concern for some donors as the practice became more widely known and its negative effects more apparent. LCC was manifest, in part, in instances of donors competing in their efforts to attract able local expertise for their projects through pay incentives and other perquisites. The DAC addressed this issue in the late 1980s and established guidelines in its “Principles for New Orientations in Technical Co-operation” in 1991. Reflecting this concern, a Working Group on Civil Service Reform focused on LCC, and guidelines were endorsed by the SPA Plenary in April 1994.

4.22 The guidelines addressed “three main types of arrangements, each of which have their own problems: hiring staff to work on projects outside of Government on terms and conditions which may attract key staff away from civil service tasks; paying salary supplements and/or non-monetary benefits to existing public servants in key institutions or posts which can create inequity and demotivate the rest of the civil service; and longer-term recurrent financial support for public service salaries on a tapering basis designed to increase and decompress civil service salaries overall as part of the Civil Service Reform.” The objectives expressed in the guidelines aimed at getting donors and recipients to adopt a more consistent approach toward improving civil service performance that would “eliminate the reliance on aid-funding of national staff.”

4.23 The specific guidelines cited the DAC Principles and elaborated four steps for implementing these principles:

- Analyze the situation and extent of the problem.
- Undertake dialogue with government and agree on pay reform as part of Civil Service Reform.
- Work out uniform tariffs/modalities on national levels and agree with government.
• Agree on local compensation arrangements as interim measures linked to progress in reforming the civil service.  

4.24 The lead responsibility for implementing these measures was assigned to UNDP, which was to work with local donor coordination groups to prepare a status report for the next Working Group meeting. Also, the SPA report for Phase 4 refers to DAC agreeing to follow up with donors. DAC was to summarize country-level reports in a Secretary’s report and put the subject on the agenda for a future DAC meeting.

4.25 Implementation and results. Although there are reports that donor groups within recipient countries were drafting country-specific guidelines, this was not found to be the case in any of the 10 countries included in this evaluation. Only the United Kingdom and UNDP had circulated guidelines to their field offices. In April 1995, the Swedish representative requested that the UNDP conduct a survey of the implementation of the SPA’s LCC guidelines. This survey has not yet been undertaken; thus no results have been reported to the SPA.

4.26 The field missions found that while donors have agreed, at the SPA level, to phase out salary supplements there was little or no awareness of the LCC guidelines at the individual country level. Donors continued to pay supplements or found alternative remuneration arrangements to attract competent civil servants (Ghana, Kenya, Mozambique, Tanzania, Uganda, Zambia). When salary supplements were paid, donors did not coordinate their approach; there was no standardization in determining compensation. This was despite the fact that the LCC issue was, at times, discussed at local donor meetings. In Zambia, some donors paid salary supplements to government employees while others claimed that they did not because their headquarters had established policy against it. However, there was no organized discussion aimed at defining a common policy on these practices. Nor were any donor representatives aware of the existence of the SPA guidelines on this issue.

4.27 Policies on salary supplements also varied among recipient governments. In Tanzania, the official policy is not to supplement local civil servant salaries. However, given the unsustainably low remuneration level in public service, donors provided and employees obtained supplements through indirect means. In fact, donors competed for capable civil servants to improve the chances for proper implementation of their projects; nor was there any harmonization of standards among donors. However, a study on salary supplements is currently under way, under the auspices of UNDP. In Uganda, the government decided to discontinue salary supplements in July 1996; however, individual donors have found alternative remuneration arrangements that complement low civil service salaries.

4.28 Malawi presented a contrast. This was the only country where the SPA guidelines on salary supplements were known, at least by a few donors who were able to use them to discourage such practices by others. Donors in Malawi have also harmonized the levels of allowances for participation in workshops. The difference among the three southern African countries visited suggest that the SPA guidelines might also have had an impact in Mozambique and Zambia had they been known. The evaluators were given the example of one donor

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42 From a review of the guidelines, no attention was given to the issue of per diem for civil servants for participating in donor-sponsored workshops. There have been instances in which this per diem represented a significant share of the civil servant’s income. Donors’ per diem rates varied and the frequency of workshops at times conflicted with regular work responsibilities and other donor initiatives.
representative who was discouraged from topping up civil servant salaries by other representatives who referred him to the SPA guidelines.

Follow-up and monitoring arrangements

4.29 For each of the topics, the SPA, in endorsing the guidelines, was clear about responsibilities for their implementation and the mechanisms for monitoring performance. The main instrument for follow up and monitoring was the JEM (LCC issues were not covered by the JEMs). According to the SPA Secretariat, the purpose of the JEMs was to monitor performance by recipient countries in liberalizing their foreign exchange and import regimes and in strengthening their auditing and reporting systems. The Guidelines called for the donors, on their part, to untie their import financing and to reduce or eliminate administrative controls. Thus, the JEMs were particularly important as the means for converting guidelines into practical applications appropriate for recipient country circumstances. The early JEMs, particularly those that visited Mozambique, Tanzania and Uganda, led to a number of policy decisions and actions that were expected to result in improved procurement practices, disbursements, and the efficiency of import support. One important recommendation of the JEMs was the importance of having more in-country coordination and a more systematic exchange of information that would help to assure more coherence and complementarity in donors’ import support programs.

4.30 JEMs were recommended, in 1990-91, for Ghana, Kenya, Madagascar, Senegal, Togo, and Zambia. Additional JEMs were undertaken in late 1992 and early 1993 for Mozambique, Tanzania, and Uganda, and in Tanzania in 1995. (For the JEM’s impact in Tanzania, see para. 7.21). Thus only nine out of the 31 SPA recipient countries had JEMs. In June 1993, it was reported to the SPA that in these countries the donors and governments agreed to a plan of action to follow up on the remaining problems. Measures were proposed at the March 1993 Working Group meeting to improve future JEMs, including wider dissemination of the guidelines to working staff in donor organizations and the Bank; follow up of JEM recommendations by giving local coordination groups more responsibility for follow up and for coordinating donors’ efforts to increase the efficiency of import support programs; and participation in the JEMs to include donor officials and exclude consultants.

4.31 In addition to such JEM measures, the SPA Secretariat added to its CSRs a section on guidelines implementation highlighting areas in which further action was needed. The CSRs for the June 1992 Plenary contain these assessments; they were discontinued in 1995 but were reinstated in the December 1997 CSRs.  

Sector Investment Programs

4.32 The evolution of SIPs is an interesting example of how the SPA works to develop a consensus and convert the consensus into operational modalities. The SIP concept was introduced to the SPA by the Bank at the June 1993 Plenary meeting. The primary aims expressed at that time were to increase the efficiency of investment lending, link investment

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43 If CSRs are to resume monitoring guideline implementation, guidance on format may be needed to ensure comparability.

44 The SIP has been variously referred to as a sector improvement program, sector expenditure program, or the program approach related to national development programs. SIPs are not yet part of SPA financing. Broad programs of sector support are not in fact a substitute for QDA because their rates of disbursement are typically slow.
potential for better resource use, they urge the need for further SPA experimentation with the approach before it is applied more widely.\textsuperscript{46}

**Donor perceptions**

4.41 The sixteen donors that were interviewed, directly or by questionnaire, on the subject of SPA and donor procedures were generally satisfied with the process used to establish guidelines. The Working Groups contained a number of persons with specific technical skills and experience in program assistance and their direct knowledge of the problems involved in program assistance permitted the development of guidelines that were, in principle, acceptable to all. The donors felt that this involvement of practical staff members led to more meaningful and workable guidelines than had emanated from other forums such as the DAC. Some expressed concern about overlap and asked for more coordination with the DAC. The Working Group meetings were valued as an opportunity to provide input into the development of the guidelines, and the learning experience gained from active participation was judged particularly valuable. Also, it was pointed out that participation in the development of the guidelines provided the backing that the donors needed to assure increasing compliance within their own agencies.

4.42 Despite agreement within the Plenary on the various guidelines, they were not universally adopted by all parties and were only partially adopted by some of the more important donors. Some donors found that they faced internal policy and legal difficulties in making changes or simply did not take steps in that direction. Yet, over time, donors made adjustments because they faced increasing pressures in meeting desired disbursement levels, which were impeded by their more rigid systems. Several donors felt that their procurement procedures were already more liberal than that called for by the guidelines and urged other donors to go even further. Others, especially some of the larger donors, felt that, slow as it was, the process had had a very meaningful impact on their own procedures and on the procurement systems of most SPA members.

4.43 Regarding untying, significant efforts were made by key donors to follow up on the guidelines. One donor, with initially only a small percentage of its aid untied, gradually shifted, over the years, to the point of terminating all tying in 1997. Another donor bypassed the untying question altogether by shifting to direct cash transfers to the recipients’ central banks. Major changes were also made in Bank rules for retroactive financing of procurement. The success of foreign exchange market reforms by several African governments was, in part, due to, SPA donors’ efforts to reform their own procedures.

4.44 In Tanzania new approaches, still pending approval, indicate the direction that the reform of donor procedures could usefully take. The bulk of the QDA has, for some time, been transferred directly to the central bank, for the most part, as budgetary support. Several donors, including the Netherlands, Sweden, and the United Kingdom are planning to dispense with the requirement to supply import documents as a basis for the release of funds. What matters now is whether suitable and efficient government accounting and auditing systems are in place. One donor is currently piloting a system whereby funds are released against unpaid bills and an ex

post audit confirms their proper use. Another donor will release further budgetary support in relation to Tanzania’s performance in revenue collection, thereby reinforcing the government’s incentive to raise domestic revenues.

4.45 Progress has been made in counterpart funds programming, the donors believe. There are still donors, including some of the major ones, that find it necessary to earmark the use of counterpart funds rather than letting them become part of pooled, local currency, budgetary financing. They justified their position not only in legal terms but also in terms of the need to link their program aid to specific end products in order to demonstrate to home audiences that their aid was well managed and was having an impact.

4.46 On the question of monitoring implementation, the donors considered the JEMs as the most effective way of monitoring performance. Most of them were satisfied with the manner in which they were carried out and the results gained from them. The JEMs assisted in revising the guidelines themselves, making them more practical and workable. And in the recipient countries, the guidelines were useful in working out specific practices suitable to local circumstances. The JEMs have been discontinued since 1995, primarily because SPA members concluded that JEM work on import support programs and counterpart funding was completed. Also, Plenary attention moved, with some logic, to follow-on issues (for instance, from local cost compensation to civil service reform; from counterpart funds management and import support to broader issues concerning public expenditure management) so that interest in the monitoring of guidelines set out by the original Working Groups shifted to the broader topics that complemented their earlier work. Thus, no attempt was made during the Plenary sessions of SPA 3 and 4 to ascertain whether the guidelines had been implemented by all donors.

4.47 Despite the progress made, donors either expressed dissatisfaction with the implementation of the guidelines and their monitoring or said that they were following them anyway and had not been affected by SPA. Several donors also felt that the Bank as chair and Secretariat (and perhaps the SPA partners as a whole) should have taken a more active role in working to bring about greater conformity to the guidelines. This dissatisfaction contrasts with the general appreciation of the process for reaching a consensus on the guidelines and raises the question of how the SPA should ensure compliance with guidelines. While the SPA did not specify what adoption meant, it was clear that it expected donors to apply the guidelines even if they were not formally bound to do so.

Evaluation summary

4.48 As with other aspects of the SPA, the improvements in donor assistance procedures are evaluated in terms of their relevance, efficacy, and efficiency.

4.49 SPA efforts to improve donor assistance procedures are considered highly relevant to improving the quality of donor assistance when associated with complementary actions by the recipient countries. For the most part, the most critical aspects of procedural shortcomings were addressed by the donors. This is especially the case for import support practices where they complemented and facilitated recipient country foreign exchange and import liberalization initiatives.

4.50 What is most interesting about the SPA’s work on donor procedures is its evolution. Its initial focus was essentially on procedures to be addressed by the donors in the administration of
5. Promoting Adjustment

Main findings

- The SPA policy debates discussed relevant issues in the area of public sector management, poverty alleviation and gender equity. However, the relevance of SPA debates might have been greater if the issues had been selected to respond more directly to emerging problems of adjustment and if recipients had been involved in topic selection and debate.

- The SPA has been concerned with ownership issues as early as 1987, it has taken an intense interest in issues of conditionality and it has recognized the importance of longer-term development concerns. It needs to continue to push for agreement on the instruments for assessing ownership: monitor the experience with conditionality, sequencing and tranching under the Burkina Faso pilot and the HIAL initiative; and debate how longer term concerns might complement QDA, and how implementation might be improved in key areas of policy reform.

- The emerging consensus from SPA policy debates has been mirrored in PFPs, CGs/RTs, Letters of Development Planning (LDPs), Letters of Intent (LOIs) and the HIAL. The SPA was also instrumental in deepening donor and IFI awareness of such concerns as poverty, social impact of adjustment, gender, civil service reform, institutional strengthening in the social sectors. Nevertheless, a systematic relationship could not be traced between the SPA debate on a particular topic and its inclusion in the instruments mentioned, perhaps due to poor dissemination of SPA information both in the recipient countries and within IFIs. Thus the efficacy of the SPA mechanism could not be clearly established.

- The direct impact of SPA debates on recipients appeared to be negligible. Poor dissemination of SPA guidelines and the exclusion of recipients from policy debates may have been responsible. Even in the area of poverty and gender which has long preoccupied the SPA, there was little evidence of articulated strategies in countries visited by the evaluators. However, though the connection with the SPA is not obvious, awareness of PER issues has increased following SPA seminars, interest in civil service reform is strong, gender issues do figure in political discourse, and growth is no longer viewed as the only panacea for poverty.

- The impact on bilaterals of policy debates has generally been favorable. The debates have helped them to understand structural adjustment, achieve policy consensus, and

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51 LDPs are Letters of Development Policy from the borrower to the World Bank. LOIs are Letters of Intent from the recipient to the IMF requesting a Fund arrangement. PFPs, jointly prepared by the recipient countries, the Bank and the IMF, contain an analysis of the macroeconomic program and structural policies, an outline of the policy reforms that the governments need to pursue in the medium term as well as the resources needed to support these policies.

52 Bretton Woods institutions are now showing a renewed interest in the economic aspects of governance, though they remain explicitly barred from intervening in its political dimension. See Guidance Note on Governance adopted by IMF board in August 1997. See also, the World Bank Compact; the report, World Bank (1997). Helping Countries Combat Corruption: The Role of the World Bank, Washington, D.C.; and the guidelines to World Bank staff.
critique the IFI approach, especially towards poverty alleviation. However, in general, the bilaterals were not satisfied with the treatment of poverty, gender, conditionality and ownership issues by the Bank and the Fund. Within their own organizations there were tensions on the importance of financial versus social issues which in turn could impact the policy debates.

Relevance of the SPA policy debates

5.1 The relevance of the SPA as a forum for policy debate relates to: (i) the design and scope of the policy reforms; (ii) the selection of special themes for discussions; and (iii) promotion, ownership, and monitoring. The approach below follows two main lines: a "normative" approach, derived from an overview of the relevant literature and findings from the performance review in chapter 6 of this report, and a process-oriented approach. The overview on structural adjustment assesses the extent to which the findings were taken into account in the SPA-centered policy debate. The process-oriented approach will assess the evolution of the agenda, the selection process of the topics addressed, and those that were never discussed.

Policy debates: a "normative" approach

5.2 At the outset, it is important to point out that the core objectives of the structural adjustment programs and the general thrust of strategies are supported by a large body of analytical and empirical literature. The literature review confirmed the finding that adjusting is better than not adjusting. Further, progress in achieving macroeconomic stability is essential for structural adjustment programs to be credible and for them to be sustained. While the core issues are generally well accepted, the SPA partners have not adequately debated the poor impact in some key areas of the structural adjustment reform process or some of the issues identified in the literature as being important for improving the impact of adjustment programs (see chapter 6). The latter include among others: borrower ownership, conditionality and benchmarks to assess progress towards the key objectives of poverty alleviation, fiscal sustainability, and longer-term institutional development. These issues are addressed in the following paragraphs.

5.3 Regular assessments are needed on the impact of adjustment policies on various constituencies and the effect this might have on the momentum for reform—a finding echoed from field missions to African countries in the context of this evaluation. In a country like Ghana that for many years has been praised for successful adjustment, critical structural reforms in the enterprise and financial sectors have not really been locally owned and pursued with the necessary vigor. These shortcomings—in addition to wavering on the macroeconomic front—have been major contributors to the shortfalls in performance in the recent past.

5.4 Mission reports from the recipient countries also indicated that ownership and capacity were closely linked, and recipients can take charge of their programs only when they have the necessary capacity to formulate and execute them. The SPA identified the PFP and PER

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processes to be key for enhancing local ownership of the reform process and Working Groups have monitored the extent to which these instruments were evolving to support local ownership. One indicator of existing capacity constraints was that the PFPs were principally prepared by the IMF and the Bank rather than by government officials. Selected countries (Burkina Faso, Kenya, Senegal, Uganda) have become active participants in the PFP process, but capacity problems were severe even in relatively successful countries like Uganda. Recent attempts in SPA countries to involve civil society and the private sector in policy processes (e.g. Burkina Faso) is likely to encourage ownership. More attention therefore, needs to be paid to assessments of the capacity required to enhance local participation and leadership.

5.5 The SPA partners have been concerned with the ownership issue since the SPA’s inception (long before the issue was discussed in other fora), and bilateral and multilateral donors reaffirmed its importance in interviews with evaluators. Bilaterals expressed dissatisfaction with the Bank’s dialogue in recipient countries. The view was that it tended to pursue policy dialogue with a narrow range of government officials. Despite keen interest evidenced in this issue, the debates within SPA have not focused on how broad-based ownership of programs can be nurtured in the recipient countries, what common parameters the donors can agree on to assess ownership ex ante (before resources are committed), and whether ownership exists to justify more QDA. A lack of agreement on the instruments to assess ownership has led to ad-hoc proliferation of issues as evidenced in CG/RT discussions.

5.6 In interviews with evaluators, donors affirmed the importance of an in-depth review of the concept of, and approach to, conditionality. For instance, one donor pointed out that the Bank was not always eager to enforce conditionality because it could slow down disbursements. Another donor said that there were difficulties in influencing the Bank to move away from too petty and detailed conditionality. Still another donor pointed out that the current practice of conditionality made monitoring difficult and limited donor ability to react in a timely fashion. The donors were watching the pilot in Burkina Faso with interest. This pilot was the outcome of the Working Group on Economic Reform in the Context of Political Liberalization established in the June 1993 Plenary to look into conditionality and other issues (see annex 2). The debate on this pilot between the IFIs and the EU and the consensus achieved on the mechanics of its implementation were good examples of how debates can lead to a common position. Donors have also held discussions on the Bank’s HIAL initiative which focuses on issues of conditionality both in terms of substance and process (see para 5.32). The next step is to assess the Burkina Faso pilot and the HIAL initiative and to implement flexibly the lessons learned.

5.7 The intense interest in conditionality issues within the SPA and in the academic literature has not resulted in the SPA donors informing themselves more generally on how conditionalities in adjustment programs were actually formulated, whether they reflected the desired progress towards the objectives of poverty alleviation and fiscal sustainability, how they were implemented by recipient countries and the nature of incentives that exist on the borrower and donor sides to adhere to the spirit of conditionality. Mosley (1996) observes that since both recipients and donors want to disburse funds, the incentive for the recipient country is to breach an agreement, and for the donor to forgive it. Compliance in this situation gets restricted to the least costly measures from the recipient point of view. Thus countries may "comply" and
remain "eligible", but since cumulative experience may still be less than successful, they do not "graduate". 54

5.8 The SPA partners have recognized the importance of longer-term concerns (human development; agriculture and rural development; infrastructure investment; environmental conservation; private sector development with all its ramifications in terms of deregulation, privatization, and financial sector), but this recognition has not been followed up by actions, nor have the partners adequately debated how these longer-term concerns could complement QDA. 55 The academic literature highlights the longer-term constraints, particularly in the areas of infrastructure and human resource development, 56 and environmental sustainability. 57 Some longer-term concerns (among others, institutional and capacity building, cross-sectoral links, and decentralization) are being addressed by SIPs. Others, for instance human resource development, are being addressed in adjustment programs (see PFP discussion), but the SPA recipient countries' health and education spending as well as outcomes have so far been less than desired (see chapter 6). Another key consideration is that not all countries are at the same level of macroeconomic and structural reform: flexibility is therefore important in addressing longer-term concerns.

5.9 The SPA Working Group on Poverty and Social Policy (WGPSP) has over the last three years regularly reviewed how poverty and gender have been incorporated into CASs, PFPs, and SAPs (see annex 2). In addition, the Working Group commissioned several major studies on poverty assessments and the poverty focus of PERs and SAPs. Its discussions also touched on such issues as the levels and patterns of growth needed to eradicate poverty, market failure, and marketing reforms. 58 Many of these issues have been presented to SPA Plenaries since the WGPSP was established in 1993, but they have not been consistently incorporated into SPA-supported adjustment programs. The gender issue has been integrated more closely into the WGPSP agenda, particularly since 1996. The November 1995 Plenary endorsed a proposal for piloting three structural adjustment loans focusing on gender-related issues in Burkina Faso.


55 For instance, as early as in 1989, the SPA asked for focus on long-term institutions and capacity building in order to enable a recipient country to implement social policies and emphasized strengthening economic management in key ministries.

56 This is the core message from Killick, Tony (1993). The Adaptive Economy. EDI Development Studies. World Bank, Washington, D.C. Collier and Gunning (see Collier, Paul and Jan Willem Gunning (1997). "Explaining African Performance." Centre for the Study of African Economies. Oxford: CSAE Publishing), discussing Africa's poor infrastructure, state that in SSA the "provision of railways, telephones and electricity has grown more slowly than in other low income countries and the quality is poorer". Telephone density, an important determinant of a country's ability to receive and process information, is extremely low in SSA countries and transport costs are also higher than in other regions.


58 According to White (see the background paper for this study, White, Howard (1997). "Poverty and Adjustment in Sub-Saharan Africa: A Review of the Literature": The Hague: Institute of Social Studies), several threads of the literature on market failure are relevant for how adjustment policies may affect the poor, such as interlocking markets (affecting prices paid for essential goods and services), missing markets (such as women's time and land tenure systems), asymmetric information and problems of signaling (restricting access to credit) and oligopolistic markets. Some of these items are reflected in research at the Bank, and some have entered the SPA agenda.
Mali and Mozambique in 1996; the Mali and Mozambique pilots are now in progress. The challenge is to integrate gender-related measures into the design of structural adjustment programs. Moreover, the evaluators found that Working Group reviews were not sufficiently informed by the academic literature or by the findings of evaluative reports prepared by bilateral donors and IFIs on the social impact of adjustment. CSRs, which in 1995 and 1996 discussed the relationship between poverty and growth, have not touched on the regional, rural, and ethnic dimensions of poverty—issues that are likely to be key for the design of poverty operations. Nor do the CSRs systematically track the progress of social development indicators by country. The analysis of poverty in the SPA countries therefore needs to be strengthened to provide a better basis for action on poverty reduction. Recent OED reviews of CASs also reveal that while the more recent strategy documents have a greater poverty and gender focus than the earlier ones, the depth of analysis needs to be improved and the approach needs to be more country-specific.

5.10 While the SPA partners have expressed disappointment with the lack of substantive results after many years of adjustment, they have not monitored or debated in depth the reasons for poor implementation in public enterprise reform, tax reform, or bank restructuring despite strong interest in improving implementation in recipient countries. Questions remain regarding privatization in economies with weakly developed capital markets and appropriate institutions for the civil service and the financial sector. In terms of specific aspects of adjustment programs, inadequate attention to the structure of financial markets (which determines the effectiveness of monetary and credit policy on investment) has been noted as a major factor behind the insufficient response of private investment. This point is also brought home in the forthcoming OED study on financial sector reform. Neglect of longer-term institution-building strategies for the civil service and excessive focus on cutback management in the civil service reform components of adjustment operations is identified in another OED study on civil service reform (also forthcoming). The role of institutions in combating poverty and addressing gender issues has also been documented in the literature.59

5.11 Finally, it has been suggested that the SPA partners could move from debating policy issues to getting action on possible areas of shared cooperation: statistical information systems, cofinancing of macroeconomic missions, distribution of fields of study to donors depending on their comparative advantage, monitoring systems focusing on poverty and the social sectors.60

5.12 Specific SPA topics. There was no set process guiding topic selection. The topics chosen for in-depth review were frequently determined by the experience with prior Working Groups on donor procedures and a shared interest in coordinating donor assistance. For instance, the initial interest of the SPA in Public Expenditure Reviews (PERs) stemmed largely from the work carried out earlier on the use of counterpart funds. Since recipient countries were asking for counterpart funds to be freed up for general budgetary support, the donors felt that they should concern themselves with the quality of expenditures. Similarly, the Guiding Principles on Civil Service Reform in Africa, prepared by the UNDP Working Group on Civil Service Reform,


were a continuation of the earlier work carried out by Sweden on LCC (see annex 2). The absence of processes or rules had a positive aspect, it provided flexibility to debate issues of particular interest to donors. This helped to strengthen donor commitment and move the process further. Equal opportunity to voice views and make their presence felt in the policy area was particularly valued by the smaller donors.

5.13 The selection of topics guided by the interest of one or several donors ensured donor ownership, but it did not always lead to the selection of issues of greatest relevance to the evolving nature of adjustment in Africa. Five topics have been more extensively discussed within Working Groups or in the plenary meetings of the SPA: public expenditure issues (including SIPs and military expenditures), civil service reform, economic reform in the context of political liberalization (including governance issues), poverty and social policy, and gender. Recent OED work has confirmed the centrality of public sector management issues on which many of the policy debates were focused, but the work also shows that public sector topics are all interrelated and that a common starting point which would provide focus to the various public sector management issues might be consideration of the appropriate role of the state. It shows that the Bank and its borrowers need to consider explicitly the role of the state and the appropriate mix of public/private provision of services in recommending public expenditure reform. These findings confirm Cornia and Helleiner (1994) who note that strategies for reform need to address the appropriate range of government activities to support development, the best way of ensuring social equity and the indigenous private sector response to new opportunities.

5.14 The approach followed to cover certain topics also tended to restrict its relevance. For instance, the approach to PERs initially narrowed the scope of discussions to concerns of more immediate interest for donors, as opposed to issues of more relevance for the recipient countries' development, such as capacity building for budget management. However, the later broadening of the debate to include a broad range of African participants was a unique aspect of the work of the Working Group on Public Expenditures (see annex 2). Similarly, the topic of civil service reform would have been more relevant, if it had started by assessing the appropriate ambit of public sector activities. Such a starting point would have helped define more clearly the roles and responsibilities of the civil service and priorities for reform. It would also have emphasized the critical importance of performance and governance issues. The work of the Working Group on Economic Reform in the Context of Political Liberalization looked into the issue of governance and its link to successful economic policy, but it also needed to address the issue of political conditionality, an area of interest to the recipients (see annex 2). The exclusion of political conditionality was probably due to the fact that a common position on this issue would have been difficult to achieve given political sensitivities and the limited mandate of the World Bank and IMF in this area. But shifting donor positions with regard to the use of political conditionality have created a climate of uncertainty in the African countries which have raised questions about the arbitrariness of its application. Some donors have expressed discomfort with the spotlight on governance issues, because governance was not one of the three eligibility

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63 One donor has suggested that the scope of topics chosen was limited because choice depended on whether donors were unclear or uneasy about the Bank's approach in specific areas.
criteria set out by the SPA at its inception and—unlike economic conditionality—there are no clear benchmarks (see para. 3.31).

5.15 As the above discussion illustrates, the literature suggests that there is a range of topics of direct relevance to structural adjustment programs. The evaluation does not suggest that the SPA debates should address them all. But it does find that selection of topics that respond directly to evolving adjustment issues (rather than choice based on donor experience and interest) and a broader approach involving African participants may have increased the relevance of the SPA policy debates.

**Efficacy of the SPA mechanism as a forum for policy debate**

5.16 **Processes.** The main difficulty in trying to assess the achievements of SPA policy discussions, is the vagueness of the objectives. In certain cases the only stated objective has been the preparation of a paper or the organization of a workshop by one of the participants. For instance, the EC presented a paper on regional integration and structural adjustment, and the USAID organized a workshop on economic reform in the context of political liberalization. While debates on regional integration and structural adjustment remained limited to a presentation to the SPA Plenary, the second (on economic reform) led to the constitution of a Working Group to follow up on the theme of the workshop. Such a cautionary approach may be appropriate at the beginning of the debate when it may be necessary to ascertain whether an issue deserves further attention, but the documents do not make it sufficiently clear why economic reform in the context of political liberalization was a more important issue and deserved more in-depth treatment than regional economic integration.

5.17 Some topics, like national long-term perspectives studies or technical cooperation and capacity building, have similarly been presented in papers prepared by one of the participating donors, but no attempt was made to go beyond this limited presentation into the elaboration of a donor strategy.

5.18 While the SPA's strength is that it emphasizes learning and the sharing of experience, and does not require that all policy debate result in action, the evaluators were of the view that if expectations about Working Group objectives and results were more clearly defined, their deliberations might have been more efficient. The mandate of the Working Groups when they were established, was not sufficiently explicit. Only rarely did the SPA Plenary state the expected outputs and time in which they were to be produced. Given this lack of clarity, it was difficult for the SPA to monitor the work of a group, give it the required guidance, and decide when it had completed its task. For instance, more than three years elapsed between the time the Working Group on Public Expenditures reconvened in January 1994 and the final adoption of the Guidance on Public Finance Management by the SPA Plenary. Nor did the SPA (apart from a few exceptions) specify how and in what form input would be sought from African participants in Working Groups. The most useful involvement has been relatively recent. The Gender Workshops led to an agreement to include pilot studies on gender considerations in three countries, but as para 5.9 points out, only two pilots are in progress and more needs to be done to integrate gender considerations into the design of structural adjustment programs.

