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A Review of Design
and Implementation in
Sub-Saharan Africa

Alexandre Marc
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Alexandre Marc
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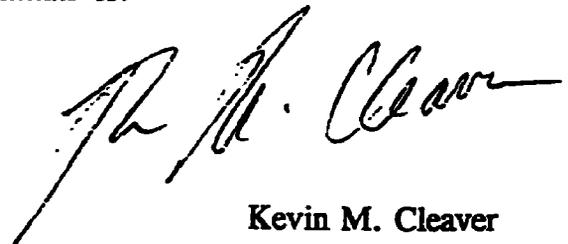
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FOREWORD

For many African countries, and for developing countries in other regions, the latter half of the 1980s was a turning point in the struggle to alleviate poverty. In response to a marked deterioration in the living standards of the poor, caused by economic crises and the austerity measures instituted to control them, governments added explicit poverty alleviation objectives to their development policies. In cooperation with external agencies, they began to design and implement interventions such as social action programs (SAPs) and social funds (SFs) to protect the poor and vulnerable groups from the harmful effects of the economic situation and from the transitory negative effects of economic reform.

There has been a growing acceptance of these remedial interventions in Africa as the World Bank has placed greater emphasis on protecting the poor during adjustment. The *World Development Report 1990* devoted a chapter to social safety nets, while the document, *Sub-Saharan Africa: From Crisis to Sustainable Growth, A Long-Term Perspective Study*, in proposing a strategic agenda for Sub-Saharan Africa, stressed that governments in the region "need specifically to address poverty alleviation and better income distribution as issues in their own right." The document also emphasized the importance of integrating those issues into programs of economic reform. The *Poverty Operational Directive* and the *Poverty Reduction Handbook* acknowledge SAPs and SFs as tools for poverty alleviation.

The World Bank has supported a large number of SAPs and SFs in Africa in the last decade, some of which have had greater success than others in meeting stated objectives. This study examines twelve projects, assessing their relationship to the political economy, as well as their design features and sector activities. The value of the study is that it makes observations on the strengths and limitations of these projects which has great relevance for other SAP/SFs and for the World Bank's other poverty alleviation work. Another strength of the study is its discussion of the potential of SFs to promote decentralization and beneficiary participation, including capacity building of local and grassroots organizations and ultimate beneficiaries. This potential has special importance for Sub-Saharan Africa because of the relative absence of mechanisms to support local government, NGOs and grassroots organizations in carrying out development initiatives.



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ACRONYMS

AGETIP	Agence d'Exécution des Travaux d'Intérêt Public (Senegal)
AICF	Action Internationale Contre La Faim
BARAF	Bureau d'Aide à la Reconversion des Agents de la Fonction publique
BURSAP	Burundi-Social Action Program
CAP	Community Action Program
COMIBOL	Corporación Minera de Bolivia
DIRE	Délégation à l'Insertion, à la Réinsertion et à l'Emploi (Senegal)
EEC	European Economic Community
EMSAP	Economic Management and Social Action Project (Madagascar)
ESF	Emergency Social Fund
ESRF	Ethiopian Social Rehabilitation Fund
FHIS	Social Investment Fund (Honduras)
FIR	Fonds d'Indemnisation et de Réinsertion
FIRVA	Fonds d'Insertion et de Réinsertion dans la Vie Active
FNE	Fonds National pour l'Emploi
GRET	Groupe de Recherche et d'Echanges Technologiques
IDA	International Development Association (The World Bank)
IFPRI	International Food Policy Research Institute
ILO	International Labor Organization
MMD	Movement for Multi party Democracy
MPU	Microprojects Unit (Zambia)
NEP	New Economic Policy
NGO	Non-Governmental Organization
PACT	Private Agencies Collaborating Together
PADS	Programme d'Appui au Développement Social (Chad)
PAMSCAD	Program of Action to Mitigate the Social Costs of Adjustment (Ghana)
PAPSCA	Program to Alleviate Poverty and the Social Costs of Adjustment (Uganda)
PDV	Programme pour le Départ Volontaire
PAP	Poverty Alleviation Plan
PIMO	Programa Intensivo de Mano de Obra
PNDC	Provisional National Defense Council
PRODEC	Programme de Développement Communautaire
PTA	Parent-Teachers Association
PWP	Priority Works Project
RU	Reorientation Unit
SAF	Social Action Fund
SAL	Structural Adjustment Loan
SAP	Social Action Program
SAU	Social Action Unit
SDA	Social Dimensions of Adjustment
SEDSP	Socio-Economic Development Support Project (Guinea)
SF	Social Fund
SIF	Social Infrastructure Fund (Sao Tome and Principe)
SIF	Social Investment Fund
SIRP	Social and Infrastructure Relief Project (Guinea-Bissau)
UNICEF	United Nations Children's Emergency Fund
USAID	United States Agency for International Development
UNIP	United National Independence Party
VITA	Volunteers in Technical Assistance
WHO	World Health Organization

ABSTRACT

For many African countries, and for developing countries in other regions, the latter half of the 1980s was a turning point in the struggle to alleviate poverty. In response to a marked deterioration in the living standards of the poor, caused by an economic crisis and the austerity measures instituted to control it, governments added explicit poverty alleviation objectives to their development policies. In cooperation with external agencies, they began to design and implement interventions such as social action programs (SAPs) and social funds (SFs) to protect the poor and some vulnerable groups from the harmful effects of the economic situation and from the transitory negative effects of economic reform.

There has been a growing acceptance of these interventions in Africa as the World Bank has placed greater emphasis on protecting the poor during adjustment. The *World Development Report 1990* devoted a chapter to social safety nets, while the *Sub-Saharan Africa: From Crisis to Sustainable Growth, A Long-Term Perspective Study*, in proposing a strategic agenda for Sub-Saharan Africa, stressed that governments in the region "need specifically to address poverty alleviation and better income distribution as issues in their own right." The study also emphasized the importance of integrating those issues into programs of economic reform. The *Poverty Operational Directive* and the *Poverty Reduction Handbook* acknowledge SAPs and SFs as tools for poverty alleviation.

The present study reviews the experience of twelve SAPs and SFs in Sub-Saharan Africa. Because a number of the programs are still in progress, it is too soon to analyze their effects on poverty reduction in depth. However, performance information is increasingly available on the implementation of these programs. This report is based on data gathered from project documents and task managers of the projects and on findings by the authors during field visits.

EXECUTIVE SUMMARY

Definition and Status Quo

In Africa, social action programs and social funds have taken different forms than in other regions. Social action programs (SAPs) and social funds (SFs) are both considered social safety nets, but in fact they often have a broader mandate. A social safety net addresses the needs of vulnerable groups and keeps them from falling into absolute poverty. SAPs and SFs aim to reduce poverty and reintegrate destitute groups into the economy. SFs are designed to fund local organizations, public or private, in a more flexible and transparent manner than regular government line ministries normally do. SFs are "demand-driven", that is, they respond to funding requests from local agencies and neither identify nor implement projects. SAPs, on the other hand, are designed as regular investment projects. Each component is fully appraised and all implementing agencies are identified before a SAP starts.

The design of SAPs and SFs in Africa must take into account the continent's unique socioeconomic condition, particularly the following aspects.

- (a) A traditional system of solidarity based on rights and obligations exists that has no equivalent elsewhere in the world. Intra-household transfers in Africa are particularly important, and are reflected in the strong links between rural and urban societies. Components of SAPs and SFs should attempt to strengthen those links.
- (b) There is widespread poverty, particularly structural poverty and transitional poverty due to economic and natural shocks, which are difficult to differentiate. To be sustainable, SAPs and SFs must be defined in the context of a broader poverty reduction strategy.
- (c) There is institutional weakness of both the private and public sector. Many programs cannot be implemented simply based on existing institutions, especially when speed and precise targeting are involved. Special institutional mechanisms to deliver the programs are often necessary.
- (d) Program components need to support a large informal sector that exists as the major provider of employment and income for African households.

The broadly-defined intended beneficiaries of both social action programs and social funds include the poor and those negatively affected by economic adjustment, such as laid off public sector workers. Most of the programs reviewed by this study mentioned laid-off civil servants as one of their target groups. SAP/SFs, in most cases medium-term multisector programs, intervene mainly in two areas: employment creation and delivery of basic social services. An important share of the programs go to urban areas. The focus on urban areas is partly due to the perception that adjustment and economic degradation more strongly affects the urban population, but also from the fact that implementation capacity in rural areas is very weak.

SFs have been able to disburse funds more rapidly than SAPs and have been more effective in building capacities at the local level. SAPs have suffered from their integration into the line ministries structure, particularly from cumbersome administrative procedures for procurement and disbursement of funds. The Guinea Bissau SIRP is an exception in that it has been implemented rapidly and effectively, but with a high management cost (the highest of all the projects reviewed).

Conceptual Issues

Social action programs and social funds involve conceptual issues that strongly affect their design and implementation. Focusing only on the population directly affected by the adjustment is, in practice, difficult and not very relevant (an exception is the workers laid off from the public sector) because these groups, especially among the poor, are difficult to identify precisely. Most of the poor suffer from structural problems that are not directly linked to adjustment, and it is difficult to justify support that helps only some categories of the poor.

SAP/SFs are designed to achieve a variety of socioeconomic, institutional, and political objectives, including alleviating the effects of prolonged economic dysfunction, protecting those hurt by adjustment, providing support so that the poor may benefit in the longer term, setting up institutional mechanisms to reach the needy, and increasing political support for the adjustment program. Congruence between the objectives of the program, the actions it supports, and its institutional design is important. Experience shows that programs with a few clear objectives are easier to set up and are more successful than programs that try to respond to all of the above-mentioned issues at once.

In many countries, line ministries cannot use their structures to respond quickly to rapid deterioration in social conditions, nor in many cases to reach the needy group in a sustainable way. Therefore SAP/ SFs are justified if they can have a rapid impact or reach the target groups more efficiently. However, if they are not provided with adequate mechanisms to achieve these objectives, they can create distortions and unnecessarily burden the administration. In such cases, it is better to strengthen regular governmental programs. The phasing out, termination, or integration of these programs into existing structures should be planned from the project's inception.

Clearly linking SAP/SFs and economic reforms is important in that it creates a synergy with positive implications for the reform's political economy. It is also very important for the designers of such programs to be conscious that SAP/SFs are only one aspect of what should be a much broader poverty alleviation and social welfare component of the reform program. This broader component involves reforming labor markets, restructuring public expenditures, and taking actions to increase the efficiency of basic social services and participation of the poor in economic development. SAPs should always be designed in the context of long-term goals and policies needed to achieve these goals. The amount of coordination required depends on both the complexity of the program and whether it is limited to the short term or extends into the long term.

A major issue facing SAP/SFs is the reconciliation of short-term requirements with the longer-term issues of sustainability and institutional capacity building. Focusing only on short- to medium-term goals is justified when the program deals with transitional problems, when improvement of the economic situation in the medium term will eliminate the need for the program, and when other projects and policies are available to deal with longer-term issues. Some of the programs can

be designed to act rapidly and at the same time strengthen capacities for the longer term. Some SFs have followed this route, mainly by supporting capacities outside the public sector and by strengthening NGOs, local governments, communities, and small-scale private sector initiatives. SFs can also fill the institutional gap between the central and local levels of government and between the governmental and non-governmental sectors. They are justified as longer-term institutions if they are designed to be self-sustaining once external funding is exhausted.

Small-scale private sector enterprises, NGOs, and local governments have benefitted from SAP/SFs to a large extent. All public works programs have worked with small-scale construction companies while most of the projects funded by SFs have been identified and prepared by NGOs and local governments. In this respect, SFs have a special role to play in building local level private sector and local government capacities.

The Political Economy of Social Action Programs/Social Funds

An understanding of the political contexts in which SAP/SFs operate will enhance their potential to contribute to sustainable adjustment and poverty alleviation programs and policies. Governance issues have strong implications for the design and implementation of SAP/SFs. Often, in the past, governments viewed programs designed to address the social costs of adjustment as "sweeteners" to maintain the support of key public sector interest groups rather than as genuine attempts to protect the poor and vulnerable, who had little stake in the existing system and a correspondingly weak political voice. The political changes presently occurring in Africa have tended to change this attitude, as demonstrated by the case of Zambia. Consequently, genuine interest has developed among many governments to broaden their political bases. SAP/SFs, if well designed, can support this process.

SAP/SFs can make positive contributions to the institutional framework in which governance and adjustment takes place. The programs, acting as intermediaries, can create links between the "bases" and the "center" and create both upward and downward links in society. In addition, through high visibility and the demonstration of a new, efficient method of government operations, they can exert pressure on public officials for better performance and greater accountability. The perception that the government is acting to make adjustment less costly may provide critical support for the government at a time when it is forced to take unpopular measures. This support can evaporate if the programs are allowed to become partisan tools, and are perceived by the public as benefitting the privileged.

A more open political environment and increased pluralism can also introduce tension into the administration of SAP/SFs as the different actors at central and local levels compete to use the programs for political benefit. Political pressure may increase at times, as occurred during elections in Zambia, the Senegal, and Madagascar when the SAP, AGETIP, and EMSAP programs were in operation, respectively. Governments may also be reluctant to allow participation by the newly-recognized civil society and by groups traditionally in opposition, such as many NGOs. Bolivia's ESF experience suggests that the ability of government programs to work with diverse factions, regardless of their political positions, contributes to the political sustainability of adjustment.

Perhaps the most important long-term contribution such programs can make when they are demand-based (i.e., when they are SFs), both in terms of political sustainability and poverty

alleviation, is to construct capacities at the community level. These policies, in turn, generate self-sustaining community initiatives. Strengthening local-level capacities is most needed to sustain poverty reduction programs in Africa. Yet such initiatives cannot substitute for centralized policies on health, sanitation, and education or for the central government's commitment to allow participation by actors from a broad political spectrum. Without such commitments, the impact of programs will be limited at best.

Institutional Issues

The SAP/SFs considered in this report are special initiatives that fill an "institutional gap." Governments create programs when they find that the standard public agencies are unable, if only temporarily, to deal with urgent social problems. From an operational perspective, SAP/SFs raise important institutional questions because they represent a departure from the standard way of designing and executing public programs. These questions have especially profound implications for SFs—as opposed to SAPs—because SFs are, by design, much less integrated into the established bureaucratic order than SAPs.

For social funds, virtually all of the key institutional questions are connected in some way to the issue of administrative autonomy. Governments—in widely varying degrees—find it necessary to set SFs apart from the established bureaucratic structure. This is the most effective way, in the short term at least, to overcome the lack of technical and administrative capacity in existing government agencies to reach the poor, to design and implement targeted interventions, and to work effectively with village- and community-based grassroots organizations.

A key challenge in designing and operating a SF is managing administrative autonomy, particularly the tradeoffs that autonomy entails. In most instances, these involve balancing short-term benefits (speed and flexibility of decision-making and implementation) against long-term costs (the consequences of not taking a strategic, development-oriented approach to investments in subprojects). Recognizing these trade-offs and balancing them in a way that fits with the goals of the SF and the features of the local institutional environment is one of the most important lessons to emerge from this study.

For example, some countries restrict subproject appraisal to a core team of headquarters staff located in the capital city. This is normally done in the interests of speed, administrative efficiency, and a need to shield subproject appraisal from political influence. However, this approach may isolate the SF's management from conditions in the field and from the preferences of its intended beneficiaries. Some countries have chosen to decentralize the appraisal process, making it the responsibility of decision-making bodies at the local or district level. This has the advantage of increasing beneficiaries' involvement in subprojects, and helps ensure that subprojects respond to local priorities. However, this may result in a loss of some administrative efficiency inherent in the centralized approach.

An equally interesting comparison can be drawn between the institutional location of SF management in different countries. In some countries, the SF is set up as an independent unit that bypasses normal bureaucratic channels and reports directly to the President or Prime Minister. Here again, the primary motivations are speed, efficiency, and politics. But this arrangement has its costs, the most important of which include risks that: the SF's activities will not be coordinated with broad

government strategies, that knowledge acquired by the SF will not be transferred to corresponding government agencies, and that isolation from the bureaucratic structure will create unusual opportunities for self-aggrandizement and corruption. Other countries choose to locate the SF within an existing ministry, in order to take advantage of pockets of administrative competence, enthusiasm, information networks, and related operational activities already in place in an established government bureau and to ensure coordination with existing government activities. It may be judged that, given the internal dynamic of the government and the bureaucracy, a SF located outside the established bureaucratic structure would simply not be sustainable.

While the critical institutional challenge for a SF is achieving autonomy, the key challenge for SAPs is inter-agency coordination. In Africa, it is common to see a two-tier arrangement to coordinate SAPs. At the top, a high-level inter-ministerial committee takes responsibility for policy and strategy; attached to it is usually a working-level coordination unit. At the second tier are the executive agencies themselves which in most cases are departments of sectoral ministries, although NGOs are sometimes contracted to execute components of a SAP. The evidence from the SAPs reviewed in this study suggests that this arrangement, though workable, must be carefully managed to avoid a tendency towards incompatibility with internal incentive systems.

For a high-level inter-ministerial committee to be effective, each of its members has to be willing to adopt a perspective that fits with SAP goals. This can be difficult in countries where social needs are overwhelming and resources woefully inadequate. Such conditions encourage ministers to look out for their own sectoral interests first. A likely result is that the coordinating committee will fail to take seriously its responsibilities to the SAP, as was the case in Chad. Countering this tendency may well depend on securing strong and continuing commitment from the President or the Prime Minister to the SAP and its management cadre. If the most senior level of government takes an active interest in monitoring the work of the inter-ministerial committee, this sends a strong message to the committee that its work is important.

As for the working-level coordination unit attached to the inter-ministerial committee, the key problem with this arrangement is that it cuts across customary lines of authority and loyalty in the public service. SAP-executing agencies in the sectoral ministries are therefore unlikely to respect the authority of the coordinating unit, and will instead tend to defer to their home ministries. Resolving this problem depends to a large extent on the status of the inter-ministerial committee; if its authority is well established, this should have a "trickle-down" effect on the working unit. But special care must also be taken to equip the working-level unit with highly competent and motivated staff.

An alternative to establishing a strong central coordinating authority for a SAP is to place most of the responsibility for managing it in the hands of the executive agencies themselves; however, the experience in Madagascar highlights the risks of this approach. There is a strong likelihood that the sectoral ministries, in the absence of systematic prodding and support from a central coordinating body, will assign a low priority to the added burden of SAP-related responsibilities. This study suggests that one must strike a practical balance between giving agencies the freedom to run their own components of the SAP and creating a central capability to direct, coordinate, and ensure the overall integrity of the program.

The report also examines the question of working with NGOs, an issue equally important to SAP/ SFs. Several major issues appear related to effective cooperation with NGOs. The first is the

climate of mutual distrust that exists between NGOs and government agencies in many countries. The second concerns the level of technical, administrative and participatory capacities of NGOs.

Breaking down barriers of distrust between the government and NGOs requires patience, but the payoff for the SAP/SF is likely to be enhanced sustainability and commitment at the subproject level. The wariness of NGOs about cooperating with a government-sponsored initiative can be reduced if the following measures are taken during the design and implementation of a SAP/ SF: (a) Get NGOs involved early on in the process of designing a SF or SAP; (b) make it clear that there will be no interference with the internal affairs of NGOs; (c) include on the staff of the SAP/SF people who are known and respected in the NGO community; and (d) target promotion efforts to NGOs.

Efforts to cooperate with NGOs may also founder if their technical, participatory, and administrative capacities are misjudged. It is thus important for SAP/SF staff to carefully evaluate the experience and capacities of NGOs they intend to work with, to involve them only in activities that are appropriate to their experience, and to provide for technical support and monitoring of SAP/SFs.

Targeting and monitoring have been the weakest aspects in the design of SAP/SFs. Lack of information and weak institutional capabilities contribute to the absence of such mechanisms. Targeting is essential for poverty reduction. The fact that the poor are numerous in Sub-Saharan Africa does not mean that they are effectively reached by ongoing programs; many of them do not receive any social services. Monitoring is also very important to learn more about what works and what does not work to achieve poverty reduction, to get better feedback from pilot projects, and to allow for diversification of the poverty reduction projects of SAP/SFs.

Different approaches should be used to improve monitoring and targeting. Qualitative methods, such as beneficiary assessments and rapid rural assessment, have been used on a limited scale. They have, however, proven effective in helping to better understand the needs of potential beneficiaries and to focus the programs. Quantitative surveys have also been used in Latin America with interesting results. The priority survey, designed for monitoring and targeting social policies and programs, might be effective to support SAP/SF activities, but it has not yet been used for this purpose.

Sector Activities

The lack of grassroots-level capability to carry out activities in some sectors, especially in rural areas, is one of the major limitations of SAP/SF sector activities. This demonstrates the urgent need to develop capacities at the local level in Sub-Saharan Africa before sustainable poverty reduction programs can be designed and implemented. A second limitation is the difficulty in identifying actions, other than rehabilitation of basic infrastructure, that reduce poverty and can be replicated on a large scale. As a result, many SAP/ SFs have funded small-scale pilot operations that necessitate a high level of supervision and a strong monitoring system. A multiplicity of different small-scale actions will have little impact on a large number of beneficiaries in the short and medium term, especially when actions are carried through a SAP.

Among all the activities funded under SAP/SFs, labor-intensive public works have been the most effective in reaching large numbers of people. The achievements of public works programs include employment generation. However, considering the masses in need of work and the temporary nature of most jobs created by these work programs, they cannot substitute for a comprehensive response to the unemployment problem. Another achievement has been the strengthening of the small, private contracting industry. In order to enable small private contractors to participate in labor-intensive public works, projects have provided training and technical assistance to contractors, simplified bidding, contracting, procurement and disbursement procedures, and expedited rapid payment of contractors. A third achievement has been demonstrating a more efficient public works program to the government than use of force account.

A major issue facing this type of intervention is the lack of capacity to carry out labor-intensive public works in rural areas. Another recurring issue is the problem of sustainability of works. Furthermore, to have a lasting impact on poverty, labor-intensive public works should be instituted as permanent programs and be complemented by actions that support integration of the beneficiaries into the existing economy.

Support for revenue-generating activities and development of microenterprises in the form of credit and training facilitates access to productive assets by the poor and has potential to directly benefit poor women. These activities are marginal in terms of the available funding from SAP/SFs and results have been difficult to achieve in the short-term. Thus, these programs should not be promoted as mechanisms to reach large numbers of beneficiaries rapidly. Urgently needed in this area is increased collaboration with NGOs or other institutions that have requisite skills and experience in delivering credit to the poor over the long term, as experience in Africa has shown that commercial banks cannot fulfill this role. Also needed are labor market data so that training programs can be linked to employment demand.

The evidence is conclusive that programs attempting to reintegrate laid-off public sector employees and unemployed graduates need screening criteria and procedures to select recipients. A good understanding of the local labor market, especially the informal sector, as well as a focus on specific professions that are in demand (for example, construction) has increased the programs' effectiveness in placing workers.

Most basic social services funding has been allocated for health and education-related activities, much of it for infrastructure rehabilitation, sanitation, and the provision of essential medicines. These programs have generally been implemented through existing institutional channels (with the exception of activities undertaken under SFs), and have been well-integrated into overall sectoral strategies. Few nutrition activities have been funded despite the fact that it constitutes a major health-related issue, but because nutrition programs are complex and timely in development and implementation, they are difficult for a social fund to support. A number of programs have taken a community participation approach to identification and implementation of social service subprojects. Uganda and Zambia have focused on institution building to increase capacity at the community level for management of subprojects.

CHAPTER 1: DEFINITION AND STATUS QUO

Definition

Social Action Programs (SAPs) and Social Funds (SFs) have taken a different shape in Africa compared to other regions. For the purpose of the study the following broad definition of SAPs and SFs has been considered.

- (a) They are targeted at the poor and at groups facing a sharp deterioration in living standards.
- (b) They are designed to operate in the short to medium term.
- (c) They are implemented parallel to economic reforms.

While this paper defines SAP/SFs as linked to economic reform programs, they are increasingly used in other circumstances. Social funds are being used in food security operations, as is the case now in Burkina Faso and Madagascar, in decentralization projects, as in the Decentralization and Regional Development Project for Disadvantaged States in Mexico and the Brazil Parana Municipal Development Project, and in environmental programs, as in Papua New Guinea, and even to support population programs.

SAP/SFs are often considered social safety nets, but although they play this role in some circumstances, they generally have broader objectives. Social safety nets consist of mechanisms to safeguard vulnerable groups against poverty. *The World Development Report 1990* defines a safety net as "some form of income insurance to help people through short-term stress and calamities." A social safety net addresses immediate needs rather than longer-term poverty reduction; it is designed to prevent further deterioration in the living conditions of vulnerable groups. A SAP has broader objectives, including poverty reduction and the reintegration of destitute groups into the economy. A social safety net should have a wide coverage to respond rapidly to a drop in living standards, where SAP/SFs have often been slow to act and, at the beginning, did not reach a large portion of the target population (an exception to this is public works programs). The type of programs set up in Latin America, such as food coupons, have practically never been used in Sub-Saharan Africa. In few cases have SAP/SFs contributed to creating a real safety net.

SAP/SFs are mainly multisectoral programs, and in most cases they operate in the medium term. The projects reviewed have disbursement periods from two to six years, which is shorter than the five-to-seven year average for investment projects funded by the World Bank. An exception is the Public Works and Employment Project (AGETIP) in Senegal and similar operations in other Sahelian countries, which only funds labor-intensive public works. A social action program can be funded as one self-standing project or as a package of individual projects funded by different donors. Ghana's PAMSCAD, Uganda's PAPSCA, and Zambia's Social Action Program fall into the latter category. In many of these cases, the World Bank funded only some components of the program.

In Ghana, for instance, it funded the Priority Works Project, and in Uganda it funded five of the fifteen SAP components.

SAPs differ from SFs in significant ways: SFs, also known as social investment funds or socioeconomic development funds, provide support for local organizations in a more flexible and transparent manner than is possible for line ministries. In some ways they are an apex institution, serving as an intermediary between governments, donors, and implementation agencies such as local governments, NGOs, and small-scale enterprises. SFs are "demand-driven" in that they respond to funding requests from local agencies and do not propose or implement subprojects. They promote specific activities, appraise subprojects presented for funding, supervise their implementation, and monitor their effectiveness. To appraise and select subprojects, a SF uses strict criteria which varies with the SF's objectives, but generally relates to the subprojects' quality and sustainability, the mechanisms that ensure that target groups are reached, coherence with the government's overall development strategy, participation by beneficiaries, and capacity of implementing agencies to carry out their tasks. To have flexible funding, procurement, and disbursement procedures and avoid political interference, SF management needs some degree of autonomy (see Chapter 4).

SAPs, on the other hand, are designed as regular investment projects. Each component is fully appraised and all implementing agencies are identified before the project starts. In most cases, components are implemented by ministries, but in some cases NGOs have also been used (Chad, Uganda). The degree of coordination among the agencies varies with each country. Some SAPs contain a social fund as one of their components, for example, the Cameroon Social Dimensions of Adjustment Project contains a National Employment Fund and a Community Development Program (PRODEC). The Zambia Social Fund is part of a broader SAP, although no formal link exists between them. In the Uganda PAPSCA, the small-scale infrastructure rehabilitation component uses the SF approach.

Some countries have started projects to alleviate the social costs of adjustment that are not integrated into a broader SAP. Each action is implemented independently and without coordination mechanisms. In Senegal, for instance, a number of projects have been established by the Direction a la Reinsertion et a L'emploi, such as the national employment fund (FNE), which helps laid-off public sector workers and unemployed graduates start microenterprises. Meanwhile the AGETIP works in parallel to provide transitional employment for the unskilled unemployed, yet no formal relations exist between AGETIP and FNE.

Historical Perspective

As stated in the *World Development Report 1990*, the principle of instituting SAPs during periods of hardship is not new. The report mentions state distribution of food to the needy in Egypt at the time of the Pharaohs. More recently, various schemes during the great depression in the United States had similar components to many of today's SAPs. This is particularly true of Works Progress Administration, which used labor-intensive public works as a form of relief. More recently, many countries have started special programs to deal with the costs of structural adjustment. Latin America has a particularly rich recent history in this area; Chile and Columbia, for example, have set up comprehensive safety net programs.¹

Bolivia's Emergency Social Fund (ESF), started in late 1986, was the first major SF in Latin America to address the social impact of adjustment, and receive major support from the World Bank. However, the fund was not established without problems. Between the first discussions in late 1985 about action to mitigate the costs of economic reform, particularly massive lay-offs from the state-owned mining company COMIBOL, to the first disbursement was overly long—a year and a half. However, the ESF proved to be an innovative, highly successful program that disbursed more than \$300 million (all dollars are US dollars, unless otherwise specifically mentioned) over a three-year period and was supported by two successive World Bank projects. Many Latin American countries are trying to replicate Bolivia's experience. The Bolivia fund was particularly innovative in that it used a demand-based approach to implement a social safety net, which had never been done before on this scale, which allowed it to fully integrate local governments and NGOs into the program. Bolivia's experience contrasts with others, such as the Poverty Alleviation Plan (PAP) of the Government of Venezuela, which was delivered mostly by sectoral ministries and therefore had serious institutional constraints.

In Africa, the first SAP was set up in 1987 in Ghana. The simultaneous release of the UNICEF document, *Adjustment With a Human Face*, added to the project's publicity. The idea of developing a short-term action program to tackle immediate problems of the poor and disadvantaged originated from background work carried out jointly by the government and UNICEF in early 1985. The concept was first presented by the government at the May 1987 Consultative Group Meeting in Paris. In July 1987, a large multi-agency mission identified the various components of the Program of Action to Mitigate the Social Costs of Adjustment (PAMSCAD). The second large multisector program set up in Africa was the Economic Management and Social Action Program (EMSAP) in Madagascar. The latter project, funded partly by the World Bank, went to the Bank's Board in October 1988. Many other programs have followed in Sub-Saharan Africa.

The design of SAP/SFs has evolved over the years. Current programs place less emphasis on large multisector programs such as PAMSCAD in Ghana or the Zambia SAP, which have had substantial implementation constraints. More emphasis has been put on longer-term poverty reduction objectives and on local capacity building using SFs. They have proven to be more efficient in delivering programs rapidly and at lower cost. The Zambia Social Recovery Project, the second AGETIP project in Senegal, the Burundi Twitezimbere program, and the Ethiopia Social Rehabilitation Fund belong to this new generation of projects. These funds have fewer objectives, more attention has been given to their institutional set-up, and they include stronger monitoring components. When different actions are needed, the tendency is to set up separate projects. In Ethiopia, for instance, a voucher program is being developed to protect the poor and vulnerable in urban centers, while the Ethiopian Social Rehabilitation Fund's objective is to reintegrate displaced people through community-based programs.

The African Context

The notion of social security emerged during the social changes of the nineteenth century and were further elaborated in the aftermath of the great depression of the 1930s. The term "safety net" was first used in the early 1980s by the Reagan Administration in the USA. These concepts were originally applied to economies where the formal sector was predominant, that were culturally homogeneous, and where poverty was viewed as transitional. The African context today is very different. Four major differences must be taken into account: the predominance of traditional

solidarity systems, the extent of poverty, institutional weakness, and the existence of a large informal sector.

The predominance of traditional solidarity systems

Based on rights and obligations, this kind of predominance has no equivalent in other regions of the world. Traditional social structures based on cultural bondage still dominate relations between households, and the strong links between the urban and rural worlds reflect important household transfers. As many studies show, most households rely on these traditional mechanisms for their security.² These systems are eroding with the rapid westernization and urbanization of developing countries, in particular family structures are changing. The large number of female heads of household in many African cities, and the increasing number of abandoned children in Africa (a rare phenomenon a few years ago) are signs of this degradation. Because few alternative systems are in place at the moment, this situation is cause for concern. As far as possible, any social program should support or complement these solidarity mechanisms. Therefore, having a good knowledge of these mechanisms is important for designers of SAP/SFs.

Poverty in Africa is widespread and takes different forms

Vulnerability, particularly food insecurity, concerns a higher proportion of the population than on any other continent. "Exceptionally high insecurity of livelihood continues to plague the great majority of Sub-Saharan Africa's population. In contrast with Latin America, famines have continued to exist in Africa during the 1980s."³ Structural poverty and transitional poverty due to economic or natural shocks are difficult to differentiate. The social safety net approach is not sufficient and cannot alone constitute a poverty reduction strategy in Africa.

The institutional weakness of the private and public sectors

Many programs simply cannot be implemented based on existing institutions, especially when speed and targeting are involved. In particular, local intermediary organizations such as NGOs, municipal governments, and organized communities (parents' associations, user groups), which are major supports for social programs in Latin America and Asia, are still very weak in Sub-Saharan Africa. Capacity building efforts should be concentrated at this level if poverty is to be effectively reduced.

The existence of a large informal sector

As the major provider of income for African households, the informal sector must be taken into account by any program for social protection. Most employment opportunities for the poor, and even the provision of a number of social services such as water and sanitation, are provided through the informal sector. Most actions undertaken through SAP/SFs are aimed at supporting the informal sector.

These factors explain why SAP/SFs programs have taken specific and different forms in Africa. Given this context, it is understandable that many successful programs rely on special mechanisms, longer term orientation compared with other regions and an emphasis on components supporting the informal sector.

Content

The SAP/SFs reviewed here do not cover all African projects dealing with the social costs of adjustment. (The Senegal AGETIP experience is being replicated in Benin, Burkina Faso, Chad, the Gambia, Niger and Mali. Actions are being carried out to help with the reinsertion of laid-off civil servants or employees from parastatals in the BARAF in Guinea and the FIRVA in Mauritania.) Among the programs reviewed, four are demand based SFs: the Zambia Social Recovery Project, the Senegal Public Works and Employment Project, the Guinea Socioeconomic Development Support Project, and the Somalia Social Action Fund. The Uganda PAPSCA has one component using a SF approach, as does the Cameroon Social Dimensions of Adjustment Project for two of its components. The others are SAPs.

Beneficiaries

Intended beneficiaries are generally defined broadly and encompass the poor and groups directly and negatively affected by adjustment, in particular workers laid off from the public sector. Ten of the twelve programs reviewed mention laid-off workers among the beneficiaries in the Bank's project documents and four have specific components designed to help with their reinsertion in the economy. Four programs target essentially the urban poor. Only three programs discuss more in-depth target groups and define them more precisely. The Madagascar EMSAP and Uganda PAPSCA mention other discrete groups in certain regions: children, orphans, the disabled, and poor women. For most social funds, the definition of target groups remains sketchy, in part because of a lack of precise information about the degrees of poverty (see Chapter 4, targeting and monitoring).

Activities supported

SAP/SFs fund a variety of activities in employment creation and delivery of basic social services (see Annex Table A.1). Major areas of intervention include primary health care, primary education, support for micro-enterprises and the informal productive sector, labor-intensive public works, and training and placement services (see Chapter 5). Labor-intensive public works are aimed at generating employment but also at improving infrastructure, and so have an impact on sanitation, health, and education.

Rural/urban emphasis

Many important programs are targeted to urban areas. Approximately 35 percent of funding is aimed strictly at urban areas, 15 percent at rural areas, and 50 percent at both. The focus on urban areas stems partly from the perception that adjustment and economic degradation is felt more severely by the urban population, particularly the poor, but also from the implementation capacities in rural

areas are very weak. Some programs, like the Senegal's AGETIP, the Chad PADS, and the Guinea Bissau SIRP, are primarily oriented towards urban areas.

Administrative costs

Because SAPs are normally part of the central government machinery it is very difficult to calculate their administrative or operating costs. Such a calculation can be made more easily for autonomous SFs, with staff and operations outside of the bureaucracy. Administrative or operating costs refers to expenses incurred for staff and equipment for facilitating and monitoring subprojects as well as transportation and communication for promotion and other tasks. Training costs for staff and technical assistance are included when calculating such expenses while costs for studies (e.g., beneficiary assessment, labor market study) are excluded. The AGETIP in Senegal maintained administrative costs below 5 percent of total project costs. This compares favorably with the Bolivia Emergency Social Fund (5.5 percent). Zambia's Social Recovery Fund administrative costs are estimated at 12 percent with one year of implementation left. The administrative costs of the SIF under the first Multisector Project in Sao Tome were 15 percent, but this figure is preliminary. Guinea Bissau's SIRP has been the most expensive thus far. Expenses incurred for TA, staff salaries and recurrent costs of the implementing units represented 26 percent after three years of project costs, though a calculation has not been made for the full duration of the project. Technical assistance, which was linked to skills training and capacity building of SIRP staff, was crucial, considering that the country has limited technical resources. Operating costs were increased because TA to the Reorientation Unit that was supposed to come from a UNDP-ILO executed project never materialized, so the financial burden fell on the SIRP to cover these TA expenses.

Origin of financing

SAP/SFs often involve many donors, which makes coordination an essential task. The Senegal AGETIP is supported by eight different external donors, however, the Bank funded about half of the program. The SIRP in Guinea Bissau was financed by six different donors, while ten donors committed funds to support the SDA program in Cameroon. Coordination of various donors was an issue in most programs (see Chapter 4). In the Guinea Bissau SIRP, a supplementary credit had to be negotiated to compensate for a shortfall in donated funds. The Chad PADS was delayed by more than six months because of misunderstandings between donors.

The high level of co-financing is explained by the fact that governments are often reluctant to borrow to finance SAP/SFs, which are considered "soft" programs, and that many donors are mainly interested in funding activities related to the social costs of adjustment. None of these projects (with the exception of a very limited window of the Sao Tome Fund) attempt to recover the funding they provide.

SAP/SFs Disbursement Performances

In terms of implementation and disbursements the Senegal Public Works and Employment Project and the Guinea Bissau Social Infrastructure Project were completed ahead of schedule—nearly six months for the Senegal project and eighteen months for Guinea Bissau. The Sao Tome and

Principe Multisector Project that supported the Social Investment Fund also was implemented two years ahead of schedule and the Somalia Social Action Fund had a very rapid start until interruption by the civil war.

Some other projects, such as the Guinea Socioeconomic Development Fund, the Ghana Priority Works Project, Cameroon Social Dimensions of Adjustment, Madagascar Economic Management and Social Action Project, and the Chad Social Development Project, were slow to start. Implementation has improved lately in Chad, Guinea, and Madagascar, and they are considered satisfactory, even above average, for investment programs in their respective countries. Ghana's Priority Works Program was closed with 91 percent of World Bank funds disbursed, while in Cameroon, just 13 percent were disbursed.

One important observation to share is that in terms of disbursement and meeting implementation schedules, SFs fared better than SAPs. Flexibility and autonomous operating procedures characteristic of SFs were lacking in SAPs. A second observation is that on the average, SAP/SFs in Sub-Saharan Africa have been disbursed as well as any other investment project in the region. However, what they have not achieved (with the exceptions noted above) is speed in implementation, which was often mentioned as one of the objectives during planning (see Chapters 4 and 5).

CHAPTER 2: CONCEPTUAL ISSUES

The design of social action programs and social funds poses a number of conceptual issues that have not always been clearly addressed during project preparation. Yet these issues bear strongly on the way programs are designed, implemented, and related to government policies. Some of the key issues are:

- The justification of a social action program and/or social fund in relation to the economic reform program.
- Conformity with sectoral and macroeconomic policies.
- The trade-off between short-term impact and long-term capacity building as well as subproject sustainability.
- The link with private sector development and decentralization.

This chapter attempts to review how designers of SAP/SFs have dealt with these issues and what impact they have on the implementation of the programs.