64 Several donors have pointed out that more formal procedures would run the risk of converting the SPA into an institution, rather than a forum, whose strength lies in the openness, spontaneity and informality of its discussions.
5.19 Several donors expressed dissatisfaction with the proliferation of Working Groups and the unfocused nature of the debate. This has led to streamlining of the work of the Working Groups, which now number only two—one for economic management and the other for poverty and social policy. However, while the number has been reduced, the mandate still appears to be large, with each working group focusing on several sub-topics. The September 1995 meeting of the WGPSP, for example, discussed and made recommendations for at least nine topics.

5.20 The quality of Working Group papers and reports presented has varied, but, on the whole, was good because they were prepared by experts in the field. However, Working Group papers did not always adequately survey the existing literature in particular areas to assess what had already been done (para 5.9).

5.21 The documents have been analytical, using a case study approach in many instances. However, to the extent that the preparation of these documents was not followed by an elaboration of SPA recommendations or common policies, their eventual contribution to the SPA objective, that is, the development of African countries, has remained limited. Some skepticism about the usefulness of case studies was expressed by a donor who felt that sometimes, the sample countries chosen were those of particular interest to the donor financing the study and may not have been the most appropriate for the issue at hand. Occasionally, the sample size or country studied was too small, so that the results of the report could not be generalized across SPA countries. Other donor concerns were that the analysis was too academic and occasionally too specialized to be absorbed by nonspecialist participants. But donors generally valued the insights the reports provided from the field.

5.22 From debate to instrument. An important aspect of SPA efficacy in translating the emerging consensus from the various policy debates into specific instruments of adjustment support is the extent to which policy debates shaped the design and implementation of country-specific programs. This issue is addressed by judging the SPA’s impact on PFPs, CGs and RTs, LDPs, LOIs, and HIALs.

5.23 Policy Framework Papers, Consultative Groups and Round Tables. The extent to which donor concerns were reflected in policy design was evaluated by examining the PFPs of 10 countries. The examination showed that the content of PFPs has evolved over the last 10 years, apparently in line with SPA policy debates. Also, program design has changed over the years in keeping with the mainstream literature and now emphasizes the longer-term aspects more fully, particularly human resource and institutional development. This is witnessed by the changing scope of the PFPs and specific conditionality for reorienting public expenditures towards programs of social and human resource development. However, it was not always clear whether the SPA partnership helped to bring about these changes or whether the SPA debates and the evolution of PFP policies were both independent reflections of new concerns of the donor community at large, including the IFIs and—importantly—NGOs. In donor forums, such as CGs and RTs, the topics discussed broadened to include most of the policy areas taken up by the SPA. It was not possible, however, to trace a relationship between the SPA debate on a particular topic and its inclusion in the discussions of donor meetings.
5.24 As it turns out, the review also showed that many themes of interest to donors were included in PFPs before they were debated in depth in the SPA. Early attention to gender issues (before the SPA discussions in 1993) could be seen in 5 out of 10 countries.\(^{65}\) Similarly, attention to social impact was evident in 6 of the sample SPA countries examined, and in some of these countries, this attention was discernible in PFPs prior to the first Plenary of SPA 1. In 2 other countries, on the other hand, focus on social impact considerations appeared relatively late in the adjustment process. Furthermore, strong focus on poverty alleviation was noticeable in the 1990s even in the PFPs of non-SPA IDA countries, implying that such attention could have been a response to broader international concern (of donors, NGOs, IFIs and recipients) with these issues.\(^{66}\)

5.25 While the timing of SPA policy debates may not coincide with the inclusion of the same policies in PFPs, the SPA was instrumental in deepening reforms in areas of particular concern to donors: poverty alleviation, mitigating the social impact of adjustment, gender issues, civil service reform, institutional strengthening particularly in the social sectors. Thus the depth of discussion of all issues was poor in the late 1980s (SPA 1) while more substantive treatment of issues was noticeable from SPA 3 period onwards, when donor pressure on IFIs was strengthened.\(^{67}\) However, the quality of discussion across countries was uneven indicating that there was scope for more significant and detailed country-specific analysis.\(^{68}\) These findings were borne out by donor interviews. While several donors expressed satisfaction with the SPA for keeping poverty issues in the forefront, they also felt that more could have been done to include poverty issues in adjustment programs.

5.26 In general, PFPs did not integrate poverty and social impact considerations into macroeconomic and sectoral policies. For instance, the macroeconomic framework did not

\(^{65}\) Attention to gender was evident in PFPs for several countries from the early 1990s (in 1991 in Burkina Faso, Kenya, Uganda, Malawi, and Senegal and in 1992 in Mali). Attention was focused primarily on improving the access of women to health and education, though Senegal interestingly started addressing gender concerns by making financing available for women on small rural projects. The deepening of the gender discussion (to include access to agriculture inputs, health, micro enterprises/small projects, credit and a strengthening of women's rights) was evident from about 1994 (1994 was also the year when the Norwegian Government hosted an SPA gender workshop in Oslo). Explicit recommendations in PFP policy and action matrices generally appeared from about 1994-1995. Gender discussions were very sparse or absent in some early SPA countries (Mozambique, Ghana, Tanzania, Zambia).

\(^{66}\) As a counterfactual, the PFPs of non-SPA IDA countries were also reviewed. The countries included Nepal, Bangladesh, Bolivia, Guyana and Pakistan.

\(^{67}\) For instance, in Ghana the 1988-90 PFP emphasized, in general terms, primary health and education, but the 1995-97 PFP included specific measures in support of extension services, targeted real increase in rural infrastructure and targeted allocations for social sectors. Target setting in terms of specified percent increases in expenditures for the social sectors was somewhat recent, to be found largely in 1995 and 1996. With regard to civil service reform, the approach has moved away from a narrow focus on wage restraint, to deeper issues of ministerial restructuring and institutional reform.

\(^{68}\) All countries discuss the macroeconomic measures that are expected to alleviate poverty such as: (i) accelerating growth, (ii) stimulating agricultural development, and (iii) reallocating budget expenditure in favor of basic health and education services. In terms of specific programs for the poor, some PFPs discuss job creation through public works programs. Reallocation in favor of rural infrastructure, was somewhat more varied. Recommendations were stronger in Ghana, Uganda, Zambia, Mozambique, Malawi than in Senegal, Mali, Tanzania, Kenya and Burkina Faso. Targeted interventions were, in general, less common across countries, but more common in some later PFPs (Kenya [1996-98], Mali [1996-98]), though Malawi and Mozambique's PFPs gave early and continuous attention to such interventions.
integrate the distribution effects of growth or the expected poverty and social outcomes of, for instance, price decontrol and foreign trade liberalization. Discussions of the financial sector did not integrate access to credit by the more vulnerable sections of society. Legislative policies did not deal with laws that may be discriminatory towards women. Thus, poverty and gender considerations remained "add-ons".69

5.27 Discussions on other areas of SPA concern, such as governance and regional economic integration, were relatively sparse. SPA donors first drew attention to governance in 1990 but it was systematically discussed in only two countries in PFPs, in one in 1994, in the other in 1996. Regional economic integration was largely ignored in the early PFPs even though the SPA showed interest in 1990 in analyzing the role of adjustment in promoting regional economic integration. This issue became important in the later PFPs after the treaty establishing the West African Economic and Monetary Union (WAEMU) was signed but very little discussion was found in countries outside this zone. The lack of discussion in Ghana was curious considering that it is surrounded by WAEMU countries.

5.28 One reason the SPA partnership did not have more widespread impact on IFIs was that within the IMF and even the Bank, knowledge of SPA in general, and its policy recommendations in particular, was patchy, determined in large part by whether or not individual staff members were exposed to SPA activities sometime during the course of their careers. Thus, country economists and even country directors (responsible for defining and implementing country programs) were generally not aware of the various SPA policy issues, it was therefore unlikely that they would make the effort to incorporate SPA themes into their programs. It would appear that more could have been done to convey to Bank staff the significance of SPA work, and its relevance for the design of the Bank’s country policies. At the same time, it has to be recognized that the PFP is meant to be a government document, prepared with the joint support of the IMF and the Bank. While the latter often take the lead, it is the governments of the recipient countries that need to discuss, disseminate and thereby more directly nurture the consensus on broader policy issues.

5.29 Letters of Development Policy and Letters of Intent. Since agreement on a PFP is a formal requirement for an arrangement under the IMF’s SAF/ESAF, the PFP is regularly followed by a more specific and more detailed outline of the program in the LOI. In most cases, the program is also supported by an IDA adjustment operation whether structural, sectoral, or hybrid in which case the LDP spells out the details of the agreed program in specific areas of structural reform initiatives. Ten LDPs and nine LOIs from 1993 to 1996 were reviewed for issues of interest to the SPA. As in the PFPs, the deepening of the reform agenda from about 1993 was mirrored in the LDPs and LOIs, but there were differences in treatment of specific issues between the LDPs and LOIs. Again, as in the PFPs, no direct link between discussions in the SPA and their treatment in the LDPs and LOIs could be discerned.

5.30 Poverty reduction, in particular by emphasizing the reorientation of social expenditures, was discussed in considerable depth in both documents, but—given the mandate of the Bank—the discussion was more extensive in LDPs. However, the discussion appeared to be too standardized across countries. For instance, while emphasis on primary health and primary education is needed in most African countries, there tend to be significant differences in the

69 It should be noted, however, that issues such as poverty and gender are difficult to come to grips with, analytically, especially given the very limited availability of “before-and-after” data on Africa.
exact nature of the problem. In Ghana and in many other SPA countries, total spending on primary health and education was not the key problem. The problem lay in the excessive urban bias and the centralized nature of spending.

5.31 Both documents usually put emphasis on mitigating the social impact of adjustment and public expenditure management. The depth of discussion in some LOIs was impressive. Gender discussions were conspicuously absent in LOIs. In LDPs, discussion on gender issues could be found only in Mali (1996), Kenya (1996) and Senegal (1994). The key emphasis was on girls' education. Even here it was unclear whether the LDPs were informed by the findings of poverty assessments. The Kenya LDP required a bursary program directed at girls, but, according to its recent poverty assessment, allocations for bursaries was not the problem, the problem was rather actual expenditures.

5.32 Higher Impact Adjustment Lending. A Bank Task Force was set up, in March 1995, to devise ways for increasing the effectiveness of adjustment lending. While a direct link between the donor concerns with adjustment lending expressed in the SPA and the setting up of the Task Force could not be established, the Task Force did address some of the issues debated during SPA 3—recipient ownership and commitment, appropriate sequencing of reforms, attention to local management and institutional capacity, formulation of realistic conditionality, and selectivity in assistance. It also attempted to reconcile QDA with attention to longer-term institutional constraints. At the June 1995 SPA meeting, the "ten hypotheses" to improve the supply response were put forward by the World Bank Task Force on HIAL. Adjustment operations after 1995 actually differ significantly from those in previous years. In some operations, new tranching arrangements (ranging from core balance-of-payments support to floating tranches) unbundle some of the second-stage reforms, and associated investment and technical assistance loans address further institution building. In pre-HIAL adjustment loans, failure to meet target dates for disbursement was addressed through requests for waivers: the country had to go through the whole waiver procedure even if only one out of a whole set of conditions remained unmet, and even if performance on the rest of the conditions was satisfactory. Under HIAL, the new tranching modalities allow flexibility to both borrower and Bank.

5.33 The HIAL operations, their characteristics, implementation and outcomes should be of great interest to the SPA since they address many of the issues regarding the efficacy of adjustment programs—issues they have been raising during the SPA period. Fourteen Bank adjustment operations (out of 16) approved in FY96 and FY97 in thirteen countries for approximately $1.25 billion can be classified as HIAL. In general, the operations tend to be

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70 There was an interesting coalescing of views of the Task Force and the EU in the Working Group on Economic Reform in the Context of Political Liberalization. These included: role of selectivity based on performance; means of providing funding assurance for reforms to avoid stop-and-go patterns of support, the appropriate use of conditionality, the need to secure broad ownership; and improvements in aid coordination. Proposals were put forward both by the EU and the Bank in the November 1995 Working Group meeting on an operational approach to reformulating conditionality. The complementarities of both approaches were recognized but concerns were expressed by donors about the mechanism proposed to operationalize the approach. The donors agreed to hold a meeting to discuss further the issues related to indicators, logistics, and financial implications. Having reached a consensus, the Working Group on Economic Reform in the Context of Political Liberalization presented its final report in the December 1996 SPA Plenary.
heavily front-loaded with a large first-tranche disbursement when funds become effective following the implementation of a critical mass of reforms before board presentation.\(^{71}\)

5.34 Preliminary findings regarding HIAL operations indicate that the flexibility and longer time period for fulfilling complex institutional reform conditions (flagged as important for the effectiveness of adjustment operations) allowed managers to hold on until the conditions were implemented (Côte d'Ivoire and Mali). The new tranching arrangements appear to have enhanced ownership by giving governments greater freedom to determine the timing of reforms, but adoption of floating tranches has not always resulted in smoother disbursements, another area of key SPA concern. In Malawi, for example, disbursements were behind schedule because of the complex civil service reforms required to be implemented. In Cameroon, the first floating tranche was delayed because of slowness in dealing with the restructuring/privatization of banks. In Mali, however, the floating tranches may have resulted in smoother disbursements.\(^{72}\)

5.35 **Impact on recipients: regarding public expenditure reviews.** The seminars on PERs have increased awareness of their importance of PERs, but few officials interviewed knew of SPA work in this area. However, some recipients appeared to be taking the lead in the PER process (Ghana, Kenya, Malawi, Senegal, Uganda). Of these, Ghana was the only country that has been preparing PERs on its own since 1993. Since participatory PERs were emphasized in the revised guidelines that were adopted by the June 1997 Plenary (see annex 2), it was not clear whether the participation of the countries mentioned above could be attributed to the guidelines.

5.36 The expectation that PERs would lead to reprioritization of expenditures has been fulfilled in some countries (Uganda), but not in others (Ghana, Kenya, Tanzania). The PER process has, however, succeeded in keeping budgetary issues, including the general problem of expenditure efficiency, in the forefront (Ghana, Kenya). In Ghana the PER process, for instance, highlighted the need for public sector financial reforms and resulted in a reform program sponsored by donors.

5.37 **Civil service reform.** Neither the governments nor the donors representatives in the field were aware of the SPA guidelines (except for Malawi), but this is an area of intense interest among governments, bilateral donors, and the IFIs. Civil service reform was further ahead in some countries (Ghana, Uganda) than in others (Kenya, Malawi, Mozambique, Tanzania, Zambia) but sustainability of reforms was fragile, even in long-time reformers like Ghana. Capacity building and organizational efficiency through functional restructuring, training, increasing professional competence, and motivating the service remained to be addressed. Another unresolved issue was the design of retrenchment packages, which were judged to be overly generous in some cases.

\(^{71}\) For instance in Côte d'Ivoire, the first tranche was of $80 million with 5 subsequent tranches of $20 million each. Four of the 14 operations were single tranche operations with full disbursement at effectiveness. Floating tranches (usually to address deeper institutional reforms) with core and noncore conditions (for example, in Côte d'Ivoire) enabled the Bank to reflect the fact that some conditions were more important than others thereby preventing the borrower from choosing the easy road to disbursement without addressing the full reform agenda.

\(^{72}\) The first floating tranche was planned for disbursement in 1997, but because of difficulties encountered in the planned fiscal reform, the Malian authorities decided to postpone the reform till next year. On the other hand, conditions for the release of the second floating tranche are being fulfilled earlier than planned and the tranche is planned to be disbursed this year. Budgetary assistance for 1997 would have been lower if the regular and first floating tranches had been linked.
5.38 **Poverty.** There has not been a well articulated poverty alleviation strategy in any of the 10 countries visited until recently. This appeared to be due to a mindset that growth was sufficient to reduce poverty. Current initiatives indicate that this view may be changing. In Uganda, an integrated Anti-Poverty Action Plan involving agricultural development, education, and health has now been developed by the government. In Ghana, following donor pressure at the June 1995 Consultative Group meeting, an Inter-Ministerial Committee on Poverty Reduction was set up. Following this, a framework paper on poverty was prepared, and in March 1997, a UNDP poverty reduction document was signed by the Government of Ghana. In Kenya, a joint government-donor working group is discussing budgetary priorities relating to poverty. In Malawi, the EC and the Malawi Social Action Program are targeting groups vulnerable to the cancellation of fertilizer subsidies. The link between these policies and the SPA was not clear, since, independently of the SPA, bilaterals and multilaterals have been concerned with this issue. The general feeling of evaluators was that poverty alleviation was still not an integral part of policy design in the SPA countries, and that the attention to social sector and poverty issues was lower than suggested by government statements.

5.39 Dissatisfaction with donor initiatives was evident in some countries (Burkina Faso, Mali, and Senegal). Mali and Senegal felt that there was no visible link between poverty profile surveys and the actions advocated. All three also expressed the view that donor attention was focused too much on social sectors, to the detriment of other sectors (for example, the judiciary). The excessive intervention in health and education by donors tended to leave little room for building local initiatives. It also strained the absorptive capacity of these sectors.

5.40 **Gender.** Gender issues figured in political discourse (Burkina Faso, Mali, Malawi, Senegal, Tanzania, Uganda), but they did not always seem to be followed up by concrete actions. Sometimes they were tackled indirectly by promoting primary health and education (Uganda) and at other times, directly, but on a limited scale (credit schemes in Ghana and Senegal). Measures also seemed to be directed more toward creating ministries (Ghana, Mali, Senegal, Uganda). The attention to gender was noteworthy in the three Muslim countries visited (Burkina Faso, Mali, Senegal), but it was also interesting that officials were unable to distinguish between a poverty alleviation policy on the one hand and promotion of women on the other. The view was that since the majority of women were poor, a poverty alleviation policy would also address the needs of women. This also appeared to be the case in Zambia where the gender issue was perceived to be pushed mostly by donors. No one in Mozambique was aware that it had been selected as a pilot country following the SPA workshop on gender. (See annex 2).

5.41 In summary, SPA’s efficacy in translating policy debates into action through specific instruments has been hampered by the failure to reach out to African governments and civil societies. In a formal sense and on paper, significant progress has been made in advancing the broadening of the policy debate through PFPs and the more specific policy commitments in LOIs and LDPs: however, the extent to which this is attributable to the efforts of the SPA partnership is not clear. The generally weak impact on recipients was not surprising since there has been little African participation in the debates and formulation of guidelines, and little effort has been expended in disseminating them to African governments, except for the recent efforts to disseminate the PER guidelines.
Efficiency of the SPA mechanism as a forum for policy debate

5.42 The efficiency of the SPA as a forum for policy discussion depends on the extent to which the mechanism helped to achieve donor and recipient consensus on reforms without excessive costs in terms of financial and human resources.

5.43 Donors interviewed for this evaluation (bilaterals and multilaterals) indicated that the SPA mechanism did help donors to achieve consensus and to come to a common understanding of policy issues by providing a forum for frank discussions on adjustment problems facing SSA. At the beginning, the bilateral donors in the partnership questioned the rationale of the adjustment programs sponsored by the IMF and the Bank but felt that the SPA enabled them to develop a better understanding and acceptance of the core programs as being necessary to achieve accelerated economic growth. Bank staff intervened at several SPA meetings to explain the problems confronting African countries in the early 1980s, the need for reform and the major components of programs put in place to address these issues. Bank monitoring of the SPA countries tried to demonstrate that adjustment was working. The SPA allowed donors, in turn, to critique the Bank's approach, suggest modifications, and maintain checks and balances on the Bank and IMF which often served as the lead SPA interlocutors with recipient countries. For recipients, the consensus between bilaterals and IFIs on policy reform issues reduced in some sense the "requirements" for donor assistance. It also meant that recipients could not "play" the bilaterals against the multilaterals and vice-versa.

5.44 The policy consensus achieved via the SPA was evident in several areas. For instance, by involving donors in the PER process, the Bank sought to convince them to free up the use of counterpart funds once they were satisfied that the recipient country's budgetary process was on the whole satisfactory. SPA work on public expenditure issues has paralleled the growing attention given to such issues in Bank adjustment programs and Fund ESAF-supported programs. Donors' call in SPA 3 for greater concessions in debt relief has been accompanied by the adoption of the HIPC initiative by the Bank and Fund. Donors' call under SPA-4 for a closer link of economic reforms with longer-term development and poverty alleviation is being mirrored in the focus of Fund ESAF programs and under the HIPC on ensuring adequate funding of priority social areas and on monitoring through specific social indicators. Donors' debates on governance issues have helped inform the Fund and Bank staff in developing the recent guidelines adopted on governance.

5.45 Donors indicated to evaluators that policy debates, in addition to enabling them to understand structural adjustment in SSA, also led to improvement in skills for policy analysis within their own organizations. The participation of a large number of donors in the policy debates and the networking/coalition building among donors with like-minded views was an important aspect of the SPA forum. Many donors felt that their participation in formulating guidelines enabled them to better understand their importance and strengthened their position when advocating implementation with their head offices. However, there was some concern among donors that too much attention to policy issues was diverting attention away from resource mobilization which was a primary goal of the SPA. Donors were also quite candid about problems in their own organizations—in particular the tensions between various government organizations/ministries (for example, the Ministry of Finance or Treasury and development assistance agencies in the Ministry of Foreign Affairs). When delegations to the SPA are led by the Ministry of Finance, the focus tends to be on financial rather than social
issues and the other way around if the Ministry of Finance is not represented in the SPA. The tensions and sometimes rivalry between organizations could prevent the bilaterals in improving the effectiveness of their assistance.

5.46 The bilateral donors interviewed felt that, though consensus had been achieved regarding the importance of poverty alleviation in adjustment programs, the Bank and the IMF incorporated broader social and economic concerns in adjustment policies only after heavy bilateral donor pressure and even then the outcome had been less than satisfactory. Senior officials in bilateral organizations claimed that despite the rhetoric, the Bank still did not understand how to build gender issues into reform strategies (however, see footnote 69). A key problem noted by all donors was the inadequacy of information flows about the SPA within the Bank.

5.47 The policy consensus did not include the recipients. Recipients did not have much knowledge about the policy debates in the SPA, and seemed to view the emphasis on policy debates less sympathetically. Some even expressed the view that donors generally exercised too much power over policy reform, and voices of dissension were not well tolerated. They felt that SPA policy issues were not new or unique to the SPA but were general concerns about development.

5.48 An assessment of whether the discussions were conducted in a cost effective manner, was difficult because of the problem of assigning outlays to specific activities. The field missions and questionnaires sent out as part of this evaluation asked donors whether the tasks represented an excessive burden to donor agencies. The response generally was that the tasks did not create excessive demands on the workload of donor staff. However, several donors did mention the limited number of staff available to work on SPA activities and to assimilate all the documents (sometimes considered excessive) generated by the forum. Translation of documents was an additional cost for non-English speaking donors. Another concern voiced by one donor was the large number of meetings that needed to be attended (SPA Plenaries and Working Group meetings). It is possible that savings, in time or in funds, could have been made by holding the meetings of the Working Groups systematically at the same place and approximately at the same time as the Plenary meeting.

Evaluation summary

5.49 The SPA debates on policy issues were relevant. The Working Groups played an important role in deepening the policy agenda, demonstrated considerable responsiveness to donor views and interests, and fostered debate and learning on complex development issues. However, their relevance might have been greater had topics been selected according to their priority and pertinence to the existing adjustment needs of recipients, and if the involvement of recipients had been ensured. Several of the SPA topics were selected for debate either on account of the previous work done by the SPA on donor procedures or because of the interest of particular donors. At times, the approach followed to cover each topic also restricted its relevance. The efficacy of the SPA mechanism for policy debate was limited because the objectives, participation, expected outputs, and foreseen duration of each of these discussions had not been clearly thought through. Early agreement on these questions would have clarified the expected role of the guidelines and recommendations, their status, and the need for their dissemination. The quality of the documents was in general good but more could have been achieved if the overall process had been planned in a more rigorous manner. The SPA has been
efficient in achieving policy consensus among bilaterals and between the IFIs and bilaterals but this process has excluded the recipients. The costs of SPA policy debates have not seemed excessive to donors.

5.50 With regard to the impact of the policy consensus on program design, it was difficult to establish a link between the changes that have taken place in IFI program design and donor policies, though the deepening of IFI reform policies in certain areas could have been influenced by the SPA. The impact on recipient countries appeared to have been minimal because they were largely left out of the policy debates. The problem was compounded by the lack of dissemination of SPA guidelines and recommendations and the differences among various ministries in donor capitals. Finally, program implementation has been less than desired, raising a host of issues relating, among others, to conditionality and ownership. Preliminary findings from the "new" crop of HIAL operations suggest that the SPA needs to monitor results on an ongoing basis.
6. Monitoring the Performance of SPA Countries

Main findings

- SPA donors have essentially relied on the Bank for reporting on country progress. Given the large volumes of resources mobilized, the need to follow the progress of financial management, accounting and auditing of aid flows in recipient countries, the need to assess which specific policies have worked and why, and the keen interest of the SPA partnership in performance monitoring, it is important for the SPA to be more prominently associated with monitoring developments (economic, social, financial and policy) at the aggregate and country levels.

- The SPA partners have tapped other monitoring mechanisms, central and local, to provide periodically more intensive reporting on thematic issues (such as public sector expenditures, poverty, and gender) and comparative assessments across country groups. The SPA donors could benefit from more systematic and analytical retrospective reviews of macroeconomic and social outcomes against targets, assessments of emerging cross-country patterns, and the identification of policies and sectoral approaches that have worked. Donors could also reap larger benefits from better dissemination (both within donor agencies and the Bank) of the periodic evaluations carried out by other SPA donors, the IMF, the Bank's OED and other evaluative institutions, and academics. Together the SPA donors and recipient countries might consider developing an independent monitoring and evaluation plan (that would build on evaluations by the Bank, Fund and other donors and avoid duplication of effort) to aid SPA policy and resource allocation decisions.

- Adjustment programs supported by the SPA have generally achieved their main goal of averting macroeconomic crises in recipient countries, but stabilization remains fragile and serious macroeconomic imbalances, internal and external, remain. Aid dependence exceeds that of all other regions, and aggregate growth and structural change still lag. The SPA countries have yet to join the worldwide move to global integration. Improvements in aggregate social indicators are heartening, but the SPA countries are still well behind other developing regions and poverty and gender distortions still persist.

- But these aggregates mask the pattern of differentiation that is emerging among countries and over time. The countries that have remained on-track with their reform programs over the last five years have experienced better economic and social outcomes than others in the SPA group. Several other countries have achieved significant and fairly consistent growth during 1988-96. The SPA 3 period has also seen a surge in growth across a number of countries. A move toward more participatory government and a better understanding among political leaders of sound economic policies is evident. These developments suggest that the SPA donors will need to be more selective in their assistance allocations and that the SPA policy debate needs to consider different policy prescriptions across countries and country groups.
Policy implementation has been uneven. Progress has been good in liberalizing foreign exchange and trade controls and in deregulating pricing and marketing systems, but tariff reform is incomplete. Public enterprise reform has also been slow, and domestic resource mobilization and public sector management reform efforts have lagged. Sustained improvements in the financial health and operational efficiency of banks and in the effectiveness of prudential and supervisory frameworks have proved elusive.

IMF and OED evaluations and other recent professional studies have called for greater effort to remedy weaknesses in program design (among others in the pace and composition of fiscal deficit reductions and attention to agriculture and gender impact), exercise greater selectivity to build recipient resolve to implement programs, reduce poverty and improve the distributive impact of growth, build greater reliance on performance monitoring against targets and improve policy implementation to lower perceptions of risk.

Monitoring performance

6.1 For regular monitoring of the impact of structural adjustment programs on country policies and performance, donors have relied mainly on the Bank’s CSRs and the periodic self-evaluations prepared for different SPA phases. CSRs now provide detailed information on individual countries. However, they cannot provide a comparative overview of progress in key policy areas, nor are they a vehicle for identifying the generic impediments to growth and poverty reduction, nor can they propose policy or procedural issues for donor attention. CSRs are also not designed to ensure that evaluations pertinent to the SPA’s work—such as those by individual SPA donors, the IMF and the World Bank, or academics—are regularly shared among SPA partners. The SPA Secretariat would clearly need greater resources to address the more specific and expanded range of monitoring that would seem appropriate for the SPA’s future agenda.

6.2 A more ambitious monitoring and evaluating effort is important for at least four reasons:

(a) First, the SPA partners need to monitor periodically the progress in building the accounting and auditing systems in recipient countries that track the flow of the large volumes of aid mobilized by the SPA partnership (US$55.8 billion). The evaluation also suggests that the donors need to evaluate the macroeconomic and social impacts of the aid flows per se to ensure that they promote SPA program objectives.

(b) Second, the SPA partners need to intensify their stocktaking of the aggregate economic and social impact of adjustment to ensure feedback on program design and implementation. Given the implicit reallocation of resources from other regions, the SPA has a stake in evaluating this impact against the potential returns from allocating the same resources to alternative aid recipients.

(c) Third, since one of the SPA’s objectives has been to direct resources to SPA eligible countries and, within this group, to performing countries, donors need to pay greater attention to whether this policy of selectivity has worked in favor of countries that have been on-track with their reform agendas, what instruments
(for example, more flexible tranching) aid selectivity, and where the impact of reform has been significant (see paras. 3.23 - 3.25).

(d) Fourth, given the emerging differentiation in performance across countries, the SPA partnership needs to focus greater attention on the adjustment policies that have worked and the underlying conditions that have determined success, the areas where implementation has lagged and the impediments to success. And because the SPA agenda has broadened over time, beyond stabilization and structural adjustment, to encompass deeper, longer-term reforms to promote social development and capacity building (see para. 5.8), the SPA community needs to ensure that such policies are implemented.

Methodology

6.3 This chapter does not try to assess the SPA's impact or to explore issues of causality, so no attempt is made to identify a policy counterfactual or to devise a model for tracing the impacts of specific adjustment policies. Rather, the chapter describes the main economic and social changes that have occurred after nine years of the SPA program to demonstrate the need to intensify monitoring. The methodology is very simple. It employs a before-and-after approach that compares economic and social indicators in the pre-SPA period with those in the most recent SPA phase, and a simple control group approach in which the control group consists generally of SSA, other developing countries, or South Asia.

Aid flows: macroeconomic impact and monitoring

6.4 The SPA has relied largely on the Bank for monitoring impact, but the Bank has generally concentrated on the impact of adjustment assistance on recipient country reform programs, rather than on the impact of aid flows per se. Evaluations have sometimes focused on the microeconomic and administrative aspects of resource transfers (some of these such as procurement issues and the setting up of special accounts for aid resources have been dealt with in chapter 4), rather than on the macroeconomic impacts. A recent contribution to macroeconomic research in this area is the Burnside and Dollar (1997) evaluation of foreign aid in general.\footnote{Burnside, Craig and David Dollar (1997). “Aid Policies and Growth”. Policy Research Department Paper 1777. World Bank, Washington D.C.. See para. 6.42.} Van der Windt and Nes (1997) point out that the growth impacts of aid are greatly complicated by fungibility effects, particularly on savings (especially through government savings); the external balance (through the effects of aid on the real exchange rate and Dutch Disease); capital inflows (aid flows could replace private capital inflows but they could also induce greater private inflows through creditworthiness effects); inflation (through real exchange rate impacts); and the government budget (by reallocating the budget, accommodating spending increases or reducing revenue).\footnote{Van der Windt, Nico and Rene van Nes (1997). “Macroeconomic Impact of SPA-Supported Adjustment Programmes.” Netherlands Economic Institute, Rotterdam. Background paper for this study.} These are issues that the SPA partners need to explore further.

6.5 The SPA partners have devoted only limited attention to evaluating whether the appropriate financial management and control systems are in place in recipient countries for tracing the flow of resources and for effective accounting and auditing of aid.
Recipient country performance: an aggregate view

6.6 The growth picture. During 1988-96, the SPA countries (28 of the 31 countries in the SPA 3 group) grew at 1.9 percent per year. Growth improved to over 4 percent per year during 1993-96 for all three SPA groups (SPA 1, SPA 2 and SPA 3), though it remained below 1985-87 levels (see Figure 6.1) and below levels in South Asia, which started the 1980s with per capita incomes and social indicators broadly similar to those of the SPA countries. Performance was even worse on a per capita basis, declining at 1.0 percent per year during 1988-96. Not until the SPA 3 period, was average per capita income growth positive for all three groups of SPA countries. Moreover, since the 1993-96 growth acceleration was aided by a modest commodity boom (coffee, cocoa, and cotton), skeptics doubt whether this growth performance will last once the boom has subsided.

Figure 6.1: SPA countries: average growth rates of GDP and per capita GDP (weighted average, percent per annum)

GDP Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>SPA 1</th>
<th>SPA 2</th>
<th>SPA 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993-95</td>
<td>4.5%</td>
<td>4.2%</td>
<td>5.0%</td>
</tr>
<tr>
<td>1994-96</td>
<td>4.7%</td>
<td>4.5%</td>
<td>5.2%</td>
</tr>
</tbody>
</table>

Per capita GDP Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>SPA 1</th>
<th>SPA 2</th>
<th>SPA 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993-95</td>
<td>2.0%</td>
<td>1.8%</td>
<td>2.5%</td>
</tr>
<tr>
<td>1994-96</td>
<td>2.2%</td>
<td>2.0%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

Note: The data excludes Eritrea and Sierra Leone, for which continuous data series were not available, and Equatorial Guinea, where growth is driven by the oil sector.

Source: World Bank, Africa Region

6.7 Macroeconomic imbalances. Though the macroeconomic situation was slightly better for the SPA group as a whole in 1993-95 than in 1980-84, serious problems persist (table 6.1). The group's current account deficit of 8.9 percent of GDP in 1993-95 reflected a significant domestic savings-investment imbalance. Domestic savings (3.9 percent of GDP) were completely inadequate to finance investment and the ratio of SPA investment to GDP (18 percent) though slightly above that for Africa as a whole, was insufficient or not efficient enough to accelerate growth. According to Collier and Gunning (1997), returns to investment were low in Africa relative to other regions; a finding likely to hold for the SPA countries.

75 The data refers to 28 countries. Equatorial Guinea is excluded because its growth is driven by oil, and Eritrea and Sierra Leone are excluded on account of incomplete data.
Large fiscal deficits were responsible for much of the overall savings-investment gap. Despite some progress, the median deficit in the SPA countries during 1994-96 was 9.2 percent of GDP. The SPA’s poor domestic savings performance can be attributed partly to poor public savings. Public savings in the 27 SPA countries declined during 1988-93 relative to 1981-87, largely due to inadequate public revenues. The average ratio of public revenue (excluding grants) to GDP for the SPA 3 group during 1993-96 remained below 20 percent—a level generally considered necessary for the public sector to carry out its normal functions.

Table 6.1: SPA countries: main macroeconomic indicators (period averages)

<table>
<thead>
<tr>
<th></th>
<th>1980-84</th>
<th>1985-89</th>
<th>1990-93</th>
<th>1993-95</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Annual Per Capita Growth Rates</td>
<td>-1.1</td>
<td>-0.4</td>
<td>-1.3</td>
<td>0.9</td>
</tr>
<tr>
<td>Private Consumption</td>
<td>79.3</td>
<td>78.7</td>
<td>81.1</td>
<td>82.0</td>
</tr>
<tr>
<td>Government Consumption</td>
<td>16.3</td>
<td>15.8</td>
<td>15.1</td>
<td>14.0</td>
</tr>
<tr>
<td>Total Investment</td>
<td>18.9</td>
<td>17.9</td>
<td>18.6</td>
<td>18.4</td>
</tr>
<tr>
<td>Private Investment</td>
<td>6.4</td>
<td>8.1</td>
<td>9.7</td>
<td>10.5</td>
</tr>
<tr>
<td>Domestic Savings</td>
<td>4.1</td>
<td>5.1</td>
<td>3.8</td>
<td>3.9</td>
</tr>
<tr>
<td>Domestic Absorption</td>
<td>114.8</td>
<td>112.7</td>
<td>114.8</td>
<td>114.9</td>
</tr>
<tr>
<td>Exports of Goods &amp; Nonfactor Services</td>
<td>22.3</td>
<td>22.5</td>
<td>21.6</td>
<td>23.4</td>
</tr>
<tr>
<td>Imports of Goods &amp; Nonfactor Services</td>
<td>37.2</td>
<td>35.3</td>
<td>36.4</td>
<td>38.2</td>
</tr>
<tr>
<td>Current Account Deficit</td>
<td>-11.5</td>
<td>-8.6</td>
<td>-8.8</td>
<td>-8.9</td>
</tr>
<tr>
<td>Ratio of Aid to Imports</td>
<td>32.8</td>
<td>49.8</td>
<td>60.5</td>
<td>61.8</td>
</tr>
<tr>
<td>Ratio of Aid to Central Government Expenditures</td>
<td>45.6</td>
<td>65.4</td>
<td>82.4</td>
<td>91.8</td>
</tr>
<tr>
<td>Ratio of Debt to GDP</td>
<td>63.4</td>
<td>109.0</td>
<td>127.9</td>
<td>150.0</td>
</tr>
<tr>
<td>Ratio of Debt to Exports</td>
<td>NA</td>
<td>NA</td>
<td>556.2</td>
<td>345.5</td>
</tr>
</tbody>
</table>

Note: All figures except for first row are percentages of GDP, data problems preclude full representation of SPA countries for some aggregates.


The persistent weakness of domestic savings was mirrored in the external accounts, with excessive domestic absorption linked to high levels of private consumption. Average rates of private consumption to GDP rose during the late 1980s reaching 82 percent during 1993-95 (table 6.1).While a threat to stabilization, the increase was perhaps necessary to mitigate the hardships of adjustment.

Imports rose as a ratio to GDP in SPA 3 relative to SPA 1 levels, but exports only grew at a very modest 3.8 percent per annum during 1988-96. Though exports picked up significantly during 1994-96, the SPA 2 group never regained its pre-SPA growth rates. Moreover, the export gains were concentrated in a few countries and a few products.

Global integration. Despite the modest recovery in export volumes, the SPA countries, like the rest of Africa, appear to have been left behind—marginalized—by the wave of globalization that has swept over the developing world. On four measures of integration -- ratio of trade to GDP, country ratings compiled by Institutional Investor, ratio of foreign direct
investment to GDP, and share of manufactures in total exports—SSA and the SPA countries have been falling behind, while most other developing regions have been integrating energetically into the world economy (World Bank (1996). *Global Economic Prospects and the Developing Countries*. Washington, D.C.). On an overall index of integration (with a mean of 0 and a standard deviation of 1) SSA ranked lowest with a score of -0.46 (East Asia’s score was +0.77 and South Asia’s +0.87). The SPA countries performed only marginally better (-0.32)—Ghana was the only SPA country that ranked among the fast integrators.

6.12 Aid and debt. Aid played a critical role in the SPA group in financing fiscal and current account deficits (see chapters 1 and 3). In 1994, aid per capita to the SPA countries was US$75, higher than to any other developing country region. Aid financed an increasing percentage of imports and government spending (table 6.1), contributing significantly to the build up of external debt. External debt remained unsustainably high despite the debt relief extended under the Paris Club. During 1994-96, the ratio of debt to GDP at market prices in the SPA countries was 150 percent, while the present value of debt to exports was 345.5 percent (Van der Windt and Nes, 1997). However, it is important to remember that the SPA helped to keep the debt issue on donor agendas. SPA assistance was in part mobilized because of the high levels of debt service owed by SPA recipients; new money through the SPA complemented debt relief granted through the Paris Club; the Fifth and Sixth Dimensions were designed to deal explicitly with categories of debt not covered by the Club; and the progressively more concessional terms that the Paris Club agreed to during the SPA period was in part an acknowledgment that aid was absorbing too large a share of aid resources. Nevertheless, a joint Bank-IMF study carried out in 1996 found as many as nine SPA countries “possibly stressed” and the external debt of six countries to be “unsustainable”.76 However, this classification is not immutable; it is likely to change as countries adopt and adhere to good policies and as eligible countries avail of HIPC relief.

6.13 Weak institutions. Several African leaders have identified the issues of human and institutional capacity as the top priority for development. (See World Bank (1996). *Partnership for Capacity Building in Africa: Strategy and Program for Action*. Washington, D.C. Report of the African Governors of the World Bank). Several studies have focused on the effects of a lack of social capital in Africa relative to other developing countries. A Bank survey of African business leaders found that corruption ranked first among eight major obstacles to economic activity—ahead of inflation and poor infrastructure. Corruption also adds indirect costs to business: almost 40 percent of senior managers in African firms reported spending more than 15 percent of their time negotiating with government officials over laws and regulations. Other studies have identified the deleterious effects on growth of corruption, judicial ineffectiveness,

76 This judgment was based on a comparison of projected debt and debt service ratios to GDP and the ratio of debt service to government revenue, as well as on such vulnerability indicators as export concentration and reserve levels.
the bureaucracy, fractionalization and civil war. On all of these variables, Africa compares unfavorably with other developing countries.

6.14 Poverty and social indicators. While the lack of data and its poor quality preclude definitive assessments of poverty, a crude headcount measure for the 13 SPA countries with single-year data available for the period 1981 to 1995, showed poverty (less than $1 per person per day) ranging from 18 percent in Cote d'Ivoire to 87 percent in Guinea-Bissau, with the median level at 50 percent for 13 SPA countries. In South Asia, the same poverty indicator ranged between 53 percent for Nepal and India and 4 percent for Sri Lanka. The growth rates registered by the SPA countries were too low to permit significant poverty reduction. OED's Adjustment Lending in Sub-Saharan Africa (1997) concludes that poverty eradication (no increase in the absolute numbers of people living in poverty) was achieved in very few SPA countries (10 out of a sample of 30 countries) during FY80-FY96. The SPA countries (and Africa as a whole) with a typical population growth rate of 3 percent, require very high growth rates on the order of 5-8 percent (depending on the poverty elasticity) to reduce the number of poor.

6.15 Data for 29 SPA countries indicate that infant mortality and life expectancy continued to improve over the period 1980-85 to 1993-95 (table 6.2A) although the SPA infant mortality rate in 1993-95 was still almost 3 times higher than in 100 other developing countries. Median life expectancy at birth was 49 years in the SPA group in 1995; in South Asia it was 60 years. The fertility rate dropped modestly in the SPA from 6.7 births per woman to 6.0 between 1980 and 1995; in South Asia, the drop was more marked (from 6.0 to 4.7). Immunization rates for diphtheria, polio and typhoid (DPT) reached a median value of 67 percent and 60 percent for measles in 1993-95 in 29 SPA countries relative to 91 and 90 percent in 84 other developing countries, but the data here are notoriously poor (table 6.2B). Africa has the highest adult HIV-1 seroprevalence rates (4.3 per 100 adults in 1994) relative to other low-income countries.


### Socio-political indicators: differences between SSA and other developing countries

<table>
<thead>
<tr>
<th></th>
<th>SSA</th>
<th>Other Developing Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption</td>
<td>4.97</td>
<td>6.03</td>
</tr>
<tr>
<td>Bureaucracy</td>
<td>1.38</td>
<td>1.72</td>
</tr>
<tr>
<td>Enforceability</td>
<td>1.95</td>
<td>2.09</td>
</tr>
<tr>
<td>Civil War</td>
<td>1.27</td>
<td>0.72</td>
</tr>
<tr>
<td>Fractionalisation</td>
<td>67.6</td>
<td>32.7</td>
</tr>
</tbody>
</table>

Note: Corruption: Low scores indicate high corruption; range 0-7. Bureaucracy: High scores indicate better quality; range is 0-6. Enforceability of contracts: low scores indicate weak enforceability; range 0-4. Civil war measured in months per year. Fractionalisation: Range 0-100, with completely homogeneous societies scoring zero.

Source: Collier and Gunning (1997).

The poverty elasticity measures the percentage change in poverty in response to a one percent change in growth.
Table 6.2: Health and infrastructure indicators

A. Infant Mortality Rate and Life Expectancy at Birth

<table>
<thead>
<tr>
<th></th>
<th>SPA 1980-85</th>
<th>Other Developing Countries 1980-85</th>
<th>South Asia 1987 (n=7)</th>
<th>Development 1987 (n=77)</th>
<th>South Asia 1987 (n=7)</th>
<th>SPA 1980 (n=28)</th>
<th>SSA 1980 (n=7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant Mortality Rate (Per Thousand Live Births)</td>
<td>125 (n=29)</td>
<td>114 (n=31)</td>
<td>53 (n=100)</td>
<td>99 (n=27)</td>
<td>49 (n=31)</td>
<td>56 (n=7)</td>
<td>6.7</td>
</tr>
<tr>
<td>Life Expectancy (Years)</td>
<td></td>
<td></td>
<td>94 (n=7)</td>
<td>104 (n=7)</td>
<td>48 (n=28)</td>
<td>58 (n=7)</td>
<td>6.5</td>
</tr>
<tr>
<td>Fertility Rate (births per woman)</td>
<td></td>
<td></td>
<td>56 (n=28)</td>
<td>58 (n=7)</td>
<td>58 (n=7)</td>
<td>6.5</td>
<td>6.4</td>
</tr>
</tbody>
</table>

B. Immunization Coverage of Children under 12 Months Old (in percent)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Diphtheria, Polio, Typhoid (DPT)</td>
<td>38 (n=29)</td>
<td>53 (n=31)</td>
<td>34 (n=100)</td>
<td>37 (n=27)</td>
<td>48 (n=28)</td>
<td>49 (n=7)</td>
<td>35</td>
</tr>
<tr>
<td>Measles</td>
<td></td>
<td></td>
<td>36 (n=7)</td>
<td>50 (n=7)</td>
<td>45 (n=7)</td>
<td>45</td>
<td>38</td>
</tr>
</tbody>
</table>

C. Access to Safe Water and Sanitation (percent of population)

<table>
<thead>
<tr>
<th></th>
<th>SPA 1980-85</th>
<th>Other Developing Countries 1980-85</th>
<th>South Asia 1985 (n=4)</th>
<th>Development 1985 (n=4)</th>
<th>South Asia 1985 (n=6)</th>
<th>SPA 1993-95 (n=19)</th>
<th>South Asia 1993-95 (n=19)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to Safe Water (percent of population)</td>
<td>31 (n=20)</td>
<td>32 (n=10)</td>
<td>70 (n=54)</td>
<td>36 (n=19)</td>
<td>25 (n=19)</td>
<td>23 (n=6)</td>
<td>19</td>
</tr>
<tr>
<td>Sanitation (percent of population)</td>
<td>31 (n=20)</td>
<td>31 (n=10)</td>
<td>73 (n=54)</td>
<td>39 (n=19)</td>
<td>36 (n=19)</td>
<td>31 (n=6)</td>
<td>34</td>
</tr>
<tr>
<td>Mean</td>
<td>49 (n=20)</td>
<td>48 (n=10)</td>
<td>77 (n=54)</td>
<td>60 (n=19)</td>
<td>54 (n=19)</td>
<td>34 (n=6)</td>
<td>63</td>
</tr>
<tr>
<td>Median</td>
<td>49 (n=20)</td>
<td>49 (n=10)</td>
<td>82 (n=54)</td>
<td>56 (n=19)</td>
<td>57 (n=19)</td>
<td>32 (n=6)</td>
<td>68</td>
</tr>
</tbody>
</table>

Note: "n" refers to sample size. "Mean" is unweighted.

Table 6.3: Primary gross enrollment ratios and illiteracy rates (in percent)

<table>
<thead>
<tr>
<th></th>
<th>Total Enrollment Ratio</th>
<th>Illiteracy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SPA</td>
<td>SPA South Asia</td>
</tr>
<tr>
<td>1980-85</td>
<td>(n=19)</td>
<td>(n=6)</td>
</tr>
<tr>
<td>Mean</td>
<td>71</td>
<td>64</td>
</tr>
<tr>
<td>Median</td>
<td>66</td>
<td>69</td>
</tr>
<tr>
<td></td>
<td>Other Developing</td>
<td>South Asia</td>
</tr>
<tr>
<td>Countries</td>
<td>Countries</td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>(n=19)</td>
<td>(n=14)</td>
</tr>
<tr>
<td>Mean</td>
<td>71</td>
<td>68</td>
</tr>
<tr>
<td>Median</td>
<td>66</td>
<td>73</td>
</tr>
<tr>
<td></td>
<td>South Asia</td>
<td>SPA South Asia</td>
</tr>
<tr>
<td>1980</td>
<td>(n=19)</td>
<td>(n=5)</td>
</tr>
<tr>
<td>Mean</td>
<td>71</td>
<td>64</td>
</tr>
<tr>
<td>Median</td>
<td>66</td>
<td>69</td>
</tr>
<tr>
<td></td>
<td>South Asia</td>
<td>SPA South Asia</td>
</tr>
<tr>
<td>1990</td>
<td>(n=7)</td>
<td>(n=2)</td>
</tr>
<tr>
<td>Mean</td>
<td>70</td>
<td>58</td>
</tr>
<tr>
<td>Median</td>
<td>66</td>
<td>62</td>
</tr>
<tr>
<td></td>
<td>South Asia</td>
<td>SPA South Asia</td>
</tr>
<tr>
<td>1993-95</td>
<td>(n=19)</td>
<td>(n=14)</td>
</tr>
<tr>
<td>Mean</td>
<td>70</td>
<td>66</td>
</tr>
<tr>
<td>Median</td>
<td>68</td>
<td>73</td>
</tr>
<tr>
<td></td>
<td>South Asia</td>
<td>SPA South Asia</td>
</tr>
<tr>
<td>1993</td>
<td>(n=14)</td>
<td>(n=5)</td>
</tr>
<tr>
<td>Mean</td>
<td>70</td>
<td>66</td>
</tr>
<tr>
<td>Median</td>
<td>67</td>
<td>73</td>
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<tr>
<td></td>
<td>South Asia</td>
<td>SPA South Asia</td>
</tr>
<tr>
<td>1995</td>
<td>(n=19)</td>
<td>(n=7)</td>
</tr>
<tr>
<td>Mean</td>
<td>70</td>
<td>58</td>
</tr>
<tr>
<td>Median</td>
<td>66</td>
<td>62</td>
</tr>
</tbody>
</table>

Note: "n" refers to sample size. "Mean" is unweighted.


excluding China and India. Access to safe water and sanitation (for which data quality are also pretty poor) improved in both the SPA and South Asia (table 6.2C).79

6.16 Primary school enrollment ratios improved marginally between 1980-85 and 1993-95 in 19 SPA countries, but the median gross primary enrollment ratio was about 50 percent higher in other developing countries than in the SPA group during 1993-95. The ratio was 106 percent in South Asia in 1993 and 70 percent in 19 SPA countries (table 6.3). One of the few areas in which the SPA group registered greater progress than South Asia was in illiteracy rates.

6.17 Gender inequalities are a major aspect and cause of poverty—what the 1995 UNDP report on human development calls the “feminization” of poverty. The evidence on Africa suggests that “the poorer the family, the more it depends on the economic output and productivity of women” (World Bank (1995). A Continent in Transition. Washington, D.C.). Yet, women suffer from inequalities in access to economically productive resources. The only available data on gender inequality in the SPA countries—on primary enrollment ratios—show a median enrollment rate of 66 percent for girls in 14 SPA countries in 1993 compared with 78 percent for boys.80

79 The improvement in social indicators, despite economic decline, is explained by external financial support: virtually all development expenditures are aid-financed, as are sizable parts of the recurrent budget.

80 Gender issues are reviewed in Amali, Ebele, (1997). “The Impact on Gender of Economic and Social Policy Reforms and Structural Adjustment Measures in African Countries.” Background paper for this study. The few assessments of the gender impact of adjustment programs confirm that the impact on women is either negative or only marginally positive. In Engberg-Pedersen et al (1996). Limits of Adjustment in Africa. Centre for Development Research, Copenhagen, the authors indicate that the benefits of adjustment have bypassed the poorest groups, composed largely of women (See Demery L. and Lynn Squire (1996). “Macroeconomic Adjustment and Poverty in Africa: An Emerging Picture”. The World Bank Research Observer, Vol. 11, No. 1 pp. 39-56). Exchange rate liberalization and trade reform—the hallmarks of adjustment—generally improve the domestic terms of trade in favor of tradables; women do not benefit from these price movements, since they produce mainly nontraded goods (mainly
6.18 **Conclusions.** Thus taking a strictly aggregate view, SPA-supported adjustment programs would appear to have succeeded in averting macroeconomic crises. But the stabilization achieved appears fragile. Moreover adjustment programs do not appear to have achieved significant aggregate growth or structural change; and while overall social indicators have generally improved, they have lagged behind those of other developing countries. But this is a broad-brush view.

**An emerging picture of differentiation**

6.19 **Growth differentials.** Aggregate monitoring of SPA recipients is unlikely to do justice to the record, because of significant diversities among countries. The pattern of differentiation that is emerging among countries and across time periods, belies the general pessimism relating to the overall SPA record.

6.20 Nine countries recorded positive per capita income growth on the average during 1988-96 and six of them—Equatorial Guinea, Ghana, Guinea, Guinea Bissau, Mozambique, and Uganda—also achieved an annual average GDP growth rate of 3.5 percent or more, which is generally higher than the rates registered in 1985-87. For three of these six countries, adherence to policy reform programs probably paid off (see paras. 6.27-6.33). The consistent record of this group warrants study especially in light of the volatility that marks African economies in general.

6.21 The years 1994-96 also stand out with more than a fourth of the SPA countries growing at rates higher than 5 percent a year. Several groups of countries did well. Four countries recovering from civil war—Ethiopia, Eritrea, Mozambique and Uganda—achieved growth rates ranging from 5.6 to 9.3 percent per year during 1994-96. And six of the CFA countries that had undertaken a major devaluation in 1994—Benin, Chad, Cote d'Ivoire, Mali, Senegal, and Togo—grew at more than 4 percent per year. Those who see the glass half empty contend that it may still be too premature to determine whether the exceptional 1994-96 performance can be sustained, or whether it simply reflects recovery from war or from the drastic pre-devaluation economic decline. However, it is important to point out that Ugandan growth is not simply a bounceback from the disruptions of war—nearly a decade has elapsed since the war; investment in Mozambique has been strong and not merely in pre-war activities; and preliminary estimates for 1997 indicate that growth in five of the six CFA countries referred to has exceeded 5 percent per year. But the progress of these countries needs to be watched to ascertain whether they reflect an enduring trend or merely the modest commodity boom of 1994-96.

6.22 Export growth improved but remained concentrated in a few countries—Comoros, Cote d'Ivoire, Ethiopia, Ghana, Madagascar, Mozambique, Tanzania, and Uganda. The Bank's

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food crops or food processing) In the absence of programs that compensate losers, women have also been adversely affected by the elimination of subsidies on fertilizers and other inputs, and the introduction of cost-recovery programs for education and health services. Moreover, adjustment has had a negative impact on women's access to credit in such countries as Ghana, Tanzania, and Zambia (See Ahenkora, Salome et. al (1995). "Gender and the Implementation of Structural Adjustment in Africa. Examining the micro-meso-macro linkages. The Ghana study". A Research Study under the SAGA Initiative. Draft Report; Collier, Paul (1994). *Macroeconomic Effects of Aid on Women.* Oxford University Center for the study of African Economies; and Herzog and Munachonga, (1995). *Gender and Micro-Meso-Macro Linkages of Structural Adjustment: Zambian Case Study.* Ontario. Econolyn.

81 Equatorial Guinea's performance is driven by oil.
integration study, cited earlier, notes that five countries—Cameroon, the Central African Republic, Kenya, Madagascar and Rwanda (before the civil war)—showed improvements (though modest) in the share of manufactures in total exports, not just in commodity exports.  

6.23 **Greater understanding of adjustment.** These improvements in performance are beginning to be reflected in the rhetoric of government leaders and in a greater understanding of sound economic policies. Most SPA leaders are talking of greater economic openness and integration with the rest of the world. As para. 4.9 indicates, many SPA countries have relaxed foreign exchange controls. Almost all have taken measures to improve resource allocation by liberalizing trade. Though fiscal deficits remain large, attempts are being made to streamline tax systems and set expenditure priorities. Many countries have also embarked on other reforms to improve resource allocation: reducing or eliminating price controls, deregulating product and input markets, reducing public sector monopoly power, and improving incentives and budget transparency. Moreover, countries such as Ghana, Mozambique, and Uganda have embarked on programs of public enterprise restructuring and privatization.

6.24 **More participatory government.** During the first half of the decade there has been a fragile, but nevertheless real, drive to political freedom in a large number of SPA countries. More than 30 elections took place all over Africa in the first half of the 1990s and 26 countries held major multi-party elections in the past two years. A large number of these countries are in the SPA group. Besides formal elections, political scientists discern a general “relaxation of government controls on the political activities of citizens, accompanied by an increase in freedom of expression and of the press” (see World Bank (1995). *A Continent in Transition.* Washington, D.C.). Benin, Malawi, Uganda, and Zambia, for example, have shown evidence of increased security of person and property.

6.25 **Linking performance to social stability and policy reform.** In a recent exercise, to which Collier and Gunning (1997) allude, the Bank has tried to sort out the impact on growth of social stability, macroeconomic stability and allocational efficiency. The 29 countries that met the criteria of minimal social stability during 1994-96 (the two countries embroiled in civil war were dropped), were sorted into the 23 countries that met minimum conditions of macroeconomic stability and 6 that did not (figure 6.2). Only 7—Benin, Cote d'Ivoire, Kenya, Malawi, Mauritania, Uganda, and Zambia—of the 23 countries improved resource allocation as measured by five policy areas (trade and exchange rate systems, the financial sector, factor and product markets, parastatals and the composition of public expenditure). The median growth rate during 1994-96 was around 3.9 percent for the original 31 SPA countries, 4.1 percent for the countries that achieved social stability, and 4.6 percent for the 7 countries that met all three criteria: social stability, macroeconomic stability, and resource allocational efficiency.

6.26 **Conclusions.** This picture of considerable variation in performance suggests that the SPA donors may benefit not just from monitoring the group as a whole but from in-depth assessments of specific groups of countries and individual countries. A first objective would be to support countries and groups that perform well. Another objective would be to establish typologies of countries (according, for example, to vulnerability to external shocks, success in staying the reform course, recent political liberalization, success in social development, weak strength in allocational efficiency, and positive export performance).
institutional capacity) that would aid in monitoring and help in determining the best mix of program approaches and policies for each group.

Figure 6.2: Accounting for SPA growth, 1994-96: impact of social stability, macroeconomic stability and allocative efficiency

<table>
<thead>
<tr>
<th>Number of countries</th>
<th>Median GDP Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>5.0</td>
</tr>
<tr>
<td>29</td>
<td>5.0</td>
</tr>
<tr>
<td>23</td>
<td>4.5</td>
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<tr>
<td>20</td>
<td>4.0</td>
</tr>
<tr>
<td>15</td>
<td>3.5</td>
</tr>
<tr>
<td>10</td>
<td>3.0</td>
</tr>
<tr>
<td>5</td>
<td>2.5</td>
</tr>
<tr>
<td>0</td>
<td>2.0</td>
</tr>
<tr>
<td>...and with social stability</td>
<td></td>
</tr>
<tr>
<td>...and with macro stability</td>
<td></td>
</tr>
<tr>
<td>...and with resource allocation efficiency</td>
<td></td>
</tr>
</tbody>
</table>

Source: World Bank, Africa Region

Monitoring whether policies matter

6.27 “On-track” countries. Is there any support for the contention that SPA-supported reform programs paid off? Eight countries—Benin, Burkina Faso, Ghana, Malawi, Mali, Mozambique, Uganda and Zambia—remained on track with SPA reform programs throughout 1992-96 (table 6.4). Yet, because two of these 8 countries (Ghana, Zambia) have had serious lapses of macroeconomic discipline, the differences between this group and the 20 remaining SPA countries were negligible in terms of the savings-investment gap (13-14 percent of GDP), the current account (7-10 percent of GDP), and the fiscal deficit (10-13 percent of GDP). Domestic savings and public revenue remain the Achilles’ heel of both groups. Still, the eight on-track countries performed considerably better than the other SPA countries on a number of growth, investment, external account, and social development indicators.