Justification for SAP/SFs in Relation to the Economic Reform Program

The way SAP/SFs are justified in relation to the economic reform program has important implications on the institutional setup, the actions funded, and program duration. At least three different arguments have been used by governments and donors to justify a SAP/SF: the socioeconomic argument, the political economy argument, and the institutional argument.

Socioeconomic argument

SAP/SFs can first be seen as a response to the need to alleviate the social costs of prolonged economic dysfunction, often called the "social costs of non-adjustment." Most countries in Sub-Saharan Africa experienced a lengthy economic decline before adjustment measures were actually put in place. The crisis resulted in a slow degradation of major social services and the marginalization in rural areas of many groups who suffered from the strong urban bias of most policies, and a slow, if not negative, growth rate. In this instance, SAP/SFs are seen as instruments designed to avoid a more profound degradation in the living conditions of some groups while adjustment measures are put in place. SAP/SFs responding to such an objective will aim at correcting deficiencies in government programs.

The staff appraisal report (World Bank document that outlines the details of a project) of the Chad Social Development Action Project, for instance, underlines the importance of assistance

targeted to people who have suffered from economic decline, in particular the urban poor, in view of past economic degradation.

"The social consequences of the events of the past decade, compounded by limited prospects for rapid economic growth, thus make improvement of an already precarious social situation even more elusive without external and well-targeted assistance."

The need to protect the poor or other parts of the population that have been directly hurt by adjustment is a different justification for a SAP. During the transitional period, until macroeconomic reforms lead to the re-establishment of economic growth, SAP/SFs are seen as instruments to provide the essential bridge between crisis and recovery. This concept is based on the assumption that the adjustment program will create a strong shock to the economy with recessionary effects, and that after a one- or two-year period, growth will pick up and provide new opportunities. The recessionary period will hurt a number of losers, who face hardship before new opportunities are created. This is the classical description of the social costs of adjustment.⁴ Programs responding to these objectives will stress rapid implementation and will be targeted to the groups hurt by adjustment. Sustainability is not the issue because adjustment programs are expected to ensure restoration of growth and new opportunities in the longer term. (For example, the Bolivia Emergency Social Fund's actions lasted just three years and consisted essentially of labor-intensive public works, rapidly implemented.) The need to provide support during transition is also expressed in the design of the Senegal AGETIP.

"The rationale behind such a program is that its results, albeit temporary, will offset increasing short-term unemployment and ease the transition to more sustainable employment creation resulting from the positive effects expected from adjustment in the medium term."

This argument refers more to stabilization programs than to the type of structural adjustment programs being implemented in Sub-Saharan Africa. Four major features that characterize adjustment in Africa can be underlined: (a) Adjustment is a long-term process (some countries have been under adjustment for more than eight years now) because it addresses deep structural problems. As a result, growth has slowly picked up and the transitional period has been very long. (b) With few exceptions, African countries have not experienced the strong shocks required to halt hyper-inflation in other countries. (c) Governments have generally been slow to implement adjustment measures. (d) Traditional social safety nets based on family or group solidarity seem to have been effective in protecting some of the groups in difficulty. Justification for short-term programs is therefore less obvious in many Sub-Saharan African countries than in countries undergoing vigorous stabilization programs. However, this does not mean that short-term actions are not justified if accompanied by other actions aimed at solving structural problems.

Another objective of SAP/SFs is to provide enough support to the poor so that they can benefit from the reform program in the longer term. The assumption is that structural adjustment programs might not have any impact on some groups, especially the poorest, who traditionally do not benefit from most government social services. Even if the adjustment program manages to foster economic growth, evidence shows that it is not sufficient to reduce poverty.⁵ The poor generally have little access to social and economic services or productive assets, and are marginal to the economic mainstream. Specific targeted programs will be needed to increase access by the poor to markets, social services and opportunities. This argument is clearly stated in the Cameroon Social Dimensions of Adjustment Project:

" The proposed project results from the Government's recognition that economic growth, in itself, is insufficient to reduce poverty and to improve the standard of living of the poor, and from its deliberate decision to incorporate into its structural adjustment program a process that will result in actions to address human resource and poverty issues that are important for sustainable economic and social development in the future."

This argument is more often used in the case of social funds, and is well expressed in the justification for creating a social fund in Haiti:

"...centralization of decision making has prevented the ministries from responding flexibly and quickly to the needs of the poor at the rural community level."

Political argument

The political reasons for implementing SAP/SFs are often the most salient ones for governments in adjustment since adjustment is usually implemented after a period of economic deterioration and often entails unpopular corrective measures. Therefore, governments may need to undertake highly visible, quick-responding initiatives to make the adjustment process more palatable. Governments cannot implement lasting economic reform if their political positions are not tenable, and the political arguments for such programs are as legitimate as any economic or social rationale (see Chapter 3).

In the case of Guinea-Bissau, for instance, the staff appraisal report states:

"Despite the government's commitment to sustain implementation of an SAP, the economic recovery program is not likely to benefit, in the near term, the most vulnerable groups including the urban and rural poor. If unaddressed, these issues could generate considerable opposition to reforms and put the whole adjustment process at risk."

Institutional argument

Three major arguments are being made for SAP/SF design to also respond to institutional issues.

When multisectoral programs are involved, placing the components of a SAP under some common body is necessary to ensure the necessary synergy between the various components and to help coordinate activities. Because coordination is generally weak in Africa, the multisector nature of such actions necessitates special mechanisms. The coordinating body can be housed in a central ministry, such as planning. In the case of the PAPSCA in Uganda, for instance, a common coordination and monitoring unit for the different components was set up:

"The PAPSCA coordination and monitoring unit established under this project is expected to ensure consistency between the PAPSCA projects and other social sector investment projects and programs implemented by those agencies. It would also provide a common channel through which donors could address and seek resolution to problems in order to expedite implementation, inter alia, of donor financed and/or proposed projects."

The need for special mechanisms to support coordination is also clearly expressed in the Sao Tome and Principe Multisector Project:

"Furthermore, IDA's lead in this multi-sector project would further encourage involvement by the international donor community and provide much-needed planning and coordination of donor activities.... Without SIF, several separate projects and programs would be necessary to bring the same relief to the target beneficiaries, resulting in dispersion of control over the use of resources and weaker performance measurement."

Another argument is that in a period of economic crisis, Sub-Saharan African governments are typically unable to implement targeted actions rapidly. Therefore, special mechanisms have to be set up if rapid and effective actions can be implemented. This justification is the most frequent in staff appraisal reports describing SAP/SFs projects. A good example is the Zambia Social Recovery Project:

"The main emphasis is on quick action. Several constraints make it difficult for traditional projects to provide immediate responses to pressing social sector problems.... Further, the economic crisis has decimated many structures and systems that will otherwise provide social services and employment opportunities for these vulnerable groups. The traditional public sector entities' capacity is stretched to the limit with the daily operations of facilities and institutions."

This argument, however, assumes that the special mechanisms will be more efficient at delivering the program than ministries. Experience shows that it has not always been possible to create the necessary flexible mechanisms, because governments were largely unwilling to give up close control on the actions to be undertaken under SAP/SFs (see Chapter 4).

To reach some of the target groups it is necessary to work in a different manner than usual for government structures. For instance, closer association with the private sector at the local level and working directly with communities are seen as alternative ways to support vulnerable groups more effectively. In some cases, SAP/SFs are a way to initiate new, more efficient methods for government to implement poverty reduction programs. This argument is often used in the case of social funds such as those in Senegal, Zambia, and Guinea.

Congruence between the arguments and the design of the program

These different justifications have different implications for the way programs are designed, especially as they relate to the institutional structure and the choice of components. If a program is designed to respond to the transitional costs of adjustment, for instance, sustainability is not a central issue. What is important is the program's speed and capacity to reach as many of the target groups as possible. Programs will mainly focus on the immediate transfer of revenue to the groups in need, through actions such as labor-intensive public works or provision of essential medicines. The actions that would support the increased participation of the poor in the economy are different in nature. They necessitate the establishment of a longer term process, and in many cases require institutional changes.

Congruence between the objectives of the program, the actions it will support, and the institutional design is important because of trade-offs that must be made. Speed in implementation

and impacting a large population are not readily compatible with sustainability and precise targeting. In some cases, the relation between the short-term objectives and the emergency nature of the activities is not reflected in the design of the components. In the Madagascar EMSAP, for instance, among the six components of the social action program containing emergency actions—all very relevant to the country's needs—four are not at all designed to have an impact in the short term, and actually have been very slow in implementation. These were the expansion of the family planning services by a local NGO, the Fianakaviana Sambatra, assistance with the preparation and implementation of a food security policy, the financing of labor-intensive road works to be carried out under the Ministry of Public Works, and support to the Ministry of Population for coordinating NGOs.

Experience shows that implementation is easier for projects with only a few clear objectives and a design consistent with those objectives. One lesson from the study is that SAP/SFs should have just such precise objectives and that the institutional set-up as well as implementation mechanisms (procurement and disbursement) should reflect them.

If speed and widespread impact are intended, special mechanisms must be established to facilitate procurement and disbursement. Two programs that have been the most successful in achieving speed in disbursements and reaching a large number of beneficiaries are the AGETIP in Senegal, funded through the Public Works and Employment Project, and the Guinea-Bissau SIRP. Both relied on a strong implementation structure that was specially designed for the project (see Chapter 4).

If the program's objective is increased economic participation by the poor, it is important to understand thoroughly the reasons for their isolation and correctly assess the local ability to reach them, and to have an approach that involves the beneficiaries in design and implementation. This requires integrating beneficiary assessment into monitoring, working with NGOs and local level organizations, and designing efficient mechanisms that channel funds to communities. A good example of such an approach is the Zambia Social Recovery Program.

When speed, reaching a large number of beneficiaries, and greater long-term participation in the economy by the poor are all objectives, the design of the program becomes more complex and implementation more difficult. An example of this is the Cameroon Social Dimensions of Adjustment Project. In the short to medium-term, protection of "underprivileged and vulnerable segments of the population, especially those groups directly affected by the economic crisis and the adjustment program" is the project's objective, and in the medium to long-term, promoting participation by the poorest groups in development. The institutional weakness of government, characterized by overlapping and uncoordinated responsibilities, lack of resources, and concentration in major urban areas, is also taken into account. Finally, the project is seen as having a critical importance for the success of the structural adjustment program, which is a more political argument. In the case of the Cameroon SDA project, too many objectives have contributed to the creation of too many components and too complex implementation mechanisms.

Ways in which the link with the economic reform program is expressed

Integration of the SAP/SF in the reform program is very important to facilitate coordination between the implementation of economic reforms and social actions. Integration can also contribute to the provision of additional resources to fund the SAP/SFs.

SAP/SFs are often mentioned in government documents describing economic reform programs, such as policy framework papers or letters of intent with a view to increasing government commitment to social issues. Experience shows that it is not always enough to create a strong commitment from the government to integrate SAP/SFs into the overall economic reform program; policy dialogue is also extremely important to build this commitment (see Chapter 3). It is also necessary to design mechanisms that will ensure adequate integration during program implementation.

Coordination between the various components of SAP/SFs and the implementation of structural adjustment programs is important and has often been weak. When actions such as restructuring of parastatals, suppression of civil service jobs, and rises in the price of food take place, mitigating actions have to be taken and specific coordination mechanisms may be necessary. A case in point was the redeployment fund and re-employment component of the EMSAP in Madagascar. This consisted of a redeployment fund set up to pay severance to laid-off workers from the public sector, an information center and referral services, and a re-employment program comprising on-the-job retraining and training through specialized institutions. During implementation, it became clear that the staff of the information center should be informed of lay-offs well in advance to prepare packages of retraining and redeployment programs in the affected region. These packages had to correspond to staff skills of the company undergoing restructuring. It was proposed that the staff of the information center be actually associated with teams working on the restructuring of each enterprise. For the same reasons, staff of the Ministry of Labor were on the national committee in charge of public enterprise reforms. But even with such a mechanism, coordination remained a problem and some parastatal companies started laying off people without the Ministry of Labor being aware of it.

SAP/SFs as one component of the social dimension of economic reform

SAP/SFs are only one part of a much broader poverty alleviation and social welfare policy and thus should be judged in terms of their potential to contribute to, rather than substitute for, the process of defining these policies. SAP/SFs are programs designed to carry out targeted actions in the field. They cannot replace much-needed broader actions such as: restructuring public expenditures towards basic social services and improvement in how these services are delivered, reform of the labor market, or better targeting of sectoral policies and programs towards groups in need. In the past, SAP/SFs have too often been seen as the only social dimension aspect of economic reforms. More and more, however, structural adjustment integrates social concerns, particularly in the context of public expenditures restructuring.

Conformity With Macroeconomic and Sectoral Policies

The key issue at the macroeconomic level is how to design measures that will be efficient on a large scale without distorting the economy and contradicting the objectives of the reform program. If large sums of money are diffused in the economy through SAP/SFs, inflationary pressure and increased demand for imported goods is a legitimate concern. The risk of increasing demand for imported goods is reduced by targeting the program to the poorest. In the case of programs comprising revenue transfer, the poor will use their increased revenue for purchasing basic goods, primarily food. In most cases such goods are produced locally, making the increased demand for imported goods minimal. Many items funded by these programs such as infrastructure rehabilitation

generally have a very high labor content. Because these programs support increased consumption, not much can be done to limit inflationary pressure.

Another issue has to do with the use of food aid in some programs. Although limited in the World Bank-funded SAP/SFs, food aid often comprises a greater part of other government social safety nets. Sometimes, the use of food aid to support food-for-work schemes is seen as non-inflationary, because the aid is directly consumed by the beneficiaries. But experience shows that much of the food aid is traded by the workers, who have many other needs. At issue (especially in the rural areas) is the risk of creating a disincentive for agricultural production by artificially lowering the price of some food crops in a given region. Conversely, if a region is not food self-sufficient, food aid can have a positive impact by lowering the price of food crops that could be artificially high. Food for work could also be limited to the pre-harvest gap, when the demand for food is very high.

How far a SAP/SF should be integrated into existing sectoral strategies is an important question. The issue here is a trade-off between speed and flexibility and close integration in sectoral strategies. A SAP should always be designed against the background of long-term social goals and the policies needed to achieve those goals. In most cases, this has been achieved. The extent of coordination needed depends on both the complexity of the program and whether it is limited to the short term or extends to the longer term. In some cases, SAP/SFs fund simple activities that are easy to coordinate with longer-term strategies. Labor-intensive public works designed to rehabilitate basic health centers, primary schools, and sanitation, as well as essential medical and teaching supplies and simple nutritional schemes, can be coordinated with sectoral ministries through special mechanisms (see Chapter 4). When programs are more complex, such as the support for micro-credit schemes, family planning, or sophisticated nutritional programs, then close coordination is essential. Components such as food security in the EMSAP or the support of microenterprises in the Chad PADS have been difficult to set up and slow to implement.

In sectors where no clear strategy exists, it might be necessary to start with very simple actions and have the government prepare a longer-term strategy to respond to structural problems. Furthermore, social funds with a strong monitoring component can be better adapted than SAPs to test new approaches. In this case, however, speed should not be an objective.

Short-term Impact vs. Long-term Capacity Building and Subproject Sustainability

A major issue facing SAP/SFs is the reconciliation of short-term actions with longer-term issues of sustainability and capacity building. While SAP/SFs need to generate concrete results quickly by directly channeling resources to intended beneficiaries, they also need to work on building capacity to better reach the poor and vulnerable and to ensure sustainability of social actions.

The weak institutional capacities in Sub-Saharan Africa, in both the private and public sector, make the funding of rapid, targeted actions difficult. Governments can barely deliver basic services, especially in those countries launching economic reform programs, considerably reducing the options in implementing a SAP/SF. Programs targeting food subsidies, for instance, are inherently difficult to manage and need in-country capacities, one reason they have rarely been set up in the Sub-Saharan context. The only components of SAP/SFs that have been rapidly implemented are labor-intensive public works in urban areas and the delivery of essential medicines, e.g. with AGETIP and SIRP. Local governments, which in Latin America play an important role as alternatives to the central

government in the delivery of social safety nets, rarely exist in Africa, or are often weak when they do.

Before discussing ways in which this dilemma can be resolved, the different aspects of capacity building should be examined. Capacity building should not be limited to the capacities of line ministries since the private sector, NGOs and local government can be important actors in the delivery of SAP/SFs. In most African countries, local governments and communities urgently need to be strengthened if they are to become important actors in poverty-reduction strategies, as in Asia and Latin America. Two benefits of the Bolivia Emergency Social Fund were the creation of a new local government dynamism and the development of local government capacity to implement subprojects. Capacity building not only means providing training and technical assistance: setting an example, for instance, can effectively improve the way institutions work. Indeed, a SF fund can actually demonstrate to government that a public agency can function well by applying the rules of the private sector. The AGETIP, for instance, is seen in Senegal as a model for other public agencies in terms of achieving low costs and efficiency in the construction of basic infrastructure.

Sustainability means that the program can be continued in the long term and will have a lasting effect on the beneficiaries. It can be achieved by either ensuring that funding will be available for a long period or that institutional capabilities will remain to continue the program after the project ends. Sustainability is closely linked to capacity building, because maintaining activities after the end of the project depends very much on local capacity. Any donor-funded program raises the issue of sustainability because funding is usually determined for a fixed period, generally two to seven years.

In practice, different approaches have been used to deal with the issue of capacity building and sustainability in the design of SAP/SFs. A first approach focuses only on short-term actions, without institutional-building components. This is justified in three cases: first, when the program deals with transitional problems and improvement of the economic situation in the medium term, actions funded under the SAP/SFs become unnecessary. Second, it is justified when the SAP responds to an urgent need and other projects and/or policies address longer-term issues and structural problems. For example, the Guinea-Bissau SIRP implemented labor-intensive public works for a three-year period, but the government planned a series of longer-term projects to rehabilitate infrastructure, using labor-intensive methods so that jobs could be provided over a longer period of time (about ten years). In the same project, essential medicines were distributed through an emergency mechanism at the same time that UNICEF and WHO were funding a program to ensure a sustainable delivery of drugs in the medium term. And third, when institutional capacity exists or special mechanisms can be created short-term actions are justified.

A second approach consists of implementing actions rapidly while including capacity-building components to provide sustainability. The AGETIP has rapidly implemented a large-scale public works program. While it does not strengthen the capacities of government agencies directly, it has developed a training program for small enterprises to carry out labor-intensive public works. The program comprises a business administration and financial management program, intended for entrepreneurs and administrative staff; a work organization program primarily designed for foremen; and various technical courses to improve workers' basic skills. The Chad PADS has components that focus on strengthening the capabilities of the small-scale private sector, providing micro-credit and technical assistance and assisting the Ministry of Health to set up primary health care services for the town of N'Djamena.

SAP/SFs as Support for Private Sector Development, Decentralization and Participation

SAP/SFs as support for private sector development

Structural adjustment programs usually focus on reducing the role of the state in the economy and on creating a regulatory and policy environment conducive to growth in the private sector. To the extent that SAP/SFs involve the private sector (as in the case of the Bolivian ESF or the Senegalese AGETIP), they are closely linked to the overall policy goal of private sector development.

SAP/SFs support the private sector in various ways. Their impact has probably been strongest in labor-intensive public works, where small and medium-scale enterprises have been used to carry out work in contrast to larger public works programs where the government is directly involved. The Ghana priority work program (part of PAMSCAD), the Senegal AGETIP, the Guinea-Bissau SIRP, and the Madagascar EMSAP have all worked with microenterprises to undertake labor-intensive public works. The experience gained by these enterprises has strengthened private sector capabilities. Programs to support informal sector activities have also been part of SAP/SFs with components such as credit, technical assistance, and training for individuals and enterprises (see Chapter 5).

For efficiency's sake, SAP/SFs, particularly SFs, may adopt private sector management practices and styles (ESF, AGETIP). Practices such as using private sector contracting, hiring staff from the private sector, and using management systems developed by the private sector, may set examples for the public sector. The Emergency Social Fund in Bolivia had a unit in charge of transferring experience with management systems to other public institutions in Bolivia. The AGETIP staff is presently transferring experience to other West African public institutions.

SAP/SFs have had some success in involving NGOs. SAPs and to an even greater extent, SFs have higher NGO involvement, on average, than other World Bank-funded projects. In some cases, NGOs have been invited to sit on boards or technical committees of SAP/SFs. NGOs themselves may benefit from association with these programs, particularly in terms of developing their capacity to formulate subproject proposals and maintain financial records and reporting systems (see Chapter 4).

SAP/SFs support for decentralization and participation

The issue is often raised of eventually returning functions fulfilled by the SF to the central government, but this may not always be appropriate. The SF (or SAP) may be filling in for missing capacity at the local level, rather than at the central level. Social funds can have an important role in the development of local governments' ability to work directly with communities and might be an important tool to build capacities at the local level and support community participation. Participation by local institutions strongly affects project sustainability, as is made clear by evidence from Bank projects and other donor-funded programs.⁶ When a local institution understands the needs of local groups, can pinpoint their geographic location, and is highly motivated to improve the living conditions of this population it can reach the poor and vulnerable, who are often not reached by central government programs.

The Zambian project, through its work with district and provincial governments, and Uganda's PAPSCA, through its work with local resistance councils, are examples of SAP/SFs working directly to support decentralization. The Burundi Social Fund seeks to work directly with communities. Social funds have appeared to be effective tools for increased community participation in other regions as well.⁷

CHAPTER 3: THE POLITICAL ECONOMY OF SOCIAL ACTION PROGRAMS AND SOCIAL FUNDS

Introduction

Barriers to adjustment are often political rather than economic in nature, making political concerns as prevalent as social ones when governments attempt to address the social costs of adjustment. The costs addressed may have more to do with the economic crisis that preceded adjustment than with the costs incurred in adjustment itself, and the beneficiaries of efforts to address the social costs are not necessarily those most affected by adjustment. Nevertheless, such efforts can have significant effects, both on the political sustainability of the adjustment process and on poverty alleviation. However, this also makes them prime targets for politicians who seek resources for patronage purposes, at a time when adjustment requires reduced state expenditures. Attempts at adjustment may also serve as short-term palliative schemes for vocal groups rather than as attempts to alleviate poverty in the longer term.

SAP/SFs are increasingly prevalent in Africa, and this chapter explores their effects on political economy. There are three main issues: first, how does the political context in Africa effect the design of SAP/SFs as well as the targeted beneficiaries? For instance, will the program benefit the "old" poor (less politically vocal urban and rural residents) or the "new" poor (such as laid-off civil servants)? Second, what is the potential impact on the political sustainability of the adjustment process? Third, how do political constraints affect the poverty alleviation goals and performance of SAP/SFs?

Understanding the political economy effects of SAP/SFs can result in improved program design, given particular political and institutional contexts, and help determine how best to avoid partisan or patronage-based political interference. This understanding can also indicate whether political sustainability or poverty alleviation objectives should be emphasized—or if both can be attained simultaneously, given a particular political and institutional context. It will identify viable means of incorporating the participation of beneficiaries and intermediary organizations, such as NGOs and local governments. Further understanding of the political and institutional contexts will help determine the extent to which targeting of beneficiaries is politically feasible on the one hand and operationally desirable from an efficiency standpoint on the other. (The general issue of targeting is addressed in Chapter 4). Conversely, it can also help determine if a program is being manipulated for political reasons, assisting inappropriate groups at the expense of benefitting the needy.

Analysis of the political economy effects of programs for the poor, including SAP/SFs, is in its nascent stages. The conclusions in this chapter are primarily drawn from field research in Senegal and Zambia in October and November 1991, from a review of the sparse literature that exists on other African countries' experiences with SAP/SFs, and from interviews with several project managers at the World Bank. In addition, contributions from field research on this topic in three Latin American countries conducted by the author are included.⁸ Due to the novel nature of the research, an inductive approach is taken and no hypotheses are tested. The focus in the field was on compiling qualitative data supplemented by existing quantitative data on the size and impact of the programs studied. In conclusion, it should be noted that SAP/SFs are only one aspect of what should

ideally be a much broader poverty alleviation and public social welfare effort, and thus should be judged in terms of their potential to contribute to, rather than substitute for, that process. Indeed, if the existence of a SAP/SF provides an excuse for postponing structural reforms, then it may actually be detrimental.

The African Political Context and SAP/SFs

A brief review of the political issues involved is necessary to evaluate the effects of the African political context on the design of SAP/SFs and determine their potential to contribute to politically sustainable reform and poverty alleviation.

Governance issues related to SAP/SFs

Ongoing work on governance at the World Bank points to the critical rule-making role of government in making markets work efficiently and in correcting for market failures (such as the need to protect vulnerable groups during economic crisis). The key areas for the World Bank are: public sector management, accountability, the legal framework for development, and adequate information and transparency.⁹ Yet the development of public sector institutions in many African countries has not followed a course that makes them particularly well-suited to these tasks.

"Underlying the litany of Africa's development problems is a crisis of governance."¹⁰ Africa's singular political culture has significant implications for governance in general, and for the implementation of adjustment and the distribution of compensatory benefits in particular. At independence, most countries inherited a hybrid system where more modern governance and public administration were superimposed on traditional institutions and indigenous, ethnicity-based management systems.¹¹ The value that traditional African culture places on interpersonal relationships, on ritual rather than individual economic achievements, and on consensus over legality in decision-making has far-reaching implications for governance¹² and the management of public resources. Certain traditions and cultural norms play a role in legitimizing government systems. Some of these aspects, such as strong communal loyalties, can be positive forces for development at the local level. On the other hand, traditions and cultural traits have, in some spheres had very negative affects on governance. Because loyalties, identities, and accountability remained concentrated at the local, ethnic, and village level, there was no tradition of national-level public service at the central government level. A deep ambivalence about accountability for national assets existed as well, coupled with excess demand on scarce state resources, which resulted in a prevalence of clientelism in allocating public resources, and in the reliance on patronage as means of building governing support bases.¹³

These systems became increasingly non-viable with the decades of economic decline faced by most African countries; already weak states were unable to accommodate the demands of interests and rapidly growing populations. The result was often governments whose sole base of legitimacy was the clientelistic distribution of state resources to a privileged sector of the population, either the public sector bureaucracy, the governing party, or a hybrid of both.¹⁴ Consequently, most of these governments were not in a good position to implement the restructuring of the public sector that adjustment entails. In addition, the shortage of resources that accompanied decades of economic decline reduced the government's ability to use patronage to maintain political support. In this

context, programs designed to address the social costs of adjustment were often viewed by governments as "sweeteners" to maintain the support of key interest groups rather than as genuine attempts to protect the poor and vulnerable, who had little stake in the existing system and a correspondingly weak political voice. This context has clearly had effects on the ability--or inability--of SAP/SFs to attain the simultaneous objectives of protecting the needy and enhancing political sustainability and is currently in flux because of recent trends toward political awakening in many African nations.

Because they're influenced by the context in which they operate, SAP/SFs can make positive contributions to the institutional framework of governance and adjustment. Rather than viewing the current political/administrative framework as a constraint to SAP/SF implementation, designers and task managers should seek to maximize the positive impact the programs can have on the existing framework. The programs can act as intermediaries to create links both upward and downward in society and provide local concerns with a channel for expression. In doing so, "they can bring a broader spectrum of ideas and values to bear on policymaking."¹⁵ In addition, through high visibility and the demonstration of a new, efficient method of government operations, programs can exert pressure on public officials for better performance and greater accountability.

One example is Bolivia, where patronage politics is also prevalent. By operating in a highly efficient, even-handed, and transparent manner, the Emergency Social Fund (ESF) had important effects on the public sector. For the first time, traditionally opposing groups learned that they could benefit from cooperating with the state. NGOs lacking experience with government cooperation received financial and technical support from the ESF, as did local governments controlled by opposition parties. The ESF demonstrated that public resources could be distributed transparently, efficiently, and apolitically.¹⁶ The AGETIP in Senegal, which is also run in an efficient and transparent manner, is having similar demonstration effects on the public sector and has been cited as a model for reform. At its inception, AGETIP lacked a clear public explanation of its objectives and mode of operation. NGOs were originally supposed to participate in the program, but were left aside without explanation in the final design. Due to a lack of discussion or debate at its origin, the program met with strong opposition from the NGO community. Experience proves that SAP/SFs can, however, stimulate dialogue between government, donors, and non-government actors who previously had little contact with each other, as Bolivia's ESF, Zambia's SAP, the Chad PADS, and the Guinea-Bissau SIRP all demonstrate. In all these cases, meetings were organized between government officials, the NGO community, and donors to discuss program design. In some cases, it was the first time that NGOs and government met to discuss concrete aspects of development. In the case of Bolivia, the introduction of the ESF, in conjunction with encouragement from representatives of the donor agencies, provided the impetus for setting aside mutual suspicions and opening a dialogue between government and NGOs. In the case of Zambia's SAP, sectoral working groups met up with representatives of government agencies, NGOs, and donors, and began a dialogue cited by all actors as unprecedented and useful.¹⁷

Politics, adjustment, and SAP/SFs

In general, African policymakers agree on the need for adjustment, or at least on the absence of alternatives, but are more concerned than are donors about its political costs. This is further complicated by the failure of most political discourse to distinguish between the direct effects of adjustment and the more generalized effects of the prolonged economic crisis it seeks to correct.

Slow, measured adjustment often seems more politically palatable, however, gradual economic change makes it more likely that entrenched political interests will find means to protect their privileged positions. As a result, deeper structural reforms may be more difficult to implement in the long run and it may take much longer for the poor to benefit.¹⁸

Prolonged economic decline can also result in a "culture of poverty" with no foreseeable end to economic crisis or stagnation; expectations gradually give way to resignation.¹⁹ Experience in various African countries indicates that significant political change or severe economic crisis may be a prerequisite to creating a widespread enough reform movement that it can override the strength of entrenched interests.²⁰

This is demonstrated by the contrasting cases of Senegal and Zambia. In Senegal, adjustment has been an ongoing process for over a decade, with many of the most difficult reforms yet to be implemented. While elections are held regularly, political change has been marginal, with the Parti Socialiste retaining majority control. As a result, established interests within the public administration continue to influence policy; it is difficult to build support among a privileged bureaucracy for measures that will ultimately undermine their position. Efforts to compensate the "losers" during adjustment have been directed primarily at these groups. At the same time, because the poor rarely participate in the formal political system, there is little public debate on poverty despite its prevalence. This can reach extremes, as in Nigeria, where politicians accused foreign donors of attempting to introduce an unnecessary debate on poverty!

By contrast, dramatic political change in Zambia from the October 1991 elections undermined the existing regime, which had experienced difficulty implementing measures that would have undermined its privileged support base. The newly elected Movement for Multi-Party Democracy (MMD) government was in a much better position to call for dramatic and rapid reform than its predecessor. It was also better able to call for targeting available public resources toward the poor and vulnerable, and did so. In Zambia, extreme economic decline precipitated political changes that resulted in ousting those with the most stake in maintaining an inefficient and partisan public administration.

The growth of pluralism, adjustment, and SAP/SFs

The recent Africa-wide trend towards pluralism and multi-party government²¹ has made the politics of adjustment more complex, while at the same time providing the potential to enhance its political sustainability. As democratically-elected governments become more vulnerable to popular perceptions and opinion, they are forced to provide more information to the public about their policies. This usually leads to more sustainable policies as well as better governance in general. The recent change of government in Zambia is a case in point. The opposition campaigned on a pro-adjustment platform, and the election results clearly discredited the UNIP bureaucracy, eliminating the opposition to adjustment that had existed within the public sector before the election. The government's massive popular mandate, coupled with its attention to presenting policies, has allowed it the latitude to implement highly unpopular measures (such as removing the costly maize meal subsidy) with minimal public protest.²²

The new political climate allows participation by previously marginalized groups, which has had an effect on the government's vulnerability to pressure from established interest groups. Greater

political openness can mean the replacement of non-electoral, one-party systems with multi-party politics, as in the case of Zambia. It can also mean the need to increase popular participation in countries where democratic regimes are representative but not necessarily participatory, as in the case of one of Africa's oldest democratic regimes, Senegal. While Senegal holds regular and open elections, most of the population is marginalized from real participation, and the country is ruled by a political elite. In most rural areas and some urban ones, religious leaders still have a great deal of control over how the population votes. Party representation, meanwhile, is limited.

The contrasting cases of Zambia and Senegal indicate that swift and dramatic political change undermines established interest groups, while stalled or incremental change creates opportunities for such groups to protect their positions. Pluralism inherently requires greater accountability than closed systems of government and in the long run undermines the position of privileged "rent-seekers." Also, competition makes it more difficult for a single group to monopolize control of the state. The reduced influence of privileged interest groups, increased accountability, and introduction of pluralism would improve the ability of SAP/SFs to operate in a transparent manner on the one hand, and generate healthy competition for their projects on the other.²³

With increased pluralism, adjustment is no longer an issue for an elite group of policymakers but rather becomes "the willingness of the body politic more generally to accept a prolonged course of medicine."²⁴ Enhancing government credibility and public understanding makes this acceptance much more likely, as does building support outside the traditional body politic and public sector bureaucracy. Again, the contrasting examples of Senegal and Zambia are illustrative. In Senegal, from the viewpoint of poor, marginalized groups and political opposition, adjustment policies are closely associated with entrenched interest groups or "haves." By contrast, in Zambia, widespread public debate on the need for major economic policy changes and awareness of the extent to which costs would be shared by the entire population generated public acceptance of adjustment measures. At the least, adjustment is not viewed as benefiting privileged groups at the expense of the rest of the population. SAP/SFs can be important actors in this process. Their high visibility allows the government to demonstrate efficiency and a more trustworthy method of operating.

The emphasis SAP/SFs place on transparency and effective targeting at the needy can enhance the credibility of the governments implementing them. It can also encourage the integration of previously marginalized groups into the economy and polity because the demand-based nature of SFs encourages participation of beneficiaries in self-sustaining projects. This may result in their increased stake in the ongoing process of economic reform. The ESF in Bolivia, the Microprojects Unit in Zambia, the Community Initiative Component of the PAMSCAD in Ghana, the Socio-Economic Development Project in Guinea, and the AGETIP program's support for autonomously generated neighborhood clean-up activities (the Set Satel movement) in Senegal have all, with varying degrees of success, attempted to support self-sustaining community initiatives.

Increased pluralism may also introduce an element of tension into the administration of SAP/SFs, as different actors at central and local levels compete to use the programs for political benefit. This may have unintended pluses since introducing competition into the process is conducive to the more active participation of the beneficiaries themselves. SAP/SF management in general should be particularly cautious during elections when partisan political pressure may increase, jeopardizing the integrity of the SAP/SF as occurred in the case of the SAP in Zambia, the ESF in Bolivia, the AGETIP in Senegal, and the EMSAP in Madagascar. Experience shows that programs

with detailed, publicly available, and technically-oriented project selection criteria are more successful at avoiding partisan political pressure.

The extent of pluralism and SAP/SFs

When political systems become more open, tension may appear between governments willing to accept the participation of civil society and groups opposed, including many NGOs. So far, such willingness is limited in much of Africa. In many countries NGOs have traditionally opposed to the government and mutual suspicion is a barrier to their participation in government programs. A case in point is the generally successful AGETIP program's limited cooperation with Senegal NGOs. Because the AGETIP program works primarily through municipalities, which all favor the governing party, and has limited contact with NGOs, which tend to side with the opposition, the program has little contact with either the political opposition or the poorest groups. In contrast, the experiences of Bolivia's ESF suggest that the ability of a government program to work with a variety of actors, regardless of their political tendencies, is a factor contributing to the political sustainability of adjustment. At minimum, it is important to the success of SAP/SFs. The case of Burundi, where the government is actively encouraging the participation of local NGOs because it sees it as a way to enhance political sustainability, is illustrative. This potential is curtailed when programs work only with groups supportive of the party in power and do not cooperate with the opposition or NGOs. The fact that NGOs often have the only extensive contacts with the poorest groups also limits programs' potential to contribute to poverty alleviation.

The extent of pluralism that governments are willing to tolerate raises important and complex issues about SAP/SFs' role in encouraging participation, sustainability, and effective governance. Increased participation in the context of underdeveloped institutions has inherent risks, since the capacity to meet raised expectations and new demands is limited. Yet reforms that incorporate local practices in a participatory manner are more likely to be sustainable, because they are in keeping with prevailing behavior. Modernization strategies that make rigid distinctions between modern and traditional societies undermine their chances of success by more often violating cultural and traditional norms.²⁵ This is demonstrated by the 1971 Chieftaincy Act in Ghana, for example.²⁶ Since their inclusion in local government structures, chieftains in Ghana have played an important role in explaining government policies and the process of economic reform at the local level.

While there is no single answer as to how much participation is ideal, two conclusions can be drawn that are related to adjustment and SAP/SFs. One is that lack of participation by local authorities often results in lack of accountability, inappropriate policies, and poor understanding of reforms at the local level. The second is that once the door to popular participation is opened, it is difficult to contain such participation. The suppression of new political movements is difficult and often violent, as recent experiences in Kenya and Zaire suggest. Less clear is whether expanding participation can generate increased support for adjustment. While the Zambian case seems to suggest this, support for adjustment may be due as much to discrediting past economic policies as to the nature of the government. It is clear, however, that the role of SAP/SFs in generating support for adjustment is substantially enhanced in an open political atmosphere, as they are free to operate with a variety of political actors and thus contribute to establishing broader support for reform.

Related to the issue of participation is the manner in which reform measures are presented. It is important for the government to publicize its commitment to reform, to explain the nature and

timing of reforms, and to demonstrate why unpopular measures are needed for long-term benefits. Where new governments or economic teams have come in, reforms should be introduced as quickly as possible to take advantage of high public disillusionment with past policies and strong support for new measures. Adjustment programs should be designed and presented with an awareness of the importance for political sustainability of building a coalition that benefits from the reform process. Political protection of the poor not only contributes to the sustainability of reforms but is obviously an important objective in itself.²⁷

This is well demonstrated by the cases of Peru and Zambia. In Peru, since August 1990, the government has been able to implement a dramatic stabilization and adjustment program, which included raising the price of gasoline by 3000 percent and of basic foods by 500 percent overnight. Critical to public acceptance of the program was its introduction and extensive explanation by the Economics Minister, who emphasized the need for a large-scale social emergency program to accompany the economic reform program. This minister remained the most popular public figure in the country until his resignation in early 1991.²⁸ In Zambia, the present government has liberalized the heavily subsidized price of maize meal with virtually no popular protest. This is due to a number of factors, the extent to which the previous government's policies were discredited, the new government's extensive efforts to explain the reforms to the public, and to maintaining subsidies on the lower-grade meal that is consumed by only the poorest residents. This contrasts sharply with the style of the previous government, which decreed an overnight rise in maize meal prices without an explanation, instigating food riots and resulting in policy reversals.

Decentralization

Concurrent with the move towards pluralism is an increased tendency towards decentralization and an increased role for local government and non-government actors. The potential role that local governments and NGOs play in implementing social welfare programs makes them critical to SAP/SF performance. At the same time, increasing pluralism will provide support to local governments and an impetus to increased competition in proposing projects to SAP/SFs. In the short term, though, changes in local governments may cause confusion, which will necessitate increased reliance on NGOs for SAP/SFs to operate.