83 This section does not really attempt to attribute causality by linking policy compliance to performance. It merely employs a “before-and-after” comparison technique to compare what has happened in the on-track country group with results in the remaining SPA recipient countries.

84 The remaining-country group excludes Equatorial Guinea, whose performance is driven by oil, and Eritrea and Sierra Leone for which data are incomplete.
6.28 In GDP and per capita GDP growth, the on-track group not only performed better than the others; but they also bettered their own pre-SPA records. Their GDP growth rate of 4.6 percent and GDP per capita growth of 1.6 percent per year seem remarkable relative to the 0.8 percent and -2.0 percent for the other countries, particularly in the light of the 3.1 percent a year deterioration in the terms of trade of the SPA countries throughout the first two SPA periods. For Africa as a whole, the terms of trade deterioration accounted for an estimated 0.7 percentage point reduction in the growth rate relative to other developing countries (Elbadawi and Ndulu (1996) reported in Collier and Gunning (1997)).

6.29 The experience of the on-track group is therefore well worth monitoring and evaluating in terms of lessons that might be applicable elsewhere in the SPA. One possible explanation is the more consistent investment record of the on-track countries: the small difference in aggregate investment performance between the 8 on-track countries and the residual-country group, during 1988-96, obscures the fact that in 7 of the 9 years covered, the 8 on-track countries' investment performance was as good or better than the residual-SPA-country group. The on-track countries also achieved higher export growth rates, were more successful at curbing fiscal deficits and public expenditures, and maintained higher gross external reserves during 1988-96 than the other 20 SPA countries.

6.30 Social development indicators showed similar differences. The on-track group was more successful on average than the other SPA countries in reducing infant mortality rates, extending immunization (both DPT and measles), and providing access to safe water and sanitation (table 6.5). Primary school enrollment rates improved in the on-track group while declining in the other countries. (The data on access to safe water, sanitation, and primary enrollments are however patchy). But life expectancy at birth did not improve at all in the on-track group (it improved marginally in the remaining SPA countries). Changes in fertility rates were approximately similar in the two groups of countries.

6.31 Other evidence. An OED study (1997) of adjustment in SSA concluded that, overall, countries that complied with adjustment did better than countries that did not. The study, which categorized 32 countries as “good,” “weak,” or “poor” compliers with adjustment conditionality, (performance was measured in terms of GDP growth, investment, and inflation) found that GDP growth improved in the most recent period compared to the pre-adjustment period for 7 of the 10 good compliers but for only 9 of 22 weak and poor compliers. Similar results were found for inflation and investment. But Van der Windt and Nes (1997), who used the OED data and

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86 The residual country group may be catching up fast with the 8 on-track countries in the fiscal arena. During SPA 3, 17 SPA recipients (only 2 of these were on-track countries) achieved continuous declines in their fiscal deficits from levels registered in 1994; deficits in SPA 3 were also lower than in SPA 2 in another group of 17 countries).
Table 6.4: Comparing eight on-track countries with other SPA countries: macroeconomic performance

<table>
<thead>
<tr>
<th></th>
<th>1985-87</th>
<th>SPA 1</th>
<th>SPA 2</th>
<th>SPA 3</th>
<th>1988-96</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GDP Growth (percent per annum)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>GDP Per Capita Growth (percent per annum)</strong></td>
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<tr>
<td>On-track Countries (8)</td>
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<tr>
<td><strong>Export Growth (percent per annum)</strong></td>
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<tr>
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<td>7.3</td>
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<td><strong>Import Growth (percent per annum)</strong></td>
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<td><strong>Gross External Reserves</strong> (Unweighted, Months of Imports)</td>
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<td>3.6</td>
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<td>2.4</td>
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<td>2.6</td>
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<tr>
<td><strong>Current Account</strong> (Unweighted, percent of GDP)</td>
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<tr>
<td><strong>Gross Domestic Investment</strong> (Unweighted, percent of GDP)</td>
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<td>On-track Countries (8)</td>
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<td>18.7</td>
<td>18.5</td>
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<td><strong>Gross Domestic Savings Rate</strong> (Unweighted, percent of GDP)</td>
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<tr>
<td>On-track Countries (8)</td>
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<td>2.4</td>
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<td>4.9</td>
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<tr>
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<td>4.2</td>
<td>4.6</td>
<td>5.1</td>
</tr>
<tr>
<td><strong>Fiscal Deficit/Surplus, excluding Grants</strong> (Unweighted, percent of GDP)</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>Remaining SPA (20)</td>
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<td>-12.1</td>
<td>-12.8</td>
<td>-11.1</td>
<td>-12.1</td>
</tr>
<tr>
<td><strong>Government Revenue excluding Grants</strong> (Unweighted, percent of GDP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>On-track Countries (8)</td>
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<td>14.2</td>
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<td>14.8</td>
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<tr>
<td>Remaining SPA (20)</td>
<td>17.9</td>
<td>17.9</td>
<td>15.9</td>
<td>15.0</td>
<td>16.2</td>
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<tr>
<td><strong>Total Government Expenditure</strong> (Unweighted, percent of GDP)</td>
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<tr>
<td>On-track Countries (8)</td>
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<td>27.1</td>
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<tr>
<td>Remaining SPA (20)</td>
<td>28.5</td>
<td>30.2</td>
<td>28.7</td>
<td>26.2</td>
<td>28.4</td>
</tr>
</tbody>
</table>

Note: The 8 "On-track" countries are Benin, Burkina Faso, Ghana, Malawi, Mali, Mozambique, Uganda and Zambia. The remaining-country group excludes Equatorial Guinea, whose performance is driven by oil, and Eritrea, and Sierra Leone for which data are incomplete.

Source: SPA Secretariat; World Bank, *World Development Indicators* for current account data.
### Table 6.5: Comparing eight on-track countries with other SPA countries: social indicators

<table>
<thead>
<tr>
<th></th>
<th>1987</th>
<th>1995</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Life Expectancy at Birth (years)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-track Countries (8)</td>
<td>48</td>
<td>48</td>
<td>0</td>
</tr>
<tr>
<td>Remaining SPA (22)</td>
<td>49</td>
<td>50</td>
<td>+1</td>
</tr>
<tr>
<td><strong>Infant Mortality Rate (per 1000 live births)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-track Countries (8)</td>
<td>117</td>
<td>105</td>
<td>-12</td>
</tr>
<tr>
<td>Remaining SPA (22)</td>
<td>112</td>
<td>102</td>
<td>-10</td>
</tr>
<tr>
<td><strong>Fertility Rate (births per woman)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-track Countries (8)</td>
<td>6.8</td>
<td>6.2</td>
<td>-0.6</td>
</tr>
<tr>
<td>Remaining Countries (20)</td>
<td>6.4</td>
<td>5.9</td>
<td>-0.5</td>
</tr>
<tr>
<td><strong>Immunization, DPT (% of children under 12 months)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-track Countries (8)</td>
<td>35</td>
<td>69</td>
<td>+34</td>
</tr>
<tr>
<td>Remaining SPA (17)</td>
<td>37</td>
<td>62</td>
<td>+23</td>
</tr>
<tr>
<td><strong>Immunization, Measles (% of children under 12 months)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-track Countries (17)</td>
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<td>71</td>
<td>+27</td>
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<tr>
<td>Remaining SPA (8)</td>
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<td>58</td>
<td>+8</td>
</tr>
<tr>
<td><strong>Access to save water (% of population)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-track Countries (3)</td>
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<td>57</td>
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<tr>
<td>Remaining SPA (7)</td>
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<td>44</td>
<td>+10</td>
</tr>
<tr>
<td><strong>Access to Sanitation (% of population)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-track Countries (5)</td>
<td>30</td>
<td>45</td>
<td>+15</td>
</tr>
<tr>
<td>Remaining SPA (4)</td>
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<td>22</td>
<td>+7</td>
</tr>
<tr>
<td><strong>Primary School Enrollment Rates (% gross)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-track Countries (5)</td>
<td>66</td>
<td>70</td>
<td>+4</td>
</tr>
<tr>
<td>Remaining SPA (14)</td>
<td>72</td>
<td>69</td>
<td>-3</td>
</tr>
</tbody>
</table>

Note: Figures in parenthesis denote sample sizes. The “On-track” countries are Benin, Burkina Faso, Ghana, Malawi, Mali, Mozambique, Uganda and Zambia. The remaining-country group excludes Equatorial Guinea whose performance is driven by oil.


rankings to test for a possible relationship between policy and deviations of growth from the long-term trend, found no strong evidence that adjustment programs “provided a stimulus to a better growth performance.” Aside from possible problems of compliance measurement, the authors suggest that the difficulties that SPA countries have in sustaining good policies over long periods of time may explain the absence of correlation. 87

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87 Van de Windt and Nes (1997) explore the methodological issues underlying recent studies of compliance with conditionality and the impact of adjustment programs.
6.32 This lack of staying power points to a lack of implementation capacity, or a lack of ownership, or both; in either case further analysis is warranted.

6.33 The IMF's 1997 study on ESAF arrangements lends moderate support to OED's 1997 finding that policies affect performance. It found that about a quarter of the narrowing of the growth differential between ESAF and non-ESAF users was attributable to improvements in policies and about a third to favorable exogenous conditions.  

6.34 **Recipient views.** The evaluation field missions also sought the views of recipients on the results of a decade of adjustment. Officials in Malawi and Zambia expressed concern about the lack of visible progress after several years of adjustment. They also voiced dissatisfaction with the record on poverty, as did officials in Kenya, Tanzania, and Uganda. Specific adjustment measures were blamed—in Malawi, the removal of fertilizer subsidies for the negative impact on rural areas and of maize subsidies for the impact on the urban poor; in Zambia, the liberalization of the agricultural sector for its negative impact on the poorest farmers. Even in Uganda, where officials recognized that donor support accommodated higher social and infrastructure spending, adjustment-related unemployment was perceived as a factor perpetuating poverty. Perceptions were more positive in Burkina Faso, Mali, and Senegal, perhaps influenced by the economic upturn following the 1994 devaluation of the CFAF.

6.35 Surprisingly, some recipient countries thought that they could have adjusted without outside support, although the process would have been more difficult and protracted. It is possible, however, that while less adjustment assistance might have induced political change and speeded adjustment, the absence of assistance and formal programs could have led to severe political and economic disruptions.

6.36 **Unfinished business.** Notwithstanding the recent improvements in performance and the pattern of differentiation emerging among countries, nagging questions remain: Why has overall SPA performance so modest? Where has policy reform lagged? Why have SPA countries failed to engage in the worldwide integration movement? Why are social indicators the lowest worldwide? The answer is that, despite progress, much more remains to be done.

6.37 In an attempt to find a link between policies and outcomes in ESAF and non-ESAF users, the IMF (1997) looked at progress in 5 policy areas during 1981-95: pricing and marketing, exchange rate regime, trade system, financial sector, and public enterprise sector. Deregulation of pricing and marketing has gone far in SPA countries. Progress has also been rapid in reforming exchange control systems. By 1995, all countries (except Madagascar) had eliminated controls on foreign exchange allocation or had negligible surrender requirements.

6.38 Achievements have been less extensive in the other three areas. While progress has been made in removing quantitative trade restrictions and export and import licensing requirements, tariff reform has proceeded more slowly, partly because SPA countries still rely on trade taxes for revenue and so fear the short-term macroeconomic consequences of tariff reduction. While only three SPA countries—Burundi, Madagascar, and Mozambique—still have high and dispersed tariff rates, only five countries (Benin, Ghana, Guinea, Kenya, and Togo) have reduced tariffs to a narrow band of 10-20 percent around low average rates and dropped most  

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88 Over 40 percent of the narrowing of the growth gap appeared to be due to factors not included in the regression—possibly structural reform effects not included in the measures of policy reforms included in the regressions.
exemptions. And many SPA countries also have a high degree of natural protection because they are land-locked or have poor port and transport facilities. Poor economic and social infrastructure also impedes integration. Telephone density is extremely low; rail freight and port charges are high (a container costs $200 in Abidjan relative to $120 in Antwerp); and air transport charges are about four times those in East Asia. The higher transport costs are at least partly due to policies such as the promotion of national shipping fleets.

6.39 In the financial sector, considerable though differentiated progress has been achieved in strengthening the role of market mechanisms in allocating credit, shifting the means of monetary control to indirect instruments, and eliminating the quasi-fiscal activities of the banking system. However, sustained improvements in the financial health and operational efficiency of banks, and in the effectiveness of the prudential and supervisory frameworks have proved elusive (Ghana and Senegal have been more successful in restoring a substantial measure of soundness to banking systems than countries like Tanzania). Most of the progress in financial sector reform is also relatively recent (1991-95).

6.40 Implementation of public enterprise reform has been slow, uneven, and subject to extensive slippage. Public enterprise reform has been initiated almost exclusively in non-CFA countries, but little or no progress has been achieved in Burundi, Kenya, Madagascar, Malawi, Mauritania, and Tanzania. Though subsidies to public enterprises have been reduced or eliminated in some countries (Burkina Faso, Mali), public enterprises continue to be a fiscal drain and a major source of allocational inefficiencies. Public financial sector institutions continue to be a major source of patronage, rent-seeking, and insolvency.

6.41 The Bank has also identified poor domestic resource mobilization and public sector management as major problems. Weak tax systems undermine government revenue raising efforts. Reliance on indirect taxes is still high, though several countries have introduced more efficient taxes such as the VAT during SPA 3. Cost recovery for public services, many oriented to the non-poor, is low. The public sector still remains too large in many countries. Though budget transparency has increased and public expenditure management has improved (Burkina Faso, Uganda), public spending decisions need to be informed by a consideration of outcomes rather than inputs, and government financial management needs to be strengthened.

Rethinking adjustment

6.42 Recent studies (Burnside and Dollar (1997); Collier and Dunning (1997)) confirm that the impact of aid on growth depends on the policy environment. Aid significantly increases growth in good policy environments but may actually reduce it in poor policy environments. These findings validate a basic principle which underpinned the SPA, namely that aid was needed in support of adjustment to increase growth. SPA countries therefore need continuing support in completing the adjustment agenda, by improving program design and policy selection and adapting adjustment policies to accommodate longer-run development considerations such as building capacity and institutions and delivering substantially greater benefits to the poor.

6.43 Several OED reports have implicated poor design and weak borrower ownership as factors responsible for inadequate performance. The most recent OED review of adjustment in SSA recommended greater attention to selectivity, social impact, and the use of benchmarks to assess progress in poverty alleviation and other long-term goals. It is not that these concerns are new to the SPA partners. Donors have been concerned with ownership since the SPA’s inception
and have urged the Bank to take greater account of selectivity and social impact (see chapter 5). The challenge has been to translate these concepts into program design. The IMF (1997), while noting various problems in program design, also faults weak implementation. Collier and Gunning (1997) identify another factor—higher perceptions of risk—as responsible for poor performance in Africa.

6.44 **Program design.** Critics of Bank-Fund programs argue that Africa’s poor performance largely stems from too great a reduction in demand and too little aid. They advocate less rapid contractions in demand and greater tolerance of fiscal deficits where inflation is not excessive (Cornea and Helleiner (1994); Stewart (1991); and Mosley et al (1996)). Others argue that adjustment programs designed to emphasize fiscal discipline and subsidy reductions have paid inadequate attention to the impacts on agriculture and on poor farmers and have neglected gender issues. The neglect of gender partially explains the poor supply response, because women play a significant role in agriculture, which holds the key to growth and poverty reduction, and in the informal sector. Many believe that gender analysis needs to be integral to the design of policies and programs for promoting growth and alleviating poverty (Ribe et al 1990; Sahn 1990; Sahn and Sarris 1991). These considerations underlie the gender pilot operations that are currently in progress in Mali and Mozambique. The next step is to assess these pilots and to implement flexibly the lessons learned.

6.45 **Selectivity.** Both the IMF and the Bank agree that greater selectivity may bolster country resolve to implement programs. However, the IMF review points out the difficulty of establishing criteria for selectivity. Recipient countries too are concerned about the application of poorly defined governance criteria in determining aid flows (see para. 3.31). The Bank’s HIAL program has made selectivity a key principle for guiding resource flows (see paras. 3.25 and 5.32). The Bank has been monitoring the success of this program and is currently reporting on whether the criteria and framework used by the Bank to make selectivity effective actually work.

6.46 **Human resources and capacity building.** Critics of adjustment programs claim that past growth spurts represent a move onto the production possibility frontier; the challenge for long-term development is to push out the production possibility frontier further (White 1997). This can only happen if vital investments are made in physical and human capital (Stewart, 1991). Many observers believe that Africa’s key economic and administrative structures are in accelerated decline, a belief that underlies the Bank’s initiative on Africa Capacity Building.

The most recent report of the Bank’s African Governors associated with this initiative (World Bank (1996). *Partnership for Capacity Building in Africa*) calls for strengthening capacity in the public sector (among others re-establishing a professional civil service; paying attention to policy analysis, monitoring and evaluation; and strengthening accounting, auditing and legal

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system), building partnerships with the private sector and civil society and developing
monitoring and evaluation institutions.

6.47 Social impact. The evaluation confirms that the focus of the SPA donors on poverty
reduction and social development was instrumental in moving the Bank and Fund to ensure
adequate funding of priority social programs. White (1997) points to the need to articulate a
poverty agenda that considers the distributive effects of growth as well as growth itself. While
the evaluation confirms that the SPA needs to encourage better analytical techniques for
assessing the impact of project design, policies, and sectoral allocations on poverty and the
distribution of growth, the more important issue is how to move beyond analysis to adapt the
actual design of adjustment policies and programs to reflect these impacts on income groups,
functional categories, regions, and sectors (see para. 5.9).

6.48 Benchmarks to assess progress. While the donors are periodically informed of
progress against targets on key macroeconomic outcomes, more needs to be done. The OED
review of SSA adjustment, conducted as recently as 1997, calls for clear definitions of program
objectives, the establishment of quantifiable measures of performance, and the monitoring and
evaluation of progress toward objectives in adjustment programs. Such monitoring requires
good data. In the case of poverty and distributive objectives, it requires data on poverty levels at
different points in time, on income distribution and on the links between poverty and growth.
This is an area where the donors might collaborate in the interests of better monitoring. The
evaluation confirms that the SPA partners also need to encourage better analytical techniques for
assessing the impact of project design, policies, and sectoral allocations on poverty and the
distribution of growth. (See paras. 5.9 and 5.11 and annex 2).

6.49 Weak implementation and risk. Collier and Gunning (1997) argue that African
performance is poor because of weak implementation and high risk. The 1997 OED report on
adjustment in SSA notes that the impact of implementation on outcomes does not seem to have
improved over time. According to Craig (1990), cited in Collier and Gunning (1997), social
policy reforms have been largely rhetorical: only 12 out of 153 education policies in Africa were
fully or even partially implemented. Donors have continued to lend despite poor
implementation.

6.50 A related issue is that African performance has been “strongly episodic” (Collier and
Gunning, 1997). Nearly all African countries have had periods of severe decline. These
episodes, which relate to terms of trade shocks, the weather, war, or policy reversal, have been
so frequent and widespread that expectations of future collapse color most perceptions of Africa.
Foreign investors generally rate Africa as the highest risk region in the world. While Jasperson
et al (1997) (“Determinants of Private Investment in Developing Countries.”) point to an
irrational element in African risk ratings, these risk perceptions of foreign investors are not
entirely unfounded. There have been numerous cases throughout Africa of policy reversal
(Oyejide et al (1997) cited in Collier and Gunning (1997)). The SPA partnership would benefit
from periodic assessments of country growth records according to their explained and

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Introduction and Overview” in Oyejide et al (eds.) (1997). Regional Integration and Trade Liberalization in Sub-
unexplained components to get a handle on the range of possible domestic and external options that might help reforming governments avoid policy relapse.

The SPA agenda

6.51 The consensus of the evaluation team (supported by the literature) is that the disappointing aggregate economic and social development record of SPA recipients has to be viewed in the context of the extraordinarily difficult circumstances in which the programs were initiated and the enormity of the problems that still afflict many SPA countries. Moreover, there is evidence that several countries and country groups have succeeded in sustaining adjustment reform through the 1990s, or in maintaining moderate rates of growth over the whole SPA period. Such differentiation in performance implies that the SPA is right to pursue selectivity in allocating adjustment assistance. Policy prescriptions may need to differ across country groups and individual countries. To effect such shifts in SPA strategy, participants need to base assistance programs on sound assessments of aid effectiveness.

6.52 SPA efforts to trace program impacts on recipients have been surprisingly modest. The CSR, which has been the main tool for tracking individual country performance, is not designed for in-depth or comparative analyses of country performance. The SPA partnership has devoted only limited attention to tracking progress on building capacity for effective accounting, auditing, and monitoring and evaluation in recipient countries—an objective of the JEMs that followed up on the implementation of the import support guidelines. These considerations, the growing complexity of the SPA’s future agenda, and the need for more experimentation and assessment suggest that SPA partners, in collaboration with recipient countries, need to develop a more intensive monitoring and evaluation plan that helps them make informed policy and resource allocation decisions based on the results of the program. To avoid duplication of effort, such a plan would build upon Bank and Fund evaluations as well as partnerships with other donor and aid-coordinating bodies.

6.53 The plan might provide for systematic annual reporting on routine matters such as resource requirements (based on PFP and CG/RT estimates) and the economic and social performance of individual recipient countries and the aggregate SPA group. It could also encompass periodic in-depth reporting on matters that could further the SPA agenda: the progress of programs to strengthen accounting and auditing capacity in recipient countries; the implementation of specific SPA guidelines; the comparative performance of recipient countries; and the identification of macroeconomic and sectoral policies that have worked and the underlying factors responsible for their success. Donors could turn to their own central monitoring and evaluation offices to help articulate and oversee SPA monitoring and evaluation requirements. Such an approach would ensure that the SPA’s continuing work would be informed by a well-structured and independent evaluation agenda.

93 One donor supports the idea of a specific staff reference group on SPA monitoring.
7. Aid-Coordination Mechanisms

Main findings

- While there is much overlap in the topics addressed at the country-level and in the SPA, there is little evidence that SPA conclusions directly informed CG or RT processes or local aid groups operating in recipient countries.

- Despite the OECD DAC’s key role in monitoring and reporting on donor assistance practices and the SPA’s own work in this area, there has been relatively little cooperation between the two bodies. Improved ties could enhance the SPA’s efforts to monitor the implementation of its guidelines and avoid duplication of effort in their respective policy dialogues and efforts to distill and refine best practices (for example, the SPA could build on the DAC’s more comprehensive findings and pilot efforts on good governance).

- Of the available aid-coordination mechanisms at the regional and subregional levels, the SPA seems to relate most substantively to the Global Coalition for Africa (GCA). This relationship is important because the GCA brings in high-level Africans and NGOs in its policy dialogues, in addition to donors. Linkages with sub-regional bodies are either proforma (Club du Sahel) or non-existent (for example, South African Development Community) (box 7.1).

7.1 Background. In principle, aid coordination should be driven by recipient governments and their needs, priorities and capabilities. In practice, many governments lack accountable governance structures and management capabilities for directing their scarce internal and external development resources to agreed priorities. To fill this gap, the Bank provides key leadership in many regional, country-level, and local aid-coordination fora. In its coordinating role, the Bank has placed emphasis on mobilizing aid resources and on assessing recipients’ implementation of policy reforms. While the bilateral and other multilateral donors appreciate the Bank’s leadership in aid-coordination, selected donors and recipients have worked individually and collectively to bring discussion of broader development objectives into aid-coordination arenas.

7.2 Box 7.1 highlights various mechanisms besides the SPA, of importance to aid-coordination and the consideration of aid implementation and impact issues in the region. In addition to these bodies there are a number of special donor initiatives for the continent, as well as various regional economic arrangements, many of which have agendas which overlap with that of the SPA. Within this loose framework of global, regional, national and local processes, the SPA is unique in its focus on enhancing support for adjustment efforts and fostering the spread of improved donor practices on QDA in SSA.

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94 The Club du Sahel attends the semi-annual Paris meetings of the SPA with observer status and receives reports on the proceedings and other major papers from the SPA Secretariat.

95 Some other mechanisms focus on agricultural research (Consultative Group on International Agricultural Research and the Special Program for African Agricultural Research), micro-finance (Consultative Group to Assist the Poor), and education (the former Donors to African Education).
The degree of African participation in aid-coordination agencies varies considerably and is evolving.

**The OECD’s Development Assistance Committee (DAC).** The DAC consists of 22 member countries; the UNDP, IMF, and the Bank are permanent observers; and several of the non-DAC members of the OECD participate in DAC meetings. The members provide aid and have agreed to work together to increase the level and effectiveness of resources to developing countries. The DAC members periodically set forward principles for more effective donor practices and undertake peer review of the amount and quality of bilateral and multilateral aid programs against agreed standards. Ministers and heads of donor agencies attend DAC’s high-level sessions, while representation in the ad-hoc working and experts groups is usually at the level of the donors’ policy experts (as distinct from operational staff).

**Global Coalition for Africa (GCA).** Launched in 1991, the GCA provides a forum for fostering policy consensus on development priorities in Africa. Its members include almost all African governments, donor and other international agencies, and NGOs involved in Africa. Their policy fora typically include representation from African ministers of finance and, occasionally, presidents, the senior Africa heads in the aid agencies, and NGO senior executives.

**Sub-regional bodies:** There are numerous subregional coordinating bodies with area and thematic concentrations. Two of the more important ones for aid coordination include: 1) **Club du Sahel.** Founded in 1976 in response to a devastating period of drought, the Paris-based organization consists of donors active in the Sahel. Among its principal accomplishments is the development and monitoring of a voluntary Food Aid Charter. The Club has an African partner organization—the Permanent Interstate Committee for Drought Control in the Sahel, and the dual coordinating arrangement is unique in that Africans enjoy a substantial formal role in policy dialogue and research and monitoring activities. 2) **The Southern African Development Community** is an African body working to promote regional integration. It has taken the lead, over the past 15 years, to coordinate cross-border aid programs in the region, and, more recently, has worked to promote trade and investment.

**Consultative Groups (CGs) and Round Tables (RTs).** CGs and RTs are the main vehicle in the international system for aid coordination at the country level. Most African countries and many in Asia and Latin America and the Caribbean have active aid groups. Typically, a CG is a two-day meeting held about every 15 months and often at the request of the finance minister of an aid-receiving country. The Bank is responsible for convening, preparing background materials, and serving as chair for CGs, which most often take place in Paris for roughly 30 developing countries. The UNDP performs this role for the Geneva-based RTs, which are held for 25 of the world’s smaller and often least-developed countries. In 1995 the Inter-American Development Bank assumed responsibility for CGs for Central America and the Caribbean. CGs are chaired by World Bank country directors and RTs by UNDP regional directors; and the vice presidents and country directors from bilateral agencies generally attend those meetings.

**Local aid-coordination mechanisms.** The more focused and ongoing aid-coordination activities that take place in the recipient countries are of as much importance as the occasional aid group meetings. The local Bank representative often chairs a group on macroeconomic matters; the UNDP representative frequently chairs local meetings on a variety of issues, including technical cooperation and governance concerns; and there are often special groups, mainly with a sectoral focus, led by other donors.
Other aid-coordination bodies and the SPA: policy debates

7.3 Consultative Groups and Round Tables. The SPA’s focus on mobilizing donor support for economic policy reforms at the regional level makes it unique in the aid-coordination system, but this core agenda nevertheless also receives routine attention in many other aid-coordination fora. Most notably, detailed presentation of a country’s economic strategy and performance form the backbone of virtually every CG session. These concerns also feature increasingly on many RT agendas. A 1989 Bank review of CGs suggests that, to the extent that, mechanisms such as the SPA can address “generic” regional problems of inadequate resources, the CGs could “advance to other priority matters” and “focus on country-specific issues and on the recipient government’s program and priorities.”

7.4 The country-level aid groups (the CGs) are intended to provide a means for donors and recipients to agree on national development objectives and to work collectively to direct scarce external financing in support of those objectives. In this decade, selected RT agendas have come closer to those for CGs, also serving as a forum for examining adjustment issues and mobilizing aid resources. In accelerating recovery from crises—famines, disasters, severe economic instability, and civil strife—these aid groups under Bank and UN leadership have played the key facilitating role in raising resources and coordinating the international response. In the absence of crisis, the role of CGs and RTs appears diminished.

7.5 A striking number of topics of concern to the SPA are now featured in aid group discussions. In some countries such as Ghana, Kenya and Uganda, the aid group agendas are not only quite wide but also deep, with a single meeting featuring focused and detailed consideration of a number of economic, political, and social development concerns. It is difficult to identify either from the chairperson’s summaries of these sessions or from interviews with those attending these sessions whether the SPA contributed substantively to how these issues were considered at the country and local levels.

7.6 Bank and Fund representatives and the recipient country’s finance minister open CG sessions with in-depth (and often overlapping) reviews of macroeconomic trends and projections, and general assessments of the government’s performance on major aspects of adjustment programs. Near the conclusion of the meeting, a Bank representative provides an estimate of the external financing requirements for supporting the country’s economic recovery and longer-term development plan, and the level of donor assistance that may be needed to close any existing financing gap.

7.7 Critics of the CGs suggest that too much emphasis is placed on resource mobilization and too little on pulling together often diverse perceptions and activities among the various development partners. It is noteworthy that, with the exception of structural adjustment programs and aid levels, the CG policy agendas do not track specific issues consistently from one meeting to the next. Formal CGs are not convened when countries are “off-track” of their adjustment programs and have no prospect of mobilizing funds.