Decentralization in general seems a positive trend, given the limits of central states in Africa and the strength of regional, ethnic, and tribal loyalties. Hopefully it will result in increased local participation and policies tailored to local needs. (The issue of decentralization is discussed in detail in Chapter 2). Yet caution is advised. Years of over-emphasis on the central state have resulted in municipal governments with limited managerial capacity and severe resource constraints.²⁹ In addition, while there is little empirical evidence that local leaders are exploitative,³⁰ it is also quite plausible that decentralization may reinforce the strength of local power-holders rather than increase equity and participation. SAP/SFs can play an important role in countering such trends by supporting NGO activities and community groups outside the existing local power structure. Experience shows that programs encouraging independent initiatives and in which communities have a stake, such as the Microprojects Unit in Zambia, may be more sustainable in the long run than those that limit their activities to cooperation with municipalities, such as the Senegal AGETIP.³¹ One of the problems cited with the community initiative component of Ghana's PAMSCAD, for example, was that selection of projects was not based on the community but on priorities established "at the district level on the basis of nationally-determined criteria."³² At the least, reliance on decentralized program

administration should be complemented by efforts to promote participation at the local level by previously marginalized groups. A system to ensure that decentralization does not merely substitute local patronage for that at the central level should also be part of the program.

The politics of poverty in Africa and SAP/SFs

Another relevant feature of the African political context is the critical role played by the extended family (rather than the state) in providing a social safety net (see Chapter 1). Family and village ties are extremely strong, and most urban workers send some portion of their earnings back to their families in rural villages. The estimate in Senegal, for example, is that approximately ten to fifteen dependents exist for every formal sector worker.³³ While this may act as a disincentive to individual entrepreneurship and to saving, it may also explain the absence in many countries of a public debate on poverty and the need for a social safety net. There is a prevailing sense that one takes care of one's own poor: those of the family, the village, and the tribe, and that others in the society are doing the same. Given such a context, the implementation of safety net programs like SAP/SFs take on less political urgency. The reliance on the extended family may also explain why distributing benefits from government programs for the poor to friends or family members seems more acceptable in Africa than elsewhere.

A related issue is the strong rural-urban links that develop as family ties are maintained even after family members migrate. In many African countries, these ties substitute for the stronger class-based political cleavages that often develop as societies become more urban and modern. In more urban societies where Western-style, class-based organizations such as labor unions are more prevalent, such as Zambia, the ties to rural villages are weaker and expectations of a government role in the provision of a social safety net are greater, increasing the political urgency of programs like SAP/SFs.

As in the case of the extended family, rural-urban dichotomies also affect the political dynamic. In the predominantly rural societies typical of most African nations, the majority of the poor are rural and are unlikely to be negatively affected by adjustment. Indeed, they may benefit from it; they are more likely to be negatively affected by inappropriate agricultural policies, for example, or by natural disasters. Thus, the political salience of adjustment and its social cost is much lower.³⁴ In more urban societies, such as Senegal and Zambia, there are large numbers of urban poor who are negatively affected by the crisis in the formal economy that necessitates adjustment, and by adjustment measures themselves, such as the elimination of food subsidies. While this group does not tend to be organized politically, they do at times provide important support for opposition or protest movements. Examples occurred during the February 1988 unrest in Senegal and during the various food riots in response to maize meal price hikes in Zambia. Thus, the political impact of SAP/SFs will differ depending on how urbanized a particular country is. In more urban societies, highly visible programs in these cities may have more impact on the political sustainability of adjustment than would rural programs. On the other hand, programs in rural areas that have received little government attention in the past can also have a significant political impact, as the experience of Bolivia's ESF demonstrates. The Bolivian state had a weak record of following through on its promised delivery of social welfare services, particularly to rural areas. The ESF was important because it reached rural areas that had received little or no state attention in the past, and followed through on its promises with rapid and extensive action. People's faith in the government increased

as they saw the state follow through, in many cases for the first time, enhancing the credibility of both the government and its economic policies.

The Political Economy of SAP/SFs: Central-level Implementation Issues

Political impact by staying out of politics

In order to maximize the potential political impact of SAP/SFs, the programs must stay out of politics and at the same time be attuned to the political context. Broadly defined, politics means citizens exercising their preferences; narrowly defined, it implies partisan politics; in many senses, politics can be beneficial. Demand-driven programs depend on broadly defined politics, with citizens making demands either through intermediary organizations or individually. In addition, the partisan competition that is part and parcel of a pluralist system usually results in more appropriate and sustainable government policy. Such competition may also result in increased and improved proposals for programs such as SAP/SFs. At the same time, political competition in SAP/SFs can be negative if politicians attempt to manipulate program goals for partisan or "vote-buying" objectives. To maintain neutrality, transparency, and ultimately viability, SAP/SFs must stay out of partisan political debates and avoid becoming the tool of any political actors, including the government. A key contribution by the Bolivian ESF to the political sustainability of the adjustment process was its demonstrating that it was "politics free" and able to work with groups from a variety of political persuasions. The program, run by a prominent entrepreneur rather than a public official, was managed like a private sector firm, and for the most part remained independent from political interference. At the same time, it funded proposals from municipalities and NGOs regardless of their support for or opposition to the government.

On the other hand, some of the most important contributions of SAP/SFs are inherently political. These include demonstrating the importance of separating partisan and patronage criteria from management of the public sector; giving impetus to local governments; and giving the population a sense that the government is working to ease the costs of the adjustment. While these actions may not translate into direct support for adjustment per se, they may foster confidence in the government at a critical time.³⁵ Ghana's Program of Action to Mitigate the Social Costs of Adjustment (PAMSCAD), for example, despite many problems at the implementation level, still played such a role. PAMSCAD indicated to the people "in a concrete way that the PNDC (Provisional National Defense Council or government) is aware of the dislocations that have occurred under structural adjustment and is trying to help those who have suffered from them."³⁶ A non-partisan approach to program management may actually enhance this objective, as the experience of the ESF shows. Because the program succeeded in working with groups of all political persuasions, the ESF was able to foster a different, positive view of the state among heretofore opposing groups. Programs in Africa have had less success working with a variety of different groups, in part because of a less open political climate. Expanded contact of SAP/SFs with the NGO community and with members of the political opposition would maximize the reach of the programs and potentially build support for economic reform (or at least for the government) among some of these groups.

In Senegal, NGOs have been excluded from the AGETIP which has increased their opposition to the government and its programs. While the AGETIP program has been successful from an efficiency and transparency viewpoint, it has been far less successful at reaching the most

marginalized groups. The AGETIP works primarily through local governments, which are all part of the governing party (the opposition boycotted the 1990 municipal elections in protest against purported fraud in the 1988 national elections). It has limited contact with NGOs. As a result, it is resented by many groups who perceive the program to be "of the system" despite the transparent nature of its operations. By relying solely on government-linked organizations for project proposals, the AGETIP has limited its ability to reach out to groups and actors traditionally marginalized from state policy benefits.

Another political byproduct of some SAP/SFs is sponsoring dialogue between governments, NGOs, and donors. Many programs include the establishment of sectoral working groups consisting of representatives from government and various sector-involved NGOs. This process may lead to a dialogue in which NGO representatives obtain a better understanding of the government's program and the constraints it faces, and in which the central government increases its understanding of the effects of economic crisis and adjustment at the ground level. Examples include the aforementioned cases of Zambia and Bolivia; Social Dimensions of Adjustment task forces have also been designed to stimulate such dialogue as a part of SAP/SFs in Senegal, Cameroon, and Guinea.

Targeting

Another issue with political as well as poverty alleviation implications is that of targeting the beneficiary population (targeting is discussed in Chapter 4). Many programs are presented with the explicit objective of addressing the social costs of adjustment, but might not reach those most negatively affected by adjustment—the poorest groups. A verbal commitment to address social costs of adjustment, despite limited capacity to direct programs at those costs, may be a political necessity. Some of the most successful SAP/SFs, including Bolivia's ESF and Zambia's MPU, fall into this category.

Programs that ultimately pursue a diverse range of activities, such as those in Guinea, Somalia, and Uganda, began with the explicit purpose of addressing the social costs of adjustment. Yet, in reality, the object of the program was not well defined prior to its initiation. Even had it been, targeting is difficult, given the lack of information and low level of institutional development in many African countries. Furthermore, determining the target population entails political choices. In some cases, such as Uganda, special circumstances dictated targeting choices. The Ugandan economy was so ravaged that social costs of adjustment were difficult to differentiate from other pressing problems. A pragmatic approach targeted districts where cholera was endemic and focused on AIDS babies rather than war orphans (because they were less likely to have surviving parents). Yet, in many other cases targeting has been haphazard or the result of political rather than poverty criteria. This was the case with the DIRE in Senegal, which spent an inordinate amount of its resources on university graduates and voluntary retirees from the civil service.

Finally, even if governments are driven by concerns about political sustainability rather than poverty alleviation, reaching the poor can affect the sustainability of adjustment by giving groups that have been traditionally neglected by the state an increased stake in the reforms, such as the case of the ESF in Bolivia and the MPU in Zambia. (At the least, such attention tempers the political frustration of target groups.) It is important to note that programs designed to compensate politically vocal groups, such as laid-off civil servants and university graduates, have a spotty record, as their effects are often short term. Such groups should not be totally ignored, but this does suggest that a

focus on projects for less privileged groups may have longer-term impact on the political sustainability of reform (see Chapter 5).

Productivity issues

It is unclear which is more desirable: reaching more people with less complex income support or reaching fewer people but creating productive employment. One aspect of this debate relates directly to the political impact of SAP/SFs. When labor or resources have not been used productively, the programs have had a negative impact. In some employment programs in Chile and Peru, for example, labor was often used unproductively—hundreds of workers employed to sweep the same street, for example, or to move rocks from one part of a road to another. This affected the employment potential of the workers because they were then judged by the private sector to have poor work habits. The programs also acquired a negative image, because instead of perceiving the government as concerned with the social costs of adjustment, the public concluded that the government gave little value to promoting skilled labor. In the same vein, perception that privileged groups are benefiting from programs designed for needy groups, or that resources are being squandered, can also have a negative political impact. An emphasis on the productive use of labor has been important to the success of programs as diverse as the Social and Infrastructure Relief Program (SIRP) in Guinea-Bissau and the Labor-Intensive Public Works Scheme (PIMO) in Chile.

The role of donors

While donors tend to be more concerned with poverty reduction, governments are more often concerned about opposition from politically vocal, if less needy, groups. Yet a congruence of government-donor goals is key in some areas, such as a commitment to keeping the program out of politics. Donors bear some responsibility for keeping programs free of corruption and political influence. The experience of the ESF in Bolivia contrasts sharply with those of the DIRE in Senegal and the SAP in Zambia. In the case of the ESF, both donors and the government shared a commitment to keeping the program politics-free. In the contrasting case of the DIRE, donors provided funds without sufficient concern for how they were used. If donors decide on the content of programs, then the issue of internalization of program goals is central. If large public budgets are maintained in other areas, such as defense, or if public sector funds are spent irresponsibly while external donors fund social welfare expenditures, then important political choices are avoided.³⁷ Thus, the selection of funding allocation for SAP/SFs should not be completely independent from the broader socio-political context despite a desire for transparency.

Donors can also encourage a participatory approach to program implementation. This translates down to the micro-level, where community contributions, either cash or labor, are important for project upkeep. Where this was not required, such as in certain ESF projects, all DIRE projects, and in social welfare infrastructure expenditures under the previous government in Zambia, projects or infrastructures were not maintained because the communities involved had no stake in them. A counter-example is the Microprojects Unit in Zambia, which has a far better record of funding sustainable projects, due largely to its requiring contributions in either labor or cash from the beneficiary communities. Active participation, both in soliciting projects and in contributing to their implementation, is an important aspect of sustainability (and of adjustment more generally), because beneficiaries have a stake in its success.

Program positioning

The variable managerial and institutional capacity in many African public sectors raises questions about the appropriate institutional position of SAP/SFs. This is discussed in Chapter 4, however, it also has implications for the political economy of adjustment and of SAP/SFs. Placing a program outside the public sector can keep the program free of political influence, but it may also limit its contribution to institutional development. On the other hand, the demonstration effects of a quasi-government program functioning in a transparent manner may contribute to support for the government among suspicious or opposed groups. Perhaps equally important to the institutional positioning of the program is how integral its role is to the adjustment program. One reason cited for the relative failure of the PAMSCAD was that it was an afterthought to the adjustment program.³⁸ The same is true with the Peruvian Social Fund, in contrast to the ESF in Bolivia and the network of compensatory schemes in Chile. High-level commitment to programs and their inclusion as integral components of reforms are critical to their success. This commitment ensures that governments and donors perceive their stake in the successful implementation of the SAP/SFs, and that beneficiaries understand the advantages of reforms.

Positioning programs outside the public sector is not enough to keep them out of politics. Two other factors are key: first is a commitment at the executive level to avoid partisan use of the program, and second is having a non-political director. The first is key because an extra-institutional program may still be vulnerable to political pressure from the executive branch. This was the case of the SAP in Zambia, where the previous government had used the program as part and parcel of its electoral campaign. Second, experience shows that a director who can resist political pressure, either due to a private sector background (such as in the cases of the ESF and the AGETIP) or who is an expatriate (as in the MPU in Zambia), is key to efficient and apolitical management. Failures have occurred where the directorate came from the established political system, in Peru and Senegal (DIRE).

SFs versus SAPs

A final issue is whether the structure of the programs (SFs versus SAPs) makes a difference in their potential to contribute to the political sustainability of adjustment. Performance to date suggests that both kinds of programs can make positive contributions. SAPs often start a valuable dialogue between sectoral ministries and non-government actors, and their supply-based design may work better for targeting than that of demand-based SFs. SFs, on the other hand, can delimit their objectives more easily, and have important demonstration effects that the more diffuse SAPs do not. SFs may have an easier time avoiding day-to-day political pressure because they are outside the public sector. Yet, as mentioned earlier, the direction and commitment of program executives is equally important in avoiding partisan politics. Structure is less important in the program's potential contribution to political sustainability than are the following: high-level commitments to avoid partisanship, narrowly-defined objectives and project selection criteria, focus on participation giving beneficiaries a stake in the program, and outreach to a variety of groups to build support for reforms. SFs' more flexible design may be better suited to meet these goals, but it is likely that the political and institutional context in each case will determine the potential to contribute to politically sustainable reform.

The Political Economy of SAP/SFs: Local-level Issues

Effects on local governments and actors

The effects of SAP/SFs on local governments and NGOs are at least as important as their effects on the central government. SAP/SFs often provide local governments and community organizations with resources not linked to the central government. This gives local actors the opportunity to pursue autonomous community development. In addition, the experience of participating in SAP/SFs contributes to the managerial development of local institutions and actors. These effects are delimited by the structure of local governments and the extent to which programs incorporate participation by non-government actors and local governments. In Chile, under a previous regime, for example, extensive employment programs as well as health and nutrition schemes were implemented through the municipalities and contributed greatly to protecting the poorest during adjustment. Yet because municipalities were merely extensions of the authoritarian central government, the programs, despite their massive scale, had only minimal impact on the political sustainability of adjustment.³⁹ As mentioned, the AGETIP's effects in Senegal on this front were limited, since it relies on municipalities for proposals and has very limited contacts with NGOs. Thus, the AGETIP relied primarily on groups with ties to the government for its project proposals, and had virtually no contact either with opposition groups or with those marginalized from the political process. In Guinea-Bissau, the government has been reluctant to work with NGOs, limiting the program's contact with certain sectors of the population. In Zambia, in contrast, the uncertain nature of local government since the 1990 elections dictates increased participation in the MPU by NGOs. This potential is limited due to the minimal managerial capacity of NGOs.

Effects of local institutional structure on the programs

Local politics also affects the functioning of SAP/SFs. If governments are merely tools of local elites or party bosses, the programs' ability to reach significant sectors of society will be limited unless they include NGOs and community groups. Thoughtful design can prevent programs from becoming electoral tools for local-level politicians. The demand-based design and provisions for competition from a variety of local-level groups in Zambia and Bolivia helped prevent the programs from becoming tools of the governing parties. Since SFs usually rely on proposals from local actors, they will inevitably be affected by those actors. If local institutions are not fully participatory (because they are monopolized by traditional elites or by a single party), then SAP/SFs must incorporate mechanisms in their design to reach beyond formal institutions. Africa appears to have been more reluctant than Latin America to work directly with NGOs (as opposed to local governments). This is in part explained by the weak capacity of local NGOs in many countries and the government's reluctance to rely on international NGOs. In other cases, because local NGOs oppose the government, foreign NGOs may be more acceptable. Improved government-NGO relations are necessary if SAP/SFs are to maximize their potential impact. Yet, caution is advised as their heterogenous nature inevitably results in significant variations in quality and capacity.

CHAPTER 4: INSTITUTIONAL ISSUES

From an operational perspective, social funds and social action programs raise interesting and important issues because their design departs from that of standard public programs (see Chapter 1). This chapter highlights some institutional questions peculiar to the design and implementation of SAP/SFs and offers illustrative examples taken from twelve projects in the study, along with Latin American examples. While the institutional issues affecting SAP/SFs overlap considerably, the issues have especially profound implications for SFs because they are, by design, much less integrated into the established bureaucratic order than are SAPs. Hence this chapter will focus on SFs, and will include a short discussion of SAPs.

Social Funds, Design Issues

Reasons for creating a social fund

What motivates governments to establish social funds in the first place? The answer is part of the key to analyzing relevant institutional issues. There appear to be two primary reasons: a desire to take speedy, effective, and targeted actions to reach poor and vulnerable groups suffering the effects of economic stagnation, and who are also expected to bear the transitional costs of an adjustment operation; and a desire to generate grassroots development by working closely with community groups, local NGOs, and entrepreneurs, and by providing financing for small-scale (typically under US\$100,000) investments.⁴⁰

The immediate problem faced by many governments of developing countries pursuing these objectives is that technical and administrative capacities of the relevant government agencies are often not up to the task, either in terms of acting speedily and effectively, or of designing and implementing targeted interventions. Widespread poverty and a state of social and economic crisis—conditions that typically underlie the need for a SF—are simply not conducive to highly efficient public administration. As for the goal of involving grassroots groups, few central government agencies, even in public administrations that function well, are skilled at managing small-scale projects involving coordination with local groups. Even if the skills were available, it is usually the case that central agencies are not designed, and do not operate, in a way that permits them to provide efficient, direct support for small-scale grassroots development.

To get around these institutional constraints, many SFs have been designed with considerable autonomy from the bureaucracy and established government agencies. Many SFs are either created as entirely new agencies, outside the realm of any ministry, or, where they are set up within a ministry, are granted a relatively high degree of independence. In short, a SF fills an institutional gap, the nature of which varies from country to country depending on the motivations and quality of administration. In some countries, such as Bolivia, the SF will be oriented as an emergency agency geared to speed, effectiveness, and targeting. In other countries, like Zambia, there will be more of a focus on stimulating capacity to implement development projects at the local level. In other countries, like Uganda, the SF will place roughly equal emphasis on each of the two motivations.

Similarly, different countries will face differing levels of capacity within public administration, leading some to decide to isolate the SF completely from the established bureaucracy and others to seek a degree of integration within the existing structure. How autonomous a SF will be is typically determined by the following features:

- . Management by an individual recruited from outside public service.
- . An institutional location outside the realm of any established government ministry or agency and reporting directly to the head of state or government.
- . Exemption from public service rules covering hiring and remuneration.
- . Unique, internally-developed operating procedures and policies.
- . Financial autonomy, with its own budget management and control with large, if not exclusive, dependence on external funding and freedom to deal directly with external donors.
- . Operational autonomy, including a critical role in choosing the portfolio of subprojects.

The characteristics enumerated here constitute much of what makes SFs distinct from an institutional point of view. The following discussion will build on this analysis, and will attempt to show how decisions about the way in which various combinations of these characteristics are designed into SFs is linked to the broader institutional environment within which the fund is located.

Personnel and procurement

Rigorous but transparent procedures for the hiring, firing, and remuneration of public sector personnel and for awarding publicly-funded contracts (two areas especially prone to corruption) are consistent with good public sector management. There is, of course, a cost— personnel and procurement activities take longer to complete than they would in the absence of tight controls—but the benefit of ensuring openness, fair play, and the efficient use of public funds normally makes the time trade-off worthwhile. Furthermore, where bureaucracies function poorly, entrenched public service rules generate the expected costs but are accompanied by few of the intended benefits.⁴¹

Where SFs are concerned, there are two important kinds of costs that result from poor administration of complex procurement procedures. One cost relates to time. The acquisition of goods and services for small-scale infrastructure subprojects can be delayed for weeks or months as the result of an inadequately functioning process. Another cost relates to the participation of intended target groups. A poorly-run procurement process may discourage small-scale contractors from getting involved; this goes against the grain of SFs that aim, as many do, to boost the small-business and artisanal sectors. This has been a major problem in SAPs using regular governmental disbursement and procurement procedures to fund small-scale activities. It has been critical in Ghana's PAMSCAD and Uganda's PAPSCA, both of which experienced major disbursement and procurement bottlenecks. In addition, a formal competitive bidding process, generally required by

governmental procedures, may not be the most appropriate way to involve communities in the direct implementation of subprojects.

Public service rules governing recruitment and remuneration of personnel may thwart the aims of a SF in two ways: they may hinder the capacity of the SF's management to quickly assemble a staff, and they may prevent the SF from offering salaries high enough to attract top-quality professionals. In many developing countries, civil service pay scales are far too low to draw the most talented people away from the private sector or lure them back home from positions in other countries. Low salaries are not likely to generate the high level of commitment and motivation required from SF staff if they are to produce visible results in a relatively short period of time.

As is typical with SFs, Bolivia's Emergency Social Fund set precedents in adapting bureaucratic regulations to unique objectives. ESF's senior management was given a free hand to hire whomever it chose at its own salary scale. The result was a highly motivated and productive staff. In procurement, the ESF (and the World Bank, its leading financier) departed from standard procurement practice through competitive bidding, opting instead for direct contracting of all subprojects valued at under \$250,000. Subproject sponsors were free to deal directly with contractors, choosing whomever they wished. Then ESF made a take-it-or-leave-it offer on the contract price, based on an internally developed schedule of unit prices for various types of small-scale infrastructure projects. The system worked quickly and efficiently and with a minimum of corruption.

The ESF's practice of paying its headquarters staff at much higher rates than civil service standards has been repeated in African SFs, such as the AGETIP in Senegal, the Microprojects Unit in Zambia, the Social and Infrastructure Fund in Sao Tome and Principe, and the SF in Somalia. The high salaries paid by the Sao Tome fund caused it to attract some of the best technical and administrative talent available in that small island nation. In the area of procurement, direct contracting backed up by a system of unit costs was adopted to a limited extent by the Sao Tome fund, which used it in the case of civil works projects undertaken by small contractors. (This accounted for roughly 10 percent of the value of all procurement under the SIF.) The designers of the project felt that limited direct contracting was justifiable in view of the urgent need to implement employment-generating projects, and because the few local contractors and suppliers operating in Sao Tome and Principe had only a rudimentary knowledge of generally accepted procurement and contracting practices. The project's designers acknowledged, however, that direct contracting would be undesirable over the longer term, but should be seen as a first step in developing the country's emerging private contracting industry. The eventual goal was to train contractors to participate in more complex arrangements, such as procurement in local competitive bidding. Indeed, the option for direct contracting was dropped from the proposed Second Multisector Project which supported the Sao Tome SIF. A similar progression occurred in Bolivia, where direct contracting was eliminated in favor of competitive bidding in the procurement process of the ESF's successor institution, the Social Investment Fund. The Senegal AGETIP has also implemented very efficient mechanisms to contract small-scale enterprises. It uses competitive bidding but has completely internalized the process and therefore can process bids and select enterprises rapidly. The rapidity with which the AGETIP can select vendors, finalize contracts, and disburse funds is one of the major ingredients of its success. SFs that remain integrated with the central government administration, such as the Guinea SEDSP, have had major problems with procurement.

Budgetary implementation process

The budgeting process in many developing countries is slow and uncertain, delaying the release of allocated funds. For example, a study of disbursement mechanisms in Cote d'Ivoire discovered twelve steps between the time an invoice is presented to a ministry and final disbursement against the invoice. A recent informal review of social sector programs aimed at providing immediate support to poor and vulnerable groups in Ghana, Uganda, and Zambia found that a key impediment to success in all cases was delay in the disbursement of funds. A Bank project appraisal team in Senegal observed that small-scale construction contractors, normally relied upon to implement the type of works that are often SF-supported, find it impossible to work under government contract. This is because delays experienced by contractors paid through the government's administrative procedures are measured in months at best and too often in years; only firms with substantial working capital can afford to wait such a long time for payment.⁴²

Procurement and procedural problems threaten two aims of many SFs: speedy action and cooperation with small-scale implementing agencies. To avoid these problems, SFs are typically given great control over their budgetary processes. Approval, release, and auditing of expenditures are handled internally, without submission to the central government. Budgetary autonomy must, of course, be tempered by transparent and well-maintained record-keeping systems as well as a provision for external accountability. In Senegal, the AGFTIP director has authority to order direct payment to contractors. Disbursements are made on the basis of statements of expenditures; documentation related to payments is available for review by local auditors and the World Bank. The Zambian social fund submits to an annual external audit conducted by an international private-sector accounting firm.

Another aspect of financial autonomy built into some SFs is the ability to deal directly with donors, which can be beneficial in terms of mobilizing external resources. In the case of the Sao Tome and Principe fund, donors interested in supporting its activities preferred dealing with the fund, a relatively small and transparent agency, to dealing with central government agencies. From a donor's point of view there are distinct advantages to dealing directly with a SF. Donors, no less than SF designers, are aware of the delays and uncertainties afflicting the central budgeting process. They may therefore prefer to channel resources through a SF. In addition, many developing countries may have three or four central government agencies dealing with donor coordination,⁴³ making it easier for donors interested in providing support to targeted social sector programs. For them, a SF amounts to a single, effective interlocutor which provides a shortcut through the donor coordination maze.

Weak technical capacity

Even if regulations in areas such as procurement and personnel policy were not obstacles to achieving the goals of a SF, the technical capacity of governments to plan and implement interventions normally undertaken by SFs remains an issue. At the time of the establishment of the ESF in Bolivia, it appeared implementation capacity had virtually atrophied in the ministries responsible for school and health facilities construction, road-building, housing, and urban development. In other countries, the problem is not so much a generalized lack of technical capacity as one of inadequate knowledge and experience in working with small works contracts managed by local groups. One of the reasons for establishing the Microprojects Unit in Zambia was that no existing government agency had experience in managing demand-driven, community-based initiatives.

A similar motivation was behind the establishment in Cameroon of the Community Development Program, a SF targeted to the urban poor. A SF was established in Somalia because no existing government agency was deemed capable of implementing targeted, poverty-oriented investments.

Location, leadership, and degrees of autonomy

SF designers must select where to locate the fund in the institutional landscape. Different countries have dealt with this problem in different ways. In Africa, SFs most closely mirroring Bolivia's Emergency Social Fund in terms of autonomy are the funds in Senegal and Sao Tome and Principe. Both followed the Bolivian pattern and were created as entirely autonomous institutions outside regular government bureaucracy. Senegal's AGETIP was established as a government-funded NGO, subject only to ex post facto monitoring by the government. Sao Tome's SIF was created as a government agency reporting to the Prime Minister. Another similarity between the Bolivian, Senegalese, and Sao Tomean funds was the deliberate choice in each case of an outsider as chief executive, that is, someone not directly connected with the bureaucracy. In Bolivia and Senegal, prominent private sector persons were chosen to run the SFs;⁴⁴ the first manager of the Sao Tome fund was a businessman and bureaucrat, but had spent much of his civil service career out of the country as a diplomat. The fact that the head of the Senegalese fund has been able, by virtue of his outsider status, to position himself beyond the reach of narrowly political and clientelist influences is seen as a key element of the fund's success (see Chapter 3). An even stronger arrangement is one where a SF's independence is protected by a President or Prime Minister who takes a strong personal interest in establishing the fund and preserving its autonomy, as was the case in Senegal and Bolivia.

Another important mechanism for assuring that the SF is not dominated by entrenched bureaucratic interests is controlling membership on the board of directors or committees responsible for overseeing the fund. In most African SFs, membership on the board includes representation from NGOs and/or the private sector. In some cases labor unions may be represented, as on the board of AGETIP.

In terms of autonomy, the Senegal AGETIP clearly represents the high end of the range. Other African funds reveal differing levels of autonomy, tailored to local circumstances and preferences. In countries where the bureaucracy is heavy and inefficient, setting up a new and completely independent agency is one option for getting around the problem. Another is to seek out pockets of competence and enthusiasm within the existing agencies and locate the SF there, for example, the Zambian Microprojects Unit. When the World Bank became involved in 1991 with the MPU, established several years before by the European Community, there was no discussion of moving the unit out of the Ministry of Finance in order to place it outside the bureaucracy. The reasoning was simple: the MPU appeared to be functioning well within the Ministry of Finance. Despite its location within the administration, it was allowed to operate with a substantial measure of independence, to have a protected budget and full control over the approval of subproject financing proposals, and to monitor subproject implementation. But as a reflection of the slightly lower degree of autonomy possessed by the MPU compared with the Bolivian or Senegalese operations, the MPU's decisions on subproject financing had to receive the final stamp of approval from an inter-ministerial government committee. In practice, however, this committee appears not to interfere greatly with the MPU's independence. In 1990, for example, it approved almost all of the MPU's 150 microprojects at a single meeting.

In Somalia, the Social Action Unit (SAU), responsible for managing that country's SF, was located within the Ministry of Planning because the Ministry firmly believed in the SF and was enthusiastic about being given responsibility for it. Moreover, the person chosen to manage SAU, head of the Human Resources Department within the Ministry, was highly regarded for his competence. As the SF began to operate,⁴⁵ it became apparent that its location within the Ministry was also strategically important: the fund benefited from the ministry's database on planned and ongoing government projects. This helped the SF ensure that it was financing projects consistent with initiatives being undertaken elsewhere in the government.

The Egyptian Social Fund reveals another aspect of autonomy. In Egypt, it was necessary to strike a compromise between a desire to establish a highly autonomous fund on technical grounds, and the reality that there was likely to be opposition at the senior political level to an agency as autonomous as the Senegalese operation. The result was an institutional arrangement that would appear to lie on the autonomy continuum somewhere between Senegal or Sao Tome (completely independent agencies outside the bureaucracy) and Zambia or Somalia (somewhat independent agencies located within a government ministry). The arrangement reached in Egypt was to position the SF as a special agency outside the bureaucracy, reporting directly to the Prime Minister. However, the high degree of autonomy implicit in this arrangement was tempered by the composition of the SF's board of directors, which was responsible for defining strategy, approving development plans and implementation programs, and monitoring selection of subprojects. In addition to private sector representation it contained representatives from several government ministries who consistently attempted to prevent the SF from supporting the activities of NGOs and local administrations. The example of Egypt shows that autonomy is only feasible if the government is really committed to providing it throughout the fund's operating area. Experience shows, however, that in Sub-Saharan Africa, there have been no cases of major interference once a SF has been provided with autonomy.

Model for decentralization?

A key institutional feature shared by a number of African SFs is the devolution of planning and executive responsibility away from the capital city to the regional, district, and local levels. The ability to be more responsive to local needs, to build up administrative capacity at the district and municipal levels, and to foster an ethic of community initiative are motivating factors behind this shift.

Examples of this model are the Zambian Microprojects Unit, the Community Action Program in Uganda, and the Program of Community Development (PRODEC) in Cameroon. In the Zambian case, subproject proposals received from community groups are first submitted to the local district council, which determines if the proposed subproject is consistent with district plans. After clearing this hurdle, the project is passed on to the Provincial Planning Unit, which decides if it is in line with provincial priorities. The PPU must also arrange to meet any recurrent costs entailed by the subproject. It is only after the proposal has been examined at the district and provincial levels that it is passed on to the Microproject Unit's staff in the capital city.

The Ugandan Community Action Program (CAP) decentralizes the subproject cycle to an even more far-reaching degree. All activities in the cycle are handled at the district level. The basic operational entity is a CAP unit located in each of the three administrative districts where the SF operates. The CAP unit is responsible for promoting use of the fund by community groups and

appraising and monitoring subproject proposals. Another body, a District Development Sub-Committee made up of local representatives of relevant national ministries and local government officials, is responsible for approving subprojects and setting operating policies and guidelines. The CAP is linked to the national capital via a unit in the Prime Minister's office, which is responsible for overall coordination of CAP activities. The Cameroonian PRODEC operates along similar lines. Provincial committees, made up of provincial representatives of central government agencies and local government officials, are responsible for appraising and approving most subprojects. However, experience shows that establishing such a process can be very time-consuming. In both Cameroon and Uganda, establishing the system took a long time.

These cases demonstrate an important alternative in SF design. The pathbreaking Bolivian model was based on the premise that SFs temporarily take over activities the central government is normally responsible for, but cannot tackle due to administrative and technical problems. It concentrated key activities like subproject appraisal and promotion into the hands of a relatively small staff in the capital city. The Ugandan, Zambian, and Cameroonian operations, by contrast, are based on the assumption that the activities they finance: small-scale, community-based initiatives are the responsibility of district and local governments. By spreading their management to these levels, they aim to stimulate capacity building there. SFs with this design contribute to the decentralization of government functions, whether or not this is their intent. This phenomenon has already been noted with Latin American SFs.⁴⁶

Strategy vs. expediency

The preceding discussion has considered a number of important ways for SFs to exercise their independence from standard government agencies. The argument could be made that a SF's preoccupation with avoiding bureaucratic entanglement and emphasizing demand-driven mechanisms for identifying subprojects makes a strategic approach to sectoral interventions difficult. This argument cannot be easily dismissed because it is closely linked to important operational issues. Where autonomy is an important feature of SFs, the anticipated benefits are the above mentioned flexibility and expediency. However, this must be weighed against the fact that autonomy, especially a high degree of it, may not be sustainable or desirable over the longer term. The African experience with SFs is still too brief to judge their long-term impact on local institutions.

Another important issue concerns the sustainability of subprojects financed by a SF. Investment in schools, health, irrigation, sanitation and potable water systems, and roads generates recurrent costs not covered by SFs. Will the sectoral ministries or local governments have sufficient resources to cover the recurrent costs of these new investments? If they are expected to finance such costs, should they have a role in the subproject approval process?

Finally, there is the important question of institutional sustainability. If a SF is successful in its goal of implementing many subprojects, it will have accumulated valuable technical and administrative experience. This data should be passed on to the ministries or local governments that are expected to continue the activities set in motion by the SF. How easily can this information transfer come about if a SF operates autonomously from other levels of government?

On the other hand, the peril of creating links between the SF and the established ministries is considerable. One mechanism used in a number of countries for creating these links is the creation

of an inter-ministerial committee responsible for approving the strategies, goals, and subproject financing decisions of the SF. However, this can slow down the speed at which a SF operates and diminish its focus on achieving goals. Linking a SF to ministries makes it vulnerable to bureaucratic delay, inter-ministerial rivalry, and pressure to fund activities intended to satisfy the demands of the political spoils system.

How the trade-off is actually managed depends on features peculiar to each country. In some countries (Somalia, Zambia), the most expedient approach will not be complete autonomy, because it makes more sense to build on pockets of talent and enthusiasm already present in an existing agency. In other countries (Egypt, Guinea), where the government is anxious to maintain control over local initiatives, total autonomy is ruled out because political factors make it impossible. In all cases, it should be possible to design simple and practical approaches for synthesizing competing interests inherent in designing a SF. Examples for doing so follow:

- *Problem:* Ensuring that subprojects are compatible with broad sectoral strategies.
Solution: Design subproject appraisal criteria to automatically screen out projects that are a poor fit with sectoral strategies.
- *Problem:* Ensuring coverage of recurrent costs arising from SF investments.
Solution: Make identification of recurrent cost funding part of the appraisal process, and withhold subproject approval until a budgetary commitment for the recurrent costs is obtained from the relevant government agency. (This is how the recurrent cost issue is handled by the Zambian fund and the Bolivian SIF.)
- *Problem:* Minimizing delays in the subproject cycle that arise from coordinating the SF with the central ministries.

Solution: If central ministry representatives are members of the executive body with final approval over subproject proposals, give them final authority to speak for their ministries at meetings. Alternatively, establish a procedure whereby government agencies are given a fixed, relatively short period of time to object to a subproject. If no objection is voiced in the allotted time, government approval of the subproject is assumed. The former procedure is envisioned for the Burundi Social Fund; the latter has been adopted by the Bolivian SIF.

The Bolivian experience provides an interesting model for dealing with the thorny trade-off between autonomy and coordination. The Bolivians recognized that any payoff from autonomy is a short- to medium-term phenomenon, unlike the long-term concern of linking the SF to other government departments. They adopted a phased approach, first using a highly autonomous agency, the ESF, to deal with short-term issues, then handing over many of its responsibilities to another newly created but less autonomous institution, the Social Investment Fund (SIF), which had a longer-term, developmental mandate. In the short term, the ESF generated temporary employment, social and economic infrastructure, and a powerful demonstration effect. The government showed it could manage a public investment program in concert with NGOs and community groups, while community groups, in turn, saw that they could be partners with government in development. But these gains would have been transient at best if they could not have been institutionalized. This was the role of

the SIF, which unlike the ESF, had to coordinate its activities with sectoral policies and strategies defined by the Ministries of Health and Education.⁴⁷

Social Funds: Implementation Issues

A SF does not normally involve itself directly in the identification or implementation of subprojects. In its role as financial intermediary, it channels funding to subprojects that meet its criteria for approval. Two motivations underlie the preference for keeping SFs out of the business of implementation: it is more practical to keep the SF small and agile, and to minimize overheads. And from a political standpoint, achieving goals broadly linked to most adjustment programs is desirable, for example, reducing the role of the public sector, invigorating the private sector, and reawakening local initiative and self-reliance.

To achieve success in channeling resources to poor and vulnerable groups, a SF must do three things well at the operational level: (a) develop a demand-driven mechanism for project identification, (b) develop standardized and transparent procedures for subproject appraisal, contracting out and supervising implementation, procurement and disbursement, and (c) work effectively with NGOs. This section will briefly review the first two areas. The third question will be discussed in the penultimate section of the chapter.

Demand-driven project identification

A SF responds to external demands for subproject financing, hence the term "demand-driven." One of the basic decisions for a demand-driven fund concerns the types of groups eligible to submit subproject proposals. Most SFs in Africa, reflecting an orientation toward grassroots participation and community-based development, specify local NGOs and other community groups (such as parent-teacher associations and water user cooperatives) as potential subproject sponsors or intermediaries between the SF and beneficiaries. The Zambian MPU, Ugandan CAP, Cameroonian PRODEC, and Guinean Pilot Program of Socio-Economic Development are examples of this type. On the other hand, funds more narrowly focused on creating employment through labor-intensive public works are likely to seek government agencies as subproject sponsors due to their traditional involvement with works projects. Senegal's AGETIP is a case in point: it accepts subproject proposals only from local governments and local branches of central government. Similarly, the SIF in Sao Tome and Principe responds only to proposals from public agencies. Other SFs, like the Egyptian Social Fund for Development and the Bolivian ESF, work with both government and private groups.

The types of organizations to which a SF responds are significant in terms of how the demand-driven process is managed. Implicit in the concept of a demand-driven fund is the assumption that the eligible groups will offer funding proposals which will be prepared in a technically acceptable manner. This assumption holds up reasonably well when a fund works with government agencies, because they are likely to gain familiarity quickly with the SF and to better understand the technical requirements of preparing a proposal. But it is usually a different story for funds that rely on NGOs and community groups. In such cases, it should not be assumed that they will automatically come forward with funding proposals; nor is it a given to assume that such proposals, once received, will need no further work to make them appraisable. These problems are

aggravated when SFs aim to reach not only urban centers but also outlying areas, which are less likely to be aware of the SF and to have access to expertise in preparing subproject proposals. Here, the capacity to create proposals will depend very much on the type of projects. Requests for basic infrastructure rehabilitation and construction are easy to prepare, but support for earnings-generating or social support activities are more difficult. For most SFs, requests for infrastructure rehabilitation subprojects have been faster to identify, screen, and implement than other types.

The result is that funds intending to work with private local groups must put a great deal of energy into outreach activities if the demand-driven process is to function. Outreach work usually proceeds along two lines: a promotional campaign, and technical assistance. A promotional campaign stimulates submission of subproject proposals by disseminating general information about the fund and explaining the types of subprojects that the fund is interested in financing. It will also seek to overcome resistance from NGOs and community organizations, who may be inclined, from past experience with government inefficiency, corruption, and political influence, to regard government agencies with suspicion or indifference. The second aspect of outreach is technical assistance. The SF must be prepared to help groups acquire the skills to prepare and manage projects and efforts may also be required to build local communities' capacities. These efforts have been lacking in many of the programs reviewed, despite the great weakness of local organization in Africa.

Outreach normally takes the form of seminars and workshops held in areas where the SF intends to operate. This function has been built into the design of the Ugandan CAP, which requires that each District CAP Officer is responsible for organizing awareness-raising activities, training workshops targeted to community groups, and the dissemination of training materials.

Guinea's Pilot Program of Socio-Economic Development illustrates well the importance of outreach. As originally conceived, it was to have been a fast-disbursing SF like the Bolivian model. But most of the Guinean NGOs lacked the competence to prepare acceptable project proposals, and the small SF's staff was too inexperienced to provide the required technical assistance. As a result, the SF approved only four subprojects in its first year-and-a-half of operation. Once the Guinea fund recognized the scope of the problem and the limited capacity for dealing with it, it abandoned the idea of a fast-disbursing operation. It then changed orientation toward the slower-moving tasks of improving the quality of subproject submissions, building up the capacity of NGOs, and improving the fund's capacity to work with NGOs.

Standardized and transparent procedures

As autonomous or quasi-autonomous agencies responsible for financing subproject proposals, SFs have a high degree of discretionary authority. This is as it should be, given the nature of a SF's mandate. But discretion must be tempered by accountability, which is why a SF's activities must be governed by a standardized, transparent set of procedures, which provide a benchmark against which to judge a fund's record in critical areas, such as the types of subprojects approved and the entrepreneurs awarded implementation contracts. The goal is twofold: to guard against internal abuses of corruption and favoritism, and to overcome the perception problem among NGOs and entrepreneurs reluctant to become involved with a SF which past experience has shown to be part of a corrupt and incompetent government machine. A SF demonstrating consistent adherence to publicly-understood guidelines in approving proposals and awarding contracts, and promptly paying contractors for their services, will erase such prejudices.

The level of detail found in SFs' appraisal criteria varies from country to country, but in most cases the criteria center on three key areas: the size and simplicity of the proposed subproject, the capacity of the sponsoring agency to undertake the subproject, and the compatibility of the proposed subproject with funding goals. Beyond setting out the general guidelines, SFs can make potential subproject sponsors aware in advance of the activities eligible for financing in any given sector. The **Zambian Microprojects Unit**, for example, let it be known that in the health and nutrition sectors it would consider proposals covering (a) the expansion, repair, and limited construction of new health clinics, child care centers, and shelters; (b) community child care programs; (c) assistance in food production; (d) development of weaning foods; and (e) supplemental feeding schemes. Most SFs find it useful to consolidate all information related to subproject appraisal—criteria, methodology, formats for appraisal reports, etc.—into an operational handbook for use by appraisal staff.

Social Action Programs

As discussed in Chapter 1, SAPs, in contrast to SFs, normally consist of a pre-appraised package of interventions undertaken by existing government agencies, sometimes among many ministries. Thus, while the key institutional challenge for a SF is managing autonomy, the key challenge for SAPs is inter-agency coordination and implementation, more specifically, disbursements and procurement.

Mechanisms for coordination

In Africa a two-tiered arrangement for coordinating SAPs is common. At the first tier is a high-level inter-ministerial committee located in the Ministry of Planning (or, as in the case of Cameroon's SDA Project, in the Office of the President), which takes responsibility for settling policy and strategy questions. Attached to this committee a working-level coordination unit handles day-to-day issues such as finance, procurement, implementation monitoring, and relations between SAPs and donors. At the second tier the executive agencies are most often departments of sectoral ministries, although NGOs are sometimes contracted to execute components of a SAP. In Uganda's PAPSCA, for example, the health component was executed by two NGOs.

There are two noteworthy potential problems with this arrangement. First, members of the high-level inter-ministerial committee must be willing to adopt an inter-sectoral strategic perspective, that is, a viewpoint that takes into account more than the immediate, pressing needs of their own ministries and overlooks existing inter-ministerial rivalries. This is a high expectation under the best of circumstances, and even more so in countries where social needs are overwhelming and resources woefully inadequate. Under such circumstances, officials have little incentive to look beyond immediate and parochial concerns. The second problem concerns establishing the authority of the working-level coordination unit attached to the inter-ministerial committee. The key difficulty with this arrangement is that it cuts across customary lines of authority and loyalty. Thus, SAP executive agencies in the ministries are unlikely to view the authority or competence of the coordinating unit in a serious light.

The Social Development Action Project in Chad had these problems. The project's high-level inter-ministerial committee failed to hold regular meetings or even prepare agendas for them. The committee was a low priority for its members, who didn't have the time to devote to SAP-related

policy and strategy matters when urgent problems in their own ministries required immediate action. As for the working-level coordination unit, it appears to have been marginalized. The executive agencies ignored its formal authority and turned to their own ministries for routine decisions.

The problems encountered in Chad illustrate the importance of giving real authority to the central coordinating unit. First, it requires strong personal commitment from the President or the Prime Minister. A clear message has to be transmitted from this level to the members of the inter-ministerial committee that their work has high priority status. The trickle-down effect of this should also invest the working-level coordination unit with respectability. Second, this unit must be staffed with highly competent and motivated staff.

The alternative to creating a strong central coordinating mechanism is to leave all responsibility for day-to-day operations in the hands of the executive agencies themselves. This was the approach taken in the design of the Economic Management and Social Action Project (EMSAP) in Madagascar, which had eleven different government agencies overseeing twelve project components. The rationale was that "a project management system based on a centralized agency would slow implementation and create an unnecessary additional bureaucratic level."⁴⁸ A minimal coordination unit, consisting of one professional staff member, was established in the Directorate-General of Planning to ex ante evaluate and periodically review the status of project implementation. The results of this arrangement have been the opposite of what was anticipated: the absence, rather than the presence, of a central coordinating agency has slowed down implementation. Without a single, central, institutionalized presence to provide guidance, technical support, and leadership, the EMSAP bogged down in implementation delays. In handing all responsibility for implementation over to the technical ministries, the SAP design assumed commitment to the program on the part of those ministries. In at least one case, this proved to be overly optimistic; because the ministry's implementation capacities were already stretched to the limit, the added responsibility proved burdensome and quickly received low priority.

The Social and Infrastructure Relief Project (SIRP) of Guinea-Bissau provides a sharply contrasting experience. The SIRP has seven components and involves six different government agencies and is bolstered by a strong central management unit located in the Ministry of Planning which itself has responsibility for identifying, appraising, and monitoring the implementation of all poverty alleviation subprojects. The management unit is responsible for coordinating all operational aspects of the SIRP, including procurement and disbursement, maintenance and audit of accounts, monitoring overall progress, and the production of quarterly progress reports. The management unit is also the main interlocutor with the government, the World Bank, and other donors in discussions of project implementation, resulting in the success of targeted rates of project implementation and disbursement. Building up a strong management unit, however, has a high cost, especially in external technical assistance where close to 30 percent of the project's expenditures go.

The experiences of Chad, Madagascar, and Guinea-Bissau with the management and coordination of SAPs suggest the importance of striking a workable balance between giving implementing agencies the freedom to run their own SAP components and creating a central capability to direct, coordinate, and ensure the overall integrity of the program. Without systematic prodding and support by a central coordinating agency, the technical ministries may be unwilling to take their SAP responsibilities seriously, as was the case in Madagascar. But, as was demonstrated in Chad, the central coordinating agency itself will prove ineffective unless care is taken to ensure its members have sufficient incentive to assume their responsibilities and exercise authority. Guinea-

Bissau's SIRP, on the other hand, is an example of a SAP that has come close to achieving the right balance, albeit at a high cost.

Implementation mechanisms

Implementation mechanisms have been an issue in all the SAPs reviewed. Guinea-Bissau's SIRP has been the only program that managed to overcome these issues rapidly, in part because it had two very strong implementing units in the ministries of Planning and Public Works. Implementation bottlenecks have traditionally resulted from three main problem areas: procurement, disbursement, and approval processes. Governmental procedures on procurement are established to ensure cost efficiency and fair competition, however, in most African bureaucracies, this has translated into numerous checks and controls from many units. Often, advantages are given to local parastatals in the bidding, and the process is conducted or controlled by an overburdened central commission. Government procurement must be discussed during project preparation, and exceptions should be granted if speed or working with small-scale contractors is planned. (The public works project component of Ghana's PAMSCAD was delayed by a year due to procurement problems). The other alternative is to strengthen procurement procedures with additional staffers or consultants to prepare documents and track the process through the bureaucracy. Procurement procedures by donor agencies can also become a major issue, especially when the project directly funds activities by communities or NGOs.

The second issue is disbursement. Government is expected to share in the costs of a SAP/SF as with any other project, and when it fails to fulfill its scheduled commitment, disbursement timetables are affected, jeopardizing implementation progress. When these counterpart funds are not delivered because the central government lacks available funds, little action can be taken. Donors may be willing to fill in the gap. However, when delays in delivery of counterpart funds are due to bureaucratic inefficiency, donors can encourage the government to take steps to streamline or speed up fund transfers. The problem here is often the predominance of *ex ante* controls on expenditures. The administrations of developing countries often have cumbersome *ex ante* control systems in which any expenditure is screened and authorized by several government units prior to disbursement. These controls exist as compensation for the typical weaknesses of *ex post* controls, auditing, and monitoring in the administration. This becomes a serious issue when government counterpart funds are used to finance many small-scale action programs, as has been the case in most SAPs, because government fund delivery mechanisms are simply not adapted to carry out this task. Payment delays create a difficult situation for small-scale enterprises and NGOs. In the Uganda PAPSCA, Action Aid, a British NGO that was executing the small-scale infrastructure component, had to interrupt implementation for months because of cash-flow problems created by the government's inefficient disbursement procedures.

The third issue is linked to the time necessary to make decisions required for action, especially when programs are intersectoral and involve a number of ministries and governmental agencies. This issue was addressed in more detail in the section on intersectoral coordination.

Working With NGOs

The majority of SAP/SFs reviewed for this study were designed to include participation by NGOs.⁴⁹ NGOs make good partners for SAP/SFs when they have the ability to reach the poor, to mobilize resources at the local level, to stimulate beneficiary participation, to deliver basic services at low cost, and to be more adept than government at finding innovative solutions to development problems.⁵⁰ Working with NGOs is not always easy, however, and successful collaboration requires that program designers bear with two key factors in mind: (a) the usual reluctance of NGOs and government to work together, and (b) the varied technical, administrative and participatory capacities and qualities of NGOs.⁵¹

Government-NGO friction

Often, governments and NGOs in developing countries co-exist uneasily.⁵² Some African governments see NGOs as havens for political opposition. This breeds a climate of distrust, which leads governments to attempt to exert control over NGOs, and them to resist any form of cooperation with government agencies. For example, it was precisely this climate that thwarted efforts by the SIRP in Guinea-Bissau to set up a fund for subprojects initiated by NGOs. The World Bank's recent experience in Guatemala, where effort was made to have NGOs brought in as partners (along with the Bank and the government) in the preparation and appraisal of a SF, shows how easily relations between a government and NGOs can degenerate into acrimony when the climate is characterized by suspicion and distrust.⁵³

Building up trust and improving understanding between NGOs and government is essential if NGOs are to be partners with SAP/SFs. Some key aspects of this relationship include:⁵⁴

Consultation. Where appropriate, involve NGOs early in the process of designing a SAP/SF.⁵⁵ NGO staff were hired as consultants to prepare the Burundi SF, which helped create fund support among the NGO community, and facilitated collaboration with NGOs in program implementation. NGOs must see concrete results from consultation, otherwise this initial step may end up being counterproductive, as in the case of AGETIP, where NGOs were consulted during design, but were not subsequently involved in the program.

Non-interference. Avoid interference in the internal affairs or financial management of NGOs. It should be made clear that the SAP/SF's only concern is the NGO's record of competence as it directly relates to the work to be done with the SAP/SF.

Transparency. NGO confidence will increase upon witnessing the transparent and efficient operating style of the SAP/SF. SAP/SF methods of rapid disbursement and clear contracts are particularly important in generating NGO faith. The Pilot Program of Guinea's Socio-Economic Development Support Project was slated to receive proposals from NGOs and other community groups in employment-generation and social services. NGOs, local government and village associations had implemented 65 subprojects totalling \$2.9 million, but delays in the approval process (which took a year) along with political pressure to disregard established approval criteria, deterred NGOs from advancing more proposals. To rectify the situation, a computerized management information system was designed to track proposals and guard against bending the first-come-first-served rule.

Staffing. One step toward building a sound working relationship with NGOs is staffing SAP/SF with a core of people previously employed by NGOs and/or who are respected by the NGO community. Experience shows, however, that government resistance to using NGO staff could exist, and such hiring should not be imposed on the government.

Promotion. Informing NGOs about the activities and procedures of SAP/SFs and reassuring them that their independence and integrity will not be compromised by participation may require an active promotion campaign. Again, rapid action must follow such a campaign. In preparing the Cameroon project, the Community Development Program requested subproject proposals from NGOs, but the Program could not channel funds for over a year, creating resentment in the NGO community.

Approval. Provide NGOs and/or community organizations with the opportunity to select members of the subproject approval committee, as the Population and Human Resources Project is doing in Comoros. Regional committees comprised of government officials and representatives of well-known regional associations that have mobilized resources for community initiatives (including women, Parent-Teacher Associations and environmental and professional associations) were granted approval rights over subprojects of amounts less than \$30,000.

Capacity

Local NGOs in Africa, characterized by small budgets and staff, do not normally have the capacity to attract people with advanced technical or professional qualifications. While not detracting from their capacity to help a SAP/SF achieve its goals, it does mean SAP/SFs must take special care and work with NGOs to build their capacities. Task managers should consider the following:

Evaluation of NGOs. The prospect of financial support from a SAP/SF is likely to stimulate many entities to come forward and (mis)represent themselves as NGOs. In Guinea-Bissau, for example, scores of agencies are officially registered as national NGOs, but among these only half a dozen are capable of effectively carrying out actions in the field. Thus, Bank staff who want to involve NGOs in a SAP/SF must be able to distinguish between those who can and cannot play a useful role. NGOs also have sector specializations that may not correspond to SF sector activities, and even among international NGOs, may have a poor track record in implementation and working closely with communities. The Chad PADS experienced problems with some international NGOs, which were extremely slow in starting and implementing activities cost-effectively. Strategic tools for identifying and evaluating NGOs include: conduct an NGO assessment; gather information from field visits; obtain referrals from an NGO federation; conduct competitive bidding; enable a federation of NGOs to select other NGOs, and use a beneficiary assessment.⁵⁶

Technical Support. In most cases, particularly where SFs are concerned, the project will have to train NGOs to identify and develop project proposals. Another viable approach in some countries is to rely on intermediary NGOs to provide technical support. For example, if a project seeks to involve relatively unsophisticated village- or neighborhood-based grassroots organizations in the process of identifying and preparing subprojects, it may be possible to enlist the support of higher-level NGOs, or what one writer has referred to as "Grassroots Support Organizations,"⁵⁷ to provide services and assist them in making contacts with government, donor, and private sector agencies.

Other strategies for building NGO capacities include simplifying project documents (including procurement and disbursement), and fostering information sharing between NGOs.⁵⁸

Appropriate Activities. Appraisal of proposed NGO projects must be based on a grasp of the kinds of activities they are best adapted to handle. Few intermediary NGOs work in a participatory way with communities, for example. However, the World Bank has looked to NGOs more frequently for their service delivery capacity than their participatory qualities or capacities.⁵⁹ In the service delivery role, NGOs generally perform better when working with relatively small and technically simple projects (as opposed to large, complex ones) and discrete, time-bound activities. Few NGOs are capable of implementing longer-range program-based interventions.

Targeting and Monitoring

Targeting

SAP/SFs typically delineate one or more groups of intended, direct beneficiaries of programs so resources can be channeled selectively to them. "Targeting" is the term for identifying and selecting those groups from among the larger population. As stated in Chapter Three, targeting is inherently political, and therefore not always popular with governments. It is difficult to select certain families or individuals to receive benefits and deny services to others, especially in cases where those excluded may be the most vocal and visible segments of the society. Because the poorest generally constitute weak political constituency, the government has less incentive to target benefits to them.

The question often arises as to whether targeting is worthwhile when one considers the extent of poverty in much of Sub-Saharan Africa? Despite some validity, this question is not credible in the case of SAP/SFs. While it may be effective in improving the living standards of the poor to follow a development path which improves economic growth and provides access to basic social services, experience shows that different priority needs among the poor demand supplementary, finely-targeted action—even where the poor are the majority. It is widely recognized that past social programs in Africa have mostly benefitted the urban middle class, a small minority of the population.

The benefits from targeting can be large, but they are never free.⁶⁰ The costs of administering a program can rise substantially when discriminating among beneficiaries. Real or anticipated changes in the distribution of costs and benefits by policymakers can cause individual behavior change. There also may be costs associated with taking part in targeted programs. Individuals hired under employment schemes, for example, must forgo other work income they might have earned had the scheme been unavailable. On the other hand, some targeted schemes may have important indirect benefits. The most widely accepted judgment is that the greatest weight should be given to gains to the poorest. Without imposing an explicit formula for aggregation, a simple tabulation of the likely monetary gains for each broad subgroup of the poor—ultra-poor, poor, near-poor—can be instructive. The ability to make clear quantitative assessments will vary greatly, depending on data availability, but a reasonably well-researched qualitative picture can be informative.

In order to hold down costs from fine targeting, indicators that are highly correlated with low incomes are needed. It is better to use correlates that are easily observed and difficult to manipulate. Employment and nutritional status, for example, are easier to manipulate than gender and old age. Combining several indicators often works to achieve a fairly high level of targeting without resorting to costly means-testing. The Grameen Bank credit scheme uses three criteria: female gender, landlessness, and rural residence. Combining several targeting methods also may improve results. While the selection of sector activities is one form of it, targeting in SAP/SFs has been approached in three different ways: (a) geographic targeting, (b) self-targeting, and (c) targeting through the selection of executing agencies. Estimates of probable administration costs, leakage and undercoverage should be made to determine which targeting option is the most appropriate in a given circumstance.

Geographic targeting

Geographic targeting is used to limit a program to specific areas, municipalities or neighborhoods within a country, based on their average welfare level. Geographic targeting can be inaccurate mainly because some of the non-poor live in poor neighborhoods and some of the poor in non-poor areas. If regions identified as a priority are too large and not homogeneous, targeting may remain imperfect. Simulations of the accuracy of geographic targeting show that both leakage and undercoverage diminish as the size of the unit used in decision making gets smaller.⁶¹ Setting up a full-scale statistical survey to improve geographic targeting helps, but is costly, time-consuming, and needs in-country capacities that are often weak in Africa. Very few programs in Sub-Saharan Africa have been based on such targeting at project launch because of a dearth of reliable disaggregated data at the local level.

SFs in Bolivia, Honduras, and Egypt established geographical targeting mechanisms early on. The Ethiopia Social Rehabilitation Fund is conducting a rapid assessment to identify priority areas for starting up promotional activities of the SF. With this exception, these rapid assessment techniques have not yet been used in the context of SAP/SFs, but they could represent an interesting way to support future geographic targeting at minimal cost.

Self-targeting

Self-targeted programs ostensibly make services available to all but are designed in such a way as to discourage the non-poor from using them. Paying workers at a below-market wage, requiring people to stand in line (time costs), and subsidizing a low quality product are examples of self-targeting; they are designed to induce the non-poor to self-select out of the program. The negative byproduct is that they may also discourage participation among the poor.

Although self-targeting may have lower administrative costs of identifying the poor, the costs of participation must also be factored in, such as forgoing other employment. Also, in the case of public works programs, contractor bias in recruiting workers can interfere, especially if the demand for unskilled labor is high. Imposing restrictions or quotas on hiring selection is difficult to implement when working through contractors, since enforcement is costly and uncertain. Furthermore, quality of workmanship may be lowered and supervision costs may rise if laborers are not those experienced in construction-related activities.

Targeting through choice of implementing agencies

Working with organizations that have extensive knowledge of local conditions and experience working with the poor can effectively enhance the benefits of these programs. Such organizations are often few in number and difficult to identify, as discussed earlier in this chapter. In many programs, attempts to work with grassroots NGOs have been limited by their limited capacities or difficult "fit" between the objectives and operating procedures of SAP/SFs and NGOs. Attempts to involve international NGOs have sometimes been hindered by the difficulties they face in working with governments.

Monitoring

Monitoring is linked to targeting because feedback from monitoring should help to better target activities funded under SAP/SFs, and improve their efficiency. Monitoring systems are integrated in the Zambia program, but also are important components of two newer programs: the Ethiopia Social Rehabilitation Fund (ESRF), and the Burundi Social Action Program (BURSAP).

Monitoring typically comprises three components: (a) physical monitoring, consisting of a follow-up of physical implementation in the field, (b) financial monitoring, a follow-up of all disbursements and transfers of funds under the operation, and (c) impact monitoring, which reviews the program's impact on its beneficiaries in detail. A good management information system (MIS) is an important element of both physical and financial monitoring. Improvements in implementation of Chad's PADS were contingent upon development of a MIS. AGETIP's experience also illustrates the necessity of a system for tracking subprojects. All programs provide for a mid-term evaluation, but rarely is the final and central issue—the impact on beneficiaries—fully determined. Impact monitoring is too infrequently viewed as a continuous process that feeds into program management. Such feedback is essential in orienting its promotion policy and determining criteria for subproject selection.

Ways to Improve Targeting and Monitoring

Beneficiary assessments

Beneficiary assessment is a promising tool for improving the targeting and monitoring of SAP/SFs programs. "Beneficiary assessment is a systematic inquiry into people's values and behavior in relation to a planned or ongoing intervention for social and economic change. This method draws heavily from the tradition in social science known as 'qualitative research'...that fundamentally depends on watching people in their own territory and interacting with them in their own language, on their own terms."⁶² Beneficiary assessment includes direct observation, incorporates simple counting, and is expressed in quantitative terms. Beneficiary assessment can help identify and select projects, better understand which groups are most in need of support and what their characteristics are, clarify the approach for the promotion of SF activities, and identify strategies for increasing program participation. A beneficiary assessment can be time consuming (6-8 months), so early preparation is needed.

Beneficiary assessment has been used to improve targeting and monitor SAP/SFs in Bolivia and Zambia, and will be carried out in Madagascar in 1994. The beneficiary assessment in Zambia was carried out by a multi-disciplinary research team from the Rural Development Studies Bureau of the University of Zambia. Using conversational interviews, participant observations, and focus group discussions, the team worked to remove biases, obtain qualitative information, and strengthen the quantitative database of the Social Recovery Project. For the specific objectives of the study—to examine, assess, and identify factors affecting project implementation and community participation—1,121 respondents and 24 community-level project committees were contacted.⁶³

Some of the findings of beneficiary assessment and subsequent actions taken by project managers were: (i) beneficiary communities were uninformed about subprojects and their implications (maintenance), so subproject launch workshops were initiated in communities; (ii) closer supervision was requested by beneficiaries, thus regional offices were established in each province; (iii) there was a trade-off between quality of workmanship and community participation, thus the project stipulated that skilled labor for construction and a quantity surveyor be contracted; (iv) closer involvement of district and line departments was needed, thus District Councils and Provincial Planning Units are to carry out one monitoring visit to each subproject per quarter, and District Development Coordinating Committees are to be involved in identification and monitoring of subprojects.

Rapid assessment

Rapid assessment (also known as Participatory Rural Assessment) is based on techniques developed by Robert Chambers. These techniques are similar to those used in beneficiary assessment, but because they are rapid by design, they lack the nuances of beneficiary assessment, especially with respect to the views and attitudes of beneficiaries. Despite this, they can identify programs and beneficiaries for targeting purposes and help monitor programs.

A rapid assessment was employed to help develop selection criteria and typologies for projects to be funded under the Ethiopia Social Rehabilitation Fund. The rapid assessment had two objectives: (a) a comprehensive assessment of the needs of the target population in the regions selected for ESRF operations; and (b) a review of the management and operational capacity of grassroots institutions, NGOs, and local agents of the ministries. The assessment was carried out in the field over a one-month period plus fifteen days for report writing. The team comprised social scientists, local officials and staff of NGOs.

Use of household surveys

Most SAP/SFs include a poverty monitoring component consisting of surveys with the broad objective of helping define social policy. The Priority Survey, a multisector indicator survey, can provide a basis for better targeting. The Priority Survey questionnaire can also be applied to a large household sampling to gather information on household composition, main income and expenditure patterns, employment and coping strategies, and living conditions (e.g., housing, education, and access to health services). Questions on SF participation can be included. The survey would then provide for household classification according to socioeconomic characteristics, (landless rural poor, urban poor, etc.). The characteristics of each household category, as well as its geographic

distribution, should foster improved targeting of SAP/SFs operations. Such a mechanism has been designed but not yet implemented in Egypt.

Use of surveys of beneficiaries

Among the many evaluations undertaken by the Bolivia ESF, the National Institute of Statistics carried out a survey of workers employed on ESF projects. The survey was based on 64 projects and a random sample of 600 workers employed on the projects. It produced results on how the poor have benefited from ESF-created employment opportunities, and included information on backgrounds of ESF workers, earnings and food expenditures in ESF households, and impact on the labor market in general.⁶⁴ This kind of evaluation could provide a better understanding of how some programs, such as the AGETIP, effect poverty reduction.

CHAPTER 5: SECTOR ACTIVITIES

This chapter describes the activities supported by SAP/SFs in Sub-Saharan Africa, presents preliminary findings of their achievements, and discusses recurring implementation issues. The types of activities supported by SAP/SFs typically fall within two broad categories: (a) employment creation and income generation, and (b) provision of basic social services. To manage the diversity among the 12 programs studied here, this chapter is divided into these categories. The term "achievements" here refers to the fulfillment of goals laid out in project documents, e.g. number of jobs created and health centers rehabilitated. Quantitative and qualitative findings are based on data from project documents and discussions with individuals within the World Bank involved in managing projects.

To make the chapter more relevant to project designers, the chapter focuses on design features, implementation strategies, and approaches that transcend or attempt to transcend recurring operational obstacles.

Two questions receive special consideration: (1) Who are the intended and actual beneficiaries and how successful are these programs in reaching them? and (2) What strategies or mechanisms in place or being developed will sustain the benefits of interventions? These two questions are prominently featured because data and analyses surrounding them that were scarce in the past are beginning to emerge, resulting in general observations that can be shared. Also, these questions are essential for assaying the success of these programs in achieving their over-arching objectives, which are supporting vulnerable groups during structural adjustment, poverty alleviation, emergency reconstruction and/or, in some cases, institutional strengthening. Finally, some general observations are presented regarding "lessons learned" and strategies that may help SAP/SF designers and managers avoid or transcend recurring obstacles.

A Multisector Approach

Most SAP/SF programs in Sub-Saharan Africa (and elsewhere) are multisectoral, reaching into education, health and economic infrastructure. A multisectoral approach is taken for a number of reasons. First, it reaches cross-sections of the population to include workers who gain employment through labor-intensive work programs, usually men, as well as women and young children who generally benefit more from health and nutrition activities. Second, positive synergy can be generated between components, such as when social sector infrastructure can be rehabilitated using labor-intensive work methods carried out by small private contractors. And third, some of the problems of poverty, such as food insecurity and lack of women's access to productive assets, are multisectoral in nature.

When delineating the range or "menu" of activities to be supported, SAP/SF designers must consider a number of factors, the most important of which may be implementation capacity. Programs that seek to be demand-driven and "bottom up" must have capacity among intermediaries to put forward proposals and manage subproject identification, implementation and supervision. In

this case the program is bound by the geographic location of intermediaries, their technical and sectoral concentrations and their willingness to participate, among other things. Programs that rely chiefly on government agencies and ministries for subproject identification and implementation are bound by the limited capacities (technical, administrative, financial, and participatory) of these institutions.

When capacity is unknown, which is often the case, designers may find it useful to initiate a pilot phase during which implementing agencies' capacities can be tested and lessons drawn. Designers must also be prepared to provide training and technical assistance to institutions during a pilot phase. Institutional strengthening is common to all SAP/SFs, but in some cases is directed only at central government institutions. Implementing NGOs or local organizations, such as municipalities, are likely to also require strengthening.

Employment Creation Components

There are three modalities of employment generation components in Sub-Saharan Africa SAP/SFs: labor-intensive public works, support to microenterprises for income-generating activities, and placement of laid-off public sector workers and unemployed graduates. Among these programs, labor-intensive works has received the greatest infuse of funds.

Labor-intensive public works

Labor-intensive public works are among the main activities funded under the first and second Senegal Public Works and Employment Projects (that support AGETIP), Ghana's Priority Works Project (a component of PAPSCA), Guinea-Bissau's SIRP and Madagascar's EMSAP. (The staff appraisal report of the Multisector I Project in Sao Tome and Principe indicated that labor-intensive works were to be carried out but most subprojects supported emergency social services delivery and were not labor-intensive. One component of Chad's PADS was supposed to use labor-intensive works but thus far has been capital-intensive.)

The labor-intensive works programs examined in this study differ from inveterate public works programs because they do not use "force accounts"; instead, small, private construction firms are contracted to execute works in accordance with well-defined norms on the use of labor-intensive techniques. Some programs are demand-driven in that local governments as well as central ministries identify and propose works (Senegal AGETIP, Zambia). Other programs are not demand-driven and finance projects put forward by central ministries (Ghana, Guinea-Bissau, Madagascar, Sao Tome and Principe).

Because these programs seek to work with small-scale private construction contractors, the autonomous status of implementing agencies has proven to be important for rapidly processing bids from a number of small-scale enterprises, awarding contracts expeditiously and without political interference, and accelerating payment to contractors. Performing these functions efficiently and with transparency is extremely difficult if cumbersome government procedures must be followed. A primary reason for AGETIP's success was its insulation from politics and Senegal's clientelistic public sector.⁶⁶ Conversely, Ghana's Priority Works Project was integrated into government ministries and agencies and consequently faced immoderate delays in implementation during its first

years. In Sao Tome and Principe, the SIF was highly autonomous on paper, but experienced numerous problems in the first years of implementation when its autonomous status was not respected. Legal changes were instituted recently to rectify the situation.

Achievements of labor-intensive works

Among the achievements of the labor-intensive works programs in these 12 programs has been their contribution toward (1) generating employment, (2) rehabilitating or constructing social and economic infrastructure, (3) building the capacity of small, local contractors, and (4) in the case of AGETIP, demonstrating to government agencies and ministries more efficient contracting procedures.

Chart One

Program	Value of Contracts <i>millions of US\$</i>	Number Jobs Created	Man-Days of Employment	Cost per Job Created US\$ ¹
Senegal AGETIP	34.8	66,000	1.9 million	527
Guinea Bissau SIRP	8.6	365 ³	.450 million ⁴	
Madagascar EMSAP ²	5.9	7,500	2 million	786
Ghana Priority Works	21.0	10,000 ⁵	2.5 million	2,122

1 This figure is derived from dividing the total value of contracts by the number of jobs created.

2 EMSAP has approximately one more year of implementation, so these figures are estimates of what will be reached by project closure.

3 This is permanently employed. No figure is available on temporary jobs.

4 Project documents recorded the figure in man-years for Guinea-Bissau (1500 man-years) and Ghana (8,472 man-years). This figure is calculated at a rate of 300 man-days to a man-year.

5 This figure is derived from dividing the value of contracts by the cost per job created.

1. employment generation

Labor-intensive public works programs contributed to government efforts to generate employment. Chart One indicates that AGETIP was by far the largest program in terms of total value of contracts, 9.75 billion CFAF (\$34.8 million), and number of jobs created. Senegal's public works projects absorbed an average of about 5 percent of the unemployed in the ten largest urban areas where AGETIP worked.⁶⁶

In terms of number of generated man-days, EMSAP and AGETIP were very close while the amount of funds invested were dramatically different (\$34.5 million versus \$5.9 million). The greater influx of funds relative to man-days of employment may in part be a consequence of lower productivity in Senegal but is also likely to result from higher costs across the board in Senegal as compared to Madagascar. The variations between number of jobs created indicate that workers were employed longer in EMSAP (6 to 9 months as estimated by the World Bank's project manager (task

manager), versus 29 days on average in Senegal). Without knowledge of the labor-content of both programs it is impossible to draw conclusions about their cost-benefit.

One of the key indicators for measuring efficiency of labor-intensive works is cost per job created, and AGETIP's \$527 and Madagascar's estimated \$786 are a significant achievement in Africa. Although the comparative costs in Ghana (\$2,122) are close to four times greater than in Senegal, they are just 32 percent higher than was estimated at appraisal. The Priority Works Project Completion Report (PCR) indicated that employment generation in Ghana was a significant achievement "given the volume of startup administrative difficulties, and the limited technical and financial capacity of local contractors."

Another important indicator when looking at efficiency of works programs is labor content as a percentage of subproject costs. AGETIP was able to surpass its 20 percent target at appraisal, and reached 27.19 percent. Figures are not yet available for other programs. Again, when making comparisons, it is important to take into account the relative costs of labor between countries.

It is also important to keep in mind when making comparisons about efficiency of labor-intensive works the quality of work. There is no evidence yet from these 12 programs that standards of construction were sacrificed due to the use of small-scale contractors and unskilled labor instead of large contractors and capital intensive construction techniques.

Works programs are also judged by their cost-effectiveness. One of the criticisms of Ghana's Priority Works Project was that the objective of creating employment was allowed to overrule issues of construction practicality and economic efficiency, and equipment-intensive construction would have been more cost effective for some works. Program designers should consider the appropriateness of employing a combination of labor-intensive works with use of light equipment. They also must limit the menu of works to those that can be carried out using labor-intensive construction techniques without sacrificing quality of workmanship and cost-effectiveness.

One of the shortcomings of the labor-intensive works programs examined here is their inattention to monitoring and evaluating social aspects. For example, it is very difficult to disaggregate actual beneficiaries by gender, age and poverty level. Most workers appear to be unskilled urban men, yet no data exists to describe their poverty level (poor or poorest of the poor) for any of the programs. Anecdotal evidence suggest that women are poorly represented among paid laborers. A good strategy to respond to this shortcoming may be to ensure that a monitoring system to record socioeconomic data on paid laborers is in place, such as one that incorporates rapid surveys of beneficiaries, as was successfully carried out in Bolivia, and use of beneficiary assessment, which is planned for Madagascar. While this alone cannot redress discrepancies, it indicates the project's success in reaching intended laborers. (These techniques were discussed in Chapter 4.)

Low wages is one way of targeting the poor in a public works program, but experience gained elsewhere in Africa suggests that low wages alone may not be sufficient in attracting the poor. In Kenya's Minor Roads Program, for example, workers were attracted as much by a particular wage as by the prospect of securing continuous wage employment that offered a regular cash flow and saved them time in searching for casual work. Location of work in the vicinity of residence was also a determining factor, as was the ability to make adjustments in labor supply to ensure their ability to continue working on their farms. As previously noted, targeting is also complicated when contractors are allowed to make hiring decisions, as their preferences may not be consistent with a

project's target group. To reiterate, monitoring and evaluation are necessary in order to gain greater understanding of factors facilitating and inhibiting participation by intended beneficiaries.

In summary, most of these programs were effective in fulfilling their short-term goals of creating temporary unskilled jobs. Labor intensive works can provide some temporary relief, even lasting security for a small segment of the unemployed, but other methods to provide employment to the bulk of the unemployed and underemployed must be taken. Though creation of long-term, productive jobs was not an explicit objective, at least in Senegal and Guinea-Bissau where the small private contracting industry has been strengthened through execution of labor-intensive public works, there is potential for short-term laborers to extend employment under ongoing maintenance and with new contracts.

2. rehabilitation of social and economic infrastructure

The infrastructure constructed or rehabilitated under labor-intensive work programs provides another benefit. The types of works done by these programs include road construction, sanitation and water supply, draining works, sites and services, street improvement and rehabilitation of schools, primary health facilities, markets and other urban community facilities. Available analyses and anecdotal evidence suggest that works undertaken have met a pressing social or economic need and not merely been to provide a hand-out for digging a hole and refilling it.

General criticisms of the labor-intensive works programs examined for this study, however, are (a) urban bias, while poorer rural areas continue to be neglected, and (b) within urban areas, insufficient targeting of subprojects resulting in less work and fewer benefits through improved services or increased access to facilities for the poor and the poorest of the poor.

Among the factors contributing to an urban bias is the geographic targeting of densely populated areas badly in need of sanitation and urban works. Some programs were targeting urban groups because of their potential vocal opposition to structural adjustment. The small number of SMEs in rural areas to carry out works as well as the difficulty of supervising works in remote locations also contributes to the concentration in urban areas. In the labor-intensive public works component of EMSAP, the lack of small contractors and the high cost of supervision and training resulted in long implementation delays for subprojects in one of the poorest and most remote regions of Madagascar. This case illustrates the trade-off that SAP/SFs frequently face in trying to assist those most in need versus assisting those easiest to reach.

Senegal AGETIP managers looked primarily at the unemployment level and did not concentrate efforts solely on the most infrastructure-poor areas when selecting areas of intervention, since the mandate of AGETIP was to generate employment. Projects stretched outside the capital, reaching a total of 10 urban areas of the country. Experience gained thus far in Sub-Saharan Africa suggests that creating incentives for firms to work in remote locations, and devising mechanisms for ongoing maintenance and operation in rural areas is needed to adapt labor-intensive works to the rural context. Trade-offs may be unavoidable, but Asia's experience shows that public works can be beneficial as a social security mechanism in rural areas. The Maharashtra scheme in India and the Public Works Program in Bangladesh are two examples.⁶⁷

A general criticism of Ghana's PAMSCAD, including the Priority Works Project, is that targeting was inadequate with regard to the socioeconomic and gender characteristics of beneficiaries, to the allocation of resources to disadvantaged regions and districts, and between rural and urban areas. The fact that the poor are not concentrated in any particular areas complicated targeting. While any repaired infrastructure may be considered a positive return regardless of which income group accrues direct access, such a result is obviously inconsistent with SAP/SF objectives of poverty alleviation.

The Priority Works Projects financed a total of 271 subprojects to improve badly deteriorated urban roads in four project cities, resulting in higher property values which should lead to increased property rating revenue for the metropolitan authorities, but does not directly benefit those unable to afford property. Reduced vehicle operating costs, reduced travel time and reduced traffic congestion and accidents also benefits those who can afford vehicles, a category that excludes the poor. The urban upgrading component provided basic amenities of water supply, drainage, refuse collection, sanitation, street lighting and accessibility in two of the poorest areas of Accra and Tema, but upon completion, the project documents showed that the main benefit was the estimated tripling of property values.⁶⁸ While these are positive results, the developed urban site was subsequently sold to the local public housing company for more intensive consolidation of high-rise medium-income housing, so the poor did not accrue benefits. The Ghana experience illustrates that greater targeting is needed to ensure that more of the benefits of improved infrastructure accrue to the poor.