97 Much of this discussion of CGs and RTs is based on a review of the available chairperson’s summaries of CG sessions from 1993 onward for 10 sample SPA countries. Earlier summaries could not be located at the Bank’s headquarters nor in its archives.
7.8 The SPA’s country-specific meetings are no substitute for CGs and RTs partly because the recipient governments do not attend, the agenda is too narrow, and (at 30 minutes in most cases) the schedule is too brief. Rather than document indications of donor support over the coming year, as is the case in CGs, the SPA CSRs provide data on projected donor support for the usual three-year horizon. Some concerns have been expressed regarding inconsistencies in the Bank’s reporting for CGs and the SPA. Some bilateral donors and IFI officials expressed, in interviews, that they find the SPA’s donor-only country sessions useful for exchanging information on country programs in between CGs. They thus see the SPA country-specific meetings as complementary to the CGs rather than overlapping.

7.9 While there is much greater convergence in the 1990s among donors and recipients on the need for policy reforms to promote economic growth, some aspects of adjustment programs remain controversial. At times heated debates have ensued within CGs and RTs and local coordination fora among donors and recipients over the political, economic, and social problems associated with adjustment programs.

7.10 The links between the SPA Working Groups and the CGs are unclear or weak. A number of recipient countries are beginning, or have under way, PER exercises. A rather detailed status report of the government’s compliance with its expenditure plan was provided in the case of one country—Uganda—at its recent CGs. For other countries that are not as far along in the PER process, finance ministers or the Bank provide, during CGs, a more general progress report on budget expenditure targets and reallocations toward priority areas. As recommended by the SPA, the objective of incorporating PER exercises into the regular budget cycle is mentioned frequently, and CGs have discussed the need to view such efforts as a process. However, specific reference to the SPA guidelines cannot be found in the chairpersons’ summaries for the meetings. In the case of Uganda and perhaps one or two other countries, there seems to be overlap in the donors who participate in the CGs and the SPA Working Group on Public Expenditures. This may be helping to bring the SPA’s guidelines into the country-level processes on an ad hoc basis, but not as the result of a concerted effort.

7.11 In contrast to the SPA, the CGs have been more focused on implementation issues. If a country has active privatization or civil service reform or both programs under way, some stock-taking will almost always be made during the course of the CG. In several cases, progress toward specific divestiture and retrenchment targets was provided, and, on occasion, special sessions have been devoted to the subject. For example, discussion on Uganda’s progress on staff reductions, increased pay levels, and completion of restructuring plans was led by the United Kingdom representative at the 1994 and 1995 CGs. As highlighted below, issues of LCC are sometimes raised in the context of CG discussions of civil service reform. Again, however, there are no specific references to the SPA guidelines.

98 For example, Ugandan officials were commended at their July 1995 CG for incorporating the government’s development plans into the regular budget and meeting targets that included a 20 percent increase in spending for primary health and basic education. Uganda was again commended at the November 1996 CG for its fiscal discipline.

99 One donor has pointed out, however, that SPA links to CGs may be stronger than revealed in chairperson’s reports.

100 The SPA’s Public Finance Management Guidance is now being explicitly piloted in both Tanzania and Uganda whose CGs have discussed public expenditure and budgetary issues.
7.12 Governance concerns received extensive attention in recent CGs for Kenya, Malawi, Tanzania, and Zambia. The bilateral donors, in particular, view the aid groups as valuable opportunities to collectively condition their aid to leverage changes in such areas as a government’s electoral policies, human rights practices, and treatment of the media and civil society organizations (see paras. 3.31 and 5.14 and annex 2).

7.13 Often the exchanges in the aid groups can be surprisingly candid, including on politically sensitive issues such as high-level corruption and military spending levels. The donors’ different approaches to governance in the region and the role of conditionalities in supporting improved practices have created confusion among recipients and donors. There is also little evidence from the CG summaries that much guidance in the area of governance was provided by the SPA’s Working Group on Economic Reform in the Context of Political Liberalization.

7.14 Consideration by CGs and RTs of poverty and social policies and their impact, including issues of rural development and rural poverty, was routine in the 1970s. In the late 1980s, social concerns began to be discussed somewhat more systematically, in the context of adjustment impacts and the need to address specific vulnerable groups. Currently, more substantive dialogue on poverty-reduction goals and strategies is emerging in several aid groups, with poverty assessments or country assistance strategy documents often providing the framework for these discussions. There are also frequent references to the need to improve national poverty monitoring capabilities, an area emphasized by the WGPSP. The SPA’s WGPSP has only just started to produce guidelines on strategies and investment to reduce poverty and enhance the gender focus of operations; hence it does not seem to have exercised much substantive influence over other aid-coordination processes. In fact, with the exception of the UN’s Special Initiative on Africa and the Club du Sahel’s work on food aid and security issues, poverty issues have a lower profile in the existing network of formal donor coordination efforts than might be expected.

7.15 The Development Assistance Committee. The DAC has provided an important high-level forum for bilateral donors to consider broad policy issues and develop common principles for guiding their respective aid programs. The body’s comparative advantage among aid-coordination bodies may be that it is not “operational” and can perhaps bring greater objectivity on some issues. The DAC has worked in a number of areas of concern to the SPA, including the development of principles for program aid and drawing attention to the need for more extensive and consistent donor support for poverty programs and good governance.

7.16 DAC and SPA work has overlapped. Such overlap is not inherently wasteful because the DAC’s focus is worldwide and the SPA’s is confined to SSA; thus, ideally an important role for the SPA would be to take the broad (“one-size-fits-all”) DAC principles and agreements and tailor them to SSA needs. But to the extent that the DAC and SPA have working groups looking at precisely the same issues, it would be important to look for ways to coordinate activities to minimize duplication and add value. The extent to which the SPA was informed by DAC work, or vice versa is not clear. The DAC’s Ad Hoc Working Group on Participatory Development and Good Governance focused more closely on the political aspects of the governance agenda than did the SPA’s efforts in this area. Among other recommendations, the DAC’s high-level members concluded that these issues should “be treated in a more focused and operationally-

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oriented fashion” by CGs and RTs, and the host government, in partnership with its civil society, should give direction to the donors’ dialogue and coordination processes. Also useful, the DAC Working Group drew on more extensive resources than did the SPA, and the Group published its findings. Nevertheless, it is not clear how well the DAC’s policy work actually filters down to inform donor operations on the ground.

7.17 **Other regional coordination mechanisms.** In contrast to much of the above, there is evidence of constructive information flows between the SPA and the GCA. At the regional level, issues of governance and corruption and the donors’ use of multiple conditionality on aid flows have been directly addressed in the policy dialogues of the GCA. Importantly, the GCA’s high-level members reached conclusions that were communicated to the SPA; likewise, GCA members received summaries of the SPA’s activities. It has helped to build consensus that efforts to promote democracy and good governance cannot be separated from programs to support economic reforms. The body also drew attention to the need for a new approach to conditionality that emphasized recipient performance rather than detailed conditions. The GCA’s discourse on economic reform issues is credited with helping to foster better relations between donors and the new generation of African leaders. In contrast to the SPA, the GCA (and perhaps the Economic Commission for Africa as well) has engaged influential African audiences and thereby helped to widen understanding and consensus on the obstacles to, and elements of, successful reforms.

7.18 Another regional process, the UN Special Initiative for Africa, in which the Bank is an important player, is designed to raise the continent’s access to basic education and health care and to promote peace and better governance. With respect to promoting peace and better governance, the Initiative includes efforts to strengthen Africa’s civil service and judicial systems and to support the functioning of parliaments and electoral processes. There is no mention in the Initiative’s public documents, however, of the SPA’s particular niche in this area.

**Other aid-coordination bodies and the SPA: donor procedures**

7.19 DAC has hosted protracted and difficult negotiations on issues of tied aid. These fora served to frame the debate and marshal arguments and monitoring activities to deter such practices, but DAC officials do not claim that their efforts resulted in changing donor behaviors in significant ways. In fact, one DAC official viewed the SPA’s record as more successful in prodding the donors to untie their QDA (see para 4.10). However, the DAC’s efforts on tied aid, procurement practices, and salary supplements furthered the SPA’s own deliberations and progress.

7.20 While the DAC has been in the forefront of improving donor practices, its monitoring practices have been less than satisfactory. With respect to monitoring efforts at the country level, DAC field missions (typically about four days long) may be too brief to capture a full reporting of donor practices, and only a few countries are visited every year. As such, its peer review processes have had limited effect in prodding donors to adopt improved practices. More

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103 See chapters on “Good Procurement Practices for Official Development Assistance” and “New Measures in the Field of Tied Aid,” in DAC Principles for Effective Aid.
informal arrangements have met with good results in certain areas. For instance, the Club du Sahel has relied on independent consultants to report on donor compliance with its food aid charter. And the United States and Canada have changed their food aid policies because of discrepancies between the charter and practices on the ground.

7.21 The link between the SPA and the CGs was stronger with regard to donor procedures. For instance, issues related to the SPA’s multipronged efforts to expand the levels of untied assistance were raised at the CGs for some of the countries that received JEMs in the early-to-mid 1990s. The Bank chair pressed other donors to further untie their assistance or to delay or eliminate some donor-financed projects because of arrears in counterpart funds. At the 1996 CG for Tanzania, the Minister of Finance referred to an SPA JEM in early 1995, and asserted that the country had made “real progress” in such areas as clearing up specific donor disputes with the government over the use of counterpart funds, but acknowledged that further implementation of the JEM recommendations was needed.

7.22 A few CGs have urged donors to stop paying salary top-ups and other incentives to civil servants, but there appears to be little regular reporting or follow up in this area from one CG to the next. Under UNDP leadership, the need for further progress by donors on reducing and phasing out salary supplements was raised in a 1994 CG for Uganda. Evidently several donors had agreed to a “Unified Incentive System” in 1992, which predated and probably informed the SPA’s own deliberations on LCC. Problems with salary support were raised at a very general level at a few other CGs, but the reporting suggests that it was done less systematically and with less success at shaping donor practices.

Local coordination arrangements

7.23 Local coordination arrangements can be more critical for effective aid management than global, regional, and country-level processes—both for raising funds and for coordinating operations, practices, and competing interests. There seems to be general agreement that when local arrangements are strong, they can contribute to more effective and substantive CGs and RTs. Findings from field missions suggest, however, that the quality and scope of local coordinating arrangements vary considerably from one country to the next and across sectors. The local Bank representative often chairs a group on macroeconomic matters. As discussed in chapter 4, however, there is little evidence from the field missions that SPA guidelines on import support programs, the use of counterpart funds, and LCC have filtered down to the local level and specifically informed donor practices there. In the cases of Malawi and Kenya, for instance, there have been in-country group meetings around issues of participatory development and good governance. These efforts, however, largely predate the SPA’s work on the subject and extend beyond economic governance matters—the primary focus of the SPA Working Group’s agenda.

7.24 Reports from the field suggest that the donor representatives who participate in the various local coordination groups are not well informed of the SPA’s activities. A few agencies have made efforts to communicate SPA conclusions to the field through periodic newsletters, post-Plenary cables, and special sessions devoted to the SPA during annual meetings for mission

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104 In the spring of 1997 the chair at a CG for a southern African country urged the donors to do their part to support local capacity building by “phasing out topping up of civil servants’ salaries and refraining from luring away some of the public sector’s ‘best and brightest.’”
directors. Efforts by some donors to follow up on SPA work in the field, however, has proven difficult because other local donors do not receive this communication.

**Evaluation summary**

7.25 The coordinating bodies that are relevant to international cooperation in Africa perform complementary roles. However, their contributions to fostering greater coherence of assistance efforts appears limited. Although some overlap exists, the mechanisms generally have distinctive audiences and agendas, with the SPA’s unique assets being its focus on support for adjustment programs, the participation of multilateral and bilateral donors in its activities, and its regional coverage. The available evidence suggests, however, that, with the exception of the GCA and, to some extent, CGs and RTs, the SPA has had relatively limited impact on the way economic adjustment matters are addressed in other aid-coordination arenas. Of particular importance, the SPA’s ties to the OECD DAC and local aid-coordination groups are weak.

7.26 The SPA has played a useful role as a framework for the coordination of donor policies on adjustment and QDA procedures for SSA countries. The issues that were addressed have been relevant for the enhancement of donor support for adjustment programs in eligible countries even though other aid-coordination fora have covered similar ground. The SPA’s relevance in relation to other fora has greatly benefited from strong leadership and a mutually shared sense of purpose and commitment among partners. However, judging by the results in the field and the sporadic communication among SPA Plenary participants and their counterparts in headquarters and the field and among African governments, the SPA’s efficacy was highly limited. Of particular concern, local coordination arrangements have been barely informed by SPA decisions and guidelines and would have performed almost the same way on the issues they were already addressing without the SPA. The contributions to aid effectiveness of Africa’s various coordinating bodies could be much enhanced if the mechanisms were better linked to one another and reoriented to supporting improved aid management on the ground.
8. African Participation

Main findings

- This evaluation found limited evidence of African participation in the design of adjustment programs. The lack of participation—which translates into a lack of ownership over and commitment to implementation—is considered a key factor in the limited efficacy of current approaches to providing adjustment assistance. Although expanded recipient country participation in formulating adjustment programs has been widely recognized as important by the SPA members for some time, the mechanism has only very recently begun to pilot (in Burkina Faso) a more recipient-driven adjustment process.

- Civil society and the private sector also must play a key role in the design and evolution of adjustment programs if economic reforms are to be sustained and deepened. Unlike other aid coordination fora, however, the SPA has not taken action toward building the legitimacy and capacity for these constituencies to participate in economic policymaking processes within their own societies.

- Likewise, African participation within the SPA process has been relatively marginal. Beginning in 1992, high-level officials and NGO leaders have addressed the Plenary prior to the regular SPA meetings and its working groups have convened occasional meetings to consult with relevant sector officials, experts, and NGOs. While useful, more meaningful and systematic arrangements should be explored for bringing African public and private leaders into the SPA partnership—both for building African understanding of, and political support for, improved approaches to promoting economic reforms and for getting regular feedback on the relevance and impact of SPA activities.

African participation in the adjustment process

8.1 Because weak aid effectiveness is being increasingly associated with a lack of recipient ownership of, and commitment to, donor-supported development activities, including adjustment programs, donors and recipients are exploring a variety of more participatory and accountable processes for formulating development priorities and plans, executing aid programs, and assessing their performance. To date, the SPA has paid much lip service to encouraging stronger African participation in, and ownership of, their adjustment programs, but the mechanism itself has put forward relatively modest measures in support of this transition in recipient countries.

8.2 As reported in chapter 5, the field missions to 10 sample African countries found limited actual participation by recipients in the design of adjustment programs. Such findings are sobering because reports from the Bank’s OED and elsewhere conclude that recipient ownership

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is among the primary determinants of whether an adjustment program will succeed. In particular, the low levels of recipient compliance with conditions for adjustment assistance is linked, in large measure, to the donor-driven process of formulating the conditionalities and the host government’s attendant lack of commitment and ownership to implementing the agreed reforms.

8.3 Recipient commitment to undertaking policy reforms is one of the three criteria for country eligibility in the SPA initiative. A background paper for the December 1987 SPA Plenary stated that “while the PFP process is an appropriate mechanism for a joint Bank/Fund approach to the formulation of the policy reform package, which the Bank and IMF, and other donors will support—the Bank and the IMF—may wish to concentrate the additional external resources on a small number of countries ready to make extraordinary efforts to improve their performance.” At the March 1988 meeting, when eligibility criteria for the SPA initiative were further discussed, the Plenary agreed that more countries could be brought under the initiative once they had demonstrated commitment to substantial economic adjustment and progress in implementing reforms.

8.4 Numerous SPA Plenaries (April 1992, June 1993, October 1994, June 1995, and November 1995) dealt with problems related to poor execution of programs and lack of recipient ownership. Yet, in the initial SPA policy debates, the issue of African participation in adjustment programs was mainly framed in the context of good execution of programs and not of participation in their design. In 1992, the donors requested the Bank to provide more candid and transparent assessments of economic reform efforts in SPA countries in their CSRs. Specific measures for enhancing recipient commitment were not discussed in the Plenaries.

8.5 Over time, as the SPA placed greater attention on the social dimensions of adjustment, donors increasingly recognized the importance of “ownership”—the fact that programs are unlikely to be implemented well if they are imposed from the outside rather than planned and carried out by Africans themselves. The SPA Working Group on Economic Reform in the Context of Political Liberalization explored the complex relationships that underlie problems of stop-and-go disbursement, poor host government compliance with conditionalities, weak ownership, and fragile democratic openings. The Working Group held a workshop with African experts on the implications for adjustment efforts of the new political openings under way in several African countries. It then went on to consider measures for improving the design of economic programs. Among its recommendations for donor action was to “encourage a

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106 In OED studies (Structural and Sectoral Adjustment, World Bank Experience, 1980-92 [1995], and Adjustment in Sub-Saharan Africa: Selected Findings from OED Evaluations, [1993]) ownership was treated as a four-dimensional independent variable. The four dimensions were: locus of initiative, level of intellectual conviction among key policymakers, expression of political will by top leadership, and efforts toward consensus-building among various constituencies. For each of the four dimensions, four additional levels reflected the intensity of ownership. The OED 1995 study found that the most important factors that generated the greatest program ownership were political stability, support of (or lack of opposition from) various constituencies, and preconceived official attitudes toward certain kinds of reform.

107 Some donors, while acknowledging that weak ownership matters: the impact of structural adjustment programs, have faulted weak program design, not the SPA. In support of their position, they point to the involvement of Africans in Working Group deliberations where the SPA agenda needed to move “closer to the African reality, often country-specific” and to integrate complex content issues. In the context of SPA processes, such involvement is perceived to be most efficient at the Working Group level.
consultative process that is participatory, mobilizing not only government officials and external donors, but also representatives of civil society, the private sector, academics, and NGOs.108

8.6 In addition, the Working Group set in motion an EU-directed pilot in Burkina Faso, which is now testing a more recipient-driven and performance-based approach to adjustment programs. Among other goals, the pilot aims to bring greater regularity and predictability to aid flows. It is also designed to allow for a better understanding of long-term development objectives by supporting recipient leadership in the establishment of performance indicators in such areas as budget management, privatization, civil service reform, the cost of services, poverty reduction, and the agricultural sector.

Bringing civil society and the private sector into economic policymaking

8.7 At the country level. There is now evidence that meaningful participation of private sector and civil society groups, and other nonstate actors can help to improve the content of, and support for, development programs, thereby enhancing the prospects for successful outcomes. In the context of adjustment operations, the existence of consultative processes and other means for channeling civil society and private sector interests can provide a means for encouraging broader ownership of the reform agenda and help donors assess the political viability of the program.109 (See annex 2). Meanwhile, the OED evaluations and others (see paras. 8.1-8.2) have found that recipient commitment can be weakened by a tradition of mistrust between the government and the private sector and by political problems associated with "harmful" adjustment impacts on powerful groups such as large enterprises, civil servants, and urban consumers. As such, one of the biggest challenges that the SPA donors and other aid coordination mechanisms are struggling with is how to ensure "that those representing the recipient country in negotiation, in implementation, and in assessing progress [on economic reforms] represent a broad range of views on the part of the polity."110

8.8 The field missions for this evaluation reported that private sector groups and NGOs largely felt left out of national economic policymaking processes. Although many Bank operational documents make reference to local consultations on the adjustment program among government officials, and their private sector, and NGO constituencies, the field missions found very mixed evidence that these processes contributed meaningfully to the reform program or to building national ownership. A notable exception is Burkina Faso, where, in 1991, the issue of structural adjustment was actively debated in a meeting with representatives from civil society (including trade unionists and traditional chiefs). This was also done in Côte d'Ivoire in the first half of 1997 in the context of CAS preparation. Private sector representation in ongoing policy dialogues on reform initiatives varied among the countries visited by the teams, but was found to be very low in 6 of the 10 countries. Where such processes existed, they tended to be ad hoc and to disappear over time.


8.9 **In the SPA and other aid-coordination bodies.** The SPA's first and only consultation with NGOs coincided with the annual meeting of the WGPSP, in Addis Ababa, in September 1995. The donor members met with 14 African NGOs and research institutions prior to the Working Group's regular meetings. Among the issues addressed were NGO concerns about the legitimacy of African governments in representing the needs of their own people, the need for stronger analytical capabilities in Africa as a crucial step toward the formulation and ownership of policies by Africans, the limited effectiveness of conditionalities, and the need for more gender-specific analysis and data as well as specific gender-related goals in economic programming. Interviews with NGOs suggest that they found the exchange useful, but would have benefited from better preparation. The NGOs did not have advance access to the agenda of the Working Group's regular meeting nor the time to meet among themselves in advance of the consultation in order to organize their input and contribute more meaningfully to the WGPSP's subsequent deliberations. Both the Working Group members and the NGO participants felt that the meeting could have been more useful.

8.10 Various aid coordination bodies are also piloting efforts to improve national aid management capacities as well as to strengthen channels for civil society participation in aid decisions. The DAC recently launched a pilot program to explore systemwide aid activities in Mali. The objective of this exercise is not to improve donor practices (individual programs will not be assessed), but rather to encourage Malian authorities to assume greater leadership in the management and coordination of their aid program. The pilot effort has adopted an inclusive process that features a review process conducted by local consultants, the use of beneficiary surveys, and participatory methodologies, including consultations with private sector, beneficiary, and civil society groups.

8.11 With its African partner organization the Permanent Inter-State Committee for Drought Control in the Sahel, the Club du Sahel has also taken steps to bring civil society and private sector views more systematically into its policy dialogues and monitoring and evaluation processes. It has established networks for farmers, private entrepreneurs, and local mayors, and is in the process of creating networks for women and youth. Representatives of the networks participate fully in the Club’s policy dialogues, and they have helped to further the mission of the donor body. At the country level, selected CGs and RTs in Africa and elsewhere have expanded participation by inviting members of the political opposition, or incoming officials, business representatives, and NGOs. Another important sign that civil society voices are becoming increasingly important is that the Bank recently launched a joint review with citizen's groups in eight developing countries to assess the social and economic impact of adjustment programs. The initiative’s objectives are to demonstrate that broad-based civil society participation can improve economic policymaking and to identify improved measures for adjustment operations.

**African participation in the SPA**

8.12 To foster greater partnerships with aid recipients, the Bank first put forth its proposal for African participation in the SPA in June 1990. Donors endorsed the idea but were unable to reach consensus on what form this partnership should take, other than to express reservations about recipient participation in the regular Plenary discussions. In interviews, donors confirmed that they wanted to preserve the donor-only representation in the Plenaries, because it allows for a more candid exchange of views on sensitive subjects like resource levels, recipient performance, and donor practices; also there are other fora like the GCA where donors can engage directly with African leaders on adjustment matters.
The African participation issue was actively debated in subsequent Plenaries (October 1990 and April 1991). Finally, in October 1993, at the end of the second phase of the SPA, the Plenary was launched with presentations by the finance ministers from Benin, Ghana, and Uganda. Presentations from African finance ministers became a regular feature from this Plenary onward, although it is important to note that the ministers are not invited to join in the regular Plenary meetings. The ministers’ messages to the donors revolved around the following themes:

- The importance of strong political support in the design and implementation of the reform process, including broad participation from civil society organizations. African speakers urged donors to enter into a true partnership, allowing recipients to take full responsibility for the reform programs, preferably through the design and conditionality of the reform programs, with key actions serving as monitorable benchmarks for triggering disbursements and capacity building, as a result of more active involvement in design and implementation.

- The need to move away from crisis management to a more long-term development agenda, underlining the need to complement progressive macroeconomic reform shifts toward long-term investment in capacity building and human resource development.

- The need to tailor and adapt the reform programs to country-specific conditions and circumstances, particularly regarding the capacity to absorb reform, both economically and politically as well as socially.

- The need for further flexibility in accommodating sudden changes in commodity prices and other external factors.

- The need for the donor community to release their funds in a timely and adequate manner so as not to jeopardize the reform process.

African officials have participated more directly in SPA working groups, and most notably in the Working Group on PERs. The Working Group’s draft “Guidance” on PERs was discussed with representatives of 29 African governments at seminars held in Malawi in February 1996 and Côte d’Ivoire in March 1997. The African officials emphasized the need for political commitment to strengthen and build respect for the PER process, and to incorporate both the revenue and expenditure side in the PER exercise. They also expressed the view that sound budget management is possible only when statistical and management information systems provide the data needed for timely and accurate analysis. The African governments’ recommendations were incorporated into the final Guidance. While the consultative process was generally considered successful, the more senior and political-level officials did not participate, thereby reducing the opportunities for building political support for PER processes. Significantly, the Guidance calls for further consultation with African officials in monitoring progress on implementing the guidelines.

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111 African participants in the Plenaries have represented several SPA countries and African organizations: Benin, Ghana, and Uganda, October 1993; Guinea and the Central Bank of East African States (BCEAO), April 1994; Mali and Zambia, October 1994; Burkina Faso and Malawi, June 1995; Chad, Kenya and Senegal, November 1995; and Ghana, June 1996. In December 1996, the heads of the GCA and the African Economic Research Consortium (AERC) addressed the plenary.
8.15 An SPA seminar on SIPs, prior to the regular meeting in December 1996, featured presentations from high-level officials from the Zambia Ministries of Health and Agriculture, the Mozambique Ministry of Health, and the Tanzania Ministry of Works. In addition, representatives of the Economic Commission for Africa (ECA), the AFDB, and the Organization for African Unity have participated in the WGPSP. At that Working Group’s meeting, in Stockholm, October 1997, donors from the United States and Denmark sponsored the participation of senior officials from Mali, Malawi, and Uganda. UNDP, the chair of the Working Group on Civil Service Reform, hosted a seminar, in Berlin in 1996, with the European Center for Development Policy Management. African managers of civil service reform exercises participated in the session. There was a workshop on user charges for service delivery in Addis Ababa, which was sponsored by the ECA, the Bank, UNICEF, and other donors, and it included very strong participation from African sector ministries.

New models of partnership

8.16 There has been ongoing confusion in the SPA regarding efforts to distinguish African participation in their adjustment programs from African participation in the donors’ SPA. The marginal relations between donors and recipients in the SPA limits the quality of their partnerships at the country level. When Africa was in dire crisis and the SPA’s sole business was mobilizing resources and improving donor instruments and procedures, a case could have been made for a donor’s club. As the SPA has moved on to address the practices of recipient governments—including the policy content of adjustment programs and the programs’ links to longer-term national development objectives—the SPA’s achievement of its expanded goals has been impeded by its restricted membership. For without meaningful African partnerships—with opportunities to debate and reflect on improved approaches to adjustment—the SPA can only have marginal capacity to be relevant to and effective in supporting reform on the ground.

Evaluation summary

8.17 Until the launch of the Burkina Faso pilot in 1997, the SPA had not taken meaningful action toward supporting more participatory adjustment processes. Given that the issues of ownership, participation, and aid effectiveness are so closely intertwined, the SPA needs to consider bolder steps for reformulating adjustment programs in ways that more fully recognize the need for genuine ownership and for national leaders who are committed to working through and strengthening local constituencies and institutions in support of the reform agenda.

8.18 SPA members have sought only limited African participation. African leaders regularly address the Plenary in advance of the SPA’s meetings and the Working Groups have set in motion ad hoc consultative processes for officials and NGOs. While useful, more meaningful and systematic arrangements should be explored for giving full voice to African public, civic and private sector leaders in concert with the SPA partnership—both for building African understanding of, and support for, improved approaches to policy reform and for getting regular feedback on the relevance and impact of the SPA’s activities on the ground.
Annexes
Statistical Appendix

Introduction

SPA data in the report and in this annex have been compiled from a variety of sources, including the DAC’s Development Cooperation Reports, and databases maintained by the SPA Secretariat, the OECD/DAC Creditor Reporting System and the Bank. Differences in reporting standards and definitions by data source made it impossible to fully reconcile the data. Numbers reported by donors differed from data collected at the recipient country level. Even in the Bank’s reporting on its own structural adjustment financing efforts, there were fairly significant discrepancies from one database to another depending on the source of the data. Efforts to create time series on adjustment-related financing that go back prior to the SPA proved especially challenging as data maintained by the SPA since 1988 and the longer data series of the OECD/DAC were not wholly compatible. According to the OECD/DAC, the reliability of the earlier data on the purpose of quick-disbursing program aid is an issue because of incomplete donor reporting. With this caveat, the data used in this report reflect, to the best of the evaluation team’s knowledge, the development of the SPA and of the relevant aid environment.

Statistical tables

1. Donor allocation and disbursement rates: SPA 1 and SPA 3.
2. SPA Fifth Dimension disbursements.
3. SPA Sixth Dimension disbursements: bilateral donors and Bank.
4. SPA loan and grant assistance by donor, 1988-96.
5. ODA program aid loans by recipient country: average grant element, 1980-95.
6. Untying status by donor and SPA phase.
Table 1: Donor allocation and disbursement rates: SPA 1 and SPA 3
(percent)

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Note: N.A. indicates data not available.

Source: SPA Secretariat (April 1997).
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Source: SPA Secretariat (December 1997).
### Table 3: SPA Sixth Dimension disbursements: bilateral donors and Bank (US$ millions)

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Source: SPA Secretariat (December 1997).
Table 4: SPA loan and grant assistance by donor 1988-96
(US$ millions; percent)

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Memo Item

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Note: Discrepancies in donor funding totals between text table 1.1 and this table may be due to differences in data sources (recipient country and donor) and the undetermined loan/grant status of specific donor funding amounts.

Source: SPA Secretariat based on donor reports (April 1997).
Table 5: ODA program aid loans by recipient country: average grant element, 1980-95

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Note: Blank spaces indicate that data was not available.
Source: OECD/DAC database.
Table 6: Untying status by donor and SPA phase (US$ million; percent)

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See Note attached on definitions of tying status. Discrepancies between donor totals in tables 4 and 6 (in this annex) may be due to the undetermined status of specific donor funding amounts in terms of tying and loan/grant classifications.