3. strengthening the capacity of small private contractors

Another positive outcome of these programs has been their creation or strengthening of a network of small-scale enterprises capable of undertaking labor-intensive public works. By the end of the first Priority Works and Employment Project in Senegal, a total of 220 small and medium enterprises, many of which were newly established, had won work and consultancy contracts with AGETIP. Madagascar's labor-intensive works program enabled 80 enterprises to acquire experience in executing public works which qualified them to participate in another Bank-supported project, the SECALINE Fond de Developpement. Although strengthening the capacity of local contractors to bid on and carry out works was not an explicit objective of SIRP, a Guinea-Bissau Ministry of Planning and International Cooperation report noted that the project,

"influenced and improved the operations of the small and medium contractors, be it in the form of contracting procedures, the payment of advance contract installment to the contractors upon presentation of bank guarantees, the transacting of banking operations in diverse foreign currencies, or the contracted firm's heightened responsibility and provision of guarantees for the good performance of its work."⁶⁹

A number of contractors in Guinea-Bissau established modern management systems using microprocessors. Some contractors adopted a salary system based on productivity which resulted in greater worker output and stimulated skilled labor. Of the 28 construction companies awarded contracts, nine were newly formed, and most were small- or medium-sized local firms.

In addition to devising a competitive bidding system and allowing small contractors to bid, labor-intensive works programs have taken additional steps to facilitate small contractor participation.

In Senegal, a program of training and technical assistance was devised to enhance contractors' capacity to prepare solid bids, thereby saving AGETIP time dealing with unacceptable, poorly prepared bids. Basic management courses were offered to contractors as well as job-site related technical assistance on specific construction techniques in order to improve their ability to manage business operations and increase productivity. The training program reached approximately 1200 individuals representing more than 500 contracting firms.⁷⁰ One of the lessons of these programs is it is essential that training is carefully planned to respond to the diversity of construction capacities and small business management and that it be closely linked to on-the-job tasks. Training of small and medium-sized contractors in Madagascar had minimal impact on strengthening the capacity of contractors because it was not sufficiently linked to day-to-day operational skills.

Another step taken by AGETIP in working with small contractors was to prequalify contractors and consulting engineers eligible for local competitive bidding. When registering, they provided information on their contracting capacity as well as a list of references, the category of work for which they were applying, and the geographic operating location. This roster helped streamline the bidding process. Procurement was done through local advertisements and all pre-qualified contractors were invited to bid. AGETIP also substantially simplified bidding procedures and documents, compared with those used in the Senegalese administration, permitting SMEs to compete. AGETIP engineers provided unit cost estimates in bidding documents as a guideline for less sophisticated contractors. Bids with unit prices 15 percent lower than the estimate required specific justification to avoid inexperienced contractors submitting unrealistically low bids. Furthermore, model contracts devoid of complicated terminology and legal jargon were used for all subprojects.⁷¹

Timely payments to small contractors with limited liquidity are critical if the local contracting industry is to improve. After two years of problems and delays, the Ministry of Public Works set up special payment procedures which dramatically reduced payment time from four or more months to 15 days for EMSAP; Guinea-Bissau's Management Unit was able to pay contractors, on average, within three weeks; AGETIP, less than 10 days.

Rapid payment of contractors effects costs as well, as usually when contractors do business with governments they calculate anticipated government delays into their costs. AGETIP estimates that streamlined procedures result in 15-25 percent savings on subproject costs because entrepreneurs know they will be paid within ten days.

In contrast to AGETIP's easy-to-use contracting system, Ghana's Priority Works Project was characterized by protracted contract approval and award processes which caused it to finish two-and-a-half years behind schedule. The government was not equipped with a system for handling bids from micro-contractors; authorities were unfamiliar with World Bank procurement guidelines; co-financing arrangements required making four separate payments to contractors; and the sheer number of contracts burdened the implementing agency with an enormous workload. A subproject financing the channeling of Nima Stream, for example, was subdivided into four different contracts to encourage employment of relatively small labor intensive contractors. However, the contractors were not sufficiently liquid to survive the delays in payment which occurred due to complex co-financing arrangements of the project, and all four contractors went bankrupt, resulting in a final subproject cost that was 87% higher than appraised.⁷² Due to these difficulties, only a small portion of the contracts under the project actually went to micro-contractors, limiting its beneficial effect on the small local construction sector. A positive development was that the Project Units and contractors

were made more aware of the benefits arising out of a disciplined contractual process, and the metropolitan municipal authorities gained replicable project implementation experience.

In summary, programs that seek to work with small scale enterprises may need to invest in special training programs to enable participation by small contractors and should simplify bidding, contracting, and payment procedures. Institutional autonomy is very important to obtain these special procedures, which can be elaborated in a manual of operations.

4. demonstration effect

With managerial autonomy, private sector orientation and redesigned procurement and disbursement guidelines (including unit pricing), AGETIP was able to substantially reduce the costs of providing employment opportunities to low-income workers in comparison to government programs. Cost overruns represented just 1.2 percent during the first AGETIP portfolio, which is significant compared to the public procurement system where cost overruns amount to 15 percent of original estimates.⁷³ Furthermore, whereas the public administration takes six months to complete bidding and procurement procedures AGETIP has been able to complete them in two months. While efficient methods have been demonstrated in other countries as well, the efforts to transfer these lessons to other public agencies have been minimal.

Sustainability of works

SAP/SFs are characterized as emergency or medium-term programs and are therefore not designed to stimulate complex institutional reform to respond to sustainability issues. In the past, resources for maintaining works and covering recurrent costs in the medium to long term (i.e., after the project has closed) were advanced from ministerial budget outlays. However, it is increasingly evident as government resources shrink that ministerial pledges are not enough to ensure recurrent costs are met and rehabilitated facilities are maintained.

Even though the programs examined here finance mostly rehabilitation of *existing* facilities, available government resources have dwindled so much that even without expansion of new construction, meeting recurrent and maintenance costs is an arduous task. Projects tend to evolve over a number of years to create mechanisms to cover recurrent work costs since the highest priority in the first year or two of a project is the generation of rapid employment. Alternative strategies to secure resources for sustaining works are to develop cost recovery systems and to secure external resources (donor).

1. cost recovery schemes

In theory, cost recovery sounds like a logical, viable strategy for these programs when they result in functioning water and power supply and other public services. But, project managers have encountered a number of obstacles, including a providential welfare state history in which citizens were not required to pay for many social services. Cost recovery is also affected by diminishing resources at the central level. When rehabilitated schools lack textbooks or teachers, or health personnel in clinics go on strike due to government delay in paying salaries, the public, as customers,

are reluctant to pay for services. In the Senegalese case, the World Bank anticipates rehabilitated urban services to result in cost recovery through greater taxes and user fees. Central authorities, however, will have to first delegate certain of their tax collection responsibilities to the local level. Thus, obstacles to cost recovery can be quite complex and take years to transcend. Furthermore, functioning of a cost recovery system is contingent upon progress in rehabilitating facilities or executing works, and as mentioned, some of these programs have experienced delays in implementation, delaying cost recovery. One of the strategies for increasing the likelihood that works were maintained in Senegal after subproject completion was to stipulate that localities were ineligible for additional AGETIP funds if they could not prove that previous AGETIP-funded facilities were still operating.

2. external resources

Another approach to securing resources for maintenance and other recurrent costs is relying on donors to contribute additional funding. When resources are distributed in an efficient, effective way with the private sector participating, as is the case with AGETIP, willingness on the part of some donors to confer funds for recurrent costs may increase. However, this should be seen as only a short-term solution. Supporting a parallel or follow-up project that indirectly supports alternative funding mechanisms, such as a project to bolster municipal governments, may be a better strategy. This is being tried in the Second Public Works and Employment Project in Senegal where municipalities are required to enter into a 50% cost-sharing agreement for AGETIP-funded subprojects. (The 50% requirement is less for the poorest municipalities.) Furthermore, an incentive fund through which IDA will match municipal savings is being set up to encourage greater financial responsibility and increase management skills in municipalities. In some cases, rather than trying to attach such a program to an SAP/SF, undermining its capacity to do other things well, it may be more suitable to support a separate project.

Sustainability of the approach

Next to sustainability of the works is the sustainability of the private contracting approach to construction. Sustainability of the labor-intensive approach is contingent upon continuous demand for SME services. One means of generating this demand is to encourage governments to institute labor-intensive public works as a normal procedure in undertaking simple infrastructure construction and maintenance. The Maharashtra public works program in India is in place as a permanent social security mechanism: Through labor-intensive works the marginalized rural population was employed and assets were created that are productive and capable of creating long-term employment. Asian experience also shows that well-executed irrigation and flood control projects can have a significant effect on both crop production and long-term employment.⁷⁴ AGETIP is moving in this direction as well. A second method for promoting SME demand is extending the range of activities beyond public works to equipment of social infrastructure (e.g. providing blackboards and desks to schools), as Guinea and Sao Tome and Principe are doing.

Summary of general observations

- Labor intensive works provide some temporary relief, even lasting security for a small segment of the poor, but such programs are not enough to resolve unemployment.
- When these programs seek to work with private construction contractors, the autonomous status of implementing agencies is very important in order to develop efficient procurement, disbursement and contracting procedures and to guard against political influence.
- Special design features can help make the administration of public works easier and more amenable to small private contractors. Basic training for contractors, prequalified contractors and engineers, simplified bidding documents, model contracts and unit costs estimates can help accommodate less sophisticated contractors as well as diminish delays. An operational manual that stipulates procedures is needed prior to launching a program.
- Rehabilitation and construction should be conceived as a continuous maintenance program and not just a one-time intervention. Program managers should incorporate sustainability of works into the design stage of SAP/SFs and devise concrete means of sustaining facilities.
- Creating incentives for firms to work in remote locations, and devising mechanisms for ongoing maintenance and operation in rural areas are necessary to adapt labor-intensive works to the rural context.
- Extending the range of project activities to include equipping of social infrastructure and encouraging governments to institute labor-intensive public works as a normal part of infrastructure construction and maintenance can generate greater demand for SME services, contributing to long-term employment.

Support to Microenterprises

Low income microentrepreneurs were assisted through SAP/SFs in Chad, Ghana, Sao Tome and Principe, Somalia and Uganda. The microenterprise/income-generating programs were small in volume, comprising just 6 percent of the overall SAP/SF funding of programs reviewed in this study. Two types of assistance were common to this type of assistance program: financial (micro-credit) and technical, including training. Financially viable micro-credit programs supporting income-generating activities for the poor are rare, as the following section elucidates. This partially explains why they have received small portions of SAP/SF resources. Programs providing training and TA to microenterprises and intermediaries have experienced fewer implementation problems than micro-credit, and have the potential to support long-term employment.

1. micro-credit⁷⁵

Small-scale credit programs (including credit to small and micro entrepreneurs) in Africa, whether part of a SAP, SF, or other program/project, are difficult for several key reasons: the reluctance of commercial banks to get involved, poor history of loan repayment, and geographical dispersion.

Commercial banks that typically deal with large private commercial interests and state-owned enterprises are reluctant to work with micro and small businesses because of high transaction costs. To overcome this problem, experienced alternative financial intermediaries (few of which exist in Africa, unfortunately) are needed to provide sub-loans and to operate a credit delivery system over the long-term. For example, the PADS in Chad worked successfully with an NGO, Volunteers in Technical Assistance (VITA), making loans to small and microentrepreneurs for ten years and acting as a financial intermediary for its credit component. Without available intermediaries, government may have to provide incentives to attract NGOs with a history of skills and success in other countries to the region. Time and resources must also be invested to improve NGO capacity by enabling them to observe and learn from successful small-scale credit programs.

Another reason small-scale credit is difficult is its poor history of loan repayment: in many schemes, borrowers have little understanding of their obligations due to lack of a experience in a credit culture, attributed in part to a history of government hand-outs. Repayment rates were low in one of PAMSCAD's credit facilities, operated with UNDP, because some beneficiaries, redeployed workers, did not feel obligated to repay, believing instead that they were owed assistance.

When commercial banks do become involved loans are often guaranteed by the government. This diminishes incentives to collect from borrowers and contributes to the history of poor loan repayment. To overcome this problem, intermediaries must have incentives to make loans to small and micro-borrowers while also assuming risk for failing to collect, an arrangement which might be facilitated if the government finances partial transaction costs in proportion to collection rates.

A third reason behind the difficulty of implementing small-scale credit programs is geographical dispersion of potential borrowers, especially in rural areas, which complicates the outreach and collection of information needed to assess risk. Time and resources must be calculated and expended to overcome this problem, as was done in Chad. Two years ago, VITA initiated credit operations in Moundou in southern Chad and later hired two female loan officers, resulting in a significant increase in demand for micro-credit in the region.

2. technical assistance and training

TA and training may go directly to microenterprises or intermediaries (private groups, government institutions and NGOs, including cooperatives) who carry out microenterprise support activities. Training for entrepreneurs may be free standing or tied to credit. In Chad, VITA provided TA and training in bookkeeping and accounting to loan recipients. In Somalia, NGOs provided training and TA not tied to credit to disabled and women micro-entrepreneurs. Perhaps the most successful program of this type is the support to small contractors in Senegal, described earlier, in which training is tied to AGETIP bidding and contracting and seeks to improve small business management. About 1200 individuals have benefited from that program.

The program in Madagascar that provided training to small construction companies was less successful largely because training was not oriented toward day-to-day operations. Another microenterprise support program that experienced problems was also in Chad, where the program became over-extended and was not conceived in the macroeconomic setting. A sub-component of Chad's Social Development Action Project supported technical assistance for microenterprises. A French NGO, GRET, established and launched a technical support center in the Ministry of Labor

and Employment in order to assist microentrepreneurs in adopting technologies that would promote new, productive activities and create employment. The program proved very costly in terms of required technical assistance as program managers learned they had to diversify their assistance and provide business support as well as technology to entrepreneurs. One of the lessons here is that forms of assistance should be limited to those having the greatest impact on recipients. Furthermore, assistance expansion can over-extend the service deliverers' capacity and undermine effectiveness and efficiency.

Additionally, program managers in Chad were also reminded that it was important to ensure that assistance to entrepreneurs, technical or financial, be offered in cognizance of macroeconomic policies. In Chad, for example, macroeconomic policies undermined recipients' incentive to go into productive enterprises since neighboring Nigeria's more dynamic business environment and an over-valued exchange rate lured Chadian workers into trade instead.

Some of the programs examined under this study have supported technical assistance to intermediaries who support income-generation activities for the poor. Especially in areas where intermediaries lack experience providing credit, predominantly the case in Africa, capacity building efforts have proven to be of critical importance. Where the project includes only a few large intermediaries, technical assistance is generally formal and specific. Where there are many diverse intermediaries training is more complex. In Sri Lanka's Janasaviya Trust Fund Project, the SF trained intermediaries in social mobilization of the poor, credit management, accounting, auditing, identifying potentially productive activities, and linking small rural producers to markets. In Burundi, the SAP assists coordination of local NGOs and provides funding for NGO staff training to increase NGO capacity to assist small enterprises and undertake small public works projects.

Experience gained thus far cautions that microenterprise support is an expensive undertaking in all cases, and one which requires careful assessing during project preparation. Careful consideration must be given to whether the fund is equipped with sufficient staff and resources to work with intermediaries and microentrepreneurs or whether training or other types of assistance should be contracted to a qualified NGO or other institution. Unlike credit programs, implementing agencies already in place and experienced in the logistics of training and TA programs are more numerous in Africa. Using private sector executives as trainers to ensure that what is taught is practical and current has contributed to the successful programs in Senegal and the Multiple Support Service Program in Mexico.

Achievements of microenterprise support programs

The microenterprise support programs examined here had limited success providing credit to poor micro or small enterprises in terms of volume of funds loaned, number of intended beneficiaries reached, and development of financially viable credit delivery systems. The PAMSCAD component in Ghana worked with UNDP and delivered loans averaging \$2,860 largely to urban female beneficiaries, but the credit did not reach the poorest enterprises. Another component of PAMSCAD supported agricultural rehabilitation credit for peasant farmers which financed and provided equipment for two farmers' associations in the Northern and Volta Regions. This is one of the few PAMSCAD programs to have benefited the hard core poverty group, but the number of beneficiaries was still small—just 360.

Among the credit programs examined here, only Chad's credit assistance program can be considered fairly successful. Between 1984 and 1993, VITA channeled \$5 million through 3,770 loans, 72 percent of which have gone to women (24 percent of total dollar value). Clients are working poor operating existing enterprises (not new start-ups, though new operations are not automatically excluded). Loans have ranged from micro-sized (less than \$300) to large amounts ranging from \$2,000-\$5,000. Repayment has improved to 94% during phase three of the program (1990 to present), up from less than 80% from 1984 to 1990. Poor recovery was due mostly to the fact that VITA lacked staff to monitor borrower activities of agricultural production loans made to farmers.

VITA has successfully generated some employment, strengthened the capacity of microentrepreneurs, and contributed to filling the enormous credit gap for the poor. VITA estimates that the \$5 million disbursed through loans has created 2,568 permanent jobs. The average cost per job created was \$2,690, quite high in comparison to the GNP per capita in this poor country (\$220), but it is almost half of the \$5,000 per job threshold considered successful in less developed countries. The number of jobs created is undoubtedly less than a successful labor-intensive works program of comparable resources, but a successful microenterprise program has greater potential to generate employment for the medium- to long-term, while a public works program produces mainly temporary employment. Furthermore, women, underrepresented in labor-intensive works programs, are well represented here among direct beneficiaries. There was also evidence of improved productivity and greater business profitability among loan recipients. The impact of this particular program on recipients' families has not yet been measured, however other successful micro-credit programs demonstrate that women invest additional income in improved household nutrition and education. The Grameen Bank in Bangladesh is the most notable example of this.

The World Bank estimates that VITA has made loans to 11% of micro and small business entrepreneurs in N'djamena.⁷⁶ While demand for micro-credit is much greater than VITA's capacity to supply it, the project's accomplishments are significant in light of the current socioeconomic climate in Chad, and of the limited success of other African credit programs. The cost per dollar lent is very high (\$1) but borrowers have shown themselves to be credit worthy and capable of using credit effectively to buy inventory, machines, etc; many loan recipients have graduated to larger amounts of credit. Perhaps most important, the program is the only structured supplier of financial services in the informal sector in Chad. VITA is moving the program toward the status of an independent Chadian NGO with less technical assistance than in the past, and plans to raise interest rates and loan fees to make the program less dependent on subsidies.

Summary of general observations

Though the number of programs is small and their success limited, planners of microenterprise support components will want to keep the following in mind:

- Results are difficult to achieve in the short-term, so microenterprise support programs should not be misrepresented as mechanisms able to reach large numbers of beneficiaries rapidly; and mechanisms ensuring continuing activities in the long term must be in place.

- Careful consideration must be given to whether fund staff should provide TA/training or it should be contracted to NGOs, private institutes or government agencies.
- An important ingredient in designing better micro-credit programs is a focus on the institutions. The African commercial banking sector cannot play the critical role as financial intermediary. A strong institution already on the ground with specialized skills and experience in delivering micro-credit is needed. When such an institution is unavailable, attracting experienced alternatives becomes a priority, and time and resources should be invested in building the capacity of smaller, inexperienced institutions. Under these circumstances, it may be appropriate to approach micro-credit in a pilot phase.
- Credit delivery should be demand-driven. Assistance to microenterprises should not be confused with a welfare handout in which one group is exclusively given assistance because of their status. A selective screening process for assessing loan eligibility based on merit of credit recipients to operate small enterprises is essential.
- Cheap money does not inspire commitment. A credit program must be run as a business that bases service rates on the costs of providing those services.
- Subsidies to small-scale credit programs may be justified on an on-going basis to cover training and support costs.
- Mobilization of savings to increase financial viability is needed but is possible only when a sound commercial credit delivery system is in place to create a sense of security among depositors.

Assistance to Laid-Off Workers

Cameroon, Guinea-Bissau, Madagascar and Senegal have components to support the placement of laid-off public sector employees and unemployed graduates. These urban-based programs aim at providing assistance to conjunctural poor worse off because of structural adjustment, and are not aimed at structural poor. While these programs may offer the same types of assistance as the VITA program, they differ because they do not adhere to precise selection criteria. Such programs are not autonomous but are instead administered by a special unit within a ministry. Usually they consist of (1) compensatory assistance, (2) advice and training, and (3) placement services or credit for self-employment. NGOs have not assumed an intermediary role in these programs.

Achievements of support programs for laid-off workers

It is difficult to evaluate in concrete terms the achievements of support programs to laid-off workers because their objectives are often political in nature. As explained in Chapter 3, these programs are usually tied to the political economy, i.e. support for structural adjustment. Furthermore, although the programs examined here have mixed success in terms of number of

beneficiaries reached, duration of employment secured, and cost per job created, it is also important to keep in mind that one of the benefits gained is down-sizing of future government payroll.

The limited success of Senegal's National Employment Fund (FNE) is illustrative for program designers. The FNE provided advisory services and bank-managed lines of credit (\$10,000 or \$50,000) to subprojects providing opportunities for placement and reemployment for laid-off workers. Over 1,000 jobs were created at an expensive cost of \$11,000 per job (about the same as for the BARAF in Guinea), but almost one-third of enterprises failed in the first year.⁷⁷ The FNE was unsuccessful mostly because it was conceived as a program for emergency handouts aimed at responding rapidly to immediate needs with little attention to building durable delivery systems. The program had serious institutional problems from the beginning. While the eligible groups were clearly defined, no systematic selection process kept lending from being based largely on personal or clientelistic criteria rather than economic viability. The FNE also lacked a mechanism of accounting for expenditures or following up on loan results, making abuse common and feedback to managers so absent that no corrections could be instituted to make the system more efficient. The FNE worked with state banks whose financial situation closed them down. New banks took over, but the transfer of responsibility created problems: files were lost in the process, follow-up of borrowers' repayment was interrupted, and treasury funds were slow and irregular in reaching banks. Senegal's FNE reached 496 workers, 5 percent of those eligible for assistance: less than 19 percent were women and 80 percent were Dakar residents. An important lesson learned was the necessity for selection criteria and procedures in distributing assistance, and for a monitoring system to follow up and ensure funds were used for their intended purposes.

The program in Cameroon targeted laid-off workers as well as young graduates, dropouts and other unemployed. Progress was severely hindered by donor suspensions and the lack of counterpart funds, which resulted in a year of arrears for the implementing agency, the National Employment Fund, in paying its utilities, rent, and several months worth of paychecks. Its operations ground to a halt and the World Bank canceled the loan supporting the program, though the government is committed to carrying on with its own funds. By September 1993, just \$780,000 of the \$30 million for this component had been distributed, and only 718 persons had benefited from training, but it is unclear whether they obtained gainful employment and which target groups they are from.

In the first year of PAMSCAD's training scheme for redeployees, concerns were expressed over insufficient training equipment, over the cumbersome and time-consuming process of procuring and delivering tools and equipment to training sites, and over the fact that training skills were inconsistent with labor market demands. The lesson learned was that training programs should be tied to the current labor market, and implementing units must run efficiently. When programs take many months to provide promised assistance, workers must find their own way into the economy and others are deterred from requesting assistance.

In contrast to these problematic programs, Guinea-Bissau's Reorientation Unit was more successful in meeting its numerical target. Two-thousand laid-off civil servants and other unemployed were registered at the Reorientation Unit of the Ministry of Labor, 80 percent of the SIRP target. Of those, 580 persons were retrained, 85 percent of whom found new employment, a notable achievement. Whereas the programs in Cameroon and Senegal provided a monetary hand-out but lacked a screening process, the Reorientation Unit achieved greater success because it focused on screening workers for training and job placement. (Senegal's FNE and Madagascar's EMSAP were designed to provide training but none took place.) It also successfully placed workers because it

based training curricula on assessments of labor-market demands. Some trainees, for example, were placed on construction sites of SIRP-funded infrastructure works and other projects. The Reorientation Unit set up training courses for workers, which were implemented by existing training institutions rather than integrated into curricula at formal institutions. Courses were offered in micro-processing, accounting, secretarial skills, carpentry, civil construction, welding, electricity, plumbing and hairdressing; on-the-job training was also arranged to improve workers' construction skills. Finally, the program also benefited from providing trainees a small stipend to enable them to dedicate their time exclusively to training, reducing the number of dropouts.

Madagascar's program for redeploying professionals has also had success in meeting quantitative targets, but it is too early to measure the quality of assistance. At project appraisal, an estimated 7,000 public sector employees were to be laid-off due to public sector reforms. However, the slow pace of privatization has meant just 4,000 laid-off employees have received assistance and fewer than 500 more workers are expected to be processed in the next year. (Similarly, the assistance program was dropped in Chad when the restructuring of public enterprises did not take place to the degree envisaged at appraisal.) Workers in Madagascar received equipment to encourage their return to the rural areas at an average cost of \$900 per worker, two to three times higher than the estimated costs of on-the-job and institutional training planned at project appraisal. It is unclear why training was not provided and how useful equipment was in preparing recipients for gainful employment. Explanations should be forthcoming upon completion of a beneficiary assessment in 1994.

Summary of general observations

- Neglect of the institutional aspect increases the risk of unsustainability of laid-off worker support programs. When credit delivery is part of assistance programs, an NGO or some institution with the requisite skills and experience in providing credit should be contracted to administer such a program. Credit programs should be based on a well-evaluated feasibility study and provided only to the adequately skilled and unemployed.
- Training and job placement programs are more successful when data on manpower requirements in various economic sectors are available as well as good screening procedures linking skills and training to in-demand jobs. Such data gathering requires time, resources, and know-how and should be undertaken prior to initiating an assistance program. The emergency nature of programs and their link to highly political structural adjustment programs means time needed for data collection and analysis is not always adequate.
- Greater follow-up and evaluation of assistance programs is needed to draw conclusions on who is benefiting, impact on employment generation, and sustainability of benefits.

Provision of Basic Social Services

As indicated in Chart Two below, almost 90 percent of the total value of subprojects funded in Sao Tome and Principe's Social Infrastructure Fund, 65 percent of funds for Guinea's Pilot Program, and 90 percent of the total number of subprojects in Zambia have gone to basic social services. Most of the activities funded under these subcomponents are in health and education with few in nutrition and sanitation. The distribution of essential drugs, provision of education materials,

and rehabilitation of basic infrastructure are the most common types of activities. Rehabilitation of social infrastructure is integrated into a labor-intensive works program in a number of countries (Chad, Guinea-Bissau, Guinea, Sao Tome and Principe). Other SAP/SFs take a community participation approach (Zambia, Uganda, Ghana, Guinea) to social infrastructure rehabilitation with greater reliance on self-help and local level institutions and less consideration for rapid employment generation. Since labor-intensive works were discussed earlier, greater emphasis is given here to participatory approaches.

Chart Two

Percentage of total value of subprojects financed by project¹

	Education	Health	Water Supply	Sanitation	Other
Zambia ²	70 <i>construction</i>	11	5		
Sao Tome and Principe	30 <i>textbooks educ planning</i>	36 <i>disease control drugs</i>	23		
Guinea Pilot Program	41 <i>construction</i>	24 <i>construction</i>			
Guinea-Bissau	30 ³ <i>.03 materials</i>	18 <i>drugs, equipment</i>			
Chad - Projected		25 <i>construction drugs personnel training</i>		27	
Uganda - Projected	34 <i>construction</i>	21 <i>orphans assistance</i>		.05	11 ⁴ <i>small infrastructure</i>

1 Percentages for Zambia, Sao Tome and Principe, Guinea and Ghana are based on actual implementation. Of these, Zambia and Guinea are still under implementation. Figures for Chad and Uganda are based on projected distribution at project appraisal. Guinea-Bissau, Uganda and Chad refer to percentage of total project costs, not percentage of value of total sub-projects financed.

2 This is percent of total number of subprojects financed. The percentage of total value of subprojects financed is not available.

3 Thus far most small infrastructure has been construction of schools.

4 \$5.2 million was disbursed for rehabilitation of facilities including repair of primary and secondary schools, primary health care facilities, markets and other facilities of social and economic importance, but the PCR did not break down figures according to sub-sectors.

The participatory approach

Participation has taken different forms or "degrees" in SAP/SFs. Initially SAP/SF managers sought participation by the beneficiaries (e.g. poor farmers, women, marginalized groups who are the supposed to receive benefits from a project) in the form of *cost-sharing* as a means to improve sustainability of works. The reasoning underlying this kind of participation was that communities who contributed money, in-kind or labor would feel greater ownership of activities and consequently take greater interest in their sustainability. Beneficiary participation in the form of *consultation* of

beneficiaries by intermediaries or SF staff during subproject identification was seen as a means to ensure that the subproject was relevant to the needs of beneficiaries. Participation in the form of beneficiary *decision-making* over subproject identification, implementation and management was also used as an indicator of project relevance and ownership. These forms of participation are means to improving outcomes of government-supported activities.

Participation also can be an end. This is demonstrated by a number of newer funds that seek to *build capacities* of local organizations so that they can (a) self-initiate development, including but not limited to the domain of donor- or government-supported interventions; and (b) approach community development in a participatory way. This second approach is being taken in the Ethiopia Emergency Rehabilitation and Development Fund where community-level subproject management committees and local governments are receiving not only technical and institutional strengthening but are also receiving training in taking a participatory approach to community initiatives. When communities are given the responsibility to manage, implement and supervise microprojects, and receive support to perform these tasks, they are prepared better to be involved in future activities initiated by government, themselves, or others. When they are encouraged to involve the poorest and marginalized in community undertakings, they are likely to better respond to those most in need.

One of the first issues discussed in a participatory approach is the meaning of participation, i.e. the type or degree of beneficiary participation. Two components of Uganda's PAPSCA support community initiatives, combining institution building with reconstruction. The small-scale infrastructure rehabilitation component implemented by Action Aid, an international NGO, and the primary education rehabilitation component by a unit within the Ministry of Education are taking a participatory approach to renew the spirit of self-help and enhance sustainability of works. Almost 1500 classrooms in poor districts have been or are in the process of rehabilitation, and training of local artisans to enhance the quality of construction is underway. Resistance Councils (local organizations) and subproject management committees are receiving training in community mobilization, project management, prioritization, supervision, evaluation, budgeting and record keeping. Radio shows, plays, and drama productions are reinforcing messages of community participation. The success of implementing agencies in mobilizing community support and participation, and the positive community reception to components were noted in the project mid-term review.

Ghana's Community Initiatives Project aimed at participation through cost-sharing and decision-making over selection from among subprojects in primary school buildings, health posts, hand-dug wells, de-silting of dams and short access roads. In the first batch of subprojects there was clearly a stimulus to community initiative in the education sector. However, Ghana's participatory approach was undermined in two ways. First, the requirement of a matching 40 percent contribution from the community meant that the poorest communities received little benefits because they could not meet the financial requirement.⁷⁸ Secondly, strong political pressure from national and district levels discouraged communities from applying for projects reflecting their priorities, so at least in some cases the dimensions of community participation were not great.

In Zambia, beneficiary participation was manifested in cost-sharing and decision-making early on, with increasing attention to capacity building of beneficiary organizations later on. Zambia was able to avoid some of the problems of Ghana. When drought made it virtually impossible for beneficiaries to contribute funds, the community contribution was dropped temporarily, thereby

avoiding discrimination against poorer communities. Furthermore, Zambia's transparent and apolitical selection process is highly respected.

Community participation presumes that its members make intervention decisions on a menu of possible activities, creating a risk that their priorities may be inconsistent with those of the project/government's priorities. Zambia's experience illustrates that projects used by the majority on a regular basis, such as schools, attract better community participation than those used by individuals from outside the community, such as roads and bridges.⁷⁹ In fact, 90 percent of investments have gone toward the construction or rehabilitation of social infrastructure, such as primary schools. The main reason for the concentration of subprojects in Zambia in the education sector is the requirement of community involvement. Within the education sector, Parent-Teacher Associations are well-organized and capable of handling projects. The health sector has an analogous organization at the health center level in the form of health committees, but in general, these committees do not meet regularly. Sectors like food security and water supply do not have similar focal points of interest, resulting in few subproject proposals submitted in these sectors.

Likewise, in Sierra Leone and Mali where central governments have developed programs empowering communities to identify construction subprojects (transport) and tax themselves for maintenance, community management of roads increases when funds are directed to the local level for community mini-access roads within the "local" domain rather than for secondary roads that are used widely.

The experience of Zambia, Uganda, and Ghana underlines the importance of clarifying the meaning and objectives of participation, and solidifying government commitment to such an approach.

Combining participation and labor-intensive works

Applying the participatory approach to the labor-intensive work programs has not been tried in any of these programs. In fact, the difficult "fit" between labor-intensive public works and community participation may best be illustrated by the fact that Zambia's Social Recovery Project has a component separate from the participatory community-initiatives program for non-participatory, large labor-intensive civil works totaling about \$3 million. Combining a participatory and labor-intensive works approach to rehabilitation of social infrastructure may require re-prioritizing development objectives since negotiations and participation take time, which is inconsistent with the objective of speed characteristic of labor-intensive work programs thus far.

Efficiency and quality

As noted in the labor-intensive works section, when working with small, private contractors with little or no experience in specific areas, fund managers may have to provide greater resources and time to ensure the efficiency and quality of works is achieved. Likewise, when working with communities who volunteer labor and materials or who are given responsibility for contracting work themselves efficiency and quality of construction must be a concern. In theory, community contributions help support the cost-effectiveness of procurement practices since communities are unlikely to pay for overpriced services with their own funds. However, the mid-term review in Zambia noted that although communities generally receive more than adequate contributions, there is little understanding by community-level subproject management committees of how a budget

works, and few attempts to negotiate with labor or contractors, resulting in overspending.⁸⁰ There also is a trade-off between quality of workmanship and participation since community members who demonstrated their commitment or interest in subprojects did not always have the skills needed to ensure quality of work.

To respond to these findings, resources were devoted to capacity building. Fund managers prepared training manuals on basic accounting and bookkeeping for subproject management committees. To improve quality of construction, the SRP Technical Department refined details of subproject designs and bills of quantities, and increased budget provisions for technical supervision and more district staff monitoring. While no assessment of quality and efficiency has been made for other projects, Zambia's experience suggests that careful monitoring tools, such as a beneficiary assessment, can be helpful in detecting such problems.

Achievements of basic social services interventions

1. health

Most health programs were designed to meet the emergency needs of rehabilitation of primary health care facilities, the provision of essential medicines, and basic health worker training. Chad's PADS is funding the overall rehabilitation of N'Djamena's primary health care center and social services which by project end will expand accessibility to higher-quality care to more than 150,000 people. No estimation has yet been made of the number of beneficiaries of Zambia's Social Recovery Fund's community-initiated projects in health, but benefits have included provision of income, reduced congestion at health centers, reduced child mortality, and improved health status, according to the mid-term review.

Health subprojects have also been successful in contributing to national drug distribution efforts by government agencies, many involving NGOs. EMSAP in Madagascar supported an emergency malaria control program that ceased a virulent epidemic. In Guinea-Bissau and Chad, essential drugs were distributed with the help of NGOs. PAMSCAD's de-worming program enabled 1 million of 1.5 million school children age 6 through 12 to receive their first administration of the drug piperzine.

2. nutrition

Few nutrition activities have been funded. The Cameroon SDA Project had a small nutritional component and one of the subprojects of Somalia's health program supported families with malnourished children, until SAP activities were interrupted. Nutrition is crucial not only for health but because it also bears on education, production, and other areas essential to reducing poverty. SAP/SFs can implement core nutrition activities, such as growth monitoring, nutritional counseling, food supplementation, and activities addressing micronutrient deficiencies but community involvement is necessary to achieve success. Community involvement requires intensive motivation programs and outreach services not always commensurate with speed in subproject implementation. Thus, these activities might be more successfully implemented through a focused sectoral support program than through a SF. Still, a SF may be a good avenue on which to test pilot nutrition programs. Furthermore, SF support of NGO activities in this subsector may provide the grounds on which government can learn from and expand NGO successes.

3. sanitation

Lack of financing and technical capabilities of most sanitation agencies has made urban living conditions worse for poor, urban households in most of the developing world. One of the major obstacles for program managers is weak sustainability of facilities once basic investments have been made because agencies responsible for sustaining facilities lack financial and administrative capacity. Another major problem is the absence of a master plan for developing low-income urban areas, which limits considerably the sanitation work that can be done, as occurred with the sanitation component of the Chad PADS.

Sanitation, particularly in poor urban neighborhoods, is vital to improved health but communities have not prioritized it when selecting from a menu of activities. Thus, sanitation interventions have been initiated mostly by ministries and implemented through labor-intensive works programs. A SAP/SF is a potential instrument to approach sanitation activities in a pilot experiment involving community groups and local government.

4. education

Education subprojects are primarily concerned with rehabilitation of schools, through either labor-intensive work or community participation, and the provision of teaching supplies and educational furniture. Guinea-Bissau's SIRP has rehabilitated 1500 classrooms, benefiting more than 22,000 primary and secondary students around the country. SIRP also refurbished rehabilitated structures, providing school desks, blackboards, and other materials to render primary, secondary, and nursery schools fully usable. The beneficiary assessment in Zambia indicates that education subprojects impacted communities through improved learning environments, higher teacher morale, and increased enrollment in schools, but the most lasting impact will be of a long-term institutional nature. While these benefits are substantial, the employment and income generation opportunities provided by the projects were not significant, as few people were employed, no women among them.⁸¹

Sustainability of interventions in basic social services

Participatory SFs are not only asking communities to contribute to maintenance in money or in-kind, some are engaging in capacity-building programs to increase community-level capacity to maintain small development subprojects. In Uganda, some communities have formed committees responsible for collecting community contributions, and other community members are being trained to maintain small-scale infrastructure.

In Zambia, Parent-Teacher Associations that are involved in identification, preparation and implementation of education subprojects in their communities are collecting contributions often used to continue with community improvements after a project has been completed.⁸² Also in Zambia, projects that incur high costs, recurrent or otherwise, are discouraged through the approval and selection process in favor of self-help projects using locally available materials and community labor and avoiding expensive materials or technical assistance.

Another interesting strategy to increase the sustainability of projects in Zambia is channelling subprojects through the Provincial Planning Units, which control the budget for recurrent health and education costs, prior to reaching the SF. Since the mid-term review even greater efforts have been made to integrate district and provincial authorities into subproject identification and implementation to increase their sense of ownership and commitment to sustaining activities and facilities. In support of this approach, the Ministry of Education has committed to channeling more funds to these levels to cover recurrent costs.

Summary of general observations

- To direct funds to nutrition and sanitation activities, a community-participation approach in which communities select interventions may not be best because few community groups are organized around these sector activities. Mobilizing new groups requires motivation, participation skills and strategies as well as long-term commitment, which may be better delivered through sector programs. However, a SF is a potential instrument to test approaches.
- While a participatory approach may facilitate financial contributions from communities and enhance sustainability, it rarely can substitute for the public sector's critical role ensuring project sustainability.
- Genuine community participation can improve the record in terms of maintenance, responsibility and program viability. However, when priorities are imposed on communities, participation wanes.
- In working with a number of small, community-based organizations, special procurement and disbursement procedures are needed to respond to demand and to avoid delays which diminish community interest and participation.
- There may be a trade-off between community participation and quality and efficiency of construction. Careful monitoring (e.g. through a beneficiary assessment) can flag such problems.
- During the first year or years of a project, it is easier to work with existing NGOs and community-based organizations than create new ones. While these organizations are likely to marginalize certain groups, including the poorest of the poor and women, and may lead to a concentration of interventions in particular sectors, these organizations tend to have the greatest capacity to get activities underway. During this time promotion and other efforts can be refined or initiated to reach other groups, and the capacity of the SF to work with intermediaries can be strengthened.

CONCLUSION

Too often, social funds and social action programs have been considered the only component of the social dimension of adjustment when in fact they are only one element of what should be a much broader poverty reduction strategy integrated into economic reform programs. They should be better integrated with programs having a strong bearing on poverty reduction, such as public expenditure restructuring, price policies, reform of countries' legal framework, and strengthening of local and grassroots institutions. When SAP/SFs are defined in this broader context, they are in a better position to make a difference and a sustainable contribution to helping the poor and destitute.

It is necessary to differentiate between what increasingly appears to be two different, though sometimes congruent, objectives of SAP/SFs. The first is to provide rapid support to the poor and other groups directly hurt by economic reforms. This is most clearly manifested in employment schemes, drug distribution and other emergency programs. The second is to approach poverty alleviation in the short-, medium- and long-term through institution building and community participation, an objective common mostly to SFs.

SAP/SFs have a role to play in the short and medium term to provide quick assistance to people hurt by deteriorating social and economic situations. In this respect, multisector approaches are important because they allow SAP/SFs to respond to the different needs of various target groups and to develop synergies between different interventions. However, a central government unit should manage such a program only if it can ensure rapid implementation and have a visible impact on a large portion of the population in areas where governmental interventions are deficient or non-existent. Experience to date suggests that cumbersome government procedures are ill-suited for dealing with emergency situations, and an autonomous SF works better. If programs cannot provide rapid support, sector interventions through sectoral projects have a better chance at integration into the government strategies and might be easier to implement. It is also important that short-term goals of SAP/SFs be integrated as much as possible into governmental policies and programs. From the start, the program design should specify a clear time-frame and plan for how the central government will take over responsibility at the end of the project.

Some SFs, especially the new generation of funds designed in Africa, respond to the second objective. They can fill a gap that exists in most government structures in Sub-Saharan Africa, namely the absence of mechanisms to support local government, NGOs, and grassroots organization in carrying out development initiatives. Such a mechanism, if well-integrated into governmental sectoral strategies, can be critical to creating a true partnership between the central government and private and public organizations working at the local level. It also can help build local capacities and increase people's participation in decisions affecting their own lives. Such a partnership, which has been lacking for the most part in Africa, is essential to reducing poverty.

When a SF is being set up, it is important to have a clear understanding of the respective responsibilities of the SF and the central government. Government strategies in SFs are expressed in criteria for subproject selection and in promotional activities carried out by the SF staff, as well as in the various norms used to design subprojects. SFs provide for basic investment at the local level; the central ministries define the norms and fund part of the recurrent costs. Funding for some of the

projects carried out by SFs could be provided by local government in the future, as is already the case in the second Public Works and Employment Project in Senegal.

Very careful attention should be given to the political economy dimension of such programs. If a government cannot maintain enough popular support for its programs, it will be unable to sustain any adjustment program and the poor might then suffer more from a return to unsound macroeconomic policies. If well implemented, SAP/SFs can make important contributions to the political sustainability of adjustment as well as to poverty alleviation. A SAP/SF's ability to work with actors from a variety of political persuasions as well as NGOs and the small-scale private sector is key to this process of economic change, as it gives previously marginalized groups a stake in the ongoing process of reform. If SAP/SFs are to play this important role, they must be transparently managed and isolated from partisan politics. This issue should be raised by the program designers with government during the design stage.

In the case of some SAPs, the government's reluctance to allow a plurality of political actors to participate has severely limited the programs' potential, as in the case of the EMSAP in Madagascar. In contrast, genuinely demand-based programs which rely on the participation of a plurality of political actors have the potential to build a broad coalition in support of reform, as well as to sponsor initiatives which are sustainable in the long run.

The institutional set-up of SAP/SFs and their delivery mechanisms has a crucial impact on performance. When social funds are granted real autonomy in management and flexibility in procurement and disbursement, they can achieve impressive results in program implementation. Defining procedures from the beginning in an operational manual and ensuring fund staff and intermediaries (NGOs, local government) understand procurement, disbursement and auditing procedures is of critical importance. Some funds have tested and refined procedures during a pilot phase. The designers of SAPs, however, have often underestimated the issues of procurement and disbursement during preparation.

Another important lesson is that autonomy and flexibility in institutional design, along with flexible delivery mechanisms, must be supported by the highest authorities in the country. If they are not, the SAP/SFs might experience major implementation drawbacks. The most obvious illustration of this situation is not in Sub-Saharan Africa, but in Egypt (the Egypt Social Fund).⁸³ These programs need supervision (which has been lacking in many cases), especially in the first year of implementation.

More effort is also needed to introduce targeting and monitoring devices into SAP/SFs. Monitoring is essential to support learning-by-doing processes to improve the performance of such programs. In this respect, more effort should be made to integrate tools such as beneficiary assessments, rapid rural assessment, and simple quantitative surveys such as the priority survey. Better integration between these tools and the management of the program is also desirable. Targeting is especially difficult in Sub-Saharan Africa due to lack of information to carry out means testing. However, options for geographic targeting, self-targeting, targeting through the choice of components or institutions implementing subprojects, and promotional activities of social funds should be explored further.

Labor-intensive works programs have (only marginally) contributed to employment generation efforts, and therefore cannot substitute for a comprehensive response to unemployment. Other

benefits include rehabilitated basic social and economic infrastructure and capacity building of private contractors. The programs studied here demonstrate that contracting small-scale enterprises to carry out public works can be more efficient than use of force account. To have a lasting impact on poverty, labor-intensive public works should be instituted as permanent programs and complemented by actions supporting integration of the beneficiaries into the economy.

Support for revenue-generating activities and development of microenterprises facilitate access to productive assets by the poor and have potential to directly benefit poor women. These activities are marginal in terms of the available funding from SAP/SFs and results are difficult to achieve in the short-term. Thus, these programs should not be promoted as mechanisms to reach large numbers of beneficiaries rapidly. Urgently needed in this area are greater incentives to attract commercial banks while also holding them accountable for performance in providing credit to the poor. Additionally, increased collaboration with and capacity building of NGOs or other institutions that have requisite skills and experience with delivering credit to the poor is needed. Programs that support laid-off workers have been unsuccessful when assistance was not granted selectively. Programs that have linked training to labor demand have greater potential to meet objectives, but require investments in gathering labor market data.

Social service components have supported predominantly emergency health needs and rehabilitation of schools and health facilities. Rehabilitation works have been done with either labor-intensive or participatory approaches in most SAP/SFs. The emphasis on speed to generate employment rapidly through labor-intensive schemes is inconsistent with the participatory approach, in which works cannot proceed without community initiative, which takes time. The participatory approach also presumes that communities identify their priority works or activities, but these may be inconsistent with government priorities. Some activities, such as sanitation and nutrition, may have to be initiated by ministries and methods sought to involving communities. These programs show that communities oftentimes need assistance to better enable them to manage subprojects in a cost-effective, efficient manner. NGOs have played prominent roles in participatory programs.

Finally, the study notes a positive evolution in the design of SAP/SFs, with more recent programs having more precise objectives, being more focused on local capacity building through demand-driven operations, and giving closer attention to their institutional set-up and delivery mechanisms. SFs will play an important role in helping to build up local capacities and supporting increased participation in the development process by local institutions and beneficiaries.

Annex I. Table A.1 Components of SAP/SFs

COUNTRY	SOCIAL SERVICES	SOCIAL INFRASTRUCTURE	EMPLOYMENT CREATION	INSTITUTIONAL DEVELOPMENT
<p>CAMEROON Social Dimensions of Adjustment Project (SDA Project)</p>	<p>Provision of equipment & supplies for ante- & post-natal care & family planning services; distribution of medical & pharmaceutical supplies; health education programs; primary health care support; immunization programs; provision of educational materials & equipment; essential drugs schemes. Strengthening support to social services for women.</p>	<p>Rehabilitation of community-based social infrastructure through Social Fund (PRODEC).</p>	<p>Provision of counseling, apprenticeship & vocational training programs through the National Employment Fund (FNE); technical & financial support for self-employment; micro-enterprise promotion; credit to micro-enterprises through PRODEC.</p>	<p>Institutional strengthening support to government agencies to enhance planning and programming capacity; establishment of socio-economic data base; household & community surveys.</p>
<p>CHAD Social Development Action Project (SDAP)</p>	<p>Provision of primary health care & basic services (N'Djamena); essential drugs scheme; provision of medical services (N'Djamena & Tandjile); health personnel training; public hygiene training; educational support.</p>	<p>Rehabilitation of health facilities (N'Djamena and Tandjile); rehabilitation of drainage and sanitation systems.</p>	<p>Provision of credit assistance, management support & technical assistance to micro-enterprises; training & counseling to retrenched public sector workers; establishment of job information & referral system.</p>	<p>Institutional support to government in social policy planning and programming; household & nation-wide surveys; socio-economic studies.</p>
<p>GHANA Program of Action to Mitigate the Social Costs of Adjustment (PAMSCAD)</p>	<p>Non-formal education and literacy programs; expansion of food-for-work program; food for resettlement of redeployees; essential drugs scheme; supplementary school feeding program; deworming of children; paper commodity support to schools.</p>	<p>Rehabilitation of water supply, drainage, and sewerage system; market infrastructure maintenance; housing consolidation; rehabilitation of feeder roads; rehabilitation of school facilities; rehabilitation of rural housing facilities.</p>	<p>Provision of credit assistance to small-scale enterprises and peasant farmers; employment training for women; employment training & assistance to retrenched workers; compensation package for redeployees; job counseling & placement services for redeployees.</p>	<p>Institutional support to social sector ministries; support for & establishment of 10 mobile district planning teams; provision of equipment & technical assistance to implementing agencies to increase operational capacity.</p>

COUNTRY	SOCIAL SERVICES	SOCIAL INFRASTRUCTURE	EMPLOYMENT CREATION	INSTITUTIONAL DEVELOPMENT
GHANA Priority Works Project (PWP) (part of PAMSCAD)		Rehabilitation and extension of drainage system; road maintenance and upgrading; traffic management; sewerage system rehabilitation; water supply expansion & maintenance; construction of public sanitary latrines; improvement of pedestrian facilities; housing & site development.		Institutional strengthening for the Ministry of Works and Housing & for the Ghana Highway Authority to enhance project development capacity.
GUINEA Socio-Economic Development Support Project (SEDSP)	Variety of social actions to support poor and vulnerable groups in society—funded under the Pilot Program component.	Rehabilitation and construction of basic infrastructure: mainly schools and basic health centers—funded under the Pilot Program component.	Support to a variety of employment support programs—in particular, credit funded—under the Pilot Program component.	Program of social policy studies to strengthen the Ministry of Planning's capacity to design, coordinate & implement social policy actions; socio-economic studies & surveys.
GUINEA-BISSAU Social and Infrastructure Rehabilitation Project (SIRP)	Provision of teaching aids, furniture, materials & utensils for school meal program (Bissau); essential drug scheme; technical support for health personnel training support to the AIDS campaign and the National Blood Donor Bank.	Rehabilitation of health facilities, primary & secondary schools & markets; rehabilitation of sewerage, water supply & drainage systems; road maintenance; provision of supplies and equipment for health facilities.	Provision of training & basic equipment to promote micro-enterprise activities; reorientation program for retrenched workers including data bank on employment opportunities.	Institutional strengthening for monitoring & evaluation of social impact of structural adjustment program; socio-economic studies; provision of technical assistance to executing agencies.

COUNTRY	SOCIAL SERVICES	SOCIAL INFRASTRUCTURE	EMPLOYMENT CREATION	INSTITUTIONAL DEVELOPMENT
MADAGASCAR Economic Management and Social Action Project (EMSAP)	Malaria control program including training for volunteers & para-medical staff in basic diagnosis & referral techniques; development of a chloroquine distribution system; essential drugs scheme; expansion of family planning services; assistance for the national endemic disease control program.			
SAO TOME AND PRINCIPE Social Infrastructure Fund (SIF)	Malaria & endemic disease control program; provision of educational materials; nutrition assistance programs; health care services.	Construction and/or rehabilitation of water supply, sanitary & storm drainage systems; solid waste management; urban road maintenance; construction and/or rehabilitation of low-income housing; construction of health facilities; provision of medical supplies & equipment; rehabilitation of water systems; rehabilitation of education & health facilities.	Technical assistance & financial support to local governments to develop local markets; site work assistance for entrepreneurs; technical assistance for micro-enterprise development.	Institutional strengthening support for the Ministries of Health & Education in social policy planning & project activity administration.
SENEGAL National Employment Fund			Advisory services provided to unemployed to set-up micro and small scale enterprises. Credit line to support the creation of small-scale enterprises.	
SENEGAL Public Works and Employment Project		Rehabilitation & maintenance of drainage system; rehabilitation of public facilities; rehabilitation & maintenance of pedestrian facilities.		Provision of business management training for contractors; technical training for management staff; basic technical training for employees.

COUNTRY	SOCIAL SERVICES	SOCIAL INFRASTRUCTURE	EMPLOYMENT CREATION	INSTITUTIONAL DEVELOPMENT
SOMALIA Social Action Fund (SAF)	Provision of basic education for street children; provision of primary education for squatter resettlement areas.	Construction and/or rehabilitation of primary health care centers; rehabilitation of transportation services for squatter dwellers; low-income housing; construction and/or rehabilitation of water storage facilities.	Provision of technical assistance to women; credit assistance for small & medium entrepreneurs; vocational training programs; skill development & employment promotion programs for youth.	Institutional support to government in social policy formulation; institutional strengthening of data collection & analysis capacity of government agencies; socio-economic studies & surveys.
UGANDA Program to Alleviate Poverty and the Social Costs of Adjustment (PAPSCA)	Community-based health services; health & training programs for orphans & widows; primary education emergency improvement program; revitalization of primary health care program; essential drugs scheme; social service assistance to war widows.	Rehabilitation of primary education facilities; construction of water supply & sanitation infrastructure; rehabilitation of primary health care facilities; provision of educational materials & furniture; provision of rural housing materials; low-cost housing; rehabilitation & maintenance of community access roads.	Training & services to women in agriculture; technical assistance & credit to women micro-entrepreneurs; training for the handicapped; community-based rehabilitation of the disabled; business advisory services & other assistance to retrenched civil servants; vocational training programs for orphans.	Institutional strengthening support to government in policy formulation; establishment of a statistical data base; establishment of a Study Fund to fund socio-economic studies & surveys.
ZAMBIA Social Recovery Project	Community child care programs; assistance in food production; development of weaning foods and specific supplemental feeding schemes.	Repairs and construction of health posts, child care centers and shelters, primary and secondary schools. Expansion of water supplies system, feeder roads, drainage works, small irrigation schemes, market place.	Training in skills development	Institutional support to government agencies, household surveys and studies on poverty and social issues through a Study Fund.

Annex 1. Table A.2 More Social Funds and Social Action Programs in Sub-Saharan Africa

<i>Name</i>	<i>Year Effective</i>	<i>Amount WB Funds</i>	<i>Total Costs</i>
Burkina Faso Public Works and Employment	1991	US \$20.0 million	US \$ 2.2 million
Burundi Social Action Project	1993	10.4	15.7
Chad Public Works and Employment	1993	20.0	20.0
Comoros Community Development Support Fund (Population and Human Resources Project)	1994	7.0	
Eritrea Community Rehabilitation Fund (Emergency Recovery and Rehabilitation Project)	1994	1.0	
Ethiopia Pilot Social Rehabilitation Fund (Emergency Recovery and Reconstruction Project)	1992	5.0	12.0
Ethiopia Social Rehabilitation and Development Fund	1994		300.0
The Gambia Public Works and Capacity Building	1993	11.0	12.5
Guinea Socio-Economic Development Fund	1989	9.0	13.5
Mali Public Works and Capacity Building	1992	20.0	28.2
Madagascar Food Security and Nutrition	1993	21.3	32.4
Mauritania Construction Capacity and Employment	1993	12.0	20.0
Niger Public Works and Employment	1991	20.0	27.8

Annex 1. Table A.3 Planned Project Disbursement by Sector/Activities (in millions of US\$)

Project	Year Effective	Total Project Costs	Social Services	Labor Intensive Works	Employ Redeploy	TA Studies Training	Microenterprise/Revenue Generation	Other (Specify)	Comments
Cameroon SDA	1990	85	30.3 (17 health 4.5 population 8.8 education)		31	8		5.9 (PRODEC) fund for community infrastructure, social services and revenue generation	
Chad SDAP	1991	27	6.9 (1.1 drugs 3 construction)	9.1	.4	3.6	4 (2.9 credit 1.6 training)		9.8 million supplemental credit will be distributed: 1m credit, 1m drugs, 7.8m infrastructure
Ghana PAMSCAD Priority Works	1988	22.7		21		1.1			Works include infrastructure rehabilitation, sites and services, and urban upgrading
Guinea SEDSP	1989	13.5				3.5		8 Pilot Fund for Social Services/Revenue Generation	
Guinea-Bissau SIRP	1989	17	6.8 (4.5 labor-intensive works)	2.8	.33	3.9		1.7 supplemental credit	Supplemental credit was for rehabilitative works and social services
Madagascar EMSAP	1988	41		6.5	7.5	2.9			
Sao Tome and Principe SIF I	1990	8							Classification by sector was not determined
Sao Tome and Principe SIF II	1991	7.6		5.9		1.5			Initially, government was to contribute \$1.6 million of project costs. This was later picked up by IDA.
Senegal National Employment	1988	10			10				The FNE was funded through the Structural Adjustment Package.
Senegal AGETIP I	1990	33.3		28		1.8		1.2 services to contractors	
Senegal AGETIP II	1992	81		56.3		3.5	1.5 for municipalities	1.5 services to contractors	
Somalia SAP	1989	2.7							Community initiatives in income generation and social service delivery were eligible.
Uganda PAPSCA	1990	37	20 (12.6 construction 4.2 small infra 7.8 health)			5			
Zambia Social Recovery	1991	46.4				1.9		41 community initiatives	IDA planned \$14.6 million for social services and 3.6 million for economic infrastructure

Annex I. Table A.4 Actual Disbursement by Sector/Activity (in millions of US\$)

Project	Social Services	Labor Intensive Works	Infrastructure Works (non labor-intensive)	Employ Redeploy	IA TA Training Studies	Microenterprises/ Revenue Generation	Other (Specify)	Comments
Cameroon SDAP				.78			\$.096 PRODEC	
Chad SDP		7.3				3.6		
Ghana Priority Works		21						
Guinea SEDSP	1.9 (Pilot Fund) education, health, sanitation		.49 (Pilot Fund)	.493				A total of 65 sub-projects, totaling 2.9 billion Guinean Francs were implemented with assistance from the trust Fund.
Guinea-Bissau SIRP	7.8 (includes 5.2 for infrastructure)	3.1		.524	3.3			Social infrastructure works were also labor-intensive.
Madagascar EMSAP		5.9		3.8				
Sao Tome and Principe SIF I	2 (1.17 education .84 health)		1.03			.18		
Sao Tome and Principe SIF II		2.7						
Senegal National Employment				10.7				
Senegal AGETIP I		34.6*						* includes assistance to contractors
Senegal AGETIP II								
Somalia SAP	.05		.089			.089		A total of 6 subprojects, totalling \$229,000 were implemented.
Uganda PAPSCA								\$21.6 million has been disbursed by IDA, but data is not broken down by sector.
Zambia Social Recovery							9.6 community initiatives	While 90 percent of the number of total subprojects financed are in social sector, predominantly education, the monetary value has not been broken down into sectors.

Annex 1. Table A.5 Disbursements (in millions US\$)

Project	Year Effective	Total Project Costs	Total World Bank Contribution	World Bank Funds Dispersed (Date)	Percent of World Bank Funds Disbursed (%)
Cameroon SDAP	1990	85	21.5	2.9 (9/93)	13
Chad SDP	1991	27	13.4	8.1 (3/94)	60
Ghana PAMSCAD	1988	22.7	10.6	9.6	91
Guinea SEDSP	1989	13.5	9.	3 (4/94)	33
Guinea-Bissau SIRP	1989	17	8.1	7.9 (4/94)	100.5
Madagascar EMSAP	1988	31	22	12.2 (5/94)	55.5
Sao Tome and Principe SIF I	1990	8	5	4.8 (4/94)	95
Sao Tome and Principe SIF II	1991	7.6	7.6	2.7 (4/94)	45
Senegal National Employment	1988	10	5		
Senegal AGETIP I	1990	33.3	20.1	22.1 (11/93)	110.3
Senegal AGETIP II	1992	81	39	2.5 (4/94)	6.5
Somalia SAP	1989	2.7	2.7	.229	9
Uganda PAPSCA	1990	37	28	21.6 (3/94)	77
Zambia Social Recovery	1991	46.4	20	13.7 (7/94)	68.4

Annex 2: CAMEROON—THE SOCIAL DIMENSIONS OF ADJUSTMENT PROJECT

(Date of effectiveness: 01/30/91)

Objectives: The Social Dimensions of Adjustment Project (SDA Project) was designed to be an integral part of the Structural Adjustment Program and to support the government in the implementation of its poverty-alleviation strategy. The major objectives of the SDA Project were: (a) to improve basic social service delivery in targeted areas; (b) to promote employment, including facilitating job placement; (c) to address the needs of women and improve their employment opportunities; (d) to promote community-based micro-activities in targeted areas; and (e) to strengthen the institutional capacity of the government in social policy formulation and implementation.

Target Groups: The target population for SDA Project activities included retrenched workers from both the private and public sector, the young in urban areas, children suffering from acute malnutrition, women and other vulnerable groups who lack the resources to meet their basic needs.

Institutional Framework: Overall management and coordination of the SDA Project was the responsibility of a Project Coordinating Unit established within the Technical Committee for the Coordination of the SDA Project (CTC/DSA), which was established by presidential decree on April 5, 1990. The CTC/DSA was composed of representatives from the six ministries involved in project implementation, the Presidency, and the Ministries of Finance and Territorial Administration, and the Caisse Autonome d'Amortissement. The CTC/DSA was responsible for the overall coordination of the SDA Project and for: (a) the preparation of project reports for the submission to the Bank and other donors; (b) the maintenance of financial accounts; (c) the supervision of various project modules; (d) the liaison with project financiers; (e) the evaluation of the project; and (f) the maintenance of accounts and the undertaking of audits. The PRODEC management unit was under the direct responsibility of the administrator of the CTC/DSA.

The National Employment Fund (FNE) was created by Presidential Decree as a separate legal entity to promote employment generation activities. A Director General was named by Presidential Decree and a Board of Directors consisting of twelve members—six representing the private sector, four representing line ministries, one representing the Presidency, and a President, chosen from the private sector was established. The Director General was a member of the CTC/DSA and was responsible for the operations of the FNE and for ensuring coordination of its activities with relevant agencies.

Project Components: The activities of the SDA Project covered the following areas: Population, Health, Education, Employment, Women in Development, Community Development, and Planning Capacity and Information Base.

A modular approach to project administration was adopted, with each component being individually managed by a line ministry or other relevant government agency. The components were coordinated by senior officials in the relevant ministries concerned and carried out by line managers. The CTC/DSA established work plans, in coordination with the executing agencies, and monitored overall project

implementation. Two special agencies were set up: The National Employment Fund (FNE) and the PRODEC Community Development Program which had the structure of a social fund.

(a) The **Population** module was designed to support the government's effort to develop and refine population policies and operational strategies, and contained an action program to strengthen and expand family planning services provided through the government and NGO programs.

(b) The **Health** module supported the government's overall objectives in this sector and included programs aimed at: (i) assisting the government in developing and redefining its health policies; (ii) providing equipment to basic health care facilities and strengthening preventive services provision, including support to the government's AIDS campaign; and (iii) providing institutional strengthening support to the Ministry of Health in social policy formulation and programming.

(c) The **Education** module was designed to support the government's efforts at improving the overall quality of education and redirecting the education and training systems to meet the country's economic and social development needs. This component included the provision of educational materials and supplies and other inputs to primary and secondary schools. Also, institutional strengthening support was provided to the Ministries of National Education and Higher Education, Information and Scientific Research to enhance their planning, programming and managing capabilities.

(d) The **Employment** module aimed at addressing the unemployment problem caused by economic crisis. The following groups were targeted: (i) employees of the private and public sectors unemployed during the transitional phase of the adjustment; (ii) young graduates and drop-outs; and (iii) the most vulnerable groups of the population, including unqualified women and the young who lack the access to income and employment opportunities. The program was implemented through the National Employment Fund.

The employment component also included a sub-component for institutional strengthening of the Labor Ministry in social planning and programming.

(e) The **Women in Development (WID)** module of the SDA project was designed to strengthen the government's capacity to improve women's welfare and contribution to economic growth. Planned activities included: (i) policy design involving the definition of an operational strategy and its implementation through a multisectoral action plan; (ii) specific actions to launch an information, education, and communication program and to reorient existing support services for women towards the development of cost-effective and sustainable productive activities; and

(iii) the introduction of policy and institutional strengthening measures emphasizing the establishment of a system of institutional linkages to ensure due consideration of women's issues in the interventions of line ministries and other agencies.

(f) The **Community Development** component aimed to foster community activities at the grassroots level so as to encourage people to take part in the development process. A Community Development Program (PRODEC) was established to support, through grants, projects to be implemented by communities aimed at improving their welfare. PRODEC targeted specifically the urban poor. Project generation, appraisal,

and supervision were carried out by field agents at the regional level, and in-kind contributions from beneficiary communities were required.

(g) **The Planning and Information Base** component provided assistance to the government for developing (i) a viable information base to permit the measurement of poverty and the monitoring of the evolution of the living conditions and households during the adjustment and development processes, and (ii) appropriate tools for the simulation of the impact of economic policy choices on the distribution of income and employment.

Financing Arrangements: Total costs for the SDA Project were estimated at \$85.7 million equivalent when the project was launched. It was revised to \$49 million when co-financiers withdrew their pledges or commitments failed to materialize. The project was financed by a \$21.5 million equivalent loan from the World Bank which covered about 45 percent of the costs. It was expected that the government would contribute \$10.8 million equivalent.

Achievements to Date: Lack of counterpart funds inhibited progression of every component of this project. The loan was canceled in June 1994 because of the government's failure to honor its counterpart fund commitments and because Cameroon became eligible for IDA assistance. Just 15% of the IBRD loan was disbursed.

The population, health and education components were severely limited by the failure of donors to follow through on their funding commitments. CIDA ended its financing of the Women in Development component in September 1993 due to both scarcity of resources and poor performance. World Bank disbursements were suspended at that time due to lack of counterpart funds particularly vis-a-vis the National Employment Fund (FNE). The government has committed itself to carry on FNE with its own funds. By September 1993, 718 persons benefited from training (guidance, vocational training, and on-the-job training) which was executed by Cameroon Opportunities Industrialization Center, an NGO. It is unclear as to whether they obtained gainful employment and which of the target groups they represent.

PRODEC, which is still receiving financing from the African Development Bank, did not offer grants as was originally planned, instead a credit mechanism was set up at an interest rate of 15% support loans to small enterprises. As of October 30, 1993, PRODEC funded a total of 107 credit loans totalling 295,232,138 CFAF (US\$ 1.054 million). Data are unavailable on the characteristics of loan recipients and on sustainability of activities that were financed.

Implementation Issues: The SDAP was prepared rapidly and because of its emergency nature and ties with structural adjustment, activities began hurriedly before an operational manual had been prepared and procurement, disbursement, financing and auditing procedures had been fully designed and understood. This meant that the first year of operations was actually spent sorting out these issues.

In addition to an absence of counterpart funds, the project was hindered by a lack of autonomy. PRODEC was largely staffed by civil servants, who, during the course of the project, faced severe salary cuts. These appear to have jeopardized performance and adherence to strict approval and operations procedures.

The FNE was severely hindered by the lack of counterpart funds and donor suspensions, which resulted in over a year of arrears in paying its utilities and rent and several months in paying salaries. Its operations have largely ground to a halt.

Annex 3: CHAD—THE SOCIAL DEVELOPMENT ACTION PROJECT (PADS)

(Date of effectiveness: 04/17/91)

Objectives: The objectives of the Social Development Action Project (PADS) are to:

(a) provide increased access to resources and training facilities for the poor so as to stimulate employment and thereby assist them to meet their basic needs; (b) improve the health and living conditions of disadvantaged groups; and (c) strengthen the government's capacity to design and monitor programs aimed at improving the social conditions within the country.

Target Groups: The target population has been broadly defined as: (a) those who are at risk as a consequence of a decade of socioeconomic disruption; and (b) those who are expected to be adversely affected by the adjustment measures being undertaken, in particular, public sector employees and laid-off workers from the cotton sector. In addition, residents of N'Djamena city and the Tandjile Prefecture have been identified as being at risk due to the long-term under-investment in health programs in these areas.

Institutional Framework: An inter-ministerial committee, under the chairmanship of the Ministry of Planning and Cooperation and composed of the Ministers of Interior, Finance, Food Security, Labor and Employment, Public Health, National Education, Trade and Industry, Public Works, Regional Urban Development and Housing, and Social Affairs and Women's Development, has been established. This committee meets to review and approve progress and annual reports from executing agencies, evaluate implementation of project annual action plans and make policy recommendations based on findings of project studies and surveys. The chairman of the committee is assisted by the Project Coordination and Support Unit (PCSU) which has been established within the Ministry of Planning.

The PCSU is responsible for the supervision of the financial and procurement aspects of project implementation and serves as a liaison between executing agencies and the donor community. Four technical sub-committees—Employment Promotion, Urban Infrastructure, Health and Community Participation and Social Dimensions of Adjustment—have been established to review documents presented by executing agencies. These sub-committees are comprised of representatives of the relevant ministries and are chaired by the Director General of the Ministries of Trade and Industry, Public Works, Social Affairs and Women's Development and Planning, respectively. The sub-committees review and amend, if necessary, draft annual progress reports and make policy recommendations.

Project Components: The components of the PADS are: (a) Employment Generation; (b) Improvement of Primary Health Care and Social Services within N'Djamena and Tandjile region; (c) Improvement of N'Djamena's Sanitation Infrastructure through labor-intensive public works projects; and (d) Strengthening of Social Policy Planning aimed at strengthening the Government's planning and programming capacity for social action policies.

Except for the credit scheme and technical assistance subprojects, which are managed and implemented by NGOs, projects are implemented by the relevant administrative units of the technical ministry concerned. Assistance from NGOs and consulting firms, under contract with the government, is provided

to strengthen the implementation capacity of these agencies. Each executing agency is responsible for monitoring the implementation of its component on the basis of an annual action plan.

(a) The Technical Sub-committee for Employment Promotion is responsible for the supervision of the **Employment Generation** sub-component. The credit scheme is managed by Volunteers in Technical Assistance (VITA), a US-based NGO which was already operating in Chad before the project started. VITA is under contract to the Ministry of Planning. The credit scheme offers three credit windows, each in conjunction with technical assistance, to address the management and investment needs of micro and small enterprises.

Implementation of the **Technical Assistance for Microenterprises** sub-component is the responsibility of a small unit established within the Ministry of Labor and Employment for the first three years of the project. A Technical Support Center has been created and a French NGO, GRET, is assisting in the establishment of this institution.

Implementation of the **Assistance to the Laid-off Workers** sub-component is the responsibility of the National Department of Labor within the Ministry of Labor Employment. This sub-component aims to strengthen the capacity of the National Department of Labor to provide free counseling and job search services to laid-off workers and to assist the Office National du Développement Rural to provide similar services to those being affected by the restructuring of the cotton sector.

(b) The **Improvement of the Primary Health Care and Social Services Network** in N'Djamena is implemented by a Health-Social Unit, which has been established under the supervision of the Director General of the Ministry of Public Health in consultation with the Director General of the Ministry of Social Affairs and Women's Development.

The **Strengthening of Regional Health Services in Tandjile** component aims to strengthen health services provided in the Prefecture of Tandjile, a geographic area particularly affected by the adjustment measures being undertaken in the cotton sector. It aims to adapt and extend to that region the basic health care system provided to the other prefectures through a joint European Development Fund, Italy-Belgium financed health project.

(c) The **Improvement of N'Djamena's Sanitation Infrastructure** component consists of: (i) the rehabilitation of the drainage system of a selected area within N'Djamena which has been identified as severely lacking social amenities; and (ii) accompanying measures for the improvement of public hygiene through low-cost sanitation programs involving labor-intensive public works techniques and active community participation. Local residents are being sensitized to the issues associated with basic public hygiene and accompanying measures such as the drainage of various health hazard sites, a municipal garbage collection scheme, improvement of water and electricity service, and the construction of private latrines.

(d) The **Strengthening of Social Policy Planning** component is conducting a set of studies and surveys to identify the various vulnerable groups and assess the overall social situation of the country.

Financing Arrangements: Total financing costs for the PADS are estimated at \$26.9 million equivalent. The IDA credit is in the amount of \$13.4 million. The government contributes \$0.6 million and beneficiary communities contribute \$0.7 million. The Swiss Development Corporation will co-finance the components to improve primary health care and social services and the strengthening of social policy formulation. The United Nations Capital Development Fund (UNCDF) finances specific activities under the N'Djamena Sanitation Infrastructure component. USAID finances, on a parallel basis, the Credit Assistance and Management Support sub-component of the Employment Generation Component. IDA will provide US\$ 0.6 million for the incremental credit requirements.

Achievements to Date: Few infrastructure works have been labor-intensive thus far, so the 15,000 jobs to be generated remain elusive, though remaining works are anticipated to be labor-intensive. Terms for recurrent costs include proceeds from a market tax to cover sanitation services and ministry commitments for other infrastructure works. The community mobilization and sensitization program accompanying labor-intensive sanitation rehabilitation has taken place through group discussions, pictorial visual aids and election of community-level health committees in three areas.

The credit assistance components implemented by VITA has seen the greatest success and has reached more than 100% of its target of loan funds disbursed to micro and SME. From July 1990 to the end of 1993, the project distributed a total of \$3.6m and 3,513 loans, 72% of which went to women (24% of total value). Loan repayment reached 94% in the last 3.5 years, whereas earlier phases recovered less than 80%. There was evidence of improved productivity and greater business profitability among loan recipients. Since 1990, 2,568 jobs have been created, averaging \$2,693 per job created, almost half of the \$5,000 threshold considered as successful for the creation of one job in less developed countries. The cost per dollar lent is \$1, which is high. VITA does not screen clients according to poverty level, as the emphasis has been on creating jobs and supporting viable businesses. Typically recipients are individuals who already have microenterprises that are the chief source of income for their families. It is estimated that VITA has made loans to 11% of the micro and small entrepreneurs in N'Djamena. The program is also underway in Moundou, where loan disbursement increased significantly after the addition of two women loan officers in the fall of 1993. While demand for micro-credit is much greater than VITA's supply capacity in 1994, the project's accomplishments are significant considering the surrounding socioeconomic climate in Chad.

The primary health care and social services infrastructure works are behind schedule but all rehabilitation works are expected to be completed in 1994. Ongoing strikes by health workers are inhibiting the project's cost recovery scheme and its targets for increasing utilization of health services. Drug distribution is expanding to additional vulnerable communities beyond N'Djamena and Tandjile upon requests of NGOs through which the program is channeling drug stock. Experience gained under this component was key to development of a larger project and was the basis of the National Health Plan.

The sub-component to assist laid-off workers was dropped when it became apparent that public sector restructuring would not take place at the pace envisaged. The implementing unit proved to be slow in responding to workers' requests which deterred many others from requesting help.

Implementation Issues: Disagreement between the donors on the health components held up project effectiveness for months. Poor financial management during the first year of the project as well as a very

unstable political situation slowed disbursement and implementation of PADS, but the project has overcome major obstacles and is expected to close on time. The health and infrastructure components were especially slow in getting started, while the credit program fared much better as it expanded an already existing NGO-run program. Thus far, \$8.1m has been disbursed, and 80% of funds have been committed. Devaluation has resulted in a \$9.8m credit supplement of which \$1m will go to the credit assistance program, \$1m to drug distribution, and \$7.8m to infrastructure.

Like other projects, PADS has experienced difficulties emanating from the very unstable political situation in the country. The project has been plagued by a complex system of decision making and limited institutional capacity of implementing agencies. While on paper the Project Coordination and Support Unit was called autonomous, it was integrated into the Ministry of Planning and was not exempt from government hiring, salary, procurement and disbursement procedures and rules. The project was designed with an umbrella inter-ministerial committee and four technical sub-committees comprised of ministry representatives, but this system proved ineffective and had to be dropped as committees were in most cases not meeting and not making decisions. The problems encountered in Chad illustrate the importance of strong personal commitment from the president or prime minister to send a clear message to the members of the inter-ministerial committee that their work is regarded as a priority. Another lesson here is that the working-level coordination unit must be staffed with highly competent and motivated staff. Other than the credit assistance program, components were implemented by relevant administrative units of the technical ministries concerned, carried out by civil servants who lacked capacity and motivation to address problems as they arose. Technical assistance proved critical to how well implementing units functioned and efforts were made to train Chadian counterparts to take over responsibilities. Tracking activities and progress improved with the development of a MIS.

While the labor-intensive works program is making progress, it is undermined by a shortage of equipment for field staff of the Ministry of Public Health. Like other civil servants, they are not paid regularly, undermining morale and performance. Community receptivity to the program has been affected by a history of dysfunctional public services and slow pace of rehabilitation of facilities under the project, undermining the public's willingness to contribute. Currently there is no data available on the amount of community contributions. In spite of these difficulties, health committees have been elected and development of community health-initiatives remain longer-term goals.

VITA is studying ways to cover program costs and is seeking to transform the program into an independent Chadian NGO. In order to generate revenue, it is looking to move technical assistance and credit-related services now provided by loan officers into the hands of private contractors. Other possible avenues to cover costs are to raise interest rates and loan fees.

Annex 4: GHANA—THE PROGRAM OF ACTION TO MITIGATE THE SOCIAL COSTS OF ADJUSTMENT (PAMSCAD)

(Date of effectiveness of IDA-funded component: 06/20/88)

Objectives: The Program of Action to Mitigate the Social Costs of Adjustment (PAMSCAD) was developed as a short-term action program designed to tackle the immediate problems of the poor and vulnerable groups. The major objective of PAMSCAD was to address the needs of the vulnerable groups who were in a precarious situation due either to the adjustment process or due to the earlier period of economic decline.

Target Groups: Due to absence of data at the time of project preparation, targeting was very difficult. Target groups were broadly defined as rural households in the Northern and Upper Regions, the unemployed and under-employed in urban areas and retrenched workers.

Institutional Framework: PAMSCAD was integrated within the country's structural adjustment program, with joint responsibility for coordination and oversight vested with the Ministry of Finance and Economic Planning and the Ministry of Local Government. Two PAMSCAD Secretariats were responsible for the overall coordination and monitoring of project activities. Each intervention was implemented by the sector ministry or agency holding the particular functional responsibility.

Program Composition: It was recognized that the identification and implementation of priority projects through community initiatives would be an effective mechanism for addressing the needs of vulnerable groups. This, in conjunction with the analysis of the areas of vulnerability of the target groups, led to the identification of the following priority areas for PAMSCAD: community initiative projects, employment generation, basic needs and education infrastructure.

Community Initiative Projects: Funds were transferred from the Ministry of Finance and Economic Planning to district assemblies, which appraised projects proposed by communities and released installments of funds subject to interim reports on the successful progress and implementation of projects.