Source: SPA Secretariat based on donor reports (April 1997).
Note:

Untied: This category includes almost all countries as eligible sources for procurement as defined by the DAC in its statistical reporting directive (DAC (88) 10, para 266). EU is included in this category as generally untied; procurement is restricted to member countries of the EU and ACP (African, Caribbean and Polynesian countries included in the Lome Agreement). Similarly, the AFDF is included in this category; its procurement is tied to AFDF member countries and state participants. The UK has moved to 100% untied in 1997.

Mixed: This category applies to donors that have untied a percentage of their QDA with procurement in the donor and developing countries.

Tied: This category applies to procurement in the donor country only or in the donor and recipient countries.
Summary Review of Policy Debate Working Groups

This annex provides a brief summary of the history and achievements of four SPA Working Groups (Public Expenditures, Civil Service Reform, Economic Reform in the Context of Political Liberalization, and Poverty and Social Policy) and the Workshops on gender and adjustment issues. The annex also presents brief assessments by the evaluators of individual Working Group debates. The annex does not discuss the Working Groups on Import Support Programs and on Counterpart Funds because they are dealt with in detail in chapter 4.

Working Group on Public Expenditures

SPA involvement in public expenditures stemmed initially from its interest in coordinating financial assistance for balance of payments support. The guidelines of the Working Group on Counterpart Funds suggested that, for selected countries with demonstrated capacity for public expenditure planning and effective budget implementation, participating donors could establish a single counterpart fund account for the deposit of all counterpart funds. However, donors were not prepared to accept the release of their counterpart funds for general budgetary support, unless they were reasonably satisfied with the quality of the budgetary system and public expenditures. The April 1991 Plenary established a Working Group on Public Expenditures to address how best to organize donors to assist recipients in improving their budgetary systems and the quality of their spending. At the next Plenary, the Working Group presented its report, proposing a number of steps to improve the objectives, focus, and process of Public Expenditure Reviews (PERs), and to provide enhanced participation by interested donors. The report also provided a preliminary evaluation of the quality of public expenditures and budgetary systems in SPA countries, based on the views of Bank staff responsible for carrying out PERs.

The Working Group reconstituted itself at the June 1993 Plenary, focusing on three main areas:

(i) The PER process itself.
(ii) Strengthening recipient capacity.
(iii) Assisting countries in preparing audit and budget reports.

At the November 1995 Plenary, the Working Group presented a paper, "Guidance for Strengthening the Public Expenditure Management Process." (See para. 5.35). The guidelines aimed at achieving:

- A strengthened budget formulation and implementation process.
- Appropriate and transparent allocation of public expenditures.
- Improved consultations with donors on composition, management and financing of public expenditures.

The guidelines also emphasized that, in order to achieve effective public expenditure management, government budget management systems would need to be able to:
- Prepare and implement a medium-term framework for comprehensive public expenditures, consistent with macroeconomic reform.
- Ensure accountability and transparency vis-à-vis donors.
- Ensure that actual expenditures reflect overall budgetary priorities and provide value for money.

The expenditure issues arising from the PER process were to be reflected in PFPs and tabled for discussion at CGs and RTs. The draft was discussed with representatives of African governments at two seminars held in Africa, and their views were reflected in the draft before it was finalized in July 1997.

The Working Group on Public Expenditures (in contrast to other SPA working groups) promoted three approaches that enhanced the quality of the outputs:

(i) The work program established was monitored, with a view to extracting lessons from experience. A full evaluation of past PERs, after implementing the initial recommendations of the Working Group was carried out. The evaluation included a desk review and 10 country case studies. This helped in drawing on lessons of experience.

(ii) Evaluation reports were prepared.

(iii) The opinions of African governments were particularly sought in the field visits. Many of their suggestions were included in the final draft Guidance. This process fostered a feeling of ownership.

An important lesson learnt from the experience of this Working Group was that donor interests can introduce biases in the approach if they are not explicitly recognized and balanced out. In the case of public expenditures, some of the weaknesses of the initial approach of PERs, which was subsequently corrected as a result of evaluation and preparation of the Guidance, might have stemmed from this original bias. For instance, the insufficient recognition of the role of the African governments in the PER process, the lack of understanding of the need to incorporate PERs in the regular budget cycle, and the insufficient emphasis on capacity building, can be attributed, at least in part, to the initial motivation and the approach followed. These weaknesses could have been rectified earlier on if this initial bias in the motivation had been explicitly recognized.

In the Working Group there was also some confusion between the objective and the process of preparation of a PER. For instance, the primary objective of a PER could be to reduce nonproductive expenditures or to prioritize expenditures within overall expenditure cuts. From the standpoint of actual operations, some of the most useful results that can be derived from a PER are specific recommendations on expenditure programs and expenditure allocations, especially when an adjustment program depends on expenditure cuts. The track record on policy implementation could be improved if PERs provided more specific advice on annual expenditure allocations or reductions. On the other hand, the process of preparation of PERs would depend, in part, on the administrative capacity in the country itself. This in turn may require considerable stepping-up in technical assistance for institution building. Transparency of the PER process may depend on substantial improvements in governance.

The PER process should strengthen collaboration between the Bank, the IMF, and bilateral donors to avoid duplication and conflicting advice. At the behest of the African
participants in the discussions, the Guidance suggests treating revenue issues within the PER so that the focus can be on public finance management rather than only on public expenditure issues. However, revenue issues should draw on the revenue-related work (on tax policy and administration) carried out in the policy dialogue between the IMF and the recipient countries. Similarly, expenditure management and accountability issues in the PER process may need to be informed by the extensive technical advice given by the IMF in this area. Finally, the medium-term framework for the budget should be consistent with the framework discussed by the recipients with Fund staff in the context of program and surveillance discussions.

**Working Group on Civil Service Reform**

The SPA first established a Working Group on Civil Service Reform, under the chairmanship of Sweden, in the 1992 SPA Plenary. The Working Group prepared "Guidelines for Donor Policies and Practices Regarding Local Compensation Costs and Support for Civil Services Reform" and presented them at the October 1993 Plenary. It was also agreed to expand the scope of the Working Group, under the chairmanship of UNDP, to address the overall issue of capacity building for the civil service. This Working Group was characterized by three important features:

(i) It drew on six case studies, as well as on a range of published material.
(ii) The approach to civil service reform was designed to assist recipient governments in altering the role and function of the civil service by facilitating high-level political commitment and ownership of reforms, and by promoting good governance.
(iii) It specified the role that donors could play in the process and what donors should avoid doing.

Recommendations were clear, precise, and based on a strategic vision of the civil service.

On the negative side, the Working Group did not draw on the experience of recipients nor seek African input. This omission was noteworthy because reform cannot succeed without broad ownership of the reform programs in recipient countries (see para. 5.5). Also, no measures have been taken to ensure the monitoring of the use of the guiding principles. Because learning, as an important part of the administrative process, has always been weak within the civil services in Africa, it might have been useful to pilot the Guidelines in a select group of countries, and incorporate the lessons into a revised version of the Guidelines. The Guidelines also needed to integrate different components. For instance, attempts to introduce performance-based reward systems should go hand in hand with the development of performance benchmarks for the civil service. The Guidelines could have identified donor division of labor. For example, bilateral donors may be better equipped to deal with building capacity at the decentralized or district-level. Finally, these Guidelines do not refer explicitly to the DAC principles. While there does not appear to be any apparent contradiction between the Guidelines and DAC principles, an explicit reference to the DAC principles would have promoted better coherence and complementarity between the two sets of recommendations.
Working Group on Economic Reform in the Context of Political Liberalization

At the October 1992 meeting, the USAID presented a paper, "Making Policy Reform More Effective in Africa's New Era of Political Liberalization," highlighting the possibility of more African ownership. The June 1993 Plenary agreed to establish a Working Group on Economic Reform in the Context of Political Liberalization. The Working Group was divided into three subgroups on the basis of the issues that needed to be addressed further: governance and economic reform, participation and economic reform, and the design of economic reforms in the context of political liberalization.

The subgroup on governance and economic reform focused on transparency, accountability, rule of law, and the role of state. Attention was also given to the importance of creating an enabling institutional environment conducive to improved government functions. The subgroup on participation and economic reform focused on the importance of integrating civil society into the ongoing reform process. The subgroup on the design of economic reforms focused on the sequencing, pace, and distributional consequences of reform. Enhancing the credibility of reforms and adapting the process of policy formulation to the dynamics of the political liberalization process were also important. The Working Group also looked into issues of conditionality and selectivity.

In June 1995, the Working Group presented an interim report and, at the end of 1996, its final report to the SPA Plenary. The Group's work is reviewed below in each of the three subgroup areas.

- **Governance and economic reform.** The Working Group made the least progress in this area, presumably because it was discussed at only one of its meetings. The mandate of the Working Group was restricted, by its terms of reference, to defining elements of good governance critical to successful economic policy reform and others that might have an adverse impact. However, the Working Group did not go beyond a few generalities in this area (see paras. 3.31, 5.14 and 7.12). Given the importance of this issue for the PER process and civil service reform, and the confusion caused by the lack of coherent criteria and policies within the recipient and donor community, the evaluators endorse the recommendation of the Working Group that work be continued on this theme under SPA 4.

- **Broadening participation in policy reform.** The Working Group recommended that donors support economic literacy more extensively, with particular attention to the media, legislative bodies, and civil education. Both donors and recipients should ensure full transparency of their measures to ensure information availability and participation. Moreover, government commitment should be measured by, among others, broad-based participation, the budget process, and accountability and transparency. The recommendations appeared sensible but somewhat limited. This was one area in which the participation of Africans—not necessarily government officials or academics—in the discussion group, and the use of past OED work might have generated useful ideas about possible donor initiatives in this area (see paras. 8.7-8.8).

- **The design of economic reform.** Most analyses of the Working Group appear sound, for instance, those concerning sequencing, the need for prior identification of winners
and losers of the economic reform process, the need for greater selectivity, or the deficiencies of the present approach to conditionality. The fact that they now constitute the basis of a donor consensus is a positive, if not a sufficient, step for a modified approach to these issues. However, the analysis could have gone a step further to analyze the implications of selectivity for the products and type of resources mobilized. Donors seem to want selectivity, but at the same time they do not want to end the flow of resources to nonperformers.

The most visible part of the work of the Group deals with the issue of conditionality. While most donors agree on the difficulties created by the current approach, it has proved difficult to reach an agreement on an alternative position. Two different proposals were put forward by the Bank and the EC at the November 1995 meeting of the Working Group. The proposal of the EC—("Donor Conditionality Reformulated—An Operational Framework for Low-Income Countries in Sub-Saharan Africa")—was refined until it was finally agreed to try it out in one pilot country, in Burkina Faso.

There are three main issues in which the two approaches differ or even contradict each other: the nature of the performance indicators, the role of the recipient government, and the role of the donors. Each of these issues is clearly important.

First, the EC proposes a shift to performance indicators in all areas where this is possible, from indicators of actions taken or completed to measures of performance against specific objectives. In its proposal, the Bank does not envisage such a change and implicitly relies on the type of benchmarks utilized by the Bretton Woods institutions, that is, indicators of measures taken or completed. Understandably, doubts had surfaced within the Working Group about the feasibility of defining practical and unambiguous indicators of performance against specific objectives. In any case, the more traditional approach and the new one advocated by the EC are not necessarily mutually exclusive. The main rationale for considering these new types of indicators is unobjectionable and the implementation of a pilot exercise, as proposed, appears the best way to test their feasibility and effectiveness in increasing the ownership of the recipient government.

The EC advocates letting the African governments formulate and draft their own reform programs as well as decide on the sequencing and timing of reforms. The Bank, on the other hand, by proposing a specific sequence for the reforms (tackling parastatal, financial sector, and civil service reforms early on), implicitly prefers to retain its own leadership role in this area. At the level of principles, the two positions might not appear fundamentally different: all donors are for recipient ownership - provided, of course, that the policies so "owned" are good! In practice, however, these differences should boil down to questions such as: How long should donors be willing to wait for a recipient country to put its strategy together on its own? What is the trade-off between having a policy that is less than perfect but is fully owned by the government and exerting pressure for an improvement of this policy at the expense of ownership? What should the donor community do (and finance) while it waits for a recipient country to get its act together? These questions should not of course receive dogmatic, a priori answers. Further work of the Working Group, based on the monitoring of specific adjustment programs, seems necessary in the future.

The proposals of the Bank and the EC differ most sharply regarding the role of the donors. While the Bank does not suggest any change in these roles—with the Bretton Woods
institutions in the lead on all macroeconomic issues, the other donors being informed and possibly consulted, but not really part of the decision-making process—the EC advocates an active role by the non-IFI donors in policy decisions. In particular, it proposes that joint donor assessments of an on-going adjustment program take place twice a year, to coincide with the IMF reviews. While each donor, including the IFIs, would decide on its own support after the joint assessment, the proposed approach would permit a greater role for the main non-IFI donors in this decision-making process. The major question—unspoken but presumably well understood—is how far the donor community wants to go in modifying the existing arrangement for deciding on macroeconomic policy reforms. The issue is obviously sensitive, and much of the debate remains implicit. This need not be a problem, as long as the issue and the stakes are well understood, as is apparently the case. Here also, cautious implementation of a pilot exercise and its monitoring should permit a better understanding of the practical problems involved and of the possible compromises.

To conclude the review of the design of economic reform, the Working Group has achieved more in terms of reaching a common analysis, than in forging a jointly agreed approach. Various ideas are on the table, which will require close monitoring in the coming years.

**Working Group on Poverty and Social Policy**

At the June 1993 Plenary the SPA agreed to establish a Working Group on Poverty and Social Policy (WGPSP) (see para. 5.9). The main purpose of the WGPSP was to consider how issues of poverty reduction and social policy could be better integrated into African adjustment programs supported through the SPA. The Working Group also agreed to focus on the impact of macroeconomic and sectoral adjustment programs on poverty.

The WGPSP contracted major studies, such as “Impact of Poverty Assessments and the Poverty Focus of Public Expenditure Reviews,” “Strengthening the Poverty Focus of Adjustment Programs,” and “What Can We Learn from the World Bank's Poverty Assessments?” Over the past three years, the WGPSP regularly reviewed how poverty and gender have been incorporated into Country Assistance Strategies, PFPs, and structural adjustment programs. These reviews were prepared by the UK Department for International Development and the Bank's Africa Regional Office. A number of conclusions emerged from these studies and Working Group discussions:

(a) Country assistance strategies and poverty assessments are beginning to focus on poverty reduction;

(b) The focus on gender in analysis and adjustment programs has not been as strong as on poverty (despite two pilot adjustment programs focused on gender);

(c) The analysis of poverty needs to be strengthened to provide a better basis for actions on poverty reduction; and

(d) Marketing efficiency is important to the welfare of the poor.

At the April 1994 Plenary, when the WGPSP was still in the process of conducting its study of poverty assessments, the Working Group reported that much more needed to be done than just
adding poverty-targeted measures in adjustment programs. At the October 1994 Plenary, the WGPSP referred a number of recommendations to the Working Group on Public Expenditures on how PERs could play a more important role in the reduction of poverty. The Working Group also made recommendations to the Plenary on how the poverty focus in adjustment operations could be strengthened. In the November 1995 SPA Plenary, the report emphasized the need to raise growth rates to 6-7 percent and also emphasized the importance of observing patterns of growth. It stressed the need for better capacity in the analysis and monitoring of poverty. The crucial importance of ownership in issues relating to poverty reduction has also been underlined by the Group.

The work of the WGPSP was in three major areas discussed below:

1. **Monitoring status of poverty.** The Working Group has done some useful work on monitoring the status of poverty in SSA, mostly through the CSRs prepared annually for the Group by the staff of the Bank. They have served to highlight some of the weaknesses of existing national statistical systems and the need for continued donor support. The Working Group discussed the need for a coordinated effort to monitor poverty, but no conclusion was reached regarding donor support for the preparation of household surveys every three to five years. The serious shortcomings of African statistical systems would justify a continuation of the work of the SPA in this area. Moreover, to avoid distorting national statistical systems, any major effort to monitor poverty needs to be undertaken in the context of strengthening the overall systems.

2. **Reviewing the impact of adjustment on growth and poverty.** Several documents were reviewed in addition to the ones prepared by the UK and the Bank’s Africa Regional Office (for example, a paper prepared by the Cornell Food and Nutrition Policy Program, the report of the World Bank’s Task Force on Poverty, and the analyses in the 1995 and 1996 CSRs of the relationship between poverty reduction and growth). Interesting as they might have been, these reviews did not lead to new insights with a direct bearing on the design of adjustment programs. The reviews also did not refer to the analysis or findings of the Bank’s Operations Evaluation Department on the social impact of adjustment. Finally, the CSRs reported on progress on only a few social indicators, and they have not yet reported on the regional, rural, and ethnic dimensions of poverty.

3. **Improving the impact of adjustment on poverty reduction.** The external reviews commissioned by the WGPSP—of the Bank’s Poverty Assessments, Country Assistance Strategies, Policy Framework Papers, and the content of structural and sectoral adjustment credits—put forward a series of recommendations that should lead to a sharpening of the main instruments of adjustment. They should also promote closer conformity between Bank declarations and SPA recommendations on the one hand, and the actual content of Bank instruments and reform programs on the other. The reviews have indeed shown that there is still significant room for improvement in this regard and the Working Group should continue to monitor progress. In addition, the Working Group could study the benefit incidence of public spending. Recent literature shows that the bulk of spending is not for the poor, even for targeted
social assistance programs, one of the most favored tools in mitigating the social impact of adjustment.

This brief review of the WGPSP's work suggests that it may now be opportune to define its mandate more sharply. The meetings have discussed a wide range of issues and emerged with a large number of recommendations for bilaterals, multilaterals, and recipient countries. For instance, in the September 1995 meeting, the WGPSP discussed and made recommendations for each of the following:

(i) Status report on poverty in SSA
(ii) The implementation of previous recommendations on poverty reduction and gender
(iii) Guidelines for user charges in health and education
(iv) Social policy reform: the role of targeted programs in decentralizing social policy
(v) Structural adjustment and gender analysis
(vi) Guidelines for addressing poverty and gender issues in adjustment programs
(vii) Poverty monitoring and analysis in SSA
(viii) Lessons from poverty assessments
(ix) Interaction with NGOs.

Some of these issues could have been consolidated. The WGPSP's 1997 meetings have decided to adopt a more focused approach.

The Working Group has started to prepare guidelines on strategies and investments to reduce poverty and enhance the gender focus of operations. While this document might not have an immediate concrete impact on the content of the adjustment programs led by the IFIs, guidelines are potentially the most influential of the various SPA policy documents—to the extent that they are actually disseminated to all potential users. Therefore, it is important that the Working Group complete these guidelines and, as is intended, keep them under constant review in the future. The report of the WGPSP, presented in the fall of 1995, did not appear to have touched on the progress of all the elements asked for in its earlier 1994 meeting.

Most of the activities of the Working Group seem to have been carried out without much effort to associate Africans in its work. One exception was the organization of a consultation with selected African NGOs in September 1995. Well-intended as it was, this meeting does not seem to have been fruitful, and the Working Group was not convinced that it was worth repeating. Most of the meeting's discussions appear to have been of a general nature, providing little value added to the Group's on-going debates. One potential source of difficulty might have been the open-ended nature of the meeting. A more focused meeting, with a concentrated agenda, might still prove useful to get the comments of NGOs or other "representatives of the poor" on specific issues, such as the content of draft guidelines or of reform programs.

The SPA and Gender

At the first meeting of the WGPSP in September 1993, the Bank presented a paper analyzing the links between gender and economic reform in Africa. Following this meeting, several delegates to the October 1993 SPA Plenary, expressed the concern that, while gender issues are central to adjustment, they had been ignored in designing and implementing
adjustment programs. Two successive workshops were consequently organized to address structural adjustment and gender in Africa. The Government of Norway and the Bank, with the Norwegian Government as host, sponsored an SPA workshop in Oslo, in March 1994. The workshop concluded that considerations of economic efficiency, equity and efficacy justified the inclusion of gender issues in the adjustment agenda. The follow-up SPA Workshop on Gender and Economic Reform in Africa, sponsored by the Canadian Government and the Bank, hosted in Canada in October 1995, identified the challenges and priorities in translating gender issues into tangible actions. A four-pronged approach was adopted:

(i) Priority gender issues of a structural nature were to be addressed in the macroeconomic policy dialogue and adjustment operations: protection of "core public expenditures," legal reforms, and girls' education.¹

(ii) Pilot operations in three countries (Burkina Faso, Mali, and Mozambique) in the form of structural adjustment loans integrating gender considerations were to be launched in 1996.

(iii) Economic reform and adjustment processes were to be strengthened: by broadening the participation of women in the design of economic reforms and by reflecting "upstream" gender analysis in adjustment operations and policy dialogue.

(iv) Priority structural actions were to be addressed in complementary sector-level investment—financial reforms, agricultural reforms, and education reforms.

The December 1995 SPA Plenary in Paris endorsed a proposal made by the Africa Region of the Bank to undertake the systematic integration of gender concerns into preparing, implementing, and monitoring three structural adjustment operations in the next twelve months. However, till 1996, apart from these two gender workshops, the WGPSP did not devote enough time to the issue of gender and adjustment. This was surprising, given the increasingly recognized gender dimension of poverty and the strong interest of several donors in this issue. While ample evidence existed that the impact of structural adjustment was frequently far from gender-neutral, comparatively little was done to distill the lessons of the growing literature on this subject and to draw up a more detailed list of recommendations than those proposed by the two workshops. Thus, monitoring the gender-differentiated design of adjustment programs, and the gender impact of reforms remained important tasks for the future.

Since 1996, the WGPSP has begun to integrate gender concerns more closely into its agenda. Two pilot operations, to Mali and Mozambique, were approved in 1996 and 1997. The Mali operation supports measures to address constraints to women's access to land and credit; the Mozambique operation is monitoring the gender impact of liberalizing cashew trade and prices. The Burkina Faso pilot was deferred. The Bank's Africa Regional office is currently identifying additional gender pilots.

In addition, Norway conducted a pioneering study, from a gender perspective, of supply responses to adjustment in Zambian agriculture. The UK and Bank reviews of CASs, undertaken in response to SPA concerns about the relative lack of attention to gender in key policy

¹ Structural constraints faced by women were to be overcome by reallocating resources within "core public expenditures" to primary education/literacy and basic health/preventive care; shifting agricultural support priorities in credit, research and extension, to take account of women farmers' needs; and addressing market failures through improvements in infrastructure.
documents (CASs and PERs) and economic reform operations, found that progress had been made in addressing gender constraints to accessing income-earning opportunities and social services, but that more gender-responsiveness is warranted in the infrastructure area. PER analysis and reforms of expenditure composition are beginning to reflect the recommendations of the two gender workshops that gender be adopted as an important axis of analysis. SPA 4 adopted, as a key objective, "the better integration of poverty and gender concerns in the design of economic reform programs," and the WGPSP's 1998 Status Report on Poverty in SSA was devoted to the theme of "gender and poverty" in Africa. Thus, gender considerations have begun to permeate the WGPSP's agenda. Nevertheless, more needs to be done to integrate gender-related measures into structural adjustment operations. Moreover, given the importance of gender, it is not clear whether it is appropriate to include it in a general strategy of poverty reduction (see para. 5.40), and whether gender reform interests are being adequately served by keeping the SPA's gender work under the umbrella of the WGPSP.
SPA Administration

An essential feature of SPA's operations over the past ten years has been its capacity to manage a complex arrangement of donors in frequent Plenary and other meetings. Over this period there have been twenty Plenaries and numerous Working Group meetings and other ad hoc sessions. The main feature of SPA administration has been the Bank's support through a special Secretariat with ample facilities for large gatherings. Twenty to twenty seven delegations from separate countries or agencies have participated in the meetings, some of which have also been involved in other coordination operations. Delegations are led by senior agency staff working on African programs. For the bilateral donors, a number of staff from other agencies of the same country involved in African affairs have been on their delegations. In addition, the partners have provided their own staff work, participated in the Plenaries, and supported special meetings such as the Working Groups, country review meetings, and ad hoc sessions.

Thus, one of the distinctly positive features of the SPA has been the level of donor representation. The SPA has been able to attract and fully engage senior management and policy officials who have direct responsibility for their agencies' African assistance programs. This representation allowed the SPA policy debates to infuse agency operating policies and practices with an appreciation of the implications of SPA guidance. In the judgment of the partners, have the costs of this administration been justified by the benefits?

Costs and benefits to the partners

It was not practical for this evaluation to attempt to obtain specific cost information from each partner. However, to get a picture of the workload, the SPA donors were asked to estimate the staff time required for various SPA activities. The estimates were for 1995 and 1996 and related to time spent preparing for Plenary meetings, attending Plenary meetings, preparing for Working Group and country review meetings, and participating in field missions. The questionnaire was provided to all of the donors; responses were received from nine (the Bank was addressed separately).

Table 1 Staff time spent on SPA meetings during 1995-96 (staff days per year)

<table>
<thead>
<tr>
<th>SPA activities</th>
<th>Highest Response</th>
<th>Response Range (highest excluded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Staff time spent preparing for/ attending Plenary meeting</td>
<td>178</td>
<td>14-75</td>
</tr>
<tr>
<td>B. Staff time spent preparing for/ attending Working Group and other SPA meetings</td>
<td>195</td>
<td>8-95</td>
</tr>
<tr>
<td>C. Staff time spent in field missions</td>
<td>119</td>
<td>0-75</td>
</tr>
</tbody>
</table>

Source: Responding donors.
This range of workload estimates points to the highly variable level of participation among donors in SPA affairs as well as the wide range in the number of staff days/year involved in working with donor delegations and on special assignments. The highest staff time participation was 178 staff days for the 1996 Plenaries, 195 staff days for the Working Groups in 1996, and 75 staff days for the field missions also in 1996—incurred by a different donor in each category. The lowest levels of participation were 14 staff days for the Plenaries, 8 staff days for the Working Groups, and zero participation (by three of the nine donors) in the field missions.

Some pointed out that the staff time spent served both the specific needs of the agency as well as SPA requirements and, thus, was mutually useful. Others suggested that it would probably have taken more staff time to address SPA topics if there had been no SPA; thus, the SPA resulted in economies for the agency. None considered the staff time to be excessive, although some thought that some simplifications and economies could be made. Overall, those donors who responded, even those who made a major investment in staff time, consider that the costs of participation have been modest and the benefits high.

Cost and benefits to the Bank

The Bank in its role as the leader and Secretariat of the SPA financed the main costs of SPA operations. The total administrative expenditure in FY97, which approached $1.0 million, is an indication of the magnitude of these costs. This amount covered the costs of the two Plenaries, communications and staff support, travel of guest speakers, preparation of CSRs, special meetings such as the brainstorming session, CFA issues, a technical meeting, and the evaluation. The preparation of CSRs, twice each year, for 31 SPA countries plus Zimbabwe and Nigeria stands out as one of the highest cost items, amounting to about $300,000.

These costs for the SPA do not take into account the possible economies stemming from having the donors come together twice a year for consultations. These economies derive from the opportunity the SPA Plenaries provide for annual donor consultations that otherwise would have had to be arranged with individual donors. Some consider the country meetings as useful preludes to the more formal CG meetings and the reports useful for multiple purposes. Finally, there are several topics which the Bank would likely have pursued in any event such as the HIPC, SIPS, public finance management, and the Annual Report on Poverty in Africa. In sum, for the Bank, the SPA sessions provide a valuable opportunity for meeting with donor colleagues at some savings in costs and staff time. The Bank’s Africa Regional Office holds the view that the overall benefits of the SPA substantially outweigh the costs it covers in funds and staff time. This view is also shared by IMF staff responsible for the SPA.

Areas of concern

A number of areas of concern and suggestions about improving SPA operations have been identified from the workload reports and other sources. The number of Working Groups and meetings has been a concern. Although this issue has been addressed by reducing the number of Working Groups to two, the number of sub-topics each is to address may result in a rapid increase in workloads and the number of sessions. Holding Working Group sessions at the same time as the Plenaries is preferable (this has been done) and more cost-effective than separate meetings at other times, particularly because delegates to the Plenary and to Working Groups are for the most part the same. It has been suggested that the efficiency of the Working Groups could be enhanced by greater use of electronic communications (such as conference networking and report preparation) to reduce meeting times and accelerate the dialogue. Finally, some comments suggest that a broader distribution of the SPA workload would be desirable; at
present, apart from the Bank, only four or five of the partners have taken on Working Group leadership responsibilities. In general, arrangements that would accelerate progress from the topic-proposal stage to completion (such as clearly specifying the outputs expected) would increase the efficiency and effectiveness of SPA deliberations. The growth in the number of Plenary participants is also of concern.

The frequency of the Plenary sessions has been questioned. However, without the relatively frequent sessions—twice a year—work accomplishments may be further slowed in an already slow moving process. Several donors have commented that efficiency would be enhanced with better communication of the results of SPA deliberations. The frequency of the Plenary sessions has been questioned. SPA work is inherently slow, and without the relatively frequent sessions—twice a year—work might be accomplished even more slowly. Several donors have commented that efficiency would be enhanced with better communication of the results of SPA deliberations. This issue has two aspects, one relating to internal donor communications, the other to the issue of integrating consensus-building sessions with African counterparts into Plenary meeting schedules. The fact that in some donor countries, multiple agencies are involved in African economic assistance programs, has resulted, in some instances, in weak communications on SPA matters within donor governments, lack of unanimity on some policy and procedural matters and limited participation by relevant operating agencies. On the second issue, the evaluation points out that, while integrating sessions with African participants into the Plenary is likely to impose additional administrative demands on the SPA, much depends on how African participation is structured.