The Non-formal Education Project aimed at development of materials for functional adult literacy programs. The Ministry of Education was responsible for the overall implementation of the project at the central level, while the Department of Community Development under the Ministry of Local Government was responsible at the field level.

The Institutional Strengthening for the Decentralized Implementation of Decentralized Community Initiative Programs mobilized ten mobile district planning teams to provide technical assistance in planning to the districts and assist in the monitoring of the community initiative projects proposed under PAMSCAD. The government's efforts to strengthen its overall economic planning in a decentralized planning structure as well as planning at the grassroots level was funded by a number of UNDP institutional support projects.

Employment Generation Projects: The Public Works Project aimed at rehabilitation and maintenance of urban infrastructure as well as assistance in alleviating the acute housing shortage. This component was funded by IDA.

The Credit Scheme for Small Scale Enterprises Component aimed at generation of employment opportunities for small enterprises and farmers. Funds were channeled through the Bank of Ghana to local banks, who appraised the loans. NGOs operating in the informal sector assisted entrepreneurs in the preparation of feasibility reports and provided follow-up assistance for purchasing, financing and marketing.

The Agricultural Rehabilitation Credit for Peasant Farmers provided a credit line to small-scale farmers and the rural poor. The credit line was channelled through the Bank of Ghana to the Agricultural Development Bank and other rural banks to be on-lent to small-scale farmers. About 62 million cedis of an initial credit line of 94.5 million cedis (US\$189,000) was disbursed to farmers through the Ministry of Agriculture.

The Project to Enhance Economic Opportunities for Women in Development aimed at providing materials and other necessary inputs to groups of women through marketing organizations. UNICEF made funds available for this project and provided equipment.

The Small Scale Mining Project aimed at attracting unemployed and underemployed to this labor-intensive sector. Eight district centers were established. Several Small-scale Mining Implementation Committees were established.

The Redeployment Program contained a set of interventions aimed at easing the transitional costs of the redeployed and facilitating their movement into productive jobs. These interventions included a compensation package for redeployees and the upgrading of counseling and placement services to facilitate the mobility of redeployees. In addition, a training scheme was proposed to allow for the redeployees to upgrade their skills or acquire new skills to facilitate self-employment or employment in the private sector. Management courses for redeployees were conducted in many areas.

The Food for Resettlement Program was designed to provide food aid and extension services to enable redeployees and other unemployed to move into unused but arable fields in selected regions of the country.

Basic Needs Interventions: The Hand-dug Wells and Low-cost Sanitation Project was proposed to provide a safe, reliable water system to a segment of the rural population and further improve health conditions. The project was implemented in the context of the community initiative program where communities identified and proposed water projects, secured funds from the district councils from the funds set up under this project, and employed either private well-diggers or obtained technical assistance from the Ghana Water and Sewage Corporation which provided institutional strengthening under this project.

The Essential Drugs Supply Scheme attempted to address the critical problems of chronic undersupply and/or high prices of essential drugs in rural and poor urban areas.

The Supplementary Feeding and Nutrition Education Program proposed to address the nutritional needs of malnourished children in poor households. The project concentrated on sixty-five government and thirty-four hospitals and clinics.

The Deworming of Primary School Children Component aimed at improving the health and nutritional status of primary school children throughout the country and teaching basic hygiene.

Education Projects: The Bulk Purchase Project involved the purchasing of food stocks to finance a revolving fund for bulk purchase of food for second cycle boarding schools.

The Paper Commodity Aid Project proposed to promote better access to materials at low and reasonable costs by using paper commodity aid for the printing of exercise books and text books for primary schools.

Financing Arrangements: The total cost of PAMSCAD was estimated at \$85.7 million. PAMSCAD was designed to be implemented over a two-year period. Implementation of the various initiatives within the PAMSCAD portfolio faced substantial delays due to institutional and donor financing bottlenecks. It took some time for many donors to commit funds. Also, some donors used time-consuming disbursement procedures which impeded the emergency nature of the interventions. Measures were undertaken to improve the disbursement process.

Achievements to Date: The IDA credit of \$10.6m for the Priority Works Project was almost entirely drawn down and most of the physical works were accomplished. This PAMSCAD project was successful in generating employment—8,472 person years, which includes a 15% estimate for employment generated indirectly, at an average cost of \$2,122 per job. The actual number of jobs created fell short of the Staff Appraisal Report target by 21% while the average cost per job increased by 32%. According to the Project Completion Report (PCR), the amount of employment generation was a significant achievement given the volume of startup administrative difficulties and the limited technical and financial capacity of local contractors. About 235 contracts, averaging about \$30,600 were completed for the infrastructure rehabilitation and maintenance in four project cities. Priority Works was less successful in demonstrating cost-effective house construction techniques, and the process of divesting government-owned housing units did not take place. The sites and services component which was supposed to do this was not fully developed as planned originally. In terms of results, the project delivered as planned: 206 housing units were completed; and urban upgrading made a significant impact in the four project cities.

A general criticism of PAMSCAD as a whole is that it did not reach the poorest of the poor. The 1990 report by the Multi-Donor Mission found an informal bias towards distribution in or near urban centers and PAMSCAD appeared to fail in reaching poorer, rural and marginal communities. Targeting was "inadequate with regard to the socioeconomic and gender characteristics of beneficiaries, and the allocation of resources to disadvantaged regions and districts as well as between rural and urban areas." PAMSCAD had difficulty in targeting assistance to the poor because the poor are not concentrated in any particular areas, and their consumption pattern is not distinctly different from that of the non-poor. The PCR of the Priority Works Project did not estimate the poverty level of hired workers, while the urban site that was developed was sold to the local public housing company for more intensive consolidation of high-rise medium-income housing.

PAMSCAD probably reached only 50,000 people (.3 percent of the population) in 4.5 years of operation, but the total number of beneficiaries could be higher due to insufficient data. Most funds went to groups which are not poor: 34 percent to redeployed workers in the public sector; 10 percent for nutrition; 6 percent for rural areas; 2 percent for women; and 2 percent for water wells.¹

Implementation Issues: Design weaknesses in PAMSCAD included; (a) too many projects (twenty-three) relative to donors and the government's capacity to implement; (b) excessive concentration of decision-making within central ministries and agencies and delay in channelling funds to project beneficiaries; (c) the program did not target the poorest groups; (d) there were too many donors for some projects causing delay; (e) the long term elements of PAMSCAD should have been implemented as part of the government's regular public investment program; and (f) the government missed the opportunity to engage NGOs in the community-based operations. During the first two years, institution-building at the national level (creation of new project units, purchase of vehicles and equipment and TA) absorbed approximately 48% of total disbursements. This problem was compounded by tied aid.

The Priority Works Project had limited success in reaching disbursement targets and finished two and a half years behind schedule, taking twice as long as anticipated. Progress was much slower than anticipated because of protracted contract approval and award processes: the government was not equipped with a system for handling bids from micro-contractors; authorities were unfamiliar with Bank procurement guidelines; co-financing arrangements required four separate payments to be made to contractors; and the sheer number of contracts placed an enormous workload on the implementing agency. Due to these difficulties, only a small portion of the contracts actually went to micro-contractors, limiting the project's impact on the local construction sector. On the other hand, the Project Units and contractors were made more aware of the benefits arising out of a disciplined contractual process, and the Metropolitan Municipal Authorities gained replicable project implementation experience.

¹ Mesa-Lago, 1994, p.15-16.

Annex 5: GUINEA—THE SOCIO-ECONOMIC DEVELOPMENT SUPPORT PROJECT (SEDSP)

(Date of effectiveness: 11/20/89)

Objectives: The Socio-Economic Development Support Project (SEDSP) aims to assist in initiating a long-term program for the alleviation of poverty in conjunction with the Government's structural adjustment program. The SEDSP supports measures that aim to improve the access to employment opportunities and basic services for the most vulnerable groups of the population.

The major objectives of the SEDSP are: (a) to strengthen the Government's design and implementation capacity of social action plans; (b) to strengthen the Government's capacity to identify vulnerable groups and evaluate the impact of the structural adjustment process; and (c) to implement a priority action program of subprojects aimed at addressing the needs of the vulnerable groups within the country.

Target Groups: The SEDSP targets civil servants and public sector employees who will or have been laid-off as a result of the retrenchment in the public sector, and school graduates who will not be able to find employment in either the public or private sector. The SEDSP also targets groups whose malnutrition rates are high, including pregnant women, lactating mothers and young children, in urban and rural areas.

Institutional Framework: A National Commission on Social Policy was created at a ministerial level and granted overall supervisory responsibility for the implementation of the social policy actions. A Socio-Economic Advisor was hired to serve as the coordinator of the SEDSP Project, the chairman of an official level sub-committee supporting the National Commission on Social Policy and as the Secretary of the Commission. The Pilot Program component and the Monitoring Living Standards component are implemented by the Ministry of Planning.

Project Components: The SEDSP includes three major components:

(a) The **Social Policy Planning** component aims to strengthen the Ministry of Planning's statistical base for policy formulation. The main objective of this component is to augment the Government's understanding of the living conditions of the poor so as to enable it to better identify the most vulnerable groups of the society and thus enable it to monitor changes in living conditions.

(b) The **Monitoring Living Standards** component aims to strengthen the Ministry of Planning's statistical base for policy formulation. The main objective of this component is to augment the Government's understanding of the living conditions of the poor so as to enable it to better identify the most vulnerable groups of the society and thus enable it to monitor changes in living conditions.

(c) The **Pilot Program** consists of the financing of employment-generation and social projects sponsored by NGOs and other community groups. To coordinate this program, a Pilot Project Management Unit was established within the "Direction Nationale des Investissements Publics" of the Ministry of Planning.

The Pilot Program channels funds to finance small, grassroots pilot subprojects that are designed to assist the vulnerable and low-income segment of the population. Implementation of the subprojects was to be carried out largely by NGOs.

The Pilot Program Management Unit (PPMU) is responsible for the operations of the Pilot Program comprising subproject evaluation and monitoring. The PPMU is also responsible for the preparation and submission of annual reports on the operations of the Pilot Program to the Minister of Planning. A Pilot Program Screening Committee screens subproject proposals and transmits selected proposals to the Minister of Planning for approval.

Financing Arrangements: Total project costs are estimated at \$13.48 million. An IDA credit of \$9 million equivalent is expected to cover about 67 percent of total costs. The Government will contribute \$0.58 million. The African Development Fund is providing a grant of \$1.87 million equivalent and the Canadian International Development Agency a grant of \$0.84 million. NGOs and beneficiary communities are expected to make in-kind contributions estimated at \$1.20 million equivalent. The Pilot Project component (Social Fund) costs are estimated at \$7.2 million and \$0.7 million for management.

Achievements to Date: The Pilot Program has been plagued by design problems as well as delay in counterpart funds, slowing disbursement during its first year of implementation. However, NGOs, local government and village associations (groupements villageois) have implemented 65 subprojects totalling 2.9 billion Guinea francs (\$2.9 million). Forty one percent of funds have gone to education, mostly school construction; 24 percent to health and sanitation (construction of new clinics), 17 percent for small infrastructure (roads and bridges); 10 percent for training/retraining of laid-off workers; 7 percent for enterprises by young graduates and laid-off workers; and 0.5 percent for women's small enterprises. Most subprojects have gone to rural areas. Fourteen percent of subprojects have been completed; 40 percent are under execution; and 33 percent have been approved but are waiting for funds.

Absence of data inhibited detailed targeting at project launch, but targeting has been refined as statistics have become available. It is apparent that women's groups were poorly represented among groups putting forward proposals and so promotion activities are to give greater attention to those groups. The Pilot Program's centralized operations inhibited access for those beneficiaries with limited means of making numerous trips to the capital. By increasing participation of international NGOs to promote and identify projects the Pilot Program anticipates that more marginalized groups will be reached.

Implementation Issues: The Pilot Program's slow start is evident by the fact that in the first 3.5 years of a six-year project, just \$.600 of \$6 million was spent. Many proposals that were submitted were not acted upon by the Pilot Program Management Unit (PPMU). Such circumstances arose from the problematic design of the Pilot Program, absence of an operational manual and detailed implementation mechanisms, as well as from the performance of staff.

To elaborate, initially staff were responsible for subproject administration and monitoring as well as promotion, financing, contracting and supervision, which were extremely time consuming. Purchasing equipment and transport was delayed and staff training was not suitable to the operational tasks and responsibilities, therefore, staff were not sufficiently prepared to handle responsibilities. Furthermore, insufficient salaries affected staff morale and performance. Consequently, staff were inhibited from

dedicating greater time to working with intermediaries to prepare sound and complete proposals and to appraising subprojects.

Additionally, the PPMU lacked the autonomy from PADSE that had been envisaged at appraisal. A highly centralized PADSE administration inhibited PPMU staff from taking initiative. Integration into PADSE also delayed appraisal and approval, which deterred NGOs from putting forward proposals. All subprojects were submitted to a Pilot Program screening committee comprising ministry representatives, as well as passed by the Minister of Planning and IDA, which lengthened the approval process. Typically, one year passed before subprojects were approved. Although at project design it was anticipated that NGOs would receive representation on the screening committee and the Bank Resident Mission would play a major role in the review of subprojects, neither of these took place. Political pressure to disregard established approval criteria also seeped into operations of the Pilot Program. As proposals were to be dealt with by the PPMU on a first-come-first-served basis, NGOs were reluctant to become involved when the integrity of the PPMU to abide by this rule was in doubt. Likewise, slow payment of contractors deterred small contractors from seeking PADSE-supported works.

To rectify this situation a number of steps were taken. A computerized management information system (MIS) was designed which made it more difficult for the first-come-first-served rule to be bent. The type of activities that could be funded was limited by providing a menu of specific activities with "blueprints", thereby reducing the diversity of expertise needed by intermediaries, small contractors and PPMU staff to implement or supervise activities. Regional schedules of costs also were prepared to guard against over-charging. To attract participation by international NGOs, intermediaries were allowed to cluster or package subprojects in a number of villages under one proposal to cut down on preparation costs.

Although the increased efficiency in approval procedures has not been quantified in average number of days, the procedures have encouraged NGOs to seek greater involvement. With the new MIS, the PPMU has been able to keep track better of subprojects and perform supervision more efficiently. It is estimated that around 95% of the funds will be disbursed on schedule by the end of 1995.

It is apparent that greater government commitment to the integrity and objectives of the program and a more autonomous PPMU was needed, one that is freed from the PADSE/government structure, exempt from civil service salary schedule and able to contract out supervision and other tasks. It is the case as well that initial government skepticism of the PPMU has been replaced gradually by confidence and support for the program as it is seen increasingly by ministries as complimentary to their services.

A major implementation issue that initially received inadequate attention is sustainability of subprojects. The Pilot Program was designed to address recurrent costs prior to approval of subprojects by securing ministerial commitment to cover such costs. Cognizant of budgetary constraints, this issue is now addressed during negotiations on recurrent costs that take place between the PPMU and intermediaries prior to subproject approval, though it is not clear how effective is this system. Schemes for user charges, community contributions and funds collected by central government and returned to the local level are being tried.

Annex 6: GUINEA-BISSAU—THE SOCIAL AND INFRASTRUCTURE REHABILITATION PROJECT (SIRP)

(Date of effectiveness: 10/30/89)

Objectives: The Social and Infrastructure Rehabilitation Project (SIRP) aimed at addressing the needs of the vulnerable groups who were negatively affected by the structural adjustment program, or who suffered from the earlier period of economic decline. The overall objective of the SIRP was to increase income and employment opportunities among low-income and unemployed urban and rural workers through the support of activities having high economic and social rates of return.

Target Groups: The target population was broadly defined to include low-income and underemployed urban households, including high school graduates looking for their first employment, laid-off public and private sector workers, small farmers whose productivity was low and who faced unemployment and hardship in the lean season.

Institutional Framework: A Management Unit (MU) was established within the Ministry of Planning to directly oversee the project. Its staff initially was to be composed of a Project Coordinator, a National Director, an Accountant and a Procurement Specialist. The Project Coordinator was selected in July 1988 and therefore was involved in the project from its inception. He had access to and good relations with the donor community. The National Director was selected by the Minister of Planning (now the Minister of International Cooperation). The Coordinator's access to the donor community and the National Director's position as an effective local counterpart contributed to making the Management Unit an effective coordinating unit and thereby facilitated overall project implementation.

Overall responsibility for project implementation resided with the Ministry of Foreign Affairs and International Cooperation, though it initially resided in the Ministry of Planning. The Management Unit (MU) was responsible for coordinating all operational aspects of the project including procurement, disbursement, maintenance and auditing of project accounts, coordinating and monitoring technical assistance, establishing and maintaining the special accounts, monitoring overall progress of the project and preparing quarterly progress reports.

The Ministry of Social Infrastructure, specifically, the Directorate General of Roads and Bridges and of Housing and Urban Affairs, was responsible for the Infrastructure and Site Development Works Program. A Technical Office (TO), established within the ministry and staffed with local technicians, was responsible for implementation.

The Education component was implemented through the Ministry of Education utilizing technical assistance being provided through an on-going IDA Primary Education Project. The Health component was designed to complement an on-going Population, Health and Nutrition Project and to use to the extent possible, existing administrative arrangements within the Ministry of Public Health.

The Reconversion Unit of the Ministry of Public Function and Labor selected candidates and supervised training programs and placement of workers for the Reorientation Program.

Technical assistance was a major component of the project. Due to the lack of expertise needed for quick and efficient implementation, engineering and consulting services were required to avoid draining the existing, but limited, human resource capacity within the country. The MU had the responsibility of coordinating not only consultant services and training programs which consisted mainly of on-the-job training and short project management courses but also supervised procurement, implementation, and monitored project financing as well as actively fundraised. For this reason, the overall management costs of the project were very high and represented 25 percent of total costs.

Project Components: The SIRP included the following components:

(a) **Maintenance and Rehabilitation of Urban and Social Infrastructure**, which consists of technically simple, easily implementable and labor-intensive works designed to complement the on-going activities of other donor agencies. It involved urban infrastructure rehabilitation and construction in Bissau and other major cities including drainage works, street improvement, water supply and sanitation works. In addition, the component included the rehabilitation of schools, primary health facilities, markets and other community facilities in these cities. An urban improvement project in Bissau aimed at rehabilitating pedestrian facilities within the city was successfully implemented.

(b) **Sites-and-Services** projects which provide plots with basic road, drainage, water supply and electrical power services in the Antula neighborhood in Bissau.

(c) **Provision of Educational Materials, Supplies and Equipment**. This component was designed to complement the on-going Basic Development Project and included the provision of furniture and basic equipment and teaching materials to primary and secondary schools.

(d) **The Provision of Health Supplies and Equipment** included an essential drugs scheme to complement the on-going Health and Nutrition Project, and support for an AIDS program and provision of supplies, equipment and furniture for health facilities.

(e) **A Reorientation Program** supported the Reorientation Unit in the Ministry of Public Function and Labor to establish a database on laid-off government staff and the unemployed with special emphasis on women and youth, employment information and a training program for former public sector employees. Also, it included the provision of basic equipment to assist trainees in starting micro-businesses.

(f) **The Monitoring Social Dimensions of Adjustment** component was designed to strengthen the government's capacity to integrate social policy into the structural adjustment process. The initial stage consisted of a set of socioeconomic studies including a household survey of living conditions in the country, a social assessment of the investment program, a study on the informal sector and the food security situation.

Financing Arrangements: The total cost of SIRP was estimated at \$17 million and the project was supposed to be implemented over a three-year period with an expected completion date of December 31, 1992. The IDA credit of \$5 million was increased to \$7.9 million (supplementing credit of \$2.9 million), due to the shortfall in co-financing and government counterpart funds.

Achievements to Date: The project closed in July 1994, 1.5 years ahead of schedule, and was considered a success for its impact on employment generation, strengthening of small contractors and provision of social services. Of the total funds disbursed by SIRP, 45% went toward social services, 42% supported labor-intensive works (some of which were social infrastructure), and 3% supported training and job placement. The World Bank disbursed fully its \$7.9m contribution by 1994. Thus far, few details describing "beneficiaries" are available, so it is not possible to judge success in reaching target groups. A forthcoming evaluation of the infrastructure works component should provide details on the socioeconomic characteristics of workers and those who benefited from greater access to services. The number of women and youth among those unemployed and laid-off workers reached by the Reorientation Unit (RU) remains unclear.

All programmed infrastructure rehabilitation works were completed by January 1993. Contracts totalling \$8.7m were awarded through 138 subprojects, generating about 1500 man-years of employment, which equaled 75% of the project's original objective. Urban infrastructure improvement occurred predominantly in poor neighborhoods and a Garbage Collection Program was introduced in Bissau, but the Government has yet to put in place a cost recovery scheme. Another benefit of the project was its impact on local contractors' management and technical capacity. Of the 28 construction companies which were awarded contracts, nine were newly formed and most companies were small and medium-sized local firms. A Ministry of Planning and International Cooperation report noted that a number of contractors established modern management systems using microprocessors. Some adopted a salary system based on productivity which resulted in greater worker output and stimulated skilled labor. Contractors were paid, on average, within three weeks of completion of works.

As planned, essential drugs and school materials were delivered, easing a major bottleneck in the functioning of social services in Guinea-Bissau. Drugs, medicines, medical supplies, training supplies, logistical support, equipment and furniture worth \$2 million were provided; and \$.6 million was used to provide classroom furniture and basic school equipment. An estimation of the number of beneficiaries of this component has not been and it is unclear as to whether supplies reached throughout the country as planned. The component appears to have alleviated the severe shortage of essential drugs and to have improved access to drugs and medicines for some vulnerable groups. A cost recovery scheme to recover a proportion of funds needed to buy new drugs was designed but has not been successfully implemented.

By project end, over 2000 laid-off civil servants and other unemployed were interviewed for available training places (80% of the project's target); of these, 580 persons were retrained. The fact that 85% of those who undertook training found employment is a very positive sign. Training courses in micro-processing, accounting, secretarial skills and typing, carpentry, civil construction, welding, electricity, plumbing and hairdressing were contracted by the RU and implemented by existing training institutions rather than integrated into curricula at formal institutions. On-the-job training was also arranged to improve workers' skills in construction. Training sessions lasted from two to four months during which time trainees received a small stipend to enable them to dedicate their time exclusively to training. The Government had learned from previous experience that trainees needed some financial support while undertaking training. Provision of a stipend appears to have reduced the number of dropouts. The success of the trainees in finding new work was in large part due to the RU's practice of basing its training curriculum on assessments of demand in the labor market. Some were placed on construction sites of SIRP-funded infrastructure works and other projects.

Implementation Issues: The institutional set-up of the Management Unit and Technical Office was not a suitable arrangement as personal and technical disputes between the two bodies with government ministries erupted. Formation of a Ministerial Coordinating Committee, composed of all ministers involved in the project eventually helped to resolve some of the conflict. Because SIRP lacked autonomy, subproject approval was at the mercy of relations between ministries and the Management Unit; thus approval was not rapidly granted. Guinea-Bissau's experience underlines the importance in a SAP to achieve workable inter-sectoral coordination. The experience shows that this is attainable if there is a viable forum for an open and continuous dialogue among concerned ministries/agencies. The forum has its limitations, however, as it can only provide consensus on on-going issues while ministers have higher authority in how they apply decisions. While building up effective work relations between ministries can help diminish conflict, distributing responsibilities in such a way as to hold parties accountable and to allow for open debate is also desirable.

The SIRP was characterized by high levels of technical assistance, which is considered to have contributed to its success. Technical assistance upgraded the level of performance of 30 local staff members and professionals engaged in various functions. Practical skills training and capacity building was crucial to the achievements of the SIRP, considering that the country has limited technical resources. Costs were increased as well because TA to the Reorientation Unit that was supposed to come from a UNDP-ILO executed project never materialized, so the financial burden fell on SIRP to finance such assistance.

Annex 7: MADAGASCAR—THE ECONOMIC MANAGEMENT AND SOCIAL ACTION PROJECT (EMSAP)

(Date of effectiveness: 03/15/89)

Objectives: The Economic Management Social Action Program (EMSAP) aims at improving the sustainability of the adjustment process by supporting social policies that address the needs of disadvantaged groups and strengthen the government's institutional capacity to effectively implement reforms. EMSAP is designed to provide the poorest groups within the country with greater access to income-generating assets, employment opportunities, and basic social services so as to increase the productivity of physical assets and human resources.

The major objectives of EMSAP are: (a) to initiate a program of emergency actions for disadvantaged and vulnerable groups; (b) to reinforce the capacity of the Government to monitor social conditions and design social policies and programs; and (c) to facilitate the implementation of the structural adjustment program by strengthening the capacity of key institutions for economic management.

Target Groups: The vulnerable groups have been identified as follows: (a) an estimated 2.5 million persons, primarily women and children, in the highlands plateaux at risk from malaria; (b) an estimated 11,000 who have no means of income and who suffer from food insecurity; and (c) an estimated 7,000 public sector employees who are being laid-off due to reforms in the public sector.

Institutional Framework: Overall project coordination lies with the Directorate General of Planning, which reports directly to the Presidency and is administered by an appointed manager. However, administrative coordination, actually most coordination tasks, now are handled by a group of consultants to the Ministry of Planning. The Social Action Program is coordinated by the Directorate for Social Planning within the Directorate General of Planning.

The Directorate General of Planning has responsibility for ex ante evaluation of the various components and conducts periodic reviews of the status of their implementation. Implementation, supervision and management of the components is the responsibility of the relevant ministries or agencies. These implementing agencies deal directly with the disbursement unit of the Ministry of Finance and Economy for expenditures related to programs and projects that have been approved.

Project Components: EMSAP has three major components: (i) A Social Action Program which consists of: (a) an Emergency Malaria Control Program; (b) Expansion of Family Planning Services Program; (c) a Food Security Policy Component; (d) Labor-intensive Roadwork Component; (e) Institutional Support to the Ministry of Population for coordinating NGOs; and (f) a Redeployment Program for laid-off public sector employees. (ii) An Institutional Strengthening Component aimed at strengthening the Government's capacity to identify, prepare, implement and monitor social programs, as well as incorporate data obtained from socioeconomic studies and surveys into social policy planning. (iii) An Economic Management Assistance Program aimed at supporting the implementation of the adjustment program by financing short-term technical assistance, training and logistical support to Government staff

to implement reforms in the budget process and public enterprises as well as the establishment of a fund to finance studies with regards to the next phase of the adjustment process.

Social Action Program Components:

(a) **The Emergency Malaria Control Program** involves the development of an integrated, phased malaria control program and the implementation of emergency actions to treat and monitor the disease.

(b) **The Family Planning Services** component is implemented by Fianakaviana Sambatra (FISA), a local NGO, and is financed by UNDP. Its activities include the strengthening of the government's information, education and communication program on family planning, improving clinic services, and developing teaching activities.

(c) **The Food Security** component is being implemented by the "Direction de la Sécurité Alimentaire" within the Ministry of Agricultural Production and Agrarian Reform with assistance from the Food and Agriculture Organization and the World Food Programme. This component involves the design and field-testing of pilot operations aimed at addressing the food security problems within the country. A targeted child-feeding program has been implemented and has proven to be relatively effective. In addition, a food security strategy and a free-standing food security operation are to be successful interventions on a national scale.

(d) **The Employment Generation** component involves the financing of the construction, rehabilitation and maintenance of rural roads by labor-intensive techniques in targeted low agricultural employment opportunities areas. The component is being implemented by the "Direction des Routes" in the Ministry of Public Works with technical assistance provided by the International Labor Organization (ILO).

(e) **The Support for Coordinating NGOs Component** supports the strengthening of the NGO unit within the Ministry of Population, Social Condition, Youth and Sport. The aim is to reinforce the Unit's role of coordinating NGO activities in Madagascar and attracting international NGOs. This support includes the maintenance of an NGO database, an NGO survey and the creation of an NGO newsletter.

(f) **The Redeployment Fund and Reemployment Program** includes: (i) the creation of a redeployment fund to facilitate severance payments; (ii) the strengthening of the Ministry of Civil Service and Labor to create an information center for referral services for dismissed workers; and (iii) the organization of a re-employment program. The Redeployment Program is managed by the Ministry of Civil Service and Labor and is financed out of the Government's budget. The Reemployment Program consists of two types of reemployment programs: on-the-job training and retraining through specialized institutes, both aiming to increase occupational and geographic mobility and facilitate the reemployment of affected employees in the private sector.

An Information Center has been set-up by the "Direction de l'Emploi et de la Main-d'Oeuvre" in the Ministry of Civil Service and Labor and managed as an autonomous unit under the supervision of a board of representatives of the Government, private sector and labor.

Financing Arrangements: Total financing for EMSAP is estimated at \$40.95 million equivalent. Due to the country's severe budgetary problems, the Government's contribution is limited to routine operating costs and the severance pay to public enterprise employees (\$4.8 million). IDA is financing \$22 million, the African Development Bank is financing \$4 million and other bilateral and multilateral donors are financing the remaining amount.

Achievements to Date: EMSAP has been delayed in achieving its disbursement targets, largely due to lack of counterpart funds and its execution through regular government implementation procedures, which was compounded by weak coordination between the government agencies and ministries responsible for implementation. The Reemployment component has reached about 4000 laid-off workers (55% of the project's targeted number). Additional workers requested assistance but did not receive it, in part a consequence of the Reemployment Program's slow delivery of service. Because of the slow pace of privatization, not more than 500 more workers are expected to be helped by project end. Most assistance has been in the form of equipment to encourage workers to return to rural areas and there has been little training as planned at appraisal. The average cost of equipment per laid off worker is \$900, though this figure does not include the cost of technical assistance provided by the ILO. An evaluation of laid off workers will be complete by September 1994.

By the end of 1993 there was a significant improvement in execution of the labor-intensive works program. On-going or signed contracts totaled \$2.5 million, and \$3.8 million was in the process of signature covering 730 km of roads (30 more than appraised). These works are expected to generate the planned 2 million man-days of employment and to enable 80 enterprises to acquire experience in executing public works which qualifies them to participate in another Bank-supported project, SECALINE Fond de Developpement. Training of SMEs was also conducted under the project, though its impact on strengthening the capacity of SMEs was limited. Upon completion of a beneficiary assessment it will be possible to describe the characteristics of workers who found employment and to measure impact of employment on incomes.

The food security component contributed to the design of a self-standing Food Security Rural Credit Project (SECALINE) while the malaria control program was implemented rapidly and completely and ceased the virulent epidemic. A new health project (CRESAN) has taken over malaria control activities. As planned, seminars for NGOs were held, an updated list of NGOs in the country and their activities was prepared, and an informational bulletin was distributed for NGOs and donors.

Implementation Issues: Implementation remains behind schedule but there was a major improvement during the later half of 1993 after an implementation unit was created to coordinate activities and counterpart funds were made available. As of April 1994, 55% of the \$22 million World Bank loan was disbursed (about \$12.2 million). The closing date was extended from 6-94 to 6-95 to complete the employment generation component.

EMSAP is implemented by regular line ministries and agencies, and is not demand-driven. Each ministry prepares an annual work program and pledges to cover maintenance and operation costs. Sustainability of works remains an overarching challenge. In order to pay contractors under the public works program quickly, special payment procedures were set up by the Ministry of Public Works, which has dramatically reduced the payment time from a typical four or more months to 15 days (average). There is no evidence

of such procedures being adopted by other government ministries or agencies, though they are being used in the Bank-supported SECALINE Project.

The large number of different components made supervision a very difficult task and the weak coordinating mechanism was not effective. Some implementing agencies/ministries were reluctant to relinquish control. Cumbersome government procurement and disbursement procedures remained in effect and delayed activities. The emergency nature of the program to assist groups hurt by adjustment meant that the program was prepared rapidly and some of the key institutional and procedural issues were not sorted out prior to project launch. This meant that these issues had to be dealt with during the first year of operation, which contributed to the slow pace of implementation overall. A major lesson learned was that ministries were not equipped to initiate a program of emergency actions. To respond quickly and effectively, a special unit was needed. When this was created in Madagascar, implementation improved.

Annex 8: SAO TOME AND PRINCIPE—THE SOCIAL INFRASTRUCTURE FUND (SIF)

(Date of effectiveness: 02/23/90)

Objectives: The lack of institutional and budgetary capacity within the relevant line ministries did not allow the launching of an effective response to the social costs of the economic crisis using existing institutions. The Social Infrastructure Fund was established in 1988 to assist in the mitigation of the social and economic impact of the economic decline and structural adjustment process.

Target Groups: Precise targeting was not attempted initially. The Government recognized that assistance was required across all sectors and population groups. In general, the target groups were identified as the "poorest" segment of the population.

Institutional Framework: The Social Infrastructure Fund (SIF) was created by Presidential Decree in 1988, with a life span of approximately six years. It was established as an autonomous organization with full administrative, technical and financial responsibility for: (a) the mobilization of external resources for subproject financing on behalf of the country; (b) the promotion of its services among potential sponsoring agencies; (c) the appraisal of subproject proposals; and (d) the management of all activities undertaken by the SIF.

The SIF was placed directly under the Prime Minister who was made chairman of its Board of Administrators and who approved of all appointments to the board. The board members included the Ministers of Economy, Finance, Public Works and Environment as well as two representatives from the private sector. The board was responsible for establishing the SIF's by-laws and policies, overseeing its operations, approving funding of subprojects and appointing its Executive Administrator and department heads. It had primary responsibility for monitoring the development of the SIF and for ensuring that investments in subprojects conformed to its objectives and criteria. It also had the responsibility for ensuring that the SIF's resources reached the most vulnerable groups in the country.

The SIF was directed by an Executive Administrator who was responsible for the implementation of policies established by the Board of Administrators as well as the management of the SIF's operations. The Executive Administrator was also responsible for the organization and finances of the four operational departments of the SIF: Promotion, Subproject Development, Administration and Finance, and Accounting.

Project Composition: The SIF was to finance subprojects under the following classifications: (a) Social Assistance subprojects aiming to improve the provision of basic social services; (b) Social Infrastructure Improvements subprojects for the construction and rehabilitation of schools, clinics, water supply systems, sanitary and storm drainage, urban roads, and low-income housing; and (c) Economic Improvements subprojects relating to productive activities.

All sponsoring agencies were to receive technical assistance from the SIF, starting with subproject proposal preparation. Due to the severe lack of management and technical expertise within the country, technical support was seen as an essential component of this project.

Financing Arrangements: The total cost of the first Multisector Project was \$8 million of which \$5 million was financed through an IDA credit. The Government contributed \$1 million equivalent of 13 percent of total project costs in the form of waivers on import duties and taxes and salaries paid to local staff employed by the Fund. Other donors provided co-financing of US\$ 2 million equivalent. The second Multisector Project became effective in 1991 at a total cost of \$7.6 million.

Achievements to Date: The First Multisector Project was very successful in achieving its disbursement targets, finishing two years ahead of schedule. It financed essential needs projects in infrastructure and social services that were identified by government officials and the Bank and was not demand-driven. The project financed subprojects totaling US\$ 1.17 million in the health sector (malaria, essential drugs, health sector planning); \$.84 million in education (printing and delivery of textbooks, education sector planning); \$1.03 million for infrastructure (water supply, roads rehabilitation, design and studies for public market); and \$.18 million for private sector (microenterprises), for a total of \$3.2 million. SIF appears to have met its objective of mitigating the social and economic impact of economic decline and structural adjustment by supporting social programs for low income households. The education and health components appear to have had an impact on underprivileged groups but due to limited evaluation the dimensions of impact are unknown.

The project was less successful in generating income and employment opportunities for unemployed and redeployed civil servants. While the subprojects were selected because of their potential labor-intensity and fit within national development goals, according to the Project Completion Report, only the road rehabilitation was labor-intensive, and so the targeted number of 850 man-years of employment was not reached. The private sector subprojects (loans), in contrast with the social sector subprojects, were not a success. Just five subprojects were approved, four of which have been fully disbursed. One was canceled, another defaulted on repayments. Due to the difficulties under Multisector I, the private sector component was cancelled under Multisector II. Under SIF's revised Decree Law, in the future SIF will only be allowed to channel funds to the private sector through existing commercial banks.

Under Multisector II, priority urban and rural small works are being executed by small local contractors. After a slow start, 67% of funds were disbursed by July 1994 and the project is expected to be completed a year ahead of schedule. Thus far, two large subprojects comprising over 50% of the credit have been completed using labor-intensive construction techniques.

Implementation Issues: Lack of counterpart funds from the Government was a problem during 1992-93, though problems have since been resolved. On the institutional side, progress was severely hampered by a lack of autonomy for the SIF and the Government's apparent lack of general support for SIF as an institution. Legal changes were instituted in 1994 to avoid political interference and excessive ministerial control stemming in part from ministerial resentment over the autonomous status of the SIF. Approval was taken out of the hands of the Administrative Council which met infrequently and placed under a new approval board headed by the executive administrator of the SIF.

Difficulties experienced by the private sector subprojects stemmed from two sources: (1) The SIF itself lacked personnel with the requisite skills and experience to evaluate and administer microcredit to entrepreneurs; and (2) since private sector subprojects were not pre-identified, approval was delayed because the Board of Administrators met so infrequently.

Special procurement and disbursement procedures proved to be particularly efficient relative to government procedures. The SIF benefited from its ability to attract high quality staff because of its exemption from civil service salary schedule. A methodology for ex post evaluation of project finances was missing under the first project and has been devised subsequently.

There is no tradition of cost recovery in Sao Tome and Principe for public services and the SIF has placed little emphasis on sustainability of works under the first two projects. While it is anticipated that with functioning water and power supply prospects are good to introduce gradually cost recovery schemes, greater attention to this issue is needed.

Under a proposed Multisector III Project, SIF is expected to move increasingly toward a demand driven approach in which NGOs and local governments will be able to put forward funding proposals. There are a small number of international NGOs operating in the country, mostly in the social sectors. Coordination of NGO activities, which is supervised by a small unit within the Ministry of Cooperation, has been limited, but the SIF Promotion Department is now seeking to involve them as sponsoring agencies of subprojects. The new government is particularly keen on SIF adopting a more demand driven approach and financing small projects identified at the local level by local Government and community groups. Part of the rationale for this approach is to better target the poorest and those most affected by structural adjustment.

Annex 9: SENEGAL—PUBLIC WORKS AND EMPLOYMENT PROJECT I

(Date of effectiveness: 03/07/90)

Objectives: The objectives of the first Public Works and Employment Project were: (a) to create new employment in urban areas as expeditiously as possible; (b) to improve the skill level of employees in the construction and urban services industries, and thus their competitiveness, so as to facilitate absorption of labor; (c) to demonstrate the feasibility of labor-intensive techniques; and (d) to implement economically viable and socially beneficial projects.

Target Groups: The target population for this project included unemployed urban residents and small enterprises located in the urban and peri-urban areas, in particular, near Dakar.

Institutional Framework: An executing agency named l'Agence d'Execution des Travaux d'Intérêt Public (AGETIP) was created as a "self-destructing" body for a two-year period, with a private legal status (NGO), and with full authority to execute and manage the project. AGETIP was monitored by a General Assembly which consisted of representatives from the Union of Construction and Public Works Workers, the National Council of Employers of Senegal, the Association of Mayors of Senegal, and local NGOs. The General Assembly met on an annual basis to discuss and review overall issues concerning the AGETIP.

Management of the day-to-day operations of AGETIP was the responsibility of the Director General who was given complete overall responsibility for the operations of AGETIP's activities as well as for the management of its funds. The Director General was assisted by a Financial Director, who was responsible for the management of the financial operations of the project, and a Technical Director who was responsible for monitoring project activities as well as coordinating all technical aspects of project operations.