Although the number of country meetings, which take place during Plenaries has been reduced, questions have been raised about their usefulness. The short time devoted to these meetings—about 30 minutes—and the limited dialogue that takes place, for the most part, suggest that they are somewhat perfunctory. In a few instances when there have been significant issues of donor coordination, these sessions have been useful because they provided informal opportunities to clarify issues and resolve differences. This situation would suggest that, rather than cancel them altogether, the country meetings could be limited to countries of special concern to the partners.

The preparation of the CSRs, as frequently as twice each year, has meant considerable work and costs for Bank staff. CSR quality has improved substantially over the years owing to persistent oversight by the SPA Secretariat, while preparation cost has been somewhat reduced through better organization of relevant country information. If they are continued, it may be desirable to revisit the topics covered in these reports to determine what is most useful to the SPA donors. Are they needed twice each year? Should they include more outcome monitoring information? Moreover, since the CSRs duplicate to some extent the PFPs, which are prepared each year for the most part, the PFPs could be used more effectively to avoid duplication of information and evaluation. Alternatively, synchronizing the PFP and CSR cycle could be explored. In addition, monitoring information would be more useful and significant if provided in cross-country reports that compare developments among donors and recipients.
Evaluation Organization, Methodology and Evaluators

Evaluation work program

**Early phases.** The initial phase of the evaluation began in January 1997 when the evaluation supervisor and coordinator prepared a draft Inception Report and began to identify evaluation team members. The Inception Report was based on the Terms of Reference (TOR) adopted by the SPA Plenary in December 1996 (annex 6). The members of the evaluation team had their first meeting on April 14-15 to review the TOR, the Inception Report (annex 7), and the guidance for interviews; meet with representatives of the SPA for a briefing; and work out assignments and schedules. The team met again on July 7-8 to review the findings of the field missions and literature reviews. The final meeting of the team took place in Paris on October 13-14 to review the draft evaluation report.

**Guidance from the Reference Group.** The first meeting of the Reference Group (RG), chaired by the SPA representative from Sweden, took place during February 16-17 in Paris. The purpose of the meeting was to review the draft Inception Report and proposed budget and provide the evaluators with guidance on the scope and approach to the evaluation in relation to the TOR. The meeting also addressed the financial arrangements for the evaluation, with the expectation that various SPA donors would share in its costs. Following the meeting, and after further exchanges on the Inception Report, a final version of the Inception Report was submitted to the RG on April 18, 1997.

A second meeting with the RG took place in Paris on August 18, 1997. The RG reviewed a report from the evaluators on the status of the evaluation and some preliminary findings and emerging conclusions. The draft report was sent to the RG the first week of October. The RG met with the evaluators a third time on October 16-17, 1997, to comment on the draft report which also reflected comments received at the earlier meeting of the evaluation team.

**Evaluation methodology and schedule**

The overarching hypothesis to be tested by the evaluation is that the SPA has been an effective and efficient mechanism for:

(i) Donor coordination in mobilizing quick-disbursing resources of various types (including debt relief) to support macroeconomic and structural reforms in selected African countries.

(ii) Improving donor procedures (to enhance the quality and usefulness of quick-disbursing, balance-of-payments support) and monitoring through peer reviews and donor practices supporting reforms and implementing SPA guidelines.

(iii) Providing a forum for policy debate and for improving approaches to economic policy and structural reform undertaken by African countries.

(iv) Monitoring the results of economic policy and structural reforms in terms of economic growth and poverty alleviation in participating African countries.

The methodology for this evaluation is based on two frameworks:
The conceptual framework for an assistance coordination mechanism—creating and communicating consensus (see chapter 2).

The four main topics of the evaluation and the cross-cutting interests of African participation, other coordinating mechanisms, and SPA administration. The four topics were based on the SPA's six major functions referred to in the TOR, that is, mobilizing resources to support economic reforms in the context of structural adjustment, serving as a forum for policy debates on development issues, monitoring and peer review of donor practices, negotiating improved donor procedures, developing improved approaches to economic reform, and monitoring results of reform in recipient countries.

With these frameworks in mind, the evaluators reviewed SPA documents, undertook literature overviews, and interviewed key officials in public and private capacities in SPA donor governments, African recipient countries, and the IFIs. These interviews were supplemented by questionnaires to a selection of donor and African officials who were not directly interviewed.

By working within these frameworks, with detailed guides for the interviews and document reviews, the evaluators acquired an understanding of the SPA from alternative perspectives as a means of cross analysis. They identified patterns of views and experience as well as instructive exceptions. The main interest of the SPA members, as expressed in the TOR, is in the SPA as an assistance coordination mechanism. How is its work viewed in the context of changes in African and donor policies and practices and changes in African economic and social situations? Has its work been relevant, efficacious, and efficient? What have been the results and impact?

Following are the definitions of the key terms used in the evaluation:

- **Relevance**: The appropriateness of SPA policies and operations with regard to the core of the development issues in African countries.
- **Efficacy**: The extent to which SPA policies and operations have achieved stated objectives.
- **Efficiency**: The relation between SPA costs and its effectiveness.
- **Results**: The changes in African and donor policies and practices that have stemmed from SPA-supported initiatives.
- **Outcome/impact**: The changes in African countries' economic and social situations associated with SPA-supported initiatives, for example economic growth, poverty alleviation, and gender effects.

The main components of the evaluation include:

- Resource mobilization, data collection, and analyses.
- Interviews of donors including NGOs: the African Development Bank, Canada, the European Union, France, IMF, Japan, Netherlands, Sweden, Switzerland, the United Kingdom, the United States, and the World Bank.
- Field missions to African countries, including governments, NGOs and private businesses: Burkina Faso, Ghana, Kenya, Mali, Malawi, Mozambique, Senegal, Tanzania, Uganda, and Zambia.
- Questionnaires to the following donors: Belgium, Denmark, Finland, Germany, Italy, Norway, and Portugal. Responses were received from Denmark, Belgium,
Germany, and Norway. Also, Sweden and Japan (JICA) prepared responses to the questionnaire.

- Work load and costs questionnaire (distributed at the June 1997 Plenary). Responses were received from the AFDB, Canada, the European Union, Finland, Germany, the Netherlands, Sweden, Switzerland, and the United Kingdom.

- Questionnaires to the following African countries: Benin, Central African Republic, Chad, Ethiopia, the Gambia, Guinea, Guinea-Bissau, Madagascar, Mauritania, Niger, and Togo. Responses were received from Central African Republic, Madagascar, and Mauritania.

- Literature overviews: macroeconomic, poverty reduction, and gender impacts of economic policy and structural reforms.

- Background papers on: PFPs; HIALs; LOIs and LDPs; CGs, RTs, and local coordination groups; and the "SPA story"—a brief review of the origins and evolution of the SPA and financial resources.
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### Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tr>
<td>AFDB</td>
<td>African Development Bank</td>
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<tr>
<td>AFDF</td>
<td>African Development Fund</td>
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<tr>
<td>Bank</td>
<td>World Bank</td>
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<tr>
<td>BOP</td>
<td>Balance of payments</td>
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<td>CFA</td>
<td>Communauté Financière Africaine (African Financial Community)</td>
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<td>CG</td>
<td>Consultative Group</td>
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<td>CIDA</td>
<td>Canadian International Development Agency</td>
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<td>CSR</td>
<td>Country Status Report</td>
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<td>CRS</td>
<td>Creditor Reporting System</td>
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<td>ESAF</td>
<td>Enhanced Structural Adjustment Facility</td>
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<td>DAC</td>
<td>Development Assistance Committee</td>
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<td>EC</td>
<td>European Commission</td>
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<td>EU</td>
<td>European Union</td>
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<td>HIAL</td>
<td>Higher Impact Adjustment Lending</td>
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<td>HIPC</td>
<td>Highly Indebted Poor Countries</td>
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<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<td>IDA</td>
<td>International Development Association</td>
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<td>IIFs</td>
<td>International financial institutions</td>
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<tr>
<td>IMF, Fund</td>
<td>International Monetary Fund</td>
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<td>GCA</td>
<td>Global Coalition for Africa</td>
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<td>GDP</td>
<td>Gross domestic product</td>
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<td>JEM</td>
<td>Joint Evaluation Mission</td>
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<td>LCC</td>
<td>Local Cost Compensation</td>
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<td>LDP</td>
<td>Letter of Development Policy</td>
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<td>LOI</td>
<td>Letter of Intent</td>
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<td>NGO</td>
<td>Nongovernmental organization</td>
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<td>ODA</td>
<td>Official Development Assistance</td>
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<td>OED</td>
<td>Operations Evaluation Department (World Bank)</td>
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<td>PER</td>
<td>Public expenditure review</td>
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<td>PFP</td>
<td>Policy Framework Paper</td>
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<td>QDA</td>
<td>Quick-disbursing assistance</td>
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<td>RT</td>
<td>Round Table</td>
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<tr>
<td>RMSM</td>
<td>Revised Minimum Standard Model</td>
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<td>SAF</td>
<td>Structural Adjustment Facility</td>
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<td>SFA</td>
<td>Special Facility for Africa</td>
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<tr>
<td>SIP</td>
<td>Sector investment program</td>
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<td>SPA</td>
<td>Special Program of Assistance to Africa</td>
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<td>SSA</td>
<td>Sub-Saharan Africa</td>
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<tr>
<td>TOR</td>
<td>Terms of Reference</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>WAEMU</td>
<td>West African Economic and Monetary Union</td>
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<td>WGPSP</td>
<td>Working Group on Poverty and Social Policy</td>
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EVALUATION OF THE SPA MECHANISM

TERMS OF REFERENCE

DRAFT FOR COMMENTS
A. Introduction

At the latest SPA meeting held in Washington 2-5 June 1996, Sweden was given the task of preparing, in collaboration with other donors, terms-of-reference for an independent assessment of the SPA mechanism.

The main purpose of the evaluation, as stated in the Chairman’s Summary at the SPA Plenary in June 1996, was to evaluate the SPA mechanism itself. Furthermore, the need to involve African partners and experts in the evaluation was emphasized.

B. Background

The Special Program of Assistance (SPA) to low-income, debt-distressed countries in Sub-Saharan Africa (SSA) was originally launched in 1987 as a donor-coordinated response to the Africa continent-wide debt and development crises. Since then, SPA has become the major mechanism for mobilizing and coordinating quick-disbursing aid and debt relief to a number of reforming SSA countries. Three phases of the SPA partnership have been completed. SPA-4 is to cover the period 1997-1999.

SPA brought together the World Bank and the International Monetary Fund, the African Development Bank, the European Union and major bilateral donors to assist reforms in Africa. Currently, the bilateral donors participating in SPA are Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Norway, Portugal, Sweden, Switzerland, United Kingdom and United States.

When the SPA Initiative was launched, participating donors agreed on joint action to promote growth in imports, investment and exports by supporting macroeconomic stability and structural reforms in the recipient countries. As the African continent has changed, so has the SPA agenda. In the first of the SPA phases, the focus was on quick resource mobilization in response to the African crises. Eventually, the SPA agenda broadened to include adjustment in a much wider context of development, as growth was recognized to be necessary but not sufficient for sustainable development and for the reduction of poverty. The most recent phase of SPA (SPA-3, 1994-1996) emphasized poverty reduction through concern for the distribution and pattern of growth, strengthening capacity building and public expenditure management, and endorsed the concept of sector investment programs in key areas.

SPA is chaired by the World Bank with vital contributions from participating bilateral as well as multilateral donors. SPA has set up a number of working groups, chaired by the Bank or by other donors, dealing specifically with issues on
the SPA agenda. These issues have included liberalizing import support programs, donor financing of local cost compensation, strengthening linkages between reform, poverty reduction and gender. The plenary meets bi-annually to address a number of important issues and to monitor the actual reform process in a number of SPA countries.

There are six main functions constituting the SPA partnership. These are:

1) mobilizing resources in support of economic reform in the context of structural adjustment,
2) providing a forum for policy debate on a number of development issues,
3) monitoring and peer review of donor practices in supporting reform and in the implementation of SPA guidelines,
4) negotiating improved donor procedures,
5) developing improved approaches to economic reform
6) close monitoring of the results of reform in recipient countries.

These functions are vehicles for achieving SPA’s main objective, i.e. to achieve poverty reduction by promoting sustainable economic growth through the provision of quick-disbursing aid to the reform process within the context of structural adjustment.

A review of the SPA partnership achievements and lessons learned is an important tool in guiding the SPA into the next phase of supporting sustainable development and poverty reduction in sub-Saharan Africa. Thus, in the process of preparing for the next phase of SPA, it was agreed at the SPA Plenary held in Washington in June 1996, to make an assessment of the SPA mechanism.

C. Scope and aims of the evaluation

The scope of this evaluation of the SPA mechanism is twofold:

First, to assess how effectively the mechanism has worked in fulfilling the six main SPA functions. These should be assessed both from donor and recipient perspectives, in order to integrate views of different stakeholder countries in the evaluation of the SPA mechanism,

Second, to assess the output, results and impact of economic reform programmes supported within the SPA framework. Since the purpose of the SPA mechanism is to promote sustainable development and poverty reduction through the process of structural and policy reform, a state-of-the-art summary should be made of existing evidence in the research literature. This study should show to what extent SPA-supported policy reforms have achieved or created conditions for sustainable
economic growth as well as social development and specifically poverty reduction.

From a conceptual point of view, the evaluation should assess the six functions of SPA with three evaluation criteria; 1) effectiveness - what has been the immediate output of SPA and to what extent have these outputs realized the objectives of the mechanism; 2) impact - what have been the medium-to-long-term effects of SPA activities and 3) efficiency - were the results achieved at the lowest possible cost, or could better results have been attained with the instruments available within the framework of SPA. In addition, the evaluation should assess the performance of the actors within SPA (the World Bank, bilateral donors, and recipient countries), the output of these performances, as well as the impact of the output produced by the SPA mechanism.

Finally, the evaluation should also provide recommendations of a modified mechanism for further enhanced donor coordination and more efficient use of the working groups and the guidelines and recommendations presented by these different task forces. These recommendations could form the platform for improved donor procedures and implementation when setting up sector investment programs where broad donor participation on a coordinated basis is a key feature.
Part 1: An Evaluation of the SPA mechanism

In the first part of the evaluation, the following issues need to be addressed:

Function 1: Mobilizing resources

The primary purpose of the SPA was in its earlier stages to mobilize resources to support economic reform in response to a continent-wide economic crisis in Africa and the SPA still provides a forum for assessing balance-of-payments gaps and for discussing the need to shift resources towards countries with such shortfalls. Lately, the attention has shifted from the balance-of-payments gap to the budget gap as a more adequate measure of the resources needed to carry out the economic reform package, partly as a result of the liberalization of foreign trade and exchange markets.

The SPA framework encompasses six different channels through which the development assistance can be directed and that is 1) IDA adjustment credits, 2) IMF SAF and ESAF financing, 3) co-financing and coordinated quick disbursing concessional financing by other SPA donors, 4) bilateral debt relief, 5) support to service IBRD debt (Fifth Dimension) and 6) funding for commercial debt reduction (Sixth Dimension). Seventeen SPA donors have provided USD 14 billion in quick disbursing assistance by the end of 1996.

In assessing how effective the SPA mechanism has been in fulfilling the task of mobilizing resources to promote economic reform in Sub-Saharan Africa, the following issues need to be addressed.

- Has the volume of quick disbursing aid, (pledging, commitment and disbursement), increased during the three phases of SPA? To what extent have additional resources been allocated and to what extent have funds been reallocated from other forms of support?

- The SPA has strongly emphasized a shift from tied project aid to untied quick disbursing assistance. To what extent has this shift actually taken place?

- Has the method of calculating financing gaps been effective as a tool for establishing criteria for the allocation of fast-disbursing aid to SPA countries? To what extent has the relevance of the method been affected by the liberalization of foreign exchange markets?

- Were financing gaps appropriately calculated? Would fiscal gaps have been more appropriate to calculate as a criterion for allocation of SPA aid?
- what are the incentive effects on recipient countries of using financial gaps as a method of determining the contributions needed to finance the reform program?

- Were commitments to each SPA country adequate to fill the financing gaps?

The analysis and conclusions of the issues raised above will have to be based mainly on data collected from all contributing donors on how they have allocated the funds available for development assistance throughout the SPA period.

Over the last several years, commitment and disbursement of quick disbursing aid has diminished, in spite of the SPA. The evaluation should address and seek to assess whether the shrinking of funds available for this type of support is the result of 1) lack of confidence in the SPA mechanism, 2) “donor fatigue” due to increasing economic problems in donor countries and poor results of the process of economic reform within the context of structural adjustment, or whether the SPA in this respect has acted as a “brake pad” for even further reductions of balance-of-payments support and other quick-disbursing aid.

Finally, the SPA partnership has repeatedly stated the need for timely disbursements of the funds allocated for quick disbursing assistance. Thus, in the area of assessing the SPA impact on resource mobilization of quick disbursing aid, the evaluation should also try to assess the following:

- were the commitments made actually disbursed?

- were commitments honored in a timely fashion in those countries remaining on track? If not, could coming off-track be due to the unpredictable and non-timely release of committed funds?

Function 2): Improving donor procedures and 3) monitoring and peer review of donor practices in supporting reform and in the implementation of SPA guidelines

After initially focusing mainly on the mobilization of resources to promote economic growth and sustainable development through the process of structural adjustment, the SPA agenda broadened as to also include issues in quality and effectiveness of the adjustment assistance provided within the framework.

For that purpose a number of working groups have been set up as a key instrument of broadening the objectives of the SPA agenda. The different working groups have presented a number of recommendations and guidelines which have been adopted by the SPA Plenary. These policies and recommendations adopted by SPA range from 1/ liberalizing import support programs, 2/ guidance for countervalue payments, 3/ donor financing of local cost compensation (e.g. salary supplement
for government officials), 4/ enhanced donor and host country participation in 
Public Expenditure Reviews, 5/ strengthening of the links between reform and 
poverty reduction, 6/ civil service reform and so forth.

The issues to be assessed by the evaluation are the following:

- What has been the impact of the different working groups set up by the SPA 
Plenary. Has their work been fed into the process of coordinating support for 
economic reform and sustainable development?

- To what extent and in what ways have these recommendations and guidelines 
presented by the different working groups actually been adopted and implemented, 
by bilateral and multilateral donors within the SPA framework when implementing 
their respective aid programs?

- How effectively has SPA monitored the implementation of the guidelines? What 
monitoring mechanisms have been available, and to what extent have they been 
applied?

- Were the issues addressed within the working groups relevant and significant and 
was the SPA response to these issues appropriate and value-adding to the impact 
of SPA?

Considerable potential should exist for strengthening mutual links between the 
SPA Plenary, dealing with cross-country issues, and other policy fora such as 
Consultative Groups and Round Tables, the focal point for discussion the content 
of specific country issues. Thus, these links need to be explored by the evaluation;

- How has the work pursued within the framework of SPA been carried over to the 
different donor groups dealing specifically with individual countries, thus sharing 
with SPA the basic conceptual framework of the need for economic reform and 
structural adjustment? Are the policy initiatives adopted by the SPA donors 
explicitly integrated in the Consultative Group/Round Table agendas? What are 
the links for mutually reinforcing the different fora?

- Have the resource needs calculated by SPA been consistent with those used in 
CGs/Round Tables?

*Function 4: Forum for policy debate*

The SPA Plenary has over the years provided an opportunity for addressing 
policies issues of concern to the donors actively involved in the donor coordination 
mechanism. Through biannual plenary meetings and frequent working groups, a
number of issues of common concern to the SPA donors have been addressed and analyzed, forming the basis for guidelines of recommendations on a variety of issues.

As the SPA agenda has evolved, the focus has shifted from the mobilization of resources to a number of issues that have been thoroughly addressed by the SPA donors. Issues raised include the sequencing of reforms, debt problems facing a number of SPA countries, political change in the context of economic reform, patterns and distribution of growth, poverty reduction and gender issues.

With respect to this function of the SPA mechanism, the evaluation should assess the following:

- How have the different phases of SPA changed due to the continuous policy dialogue between bilateral and multilateral donors?

- What impact have the working groups had on the policies pursued by the SPA donors. Specific emphasis should be put on how the World Bank has pursued its policies with regard to the concerns raised by bilateral donors throughout the SPA period. Have concerns articulated by different donors had an impact on the World Bank documents, forming the basis for donor coordination?

Furthermore, the evaluation should also seek to point out which issues that have not been adequately addressed in SPA plenaries, in most cases in spite of concern raised by individual donors.

**Function 5: Developing improved approaches to the economic reform process**

The SPA forum has provided bilateral donors with an opportunity to contribute to the development of a common view on design, appraisal, negotiations and management of adjustment programmes to be supported by the donor community. This opportunity is vital for keeping the donor coalition together and moving in the same direction.

In a donor lead group as well as in a Bank Task Force, issues such as performance-based selectivity, avoiding stop-and-go patterns and the appropriate use of conditionality have been explored. A number of recommendations has emerged from the task force; the provision of multiple small tranche loans, single tranches etc. facilitate a more consistent flow of funds to well-performing countries, and enhanced flexibility in the setting-up of conditionality.

Furthermore, the bilateral donors have been principal advocates for examining development issues related to reform and have particularly emphasized the need
to address poverty and gender within the framework of SAP.

With regard to this function of the SPA mechanism, the following issues need to be addressed:

- Has the SPA Forum led to a consensus on issues within the reform process?

- Has the coordinated approach led to “better policy” in the SPA recipient countries as well as better policies on issues such as stop-and-go patterns from a donor perspective?

- To what extent has the stop-and-go patterns been conducive with the aim of supporting economic reform in SPA countries? Has this pattern of disbursement rather had the reverse effect on the efforts of pursuing economic reform?

**Function 6: Monitoring results of economic reform**

One of the most important features of the SPA mechanism has been the monitoring of the progress of policy reform in the SPA recipient countries. The main document in assessing SPA country performance are the Country Status report, reflecting development in a number of key indicators. These Country Status reports have been presented semi-annually at the SPA Plenary.

As the SPA agenda has broadened, so has the scope of monitoring. In SPA-3 and SPA-4, the monitoring also includes measures of sustainability of macroeconomic stability and economic growth. Furthermore, donors have also stressed the need to include measures of poverty reduction and other indicators of concern to the donors. Throughout the SPA period, concern has also been raised by a number of donors with regard to overoptimistic results and predictions presented in the Country Status Report.

The issue that needs to be addressed in the evaluation is how the monitoring and follow-up of the progress of economic reform in a number of countries have had an influence on the different phases of SPA.

The links between SPA, CGs and Round Tables should be analyzed in the evaluation with respect to the monitoring function of the SPA mechanism.

**The SPA recipients**

Originally designed as being a mechanism for donor coordination supporting economic reform and sustainable development in response to a continent-wide crises in Sub-Saharan Africa, the SPA did not involve representatives of recipient
Throughout SPA 3, there has however been some opportunity for SPA country representatives to address the opening sessions of the SPA Plenary, but not in the working groups dealing with development issues of concern to both donors and recipients. However, African experts have conducted a number of studies in relation to the work pursued by the working groups.

When evaluating the SPA mechanisms and its six major functions, ultimately aiming at promoting long-term sustainable development in sub-Saharan Africa, it is important not to neglect the recipient perspective on the SPA mechanism as such.

Thus, the evaluation should for each of the six functions of the SPA mechanism address the following issues from a recipient perspective:

- What has been the impact of SPA in mobilizing resources for supporting economic reform?

- What has been the impact of SPA on donor coordination procedures in implementing aid packages in the recipient countries?

- What role has the recipient countries played in the policy dialogue within the framework of SPA. How have issues of concern to not only the donor countries, such as ownership and commitment, been addressed in the dialogue with stakeholders?

- What has the recipient countries' role been in the monitoring of the reform program? What has been the impact of the monitoring pursued within the framework of SPA on the actual program?

- What have been the links between SPA and the forum addressing issues in a country-specific level, such as Consultative Groups and Round Tables.

Part 2. Summary of the impact of structural adjustment in Sub-Saharan Africa

As the ultimate goal for the SPA donor coordinated mechanism is to promote economic growth, long-term development and the reduction of poverty in sub-Saharan Africa, this aspect of the SPA mechanism should not be neglected in an evaluation of the SPA mechanism. Regardless of the mechanism's effectiveness in pursuing policy dialogue, monitoring, improving donor coordination and procedures, these efforts can be regarded as successful only if Africa develops in a manner foreseen in the conceptual framework of SPA to which all participating
donors agree.

Thus, the evaluation should also address the issue of what has actually been achieved in the area of economic, institutional, social and human development. Specific emphasis should be put on the results in terms of poverty reduction, as the ultimate objective of structural adjustment.

In order not to duplicate work that has already been carried out in this field of research, the aim of this part of the evaluation is to provide a state-of-the-art summary of the impact of structural adjustment in Sub-Saharan Africa. The study, to be presented as an appendix to the evaluation of the SPA mechanism, should on a cross-country basis focus on the results of a) macroeconomic stabilization 2) structural and institutional reform 3) sustainability of economic and structural reform, 4) social development and the impact on poverty and 5) the political context of SAP.

D. Methodology

In the first part of the evaluation, all current documentation covering the four phases of SPA should be reviewed. Furthermore, important documentation covering contributions made by multi- or bilateral donors should be used in order to capture the ongoing dialogue within the framework of the SPA mechanism. Moreover, this part of the evaluation should include in-depth interviews with all SPA donors including the World Bank, concerning the six functions of SPA to be assessed in the evaluation.

In order to address the issues raised in the terms-of-reference, the evaluation needs to focus on a number (to be determined) of individual countries. Countries suitable for such an assessment would be Zambia and Uganda as well as one of the SPA countries in the CFA Zone. These countries have mainly been chosen for the fact that donor involvement in both Uganda and Zambia have been substantial, making them good cases for evaluating performance of the different actors within the SPA mechanism. In this respect, special emphasis should be put on analyzing the different documents from the World Bank and the IMF (for ex. Policy Framework Papers), forming the basis around which donor coordination emerges.

The main part of the evaluation should be carried out by a team of consultants familiar with the SPA mechanism as well as bilateral policies pursued by the SPA donors. Special emphasis should also be put on the consultants in-depth knowledge of the functioning and organization of the World Bank and experience of studies on aid management and coordination, aid effectiveness, conditionality etc.

In order to capture the African perspective on SPA, the team should involve African experts being familiar with the process of structural adjustment as well as
the role both the World Bank and individual bilateral donors play in this process of promoting sustainable development.

Finally the second part of the evaluation should review current research on results and effects of the process of economic reform in sub-Saharan Africa. One possibility would be to divide the summary into two independent papers, one based on economic analysis focusing on the results in achieving macroeconomic stability and structural reform and its impact on sustainable social and human development, particularly addressing the reduction of poverty. The other paper should summarize the wider social science studies on the impact of structural adjustment in a social and political context. This part of the evaluation should be carried out by a team of well-renowned independent researchers preferably through the existing African networks of economists and other social scientists.

A Reference Group shall be established to monitor the evaluation and discuss its findings and recommendations. It shall consist of representatives of SPA donor as well as recipient countries, the World Bank Africa region and OED. The Reference Group is scheduled to meet on a regular basis to discuss all major steps of the evaluation, starting with the final draft of the terms-of-reference. The African Governments could be represented in the Reference Group by the two African Executive Directors of the World Bank.

References:

**Sida Policy Department (1996):** Memo: SPA-utvanding - ett diskussionsunderlag

**Sida Regional Department for Southern Africa (1996):** memo: Bosse Westman

**World Bank Africa Region (1984):** Toward Sustainable Development in Sub-Saharan Africa, A Joint Program of Action

**World Bank Africa Region (1990):** Special Program of Assistance, Launching the Second Phase

**World Bank Africa Region (1993):** Special Program of Assistance, Launching the Third Phase

**World Bank (1996):** Chairman’s Summary SPA Donor’s Meeting June 4-6, 1996 Washington
Appendix

List of eligible consultants

Part 1

Abt Associates. USA
Center for the Study of African Economies
Development Alternatives, USA
ECON (Norwegian consultancy company)
European center for Development Policy Management
Harvard Institute on International Development (HIID)
Institute for Social Studies, the Hague
Institute for Development Studiers, Sussex
North-South Institute, Canada
Overseas Development Institute, Oxford
Oxford Policy Management, Oxford
UN Economic Commission for Africa
University of Trondheim (Jorn Rattso)

Part 2

Africa Economic Research Consortium
Council for the Development of Economic and Social Research in Africa.
Nordic Africa Institute
Third World Network
THE SPECIAL PROGRAM OF ASSISTANCE FOR AFRICA (SPA)

Independent Evaluation of the SPA as a Mechanism to Promote Adjustment and Development in Sub-Saharan Africa.

INCEPTION REPORT

(Final Version)

April 18, 1997

Operations Evaluation Department
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PREFACE

The SPA Reference Group (RG) met on February 13 and 14 with the OED evaluators responsible for the preparation of the Inception Report dated January 27, 1997. The purpose of the meeting was to review the report and arrive at a mutual understanding of the objectives and scope of the evaluation of the SPA. The results of the RG meeting, as reflected in the minutes dated February 21, 1997 and subsequent comments on the February 27, 1997 revision, have been taken into consideration in the preparation of this final version of the Inception Report.
I. Introduction and Purpose of the Evaluation

1. The Plenary Session of the Special Program of Assistance for Africa (SPA) in June 1996 determined that the SPA mechanism should be evaluated for its role in promoting adjustment and development in African countries. Sweden was asked to prepare Terms of Reference (TOR), which it did in its draft ToR submitted to the Chairman, SPA on November 15, 1996.

2. The overall objective of the SPA is “to achieve poverty reduction by promoting sustainable economic growth in African countries through the provision of quick-disbursing aid to the reform process within the context of structural adjustment.” The objective and procedures of the SPA partnership have evolved over time. SPA’s major functions now include:

(i) mobilizing resources in support of economic reform in the context of structural adjustment;

(ii) providing a forum for policy debate on a number of development issues;

(iii) monitoring and peer review of donor practices in supporting reform and in the implementation of SPA guidelines;

(iv) negotiating improved donor procedures;

(v) developing improved approaches to economic reform; and

(vi) monitoring the results of reform in recipient countries.

3. The primary purpose of the evaluation is to assess the relevance, efficacy, and efficiency of the SPA mechanisms with respect to these six functions. The evaluation will not attempt to provide a full-fledged impact evaluation of the SPA. It will rather rely on a synthesis of findings from the empirical literature on adjustment in Africa. The evaluation will present and assess the “SPA story” from its inception in 1987. It will lay out SPA’s main features and mechanisms for mobilizing quick-disbursing balance-of-payments assistance, facilitating its use through procedural changes, and coordinating policy advice in support of economic reform and structural adjustment in African countries.

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1 “Evaluation of the SPA Mechanism: Terms of Reference”, p.2

2 Ibid, p.2
4. Accordingly, the evaluation will focus on the first three phases of the SPA, i.e., 1988 through 1996. It will provide findings, lessons of experience, and forward-looking recommendations relevant to the current SPA phase and possible future ones, with particular attention to decisions bearing on its relevance, efficacy, and efficiency.

5. The independent Operations Evaluation Department (OED) of the World Bank has been entrusted with this evaluation. It assumes full responsibility for the evaluation work, the design of the evaluation methodologies, and the application of resources and expertise used for its implementation. The evaluation will be funded by contributions of SPA members to a trust fund administered by the World Bank. The evaluation report is scheduled to be completed by November, 1997 to assist the donors in their mid-term review of SPA 4.

6. OED’s work will be guided by the Reference Group (RG), which was set up by the SPA to attest to the integrity, independence, and quality of the evaluation. The RG will meet with the evaluators periodically to review progress, and enhance the work of the evaluators through advice on methods or interpretation of evaluation finding. Conversely, the RG recognizes that OED is responsible for the conduct and content of the evaluation to be submitted by the Director-General OED directly to the SPA chairman. The RG will, at the conclusion of the evaluation, submit its own report on the evaluation.

II. Scope of Evaluation

7. The evaluation will take into account the evolution of the SPA objectives as they were modified over the three SPA periods. The original objective of the SPA was to coordinate the mobilization of quick-disbursing resources for those African countries that had agreed to undertake macroeconomic and structural adjustment programs to achieve per-capita growth. The SPA then added to this initial objective the aim of improving aid effectiveness by addressing donor procedures that affected the reform processes. Beginning with SPA-3, SPA’s agenda was broadened into areas such as the quality and coordination of the reforms and reform instruments, poverty reduction, the focus on fiscal deficits in lieu of balance-of-payments gaps, and a number of other interests such as the management of public expenditures, civil service reform, capacity building, sector investment, and gender issues.

8. The overarching hypothesis to be tested by the evaluation is that the SPA has been an effective and efficient mechanism for:

(i) donor coordination in mobilizing quick-disbursing resources (including debt relief) of various types to support macroeconomic and structural reforms in selected African countries;

(ii) improving donor procedures to enhance the quality and usefulness of quick-disbursing balance-of-payments support and monitoring through peer reviews donor practices in supporting reforms and implementing SPA guidelines;
(iii) providing a forum for policy debate and improving economic policy and structural reform approaches undertaken by African countries; and

(iv) monitoring the results of economic policy and structural reforms in terms of economic growth and poverty alleviation in participating African countries;

9. The evaluation will group the six SPA functions (listed in paragraph 2) in the four topic clusters listed in paragraph 9. This structure brings together for evaluation purposes the closely related functions of donor procedures and their monitoring and of policy debate and economic approaches to reform. It is designed to facilitate the efficient use of evaluation expertise within the time frame and resources available. The focus of each of the topic clusters is outlined in the following paragraphs. For each of them, SIDA's draft Terms of Reference and the discussions with the Reference Group have guided the selection of priority issues.

A. Resource Mobilization and Debt Relief (SPA Function 1).

10. The evaluation will assess the SPA contribution to the mobilization of resources, for three SPA cycles during the period from 1988-96. (Debt relief will be taken into account as an important element of financing the balance-of-payments gap; however, debt relief mechanisms will not be assessed). It will review:

(i) the criteria for the selection of countries for SPA support, the question of selectivity among SPA eligible countries, and the role of SPA in affecting inter-country allocations;

(ii) the processes, including donor and recipient country government participation, for determining the resource gaps and incentive effects of these processes for economic and structural reforms. In this connection, changing foreign exchange markets arrangements and other factors raise the question of the relevance of determining resource gaps based on balance-of-payments estimates as compared to fiscal developments;

(iii) the forms and sources of quick-disbursing assistance, their relative importance and adequacy, and the implications for possible adjustments of other forms of aid such as project assistance;

(iv) the trends in commitments and disbursements, their timeliness and the main factors affecting their flow such as country policy performance, donor stop-and-go practices, and changing donor circumstances; and

(v) the question of additionality of resource mobilization through the SPA mechanism.
B. Improving Procedures To Enhance The Quality and Effectiveness Of Quick-Disbursing Assistance and Spa Monitoring Of Donor Practices (Spa Functions 3 and 4)

11. A major activity of the SPA has been the formation of working groups to address issues of quality and effectiveness of adjustment assistance. These working groups have developed recommendations and guidelines adopted by the Plenary for application by donors. The working groups addressed such topics as liberalizing import support programs, procurement and disbursement, guidance on the use of countervalue funds, and local cost compensation by donors. For each of these working group topics, the evaluation will assess the extent to which the guidance and recommendations have been adopted by donors, the procedures for monitoring, the degree of improved aid operations, and the views of recipient countries’ governments.

12. This section of the evaluation report will also provide an overview assessment of the efficiency of the SPA mechanism for donor coordination taking into consideration the demands on the donors’ time and staff in relation to the content of the meeting agendas and other SPA activity. It will provide an overview of SPA’s working group mechanisms and their effectiveness and efficiency in identifying priority issues related to donor practices, and the development of useful guidance. In brief, it will assess the value-added of the SPA mechanism in terms of innovations in donor coordination, also in comparison to other coordination fora such as OECD’s DAC, Consultative Groups, and Round Tables. It will be particularly important to get donors and recipients’ views on the way issues that were raised through SPA were handled/followed up through CGs and local coordination fora.

C. The SPA As A Forum For Policy Debate and Improved Approaches to Economic Reform (SPA Functions 2 and 5)

13. In addition to SPA’s role as a forum for addressing issues of donor procedures and practices, the SPA has provided a forum for deliberations on a number of important development policy issues. The agenda for these policy issues has evolved over the life of the SPA from concerns with mobilizing resources to concerns with broader topics affecting sustainable economic development. These topics include: participation in public expenditure reviews and their link to recipient countries’ budgeting processes, civil service reform, political change and economic reform, gender participation, and the strengthening of the links between reform and poverty reduction.

14. The approach to this topic will follow two main lines: a process-oriented approach and a “normative” approach derived from an overview of the relevant literature. Findings from both lines will also bring out donor and beneficiary views. The process-oriented evaluation will assess the evolution of the SPA agenda, the selection of the topics addressed and those omitted, the influence of the working groups on improved approaches to economic reform and structural adjustment, and the contents of PFPs in the SPA and donor deliberations. Similarly, it will assess the influence of the SPA on the PFPs and development policy more broadly. Starting with existing evaluations, the evaluation will assess the extent to which the SPA helped to forge a policy consensus of the participating donors and have been accepted by SPA recipient countries.
In this connection, it will examine the means by which economic policy reform objectives are conveyed to, and negotiated with, the African countries including African participation in their formulation. The relative effectiveness of the various channels of communication on policy objectives such as via direct World Bank and IMF/African country exchanges, Consultative Group and Roundtable meetings, bilateral donor exchanges with African governments, and the SPA plenary meetings themselves (see “Intervention Model” in methodology section). It will also review the effectiveness of the use of various incentive/disincentive practices such as the stop-go flow of resources, conditionality and tranching, as well as the degree of donor cohesiveness, and the perception of recipients about improvements in the quality aid.

15. The overview of literature on development policy priorities will provide a broader perspective for the evaluation of SPA’s approaches to economic reform. The literature overview on structural adjustment, drawing on existing materials, will also summarize the extent of the policy debate and the interaction of short-term stabilization and economic reform and long-term socio-economic development issues, particularly human resource development including constraints caused by gender related and other socio-cultural factors. To what extent were the agendas of various international conferences and studies on the wider debate on development policy taken into account in the SPA-centered policy debate; and to what extent were they influenced by SPA policy debates? The SPA approach to the restoration of growth can be perceived as a necessary, but by no means sufficient, condition for longer-term economic and social development. A key question for SPA policy debate and approaches to economic reform is whether the longer-term concerns (human development; agriculture and rural development; infrastructure investment; environmental conservation; private sector development with all its ramifications in terms of deregulation, privatization, and financial sector reform; and governance) have been adequately taken into account in the design of short-term policies so as to make adjustment conducive rather than detrimental to sustainable long-term development. In this context, the content of public expenditure reviews and the actual adjustment of the level and structure of public expenditures merit special attention.


16. This part of the evaluation will focus on SPA’s procedures for monitoring the outcome/impact of the SPA in terms of progress towards the stated goals of financially sustainable economic growth with poverty alleviation as well as (unintended) side effects. SPA is seen as a comprehensive and coordinated effort to marshall (additional) balance-of-payments support (including debt relief) to help restore economic growth and alleviate poverty. An essential question is whether or how the SPA monitoring process influenced resource allocation

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3 The SPA evaluation will benefit also from a study on public expenditure reviews under way at the OED.
and provided an incentive or disincentive factor in the economic reform process. In addition, a literature overview will focus on questions of impact, causality, sustainability, most importantly macroeconomic/financial sustainability, and the poverty dimension. 4

17. In this context, the views of African countries and donors are very important, particularly with regard to qualitative and institutional aspects. This will be handled through interviews of partners selected for the importance of their financial and intellectual contributions and questionnaire coverage of the remaining partners.

III. Methodology of Evaluation

18. The evaluation will follow a two-pronged approach to assess SPA’s relevance, efficacy, and efficiency as a donor coordination mechanism. The two prongs of the evaluation work consist of:

(i) desk work and literature overview/meta evaluation; and

(ii) extensive field work based on structured interviews of key players in donor and recipient countries.

19. Intervention Model. The underlying “intervention model” which forms the evaluation’s conceptual framework (see chart) draws the links between SPA donors and IMF and IDA and recipient countries through the use of the SPA and related coordination mechanisms in resource mobilization and policy advice as well as the link between recipient countries’ policy performance and results in terms of growth, financial sustainability, and poverty reduction.

4 A good starting point is included in a forthcoming OED study on Adjustment Lending in Sub-Saharan Africa. An Up-date. The ongoing evaluation of the ESAF by the IMF will also provide a useful input. Moreover, the results of the World Bank’s study with NGOs on Structural Adjustment ("Structural Adjustment Participatory Initiative - SAPRI") will be taken into account as they become available.
To keep the graphic presentation simple, the direct links/communication between individual donors and IFIs and the recipient countries are not shown, although they are important and will be taken into account in the evaluation.
20. The concept underlying the SPA’s effectiveness in donor coordination can be viewed as a two-way chain of communication for decision-making. In this chain of communication it is assumed that SPA policy deliberations and guidelines influence donor and African country decision making directly or through other donor coordination mechanisms (CGs, RTs, local coordination groups) and policy instruments (PFPs). It is also assumed that donor and recipient responses and experience are fed back to SPA through the same chain of communication. Various instruments such as PFPs, policy and procedural studies, guidelines, monitoring reports, and country status reports provide the content for the communications. The question to be considered in the evaluation is whether, and to what extent, this linkage in communication is effective leading to understanding, agreement, and sustained action. At the same time, consideration will need to be given to what other influences may have a more dominant and controlling role in donor and recipient decision making.

21. **Desk Work/Literature Search.** The evaluation work will require a lot of file and data-based desk work, particularly with regard to the assessment of resource mobilization and related analytical questions, the procedural aspects, the work of the different SPA working groups, the content of PFPs and its evolution, etc. Moreover, the evolution of policies and the impact of adjustment (topic clusters C and D) will require literature search and the preparation of synthesizing overviews. A data base will be set up for easy access and reference as well as for quantitative analysis of the various aspects and questions concerning resource mobilization and outcome/impact.

22. **Structured Interviews/Participation.** An essential feature of the evaluation process is the opportunity it will provide for broad participation of donors and recipients. This is essential in order to obtain a full range of perspectives from SPA stakeholders and ensure adequate coverage in the analytical work. For this purpose, the evaluation will provide for in-depth and on-site interviews with selected donors and with those African countries receiving the major part of SPA resources. The number of African countries proposed for inclusion is somewhat larger than envisioned in SIDA’s TOR. The larger number provides for a greater breadth for understanding the range of effects and impact of the SPA in African countries. Those donors and African countries not involved in the in-depth reviews will be invited to respond to questionnaires on key points of the evaluation.

23. The evaluation will provide for a wide range of structured interviews with SPA donors, and African officials. This work will be supplemented by questionnaires sent to selected officials in each of the groups not covered by the interviews. In addition, all relevant SPA documentation will be examined including materials supplied by officials of donor countries and African governments that present their views on SPA activities. Common interview guides and questionnaires, with background summaries of the main SPA “messages”, will serve to provide consistency in the information gathering process.
24. In-depth field missions to **African countries** will include:

(i) **East Africa**: Kenya, Tanzania, Uganda

(ii) **Southern Africa**: Malawi, Mozambique, Zambia

(iii) **West Africa**: Burkina Faso, Ghana, Mali, Senegal

25. These ten countries are among the 31 SPA countries that have had the largest resource requirements. They also reflect a range of performance on macroeconomic policies including "large improvements", "small improvements", and "deterioration". An alternative approach focusing on 2-3 in-depth country studies for the field work as proposed in SIDA's ToR was considered; however, the wider coverage is preferable in order to identify patterns of experience with SPA operations, country performance, and social and economic impact. The interlocutors will be mainly government officials as the emphasis is on the evaluation of SPA mechanisms. Broader audiences, particularly private sector representatives and NGOs (as proxies for affected people), will also be contacted to capture their views of the outcomes/impact of the SPA-supported adjustment process. Possible private groups and in-country expertise are being identified. The questionnaire to be sent to those African countries not to be visited will ensure that their concerns are also reflected in the evaluation.

26. In-depth field missions to **SPA donors** will include:

(i) **Bilateral donors**: Canada, France, Japan, Netherlands, Sweden, Switzerland, United Kingdom, and the United States.

(ii) **Multilateral organizations**: IMF, African Development Bank, the European Union, and the World Bank.

The bilateral donors have been selected taking into consideration the scale of their participation in resource mobilization and special interests in the SPA agenda. Donors not included in direct interviews will be invited to respond to a questionnaire to obtain their views on SPA. This approach will provide the main SPA donors with the opportunity for full and frank discussions. It will also help identify patterns of donor experience with SPA. The questionnaire sent to those not interviewed will ensure that the full range of donor interests and views are taken into account. The June SPA Plenary Meeting will also be used as a contact forum as appropriate.

27. **Evaluation Instruments.** As already noted, several evaluation instruments will be developed for the conduct of the evaluation. These include:

- scope of work for each of the teams;
- interview guides for the in-depth field studies;
• questionnaires for African and donor governments not included in the interview process;
• summary databases on quick-disbursing resources, including debt relief, and a number of results/impact indicators;
• literature overviews to provide substantive context for the assessment of SPA procedures.

28. **Terminology.** Several terms will be used in this evaluation. For common understanding, the following provides some brief definitions:

- **relevance:** the appropriateness of SPA’s policies and operations with regard to the core of the development issues of the African countries;
- **efficacy:** the extent to which SPA policies and operations have achieved stated objectives;
- **efficiency:** the relation of the costs of SPA operations to its effectiveness;
- **results:** the changes in African and donor policies and practices stemming from SPA-supported initiatives;
- **outcome/impact:** the changes in African countries economic and social situations associated with SPA-supported initiatives, e.g. economic growth, poverty alleviation, gender effects.

IV. **Evaluation Organization and Staffing**

29. The evaluation will be carried out under the general oversight of the Director-General, Operations Evaluation of the World Bank. An OED representative will provide guidance for the design and execution of the evaluation and supervise the work of the Evaluation Coordinator and team members (See annex A.) The Reference Group will be kept abreast of developments and progress during the execution of the study. Formal meetings will be scheduled upon request by the Swedish chair. The final report of the evaluation will be submitted to the Chairman of the SPA by the Director-General, Operations Evaluation.

30. Six teams will be deployed for:

(i) analyses of resource mobilization (1 team);

(ii) analyses of donor procedures, their monitoring, and donor experience with SPA as a coordination mechanism - field missions to selected donor governments (1 team);
(iii) analyses of African governments views on, and experience with, SPA as coordination mechanism - field missions to selected SPA participating African countries (3 teams, one each for different country groupings);

(iv) literature overviews of macroeconomic policy reform and structural adjustment measures and their impact on growth, financial sustainability, poverty reduction, and other facets of development (1 team, possibly 2).

31. Each of the teams will have scopes of work and -- as appropriate -- interview guides and questionnaires. These tools will be developed within coming weeks and shared with the Reference Group. Team leaders, as designated, will also have the responsibility for preparing syntheses of the work related to the four topics of the evaluation. Under the leadership of the Evaluation Coordinator, there will be interaction between the field teams and the teams working on resource mobilization and policies and impact as needed.

32. The evaluation will be staffed by a number of consultants known for their expertise on the SPA subjects and familiarity with African development issues. An organization chart for the evaluation is provided in Annex A. Tentative staffing is presented in Annex D including biosketches of candidates. The leadership group for the evaluation will include the six team and field mission leaders and the OED evaluation supervisor and coordinator. The team leaders will be responsible for preparing the working papers which will be synthesized in the chapters of the final report. The leadership group will review the analyses, assist in integrating the topics, and specify the findings and recommendations.

33. The proposed staffing of evaluators is as follows:

- For the resource mobilization data collection and analyses (total staff: 2), a team leader and a research assistant, on aid resource statistics and debt relief;

- For the missions to donor countries and related document reviews (total staff: 2), a senior specialist (team leader) in aid management with experience in macroeconomic policy issues, aid procedures and donor coordination mechanisms, supported by a medium-level analyst;

- The three field missions (total staff: 6) for East, Southern, and West Africa will each include:
  - a macroeconomist (field mission leader) knowledgeable about the SPA, African economic policy reforms, and structural adjustment;
  - social scientist/economist knowledgeable about institutional and social development issues;
  - where resident African expertise is identified with the help of the AERC, it will be recruited to assist with the field work and enhance its effectiveness.
For the literature overviews work for topic clusters 3 and 4 (total staff: 3), one macroeconomist (team leader), one senior social scientist/economist, one mid-level analyst.

For the management of the evaluation (total staff: 3), a coordinator and an assistant for administrative matters (budgets, travel arrangements, correspondence, and documents), and a secretary.

In addition, there will be inputs from OED throughout the process as needed and appropriate.

34. The team leaders for the evaluation topics listed above will be responsible for preparing working paper syntheses. The evaluators will not all be full time but have a designated number of workdays depending on their tasks. Detailed estimates of the assignments are included in Annex B.

V. Budget and Funding

35. The budget estimate corresponding to this work effort is $441,000. In addition, there will be travel cost estimated at $225,000, administrative cost of $95,000, and contingencies (for possible, additional travel and unforeseen additional work) of $39,000 bringing the total budget estimate to $800,000. (See Annex B).

36. The schedule for the evaluation and the assignments for the participating evaluators are detailed in Annex C.

37. Funding for the SPA evaluation will be made available by SPA donors through a trust fund. Sweden and the World Bank pledged $95,000 each, leaving $610,000 for other donors to provide.
Organization of the SPA Evaluation

SPA Chairman

SPA Evaluation Reference Group

Director General, Operations Evaluation
The World Bank OED Evaluation Supervisor

EVALUATION TEAM
Evaluation Coordinator

Topic clusters and Field Mission Leaders
- Resource mobilization
- Donor procedures and practices
- East Africa field missions
- Southern Africa field missions
- West Africa field missions
- Macroeconomic and social policy, impact

Resource mobilization analyses
- Senior analyst-topic leader
- Research assistant

Donor procedures, practices, SPA coordination
- Senior analyst: topic leader
- Mid-level analyst

Africa field mission teams:
- 3 field mission leaders
- 3 mid-level analysts

Economic Policy reform and impact overview
Literature overview and empirical work
- Senior macroeconomist
- Senior social scientists-poverty and gender effects
- Mid-level analyst
- 2 research assistants

Support
- Administrative assistant
- Secretary
Requirements for Evaluation Team Members

- Field missions of team leaders (3) to African countries including the preparation of synthesis working papers and participation in reviews of final report drafts;
- Field missions of team members (3) to African countries;
- Field missions of team leader and member (2) to donor countries including preparation of synthesis working papers and participation in reviews of final report drafts;
- Resource mobilization data collection and analysis: senior analyst and research assistant (2);
- Literature overview: 2 senior analysts (macroeconomist and social scientist) and;
- Evaluation management (Coordinator, administrative assistant and secretary);

Workday requirements have been adjusted and consolidated with some team members covering both field missions and Synthesis Tasks.

Cost Summary

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
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<tr>
<td>Staff/consultant costs</td>
<td>$440,500</td>
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<tr>
<td>Travel costs</td>
<td>$225,000</td>
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<tr>
<td>Other costs (OED staff, space, equipment, communications, supplies)</td>
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<tr>
<td>Contingency (extra travel, extra work, unforeseen)</td>
<td>$39,000</td>
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<td><strong>Grand total</strong></td>
<td><strong>$800,000</strong></td>
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SPA Evaluation Responsibilities

Evaluation Topics

Topic A: Resource Mobilization
Ralf Maurer, Topic Leader
Christina Gamstorp

Topic B: Donor Procedures/
SPA Coordination
Donald Brown, Topic Leader
Yoshio Sanaka
Christina Gamstorp

Alternative Aid Coordination Mechanisms
Patti Petesch

Topic C: Policy Debates/Improved
Approaches to Economic Reforms
Jacques Loup, Topic Leader
Jean-Paul Azam
Poonam Gupta
Melvin Ayogu
Charles Jebuni
Francis Mwega

Topic D: Measuring/Monitoring Impact
Economic and Social Policy

Macroeconomic
Nico van der Windt
Tchétché N’Guessan

Poverty Reduction/Gender Dimensions
Howard White
Gender Dimensions
To be determined

Field Missions
(to cover all four topics:
assignments are tentative
to be reviewed with
evaluators;
assumes two evaluators per
country visit).

West Africa (Mali, Burkino
Faso, Ghana, Senegal)
Jean-Paul Azam
Charles Jebuni
Tchétché N’Guessan

East Africa (Kenya,
Uganda, Tanzania)
Charles Jebuni
Ralf Maurer
Francis Mwega

Southern Africa (Malawi,
Mozambique, Zambia)
Melvin Ayogu
Jacques Loup

Donor Countries/
Organizations
(Canada, France, Japan,
Netherlands, Sweden
Switzerland, United of
Kingdom, United States,
IMF, African Development
Bank, European
Union, World Bank)
Donald Brown
Yoshio Sanaka
AFDB - Jean-Paul Azam
Tchétché N’Guessan

Peer Review
Paul Collier
Poul Engberg-Pederson
### Evaluation Schedule and Work

**Annex C**

**Evaluation Schedule and Work**

**Page 2 of 2**

<table>
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<th>Event 1997</th>
<th>January</th>
<th>February</th>
<th>March</th>
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BIO-SKETCHES OF CANDIDATES FOR SPA EVALUATION

Jean-Paul Azam: Professor of Economics at the Auvergne University in Clermont-Ferrand; Visiting Fellow at St. Anthony's College in Oxford; associate of CERDI; broad research interests and experience; extensive African experience. French national.

Melvin D. Ayogu: Economist, Assistant Professor, Department of Accounting and Management Science, University of Jos, Nigeria; AERC Associate. Nigerian national.

Donald Brown: Retired after 12 years as Vice-President of IFAD with responsibility for overall management, and mobilization of funds; Formerly with USAID, including mission director in Egypt, Deputy Assistant Administrator, USAID Africa Bureau; many years of service in Africa. US national.


Christina Gamstorp: Formerly SIDA Head of Section, Senior Economist, Policy Department, Economic Analysis Unit with responsibility for SPA, macroeconomic issues and debt initiatives; previously served a SIDA desk officer and economist for SIDA: Botswana, Zambia, Lesotho Mozambique. Swedish national.


Charles D. Jebuni: Economist, Research Fellow at the Centre for Policy Analysis CEPA, Accra, Ghana; AERC associate; board research, teaching, and work experience on diversified subjects including macro and sector policies. Ghanaian national.

Jacques Loup: Economist and Statistician, Director of DIAL (développement des investigations sur l'ajustement à long terme), a Paris-based research institute; broad work and research experience with UNDP, French Cooperation, and the World Bank, including experience with SPA. French national.

Ralf Maurer: Independent Economist Consultant with over 10 years of experience in international development and public sector management, institutional analysis including review of multilateral aid systems at global level. Recent studies: analysis of resource mobilization for major international development organizations; assessment of performance and impact of UNDP's co-financing modalities; assessment of UNDP's role in aid coordination. German national.
Francis M. Mwega: Associate Professor in Economics at the University of Nairobi. Has been with the University of Nairobi since 1985. Has also been part-time deputy coordinator of the African Economic Research Consortium (AERC) since 1991.

Tchétché N’Guessan: Macroeconomist, Lecturer at the University of Abidjan, researcher at the Centre Ivoirien de Recherches Economiques et Sociales (CIRES); prior experience at the IMF. Ivorian national.

Haven North: Independent Consultant, International Development; formerly Director, USAID Center for Development Information and Evaluation; Chair, DAC Expert Group on Aid Evaluation; Deputy Assistant Administrator USAID; Bureau for Africa; many years working on Africa and in USAID Africa programs. Recent consultancies: “Evaluation Plan for the GEF, Coordinator GEF evaluation-pilot phase; team leader UNDP evaluation on co-financing and resource mobilization; DAC review of DAC principles of aid evaluation; earlier work on aid coordination issues. US national.

Patti Petesch: Social Scientist - Independent Consultant; formerly with U.S. Overseas Development Council on social development and environment; currently working with World Bank on participation issues; adviser to US delegation to the 1995 Copenhagen Conference on Social Development and coordinator NGO Social Summit Working Group. Recent studies: Civil Society and Aid Coordination (Friedrich Ebert Foundation - NGO sponsor) with special reference to CGs and RTs; co-author with Ralf Maurer on organization for resource mobilization. US national.

Yoshio Sanaka: Master of Public and International Affairs, President of Global Group 21; previously with OECF and World Bank; broad country experience in Asia, Africa, Middle East, and Latin America; experience with wide range of aid/coordination issues. Japanese national.

Ulrich Thumm: Economist, Adviser to the Director of OED; at the World Bank since 1977, broad experience in Latin America, Eastern Europe, Africa; prior research and project experience in Europe, Latin America, and Africa. German national.

Howard White: Economist and Econometrian, Senior Lecturer at the Institute of Social Studies. The Hague; broad research and work experience, most recently with evaluation of World Bank poverty assessments for SPA Working Group on Poverty and Social Policy. British national.

Nico van der Windt: Economist, Director of Macro and Sector Policies at the Netherlands Economic Institute; broad research and work experience in development, particularly of African economies; prior involvement with SPA in the working group on public expenditure.

(Note: The leading candidate for gender analysis dropped out. We are currently considering other candidates to assist with assessment of the gender factors in SPA policy debates.)
Supplement
Summary of SPA-Member Comments on the December 1997 Draft OED Evaluation Report

The following is a short summary of SPA-member comments to the OED draft evaluation report. Many of the comments have already been taken into consideration in the final version of the evaluation report. Comments were received from Belgium, Canada, Denmark, Finland, Germany, IMF, Italy, Japan, Portugal, Switzerland and the United Kingdom.

1. Most countries praise the report in general terms for being professional, well argued and balanced. However, a few countries are more critical and consider the report unbalanced and too negative.

2. Many countries stress the informality of the SPA and the qualities of the nonformal character of the meetings. The report is considered not to reflect the true values of this. The positive effects of bringing together IFIs and bilateral donors are pointed out.

3. Several countries think that the report underestimates the importance of the SPA as mobilizer of quick-disbursing funds. This has been the basic objective of the SPA and still remains an important objective.

4. Regarding the impact of SPA, some countries argue that the fact that SPA is not always known in the field, does not necessarily mean that SPA policies have not been effective. “Footprints of SPA” in the recipient countries is not the important thing but rather how actual policies are consistent with the SPA framework. A lot of influence can then be seen. At the same time, many countries point at the insufficient follow-up of the policy debate within SPA. A monitoring function is asked for as well as monitoring methodology. A more systematic sharing of evaluation results within the SPA is also asked for.

5. Almost all countries agree on the importance of linking SPA to the CGs, Round Tables and the DAC. A lot more can be done with regard to intra-organizational communication. With regard to African participation, there is strong support for involvement at the Working Group level but not at the Plenary level. Several countries point to the value of keeping the SPA as a donor forum.

6. Many countries think the report is too critical of the Working Groups. The good performance of the Working Groups is stressed. At the same time, most commentators argue that there is no need to increase the number of groups and a few believe that performance could be improved.

7. There is strong support for moving to budget support and budget gap analyses and from project to sector support. However, some countries stress that different countries need different kinds of support and that the fiscal approach has to be looked at in a country-by-country context.

8. With regard to the various options for the future, there is strong support for option 2 combined with some aspects of option 3. There is no support for option 1 (to end the SPA). There is a certain skepticism to broaden the SPA agenda too much. Some commentators do not consider the options to be realistic or believe that the span between options 1 and 4 is much too wide.

Summary prepared by Ambassador Jan Cedergren, Chairman, Reference Group on the Evaluation of the SPA