Project Components: The components of the project were: (a) a program of public facility and infrastructure rehabilitation and maintenance in urban areas; (b) a package of management and training services offered on a voluntary basis to local contractors who are awarded contracts; (c) a supervision and monitoring component aimed at monitoring the progress of the project and preparing for the transition toward locally-supported employment of the target population.

The subprojects to be included in the Program of Public Works and Infrastructure Component were classified into two groups: (a) urban works, including drainage of water mains and minor rehabilitation and maintenance of infrastructure; (b) urban services, including works for cleaning public property, planting and park works.

Once a subproject was approved, the sponsoring agency (municipality, for example) entered into an agreement with AGETIP. The agreement delegated to the AGETIP the authority, on behalf of the sponsoring agency, to select contractors, sign contracts, supervise works, and pay contractors.

AGETIP maintained a roster of contractors eligible for local competitive bidding. When applying for registration, the contractors provided information on their contracting capacity as well as a list of references. Applicants specified the category or categories of works for which they were applying, and the geographic location in which they operated. Procurement was done through local advertisements and all pre-qualified contractors were allowed to bid.

The objective of the Package of Services to Contractors was to increase the technical and managerial capacity of small- and medium-sized building and construction contracting firms in the country. The program had three main sub-programs: (a) a business administration and financial management program for entrepreneurs; (b) a work organization program primarily for foremen; and (c) a series of technical training courses for workers. These services were offered on a voluntary basis and took the form of on-the-job training and assistance.

Financing Arrangements: Under the first Priority Works and Employment Project, AGETIP was to receive \$33.3 million. IDA contributed a total of \$22.1 million, and funding was also received from eight other donors. A second project of \$81 million was effective in 1993 to continue the work of AGETIP. IDA pledged to contribute \$39 million to continue this project.

Achievements to Date: The first Public Works and Employment Project is considered highly successful for the amount of infrastructure constructed, the quantity of temporary jobs created, the impact on small private contractors, and for demonstrating to Government an efficient public works program.

The first project covered a 42-month period and was completed on September 30, 1993. AGETIP financed 441 projects for an amount of CFAF 9.7 billion (\$34.6 million), and generated 66,321 jobs with an average duration of 29 days, and 1,930,550 man-days of employment. Wages distributed by these 441 projects totaled CFAF 2.6 billion, averaging CFAF 39,964 in salary per job. This was significant compared to the per capita annual income of Senegal, CFAF 90,000; thus salary for six weeks represented over one-third of income per capita in Senegal. The share of employment in the project as measured by the ratio of salaries distributed to total project costs represented 27.19%, seven percent higher than the project's target. The cost per job created was \$587.

A total of 220 small and medium enterprises won work and consultancy contracts. Training was provided to 1,200 entrepreneurs in preparing contract bids, basic management to improve their efficiency and productivity and TA to improve quality of work. The average cost of training was 96,300 (\$344) per trainee. AGETIP was exempt from Government contracting and payment procedures and developed simplified and transparent bidding procedures that enabled semi-literate and illiterate contractors to bid and enabled contractors to be paid within 10 days of completion of work.

In terms of reaching its target group, a great deal of rehabilitated infrastructure benefited poor urban areas, though the project did not target the poorest areas specifically. There was little data on the characteristics of the many employed laborers. A small NGO compiled lists of unemployed workers by age and location and made lists available to contractors implementing AGETIP projects. As the final decision of who to hire was left up to the firm which usually also had its own list of recruits, jobs were not always allocated to the neediest.

The second Public Works and Employment Project became effective in January 1993. It seeks to enter into cost sharing schemes with municipalities, to increase grassroots participation and to provide contractor training earlier in the subproject cycle. Also, the second project introduces the development and testing of AGETIP-type mechanisms to support rural investments. Activities under this project were slow in starting due to delay in transfer of counterpart funds.

Implementation Issues: A primary reason for AGETIP's success is that it was insulated from Senegal's highly partisan and clientelistic politics. In part, the President's willingness to protect the agency from political pressure was quite important. Also important, though, were its rigid selection and approval procedures and its specially designed and efficient procurement and disbursement procedures.

AGETIP has been criticized for its limited targeting of the poorest and sustainability of works. As its mandate was to generate employment, AGETIP did not concentrate its efforts solely on the most infrastructure-poor areas, but looked primarily at those with a high level of unemployment. AGETIP received proposals from municipal Governments that were dependent on central government for resources and authority and were not competitively elected. Thus, proposals from local governments were not necessarily the result of community participation. Demand was based on competition from competing municipalities, some of which were better prepared technically and financially to formulate coherent proposals.

Initially NGOs were asked to present proposals, but when it was decided that AGETIP would be limited to labor-intensive public works, NGOs were for the most part excluded as their orientation, structures and areas of activity were inconsistent with AGETIP's procedures for dealing with private sector contractors. In part, this also was a reflection of the Government's perception that NGOs were aligned with the opposition and of NGOs' suspicion of Government attempts to control them. It is anticipated that greater collaboration with NGOs could enhance AGETIP's links and outreach to the poor so the Bank has encouraged AGETIP to develop its relationship with the NGO community. AGETIP successfully targeted the poorest groups in its food-for-work program, which was run in conjunction with the World Food Program.

Sustainability has been a concern in two respects: sustainability of the actual works and sustainability of the AGETIP approach. One of the strategies for increasing the likelihood that works would be maintained after subproject completion was to mandate that localities were ineligible for additional AGETIP funds if they could not prove that previous AGETIP-funded works were still operating. Another strategy was to develop cost recovery schemes including user fees based on services provided by rehabilitated facilities. The second Public Works and Employment Project encourages the participation of municipalities in funding subprojects implemented by AGETIP and gives greater emphasis to cost recovery. Still another option may be to access local tax revenues, but this relies on decentralization of tax collection responsibilities. Concerning the AGETIP approach of using SMEs to perform public works rather than "force account", such a strategy requires continuous demand for SME services. This could be supported in Senegal by extending the range of activities beyond public works to equipment of social facilities, such as contracting SMEs to provide the desks and chairs for rehabilitated schools.

Annex 10: SENEGAL—THE NATIONAL EMPLOYMENT FUND

(Start-up date: January 1988)

Objectives: The objective of the National Employment Fund or Funds National Pour l' Emploi (FNE) was to support the reinsertion of laid-off workers from the public sector and unemployed graduates in the economy through the creation of small-scale enterprises.

Target Groups: Laid-off workers from the public sector and unemployed graduates.

Institutional Framework: The overall program was managed by DIRE, "Délégation à l'Insertion, à la Réinsertion et à l'Emploi" created in 1987 and placed under the direct authority of the Presidency. The National Employment Fund consisted of a line of credit managed by four local banks. DIRE provided advisory services and evaluated proposals presented by potential beneficiaries. Once the proposal was accepted, the local banks provided the credit. The funding for the line of credit was provided by the Treasury.

Project Components: The project consisted of advisory services for the establishment of small-scale private enterprises, evaluation of the proposals made by persons requesting funding and a line of credit. The size of allocated credit varied from \$10,000 to \$50,000, with a maximum of \$100,000. The interest rate on borrowing was 11 percent.

Financing Arrangements: The FNE was funded through the process of an IDA and ADB credit (integrated in the structural adjustment package) of \$5 million and an equivalent contribution from the Senegalese government. Technical assistance was provided by UNDP and ILO.

Achievements to Date: The accounting and follow-up system of DIRE was extremely weak and, therefore, a precise assessment of achievements is not possible. Of the 11-16,000 people who were eligible for DIRE loans, approximately 5 percent received loans from 1988 to 1990, though there is no existing account of the exact number of loans made or any list of recipients. Approximately CFA 3 billion (\$10.7m) was distributed to 496 loan recipients. Training was not extended to loan recipients. Approximately 1,500 jobs were created, at a cost of \$11,000 per job, which is expensive by public employment program standards. Less than 19 percent of the borrowers were women, and 80 percent of the loans were made to Dakar residents. Approximately one-third of the enterprises failed in the first year.

Institutional Issues: From its outset, DIRE had serious institutional problems. While the eligible groups were clearly defined, there was no systematic selection process. Thus, lending was based largely on personal or clientelistic criteria rather than economic viability. DIRE also lacked a mechanism to account for expenditures or to follow up on the results of loans, thus abuse was common and feedback to managers was absent so no corrections could be made to make the system more efficient.

The FNE started to work with state banks that had to be closed because of their financial situation. New banks took over the management of the line of credit but the transfer of responsibility created many

problems; files were lost in the process and follow-up of borrowers' repayment interrupted. Another difficulty was slow and irregular disbursement from the treasury to the banks.

Annex 11: SOMALIA—THE SOCIAL ACTION FUND (SAF)

(Date of effectiveness: 08/02/89)

The Social Action Fund was instituted as part of the Agricultural Sector Adjustment Program (ASAP II) credit.

Objectives: The actions planned under the Social Action Program aimed to: (a) strengthen the planning and programming capacity of existing institutions to implement social action policy and programs; (b) strengthen each of these institutions' capacity to evaluate social action projects and programs and monitor the living standards of households in Somalia; and (c) through the Social Action Fund (SAF), act as a quick-disbursing mechanism for the financing of micro-projects aimed at improving the opportunities for full of disadvantaged groups in the growth process.

Target Groups: Due to the paucity of accurate statistical data on vulnerable groups, specific targeting was not attempted. The target groups were broadly defined as: (a) those whose incomes are insufficient to provide for basic needs; (b) households lacking the access to basic services; (c) the poor in isolated rural areas that lack essential infrastructure; (d) women and children with unmet nutritional needs; and (e) the "new poor" who are unable to find employment as a result of the administrative reforms introduced as part of the adjustment program.

Institutional Framework: A Social Action Committee (SAC), chaired by the Director General of the Ministry of Planning and consisting of representatives from the relevant ministries, agencies and bilateral/multilateral donors was established by the government to define policy guidelines under which the Social Action Program would operate. The SAC was responsible for the identification and definition of vulnerable groups to be targeted, as well as the determination of the social policy actions to be undertaken to assist these groups.

Two sub-committees were formed to facilitate the operations of the SAC—The Socio-Economic Analysis Subcommittee and the Social Program Support Subcommittee. The Socio-Economic Analysis Subcommittee was chaired by the Central Statistical Department of the Ministry of Planning and consisted of representatives from the ministries of National Planning, Finance, and Agriculture as well as from the Somali National University and other members including donor organizations. Its main task was the strengthening of the country's socio-economic data base through the integration of users and producers of data. The Social Policy Support Subcommittee was chaired by the Human Resources Development Department of the Ministry of Planning and consisted of representatives from the Ministries of Planning, Finance, Education, Health, Labor, Water and Mineral Resources and Interior as well as the Mogadishu Municipality, the Social Welfare Council and the donor community. The task of this subcommittee was to build institutional capacity in the area of social policy planning. Its responsibilities focused on the formulation of general policy guidelines under which the Social Action Program would operate and on the review of the Social Action Unit's recommendations on pilot project proposals and the granting of project approval.

A Social Action Unit (SAU) was established by Ministerial Decree in May 1989. It was responsible for the day-to-day operations of the implementation and coordination of the Social Action Program and acted as the Secretariat to the SAC and the Social Policy Support Sub-committee. Also, the SAU acted as the Secretariat to the Project Advisory Committee (PAC), which was established within the Ministry of Planning, to ensure proper project appraisal. The SAU was located within the Human Resources Development Department of the Ministry of National Planning. The SAU was responsible for: (a) social policy formulation which included the dissemination of the objectives of the program; (b) the Pilot Project Program which involved the evaluation and processing of sub-project proposals for approval; (c) the monitoring and reporting on the progress of pilot projects, as well as the overall living conditions within the country; and (d) the administration of the Social Action Fund (SAF).

Project Components: The SAF was financing activities in the following categories: social assistance, social infrastructure and micro-enterprise development and institutional development. Emphasis was placed on the areas of social infrastructure and micro-enterprise development. The maximum cost of each sub-project was US\$ 50,000.

The following criteria were used to select sub-projects: (a) overall consistency with sectoral policies; (b) capacity of the prospective beneficiaries to repay part or all sub-project costs; (c) nature and degree of community involvement in the identification and implementation of the sub-project; (d) economic and financial viability of the proposed sub-project, when applicable; and (e) cost-effectiveness, sustainability and replicability of the sub-project.

A substantial level of technical assistance was required, particularly for NGOs and other executing agencies in project presentation, preparation and marketing. A special training module for NGOs was integrated into the SDA Regional Training Program.

Role of NGOs: A dialogue between the government and the NGO community was initiated in an attempt to facilitate project implementation. The government agreed that NGOs should play a more active role in overall project implementation and development and that it would foster NGO-government collaboration. In addition, the indigenous NGOs planned to form an umbrella organization in an attempt to coordinate their activities and thus facilitate project implementation.

Financing Arrangements: In addition to the US\$ 2.7 million allocated from ASAP II credit, (sectoral adjustment), the African Development Bank approved a grant of US\$ 4.2 million from its Technical Assistance Fund to finance the Statistical and Policy Studies components of the SDA Initiative in Somalia.

Achievements to Date: The project closed in January 1992, though activities had been interrupted in December 1990 by civil war. However, it had a good start considering the situation in Somalia and the unsettled years that preceded the civil war. Of the \$2.7 seed money for the SAP, only \$229,000 was distributed for sub-projects. Due to a lack of evaluation it is not possible to determine the management costs of the SAP nor measure impact of activities on beneficiaries.

The Social Action Unit received 40 project proposals by the end of 1990, of which four had been completed and two were being implemented. These six projects totaled \$229,000, and averaged \$34,800 per project. Two were in the area of micro-enterprise support (training and equipment), one supported

rehabilitation of a hospital, and three supported small infrastructure works. NGOs were the sponsoring agencies for five of the sub-projects, the other by a small private company. Plans had been finalized for a household expenditure survey. However, it could not be carried out because of the government's collapse.

Implementation Issues: The competence of the head of the SAU and the Director of the Human Resources Development Department played very important roles in the early success of the Social Action Fund. Training of SAU staff also was critical to early operations, especially training in project appraisal, monitoring and supervision. When the project was interrupted, the SAU was working at the limit of its capacities and there was a clear need for strengthening the institutional arrangements for the SAF. The major reason for this was the limited capacity of NGOs and the need for close supervision, especially on the technical side. Also, some NGOs did not work closely with communities in preparation of subprojects, which created some difficulties in project implementation.

Annex 12: UGANDA—THE PROGRAM FOR THE ALLEVIATION OF POVERTY AND THE SOCIAL COSTS OF ADJUSTMENT (PAPSCA)

(Date of effectiveness: 06/29/90)

Objectives: The Program for the Alleviation of Poverty and the Social Costs of Adjustment (PAPSCA) has been designed to address the needs of the population living in precarious economic and social conditions. It emphasizes the involvement of local communities and NGOs in project implementation. PAPSCA also aims at strengthening the institutional capacity of the government to identify, formulate and sustain interventions for assisting the country's most vulnerable groups.

Target Groups: Using available data, it was concluded that poverty in Uganda is better described in terms of inadequate access to essential social services arising from either a lack of purchasing power or the unavailability of services. The target population for PAPSCA initiatives includes the poorer groups among the rural population, the urban poor in the informal sector, children who do not have access to primary education and basic health services, orphans created by the civil war or by the AIDS epidemic, women and the disabled.

Institutional Framework: Nineteen interventions in health, education and infrastructure rehabilitation are part of the program portfolio. The World Bank is supporting four interventions and the operating costs of the PAPSCA Coordination and Monitoring Unit.

The PAPSCA Coordination and Monitoring Unit (PCMU) has been established within the Ministry of Planning and Economic Development with oversight responsibility for the implementation of the program. The PCMU is responsible for overall planning, intersectoral coordination and monitoring and evaluation of PAPSCA's components. In addition, it acts as a liaison between donors and implementing agencies and attempts to facilitate donor coordination.

The PCMU carries out its coordinating responsibilities at the technical level, through the PAPSCA Steering Committee (SC) which replaced the Task Force and which consists of the representatives of ministries, other government agencies, donors and NGOs involved in the implementation of PAPSCA initiatives. The SC is chaired by the Permanent Secretary of the Ministry of Finance and Economic Planning and meets regularly to review the progress of PAPSCA and to resolve technical and administrative issues which require inter-ministerial coordination for their resolution.

In 1986, the government introduced a new system of local political representation based on the a hierarchical structure of Resistance Councils and Committees (RCs). The RCs were initially established as a mechanism for fostering cooperation and contact between government officials and the population. As their legal status enables them to engage in economic activities, they have been used increasingly as implementing agencies by NGOs engaged in developmental work. They are the primary vehicle of community mobilization for service delivery in PAPSCA. Due to the RCs' lack of technical expertise and limited financial resources, they receive technical assistance under the project.

Project Components: Four PAPSCA components are funded by IDA:

(a) **The Small Scale Infrastructure Rehabilitation** component involves the provision of financial and technical resources to local communities in the Kumali district for undertaking small-scale infrastructure projects. Action Aid, an international NGO, assists the RCs with project proposal preparation which are submitted to the District Development Committee for approval and funding. The District Development Committee has overall responsibility for the formulation of development proposals at the district level. Through a sub-committee it coordinates and monitors the operations of the component.

(b) **The Primary Education Rehabilitation** component involves the rehabilitation of about 4,200 primary school classrooms in twelve of the poorest districts. The component is administered and implemented by the Project Implementation Unit within the Ministry of Education. Project proposals are submitted to the district education officer. A committee at the district level evaluates the proposals and transmits those which are approved to the Ministry of Education for final action.

(c) **The Low Cost Sanitation Improvement** component involves low-cost water and sanitation improvement projects in two low-income areas in Kampala. The component complements ongoing UNICEF activities in this area. It is implemented by existing institutions and the local administrative structure with the assistance of the RCs. Project administration is the responsibility of the Kampala City Council's Project Implementation Unit which oversees the overall implementation of the sub-project with assistance of the RCs in the district, and a consulting firm to be employed by the Ministry of Local Government.

(d) **The Health component** involves health and training programs for orphans and war widows and a pilot community-based health care scheme in the district of Masindi. The orphans sub-component is administered by World Vision and the widows component is implemented by the Ugandan War Widows Foundation. Both these programs are implemented in close collaboration with local governments and the Ministry of Health.

Achievements to Date: The small-scale infrastructure component to support projects undertaken by local communities in the Kamuli district is as much focused on institution building as reconstruction. To date, 62 classrooms have been rehabilitated and 128 are on-going; the target by project end is 384 completed social infrastructure sub-projects. Local artisans have been trained in building materials production and supervision. About 95% of targeted RC executives and project committees have been trained in community mobilization, project management, prioritization, supervision, evaluation, budgeting and record keeping. Radio programs continue weekly, as well as plays and drama groups to convey information about the component to communities. Through their popularly elected RCs, communities are involved in collection of locally-available building materials used in construction, approval and supervision of projects. Methods for beneficiary self-analysis and data collection are being devised by Action Aid.

Under the Primary Schools Reconstruction and Rehabilitation component, 1,298 classrooms have been rehabilitated (30% of the project target). With a one-year extension, it is anticipated that 3,176 (76%) of the targeted number of classrooms will be rehabilitated. Additionally, 683 artisans and craftsmen of the targeted number of 680 have received training. This component is an attempt by government civil servants (in a special unit of the Ministry of Education) to take a participatory approach to infrastructure

rehabilitation. While their capacity for dealing with communities in a participatory way has evolved, overall the NGO implementing agencies have demonstrated greater capacity to generate community participation and to relate to the poor. Based on their PAPSCA experience, this special unit is taking a more participatory approach to other Bank-supported education projects in Uganda. Thus, some of the benefits of participation may not be manifested until after PAPSCA closure.

The low-cost sanitation at Rubaga component is expected to be completed by September 30, 1995. Of IDA's \$2m contribution, \$1.3m has been disbursed. Community contributions have been made but it is not possible to quantify the amount.

For the health component at Masindi, 17,500 foster families, 6,500 more than planned at appraisal, have been reached; of 25,000 orphans to receive tuition support, clothing and materials for primary school education, 18,000 have been reached. Additionally, 409 social workers have received training, 19 more than planned. Rehabilitation of facilities is now making progress after initial years of delay; 91% of the 267 villages have established health committees. World Vision is emphasizing capacity building and establishment of income generating activities with communities who have participated in a parallel training program. Components to support orphans in other districts are also making good progress.

Implementation Issues: This is one of the first Sub-Saharan SF/SAPs to take a participatory approach to identification and selection of activities, and to emphasize local level subproject management through provision of resources, training and TA at the local level. Also, it is one of the first to involve NGOs as implementing agencies of a government project financed by the World Bank, based on their demonstrated capability for reaching the poor and mobilizing communities. Start-up was delayed in part because of the difficult "fit" between the centralized, top-town government approach to project implementation and the bottom-up approach as envisaged in a number of project components. For example, it took some time to prepare and sign contracts with NGOs as implementing agencies as the government had no experience in this area. Progress of some components ground to a halt because of delays in disbursement and procurement; in others implementing agencies had to expend their own resources to counter shortfalls and avoid interruption of activities. Delays in receiving imported materials and a slow down in training programs caused community enthusiasm and participation to wane. Lack of equipment and transport and late payment of salaries to district craftsmen and supervising engineers affected their morale and ability to play supporting roles.

In addition to cumbersome government procedures, diverse donor requirements also had to be reconciled with the community-based approach. Furthermore, the project was made more complex when it grew from five main components to 12, managed by just two individuals. All this was complicated even more by World Bank supervision, as the project had six different task managers in two years. To rectify the situation, additional staff were hired in the management structure, the financial system was improved to overcome irregularities, and efforts were made to make implementing agencies (NGOs) and the PCMU aware of Bank procurement, disbursement, auditing and accounting procedures. In other SF/SAPs this was done at a project launch workshop—or even earlier, during project preparation—but none was held for PAPSCA. Finally, the new task manager invested time in encouraging dialogue between NGOs, the government and the Bank to increase understanding of each others strengths, needs and limitations.

Unlike many other SFs/SAPs, PAPSCA intended to reach the neediest and least advantaged. It is not certain, however, that all components have catered to the needs of the most vulnerable among the target groups as opposed to the majority of Ugandans who undoubtedly are also worse off as a result of events of the past two decades. World Vision has taken the degree of need of individual orphans into account in determining which among a large number should be assisted, and so targeting appears to be working very well in this component. Dearth of socioeconomic data on war widows in Lira District has resulted in assistance going to all widows regardless of their socioeconomic status. In Luwero District, RCs are helping to identify war widows and their dependents. For low-cost sanitation in Rubaga, there was concern that some facilities were not being built for the poorest people but rather for better off landlords, though this discrepancy has been corrected. The household survey that was recently completed is helping to refine targeting for all components.

Strategies to affect sustainability of programs are part and parcel of the participatory approach. It is anticipated that community involvement in decision making—through RCs, and in the case of sanitation, local water committees and women's and men's groups—and cost sharing (in-kind, labor, transport of local materials) during subproject identification, will create a sense of ownership and community responsibility for activities. Training of artisans and provision of tools and tractors at community level is designed to enable communities to self-manage maintenance and to provide an asset for other community-initiated projects. While there is evidence of commitment on the part of communities to perform regular maintenance, delays in installation means that commitment dwindles when the project does not deliver what was promised on time. Under the health component, some communities have suggested user charges, which are almost unheard of in Eastern Africa, and World Vision is establishing a revolving fund.

In spite of shortage of counterpart funds, cumbersome procurement and disbursement, and other implementation difficulties, PAPSCA has succeeded in providing resources directly to existing community-based groups for subprojects in education, health and infrastructure rehabilitation. The project has made a remarkable turnaround considering its initial two years of difficulties but does make a case for avoiding "Christmas Tree" SAPs/SF in which components are too numerous for implementation capacity.

Annex 13: ZAMBIA SOCIAL RECOVERY PROJECT

(Date of effectiveness: 08/02/89)

Objectives: The Social Recovery Project objective is to help mitigate the negative effect of the economic crisis on the poor. More specifically, the project supports the rehabilitation and improvement of existing structures and service delivery; strengthens each community's ability to improve its situation through self-help; improves the information base; and provides analysis to enhance the government's planning and policy-making in the social sector.

Target Groups: The groups targeted by the project are among the poor in rural areas.

Institutional Framework: The project supports a Microprojects Unit (MPU) situated in the National Commission for Development Planning which is part of the Office of the Presidency. The MPU, which operates like a social fund, was already in place when the IDA-funded project was designed; it was managing the *European Community Microprojects Program*. The MPU performs outreach activities, appraises the subprojects presented for funding by local communities, contracts the communities to carry out the subprojects, disburses funds, and supervises the implementation of the subprojects. Approval of the subprojects appraised by the MPU is done by a steering committee chaired by the National Commission for Development Planning and composed of the project coordinators and deputy coordinator, the Permanent Secretary for Economic Cooperation in the Ministry of Financing, representatives from the Ministry of Education and Ministry of Health, as well as representatives of NGOs. The communities establish Project Committees (PC) to prepare and implement the subprojects. These committees are frequently drawn from existing women's groups or parent-teacher associations. The survey component is carried out by the Central Statistical Office.

Project Components: The Project activities are divided into three components:

(a) **Community initiative.** The project finances a series of small, simple, and locally-generated subprojects in health, nutrition, education, and economic infrastructure. Communities are actively involved in the preparation and implementation of subprojects.

(b) **Institutional support.** The project offers financial support to the MPU in equipment and technical assistance through international and local consultants.

(c) **Analysis and monitoring.** The Project funds a national statistical survey, a beneficiary assessment, and a studies fund which supports a series of studies related to poverty and adjustment.

Role of NGOs: NGOs are active in Zambia and are expected to benefit from the Social Recovery Project through subprojects, especially in providing support to local communities, in both project preparation and project implementation. They also are represented on the steering committee for the selection of subprojects.

Financing Arrangements: The total project cost is US\$ 46.4 million over a period of six years. IDA is providing US\$ 20 million; the EC, US\$ 15 million; Norway, US\$ 2.2; and Zambia, through government and community contributions, US\$ 9.1 million.

Achievements to Date: The program has reached its halfway mark in terms of time and has been very successful. Since its inception, the Social Recovery Fund has disbursed a total of US\$ 9,637,139, of which \$7,989,514 was disbursed to 311 microprojects throughout the country. Seventy-four microprojects are physically completed. Microprojects are heavily concentrated in the education sector, 70 percent, while health has 11 percent, water supply 5 percent and the remainder comprises projects in infrastructure and other areas. The project will be fully disbursed more than a year ahead of schedule, by June 1995.

As well as acquiring valuable new facilities, communities have gained a sense of achievement in contributing to and completing their own projects. In every province there are examples of self-initiative and inter-community support and cooperation in implementing projects. Communities have contributed on average 23 percent of project costs through labor and in-kind contributions. Generally, beneficiaries are low-income groups in both urban and rural areas. In urban areas, most beneficiaries work in the informal sector for cash incomes.

The employment and income generation opportunities provided by the projects are generally not great. The numbers which benefit from employment are few; no women benefit from employment opportunities; and the amount of money involved is not large enough to make a long term impact. The program also supported some labor-intensive public works. These interventions were larger than community initiatives and contractors were needed to execute works.

Fifteen studies have been completed by local researchers under the Study Fund, 9 are ongoing and 9 proposals are in the pipeline. The Study Fund has helped strengthen the linkages between researchers and policy-makers. Under the Surveys component, two priority surveys have been conducted and have contributed significantly to the poverty debate. The project has also benefited greatly from a beneficiary assessment which has been conducted in three phases thus far.

Implementation Issues: A major problem faced by the project during the first two years was delay in counterpart funds due to the government's tight fiscal situation. In April 1994 the government was finally able to meet part of its contribution. Another problem was low quality of construction when communities were involved. To improve quality of construction the Technical Department of the MPU was strengthened, project designs and bills of quantities were refined with greater details, and budget provisions for technical supervision and increased monitoring by district staff were increased.

Other areas of weakness included limited community involvement and insufficient attention to microproject sustainability. In order to improve these weaknesses, district officials will be brought in at project identification and appraisal and Project Launch Workshops will be held to ensure communities along with district officials conceptualize the communities' needs, select interventions in a participatory way, understand the details of intervention, the roles of key players, the community contribution and obligation, the technical and other supervisory requirements. Through greater cooperation and understanding between communities and district officials in identification stage, it is anticipated that

communities and district officials will be more committed to sustaining activities. The MPU will also take steps to improve its coordination with the Preventative Maintenance System in the Ministry of Education, in order to channel more funds to the district level for maintenance.

Many microprojects have incomplete targets, for example, rehabilitation of classrooms with no furniture, or construction of health facilities without adequate sanitation and water provision. To respond to this problem the SRF has provided supplementary budgets for microprojects with incomplete targets or those whose budgets for their original targets have not been adequate due to inflation or underestimation. SRF expenditures for recurrent costs totaled 11 percent of overall expenditures.

The SRF will also take steps to diversify the project portfolio through greater promotion efforts. The main reason for the sectoral bias is the community involvement requirement. Within the education sector, Parent-Teachers Associations (PTAs) are well-organized, and in general capable of handling projects. The health sector has an analogous organization at the health center level in the form of health committees, but in general, these committees meet less regularly. Sectors like food security and water supply do not have similar focal points of interest, and therefore few microproject proposals have been submitted in these sectors. However, most microprojects have a water sub-component to them and the disbursements to this sector are therefore under reported.

NOTES

1. World Bank. 1990. "Columbia, Social Programs for the Alleviation of Poverty"; and Carol Graham. 1991. "From Emergency Employment to Social Investment, Alleviating Poverty in Chile."
2. Joachim Von Braun. 1991. "Social Security in Sub-Saharan Africa: Reflections on Policy Challenge;" and Francois Regis Mahieu. 1989. "Principe Economiques et Societe Africaine."
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5. World Bank. 1990. Chapter 3. *World Development Report 1990*.
6. Review of participation in World Bank projects.
7. Tim Campbell. 1991. "Social Investment Funds: Decentralization, Local Government and the Poor." Dissemination Note, LATIE, World Bank.
8. The detailed accounts of the Zambian and Senegalese experiences are found in Carol Graham. 1994. *Safety Nets, Politics and the Poor: Transitions to Market Economies*. Washington, DC: Brookings. The Latin American cases appear as: "The APRA Government and the Urban Poor: The PAIT Programme in Lima's Pueblos Jovenes," *Journal of Latin American Studies*, Vol. 23, Part 1, February 1991; "From Emergency Employment to Social Investment: Alleviating Poverty in Chile," *Brookings Occasional Papers*, November 1991; and "The Politics of Protecting the Poor During Adjustment: Bolivia's Emergency Social Fund." *World Development*, September 1992.
9. For details see World Bank. 1991. *Managing Development: The Governance Dimension*. Discussion Paper.
10. World Bank. 1989. *Sub-Saharan Africa: From Crisis to Sustainable Growth, Long-Term Perspective Study*. P.60.
11. The cultural aspects of public administration in Africa are discussed in detail in Mamadou Dia. February 1992. "Indigenous Management Practices: Lessons for Africa's Management in the 90's." Mimeo. The World Bank.

12. "The family and ethnic ties that strengthen communal action have no place in central government agencies, where staff must be selected on merit and where public and private monies must not be confused." *Sub-Saharan Africa: From Crisis to Sustainable Growth, op.cit, p.60.*
13. While patronage and clientelism are evident in many governments throughout the world, particularly in developing nations, in Africa, the cultural and traditional values coupled with scarcity of public resources reinforced tendencies towards reliance on patronage practices.
14. *Sub-Saharan Africa: From Crisis to Sustainable Growth, op.cit, pp.60-61.*
15. World Bank. 1991. *Managing Development: The Governance Dimension*. Discussion Paper.
16. For details, see Carol Graham .1992. "The Politics of Protecting the Poor During Adjustment: Bolivia's Emergency Social Fund," *World Development*; and "The Vocal Versus The Needy in Senegal: The Politics of Poverty Alleviation During Adjustment" *Safety Nets, Politics and the Poor: Transitions to Market Economies*. Washington, DC: Brookings.
17. "The Politics of Poverty and Adjustment in Zambia: The Hour Has Come," *ibid.*
18. This point is discussed in detail in David Sahn. 1991. "Economic Reform in Africa: Are There Similarities with Latin America?" Paper presented to a Workshop on Macroeconomic Crises, Policy Reform, and the Poor in Latin America. Centro Internacional de Agricultura Tropical, Cali, Colombia.
19. The author is grateful to Habbib Fetini of the World Bank for introducing this element.
20. The cases of Ghana in the early 1980s and Zambia in 1991 are examples of crises precipitating economic (Ghana) or political (Zambia) change which leads to significant attempts at adjustment. Gradual change alone is not enough to undermine existing governments in Africa. Either external pressure, war, or extreme economic crises have preceded most political openings. As many governments in the region have survived for decades with questionable bases of legitimacy, lack of legitimacy alone is not enough to precipitate political openings. (This point was raised by Achille Mbembe in a seminar on Political Transformation in Africa, The Brookings Institution, 27 February 1992.)
21. This trend has been precipitated on the one hand by the extremely poor economic performance of many regimes in the 1980s, and on the other by the collapse of one-party governments in Eastern Europe and the former Soviet Union, and by the increased unwillingness of bilateral donors to support "undemocratic" regimes which violate human rights. Graham discusses it in greater detail in "Zambia's Democratic Transition: The Beginning of the End of the One-Party State in Africa?," *The Brookings Review*, Spring 1992.

22. While repeated attempts to raise the price of maize under the former government led to food riots and even to a coup attempt, the present government was able to eliminate the maize subsidy virtually without opposition. One important factor was that the new government paid attention to informing the public about the rationale behind its policies. In contrast, previously, measures were implemented overnight with no public explanation. In addition, the government has also attempted to protect the poorest groups by keeping the subsidy on roller meal, the less refined and much less popular maize that is consumed by the poorest groups. Graham discusses this in detail in "The Politics of Adjustment and Poverty in Zambia," *Safety Nets, Politics and the Poor: Transitions to Market Economies*. Washington, DC: Brookings.
23. A counter-example to both cases is Ghana, where the regime, an authoritarian one albeit with a populist bent, felt increasingly vulnerable to popular opposition as the adjustment program went on, and therefore was very supportive of a poverty study undertaken by UNICEF and the eventual implementation of PAMSCAD. For details see, Thomas Callaghy, "Between State and Market: The Politics of Economic Adjustment in Ghana, Zambia, and Nigeria 1990," in Joan Nelson, ed., *Economic Crisis and Policy Choice: The Politics of Adjustment in the Third World*. Princeton; Princeton University Press. and "PAMSCAD Donor Review Mission," Draft, August 1990. World Bank.
24. Steven R. Weissman. 1990. "Structural Adjustment in Africa: Insights from the Experiences of Ghana and Senegal," *World Development* 18 (12): 1621 - 34.
25. Sub-Saharan Africa: From Crisis to Sustainable Growth, *op.cit.*, p. 60.
26. For details see Mamadou Dia. 1992; and Maxwell Owusu. 1991. "The Devil and the Holy War: International Capitalism, Populism, and Ghana's Economic Recovery Program" Paper presented to the Annual Meeting of the American Anthropological Association, Chicago.
27. World Bank. 1990. *Adjustment Lending and Policies for Sustainable Growth*. Washington D.C., p.59.
28. Since the departure of the Economic Minister, and the government's failure to follow through with its promises and implement a social emergency program, popular discontent with both the government and the adjustment program has increased markedly. For details on the Peruvian case, see Carol Graham. "Peru's APRA: Parties, Politics, and the Elusive Quest for Democratic Consolidation" (forthcoming).
29. This trend is hardly unique to Africa although it is particularly extreme there, and is evident in Latin America as well, where power has also been traditionally concentrated in the center. See, for example, Arturo Valenzuela, 1977. *Political Brokers in Chile: Local Government in a Centralized Policy*. Durham: Duke University Press.
30. World Bank. "Managing Development: The Governance Dimension." *Op.cit.*

31. The AGETIP faced some maintenance problems such as garbage accumulating in some of the areas it has upgraded in poor municipalities. In Zambia, communities that had organized themselves to solicit the MPU often not only maintained the projects but pursued related initiatives independently of the MPU.
32. World Bank. 1990. PASMSCAD Donor Review Mission Draft Report, Attachment II.
33. For details see Carol Graham, "The Vocal versus the Needy in Senegal" *Safety Nets, Politics and the Poor: Transitions to Market Economies*. Washington, DC: Brookings.
34. For details, see David Sahn. 1991. "Structural Adjustment and Rural Smallholder Welfare: A Comparative Analysis from Sub-Saharan Africa." Mimeo, Cornell Food and Nutrition Policy Program. Ithaca: Cornell University.
35. The authors are grateful to Joan Nelson for raising this issue and discussing it at length.
36. Jeffrey Herbst. 1989-90. "Economic Reform in Africa: The Lessons From Ghana." *USFI International Field Reports*, p.10. See also Richard Jolly. 1989. "Poverty and Adjustment in the 1990's," in Joan Nelson, ed., *Fragile Coalitions: The Politics of Adjustment in the Third World*. New Brunswick: Transaction Books, p.173.
37. David Sahn. "Economic Reform in Africa: Are there Similarities with Latin America?" *Op.cit.*
38. Richard Jolly. "Poverty and Adjustment in the 1990's." *Ibid.*
39. For details see Carol Graham. 1991. "From Emergency Employment to Social Investment." *Brookings Occasional Papers*.
40. These two motivations predominate for the purposes of this study, but, as noted in Chapter 1, they are far from being the only reasons for establishing an SF or SAP.
41. Indeed, it is often the case in countries with weak bureaucracies that rules, rather than putting a brake on corruption and rent-seeking, tend to provide more opportunities for them to take place.
42. Staff Appraisal Report, Senegal Public Works and Employment Project (Report 8032-SE), p.3.
43. Ironically, the multiplicity of agencies dealing with donors usually means that donor "coordination" is an unfortunate misnomer.

44. The first executive director of the Bolivian fund was an independently wealthy businessman. The head of Senegal's AGETIP had previously been the manager of the West African operations of the International Business Machines Corporation (IBM).
45. The fund operated for about twelve months, after which its operations were suspended due to civil war in Somalia.
46. See Tim Campbell. 1991. "Social Investment Funds: Decentralization, Local Government and the Poor." LATIE Dissemination Note. Washington: World Bank.
47. The Staff Appraisal Report for the SIF states that it will "eventually be phased out as the sectoral agencies acquire the necessary project planning, execution and evaluation capability."
48. "Madagascar. Economic Management and Social Action Project." Staff Appraisal Report (Report 7410-MAG), World Bank, p.28.
49. The exceptions are the SIRP in Guinea-Bissau, AGETIP in Senegal and the Social and Infrastructure Fund in Sao Tome and Principe.
50. See L. David Brown and David C. Korten. 1991. "Working More Effectively with Nongovernment Organizations." In Samuel Paul and Arturo Israel, eds., *Nongovernment Organizations and the World Bank*. Washington: World Bank.
51. For a fuller discussion of how a social fund can best work with NGOs, see Julie Vandomelen. "Working With Non-Governmental Organizations," in Steen Jorgensen, Margaret Grosh, and Mark Schacter, ed., "Bolivia's Answer to Poverty, Crisis and Adjustment: The Emergency Social Fund".
52. Government-NGO relations in Zambia are an interesting departure from this norm.
53. For an excellent description and analysis of the role of NGOs in the preparation and appraisal of the Guatemalan Social Investment Fund, see PACT. *Steps Toward a Social Investment Fund*. Washington, D.C., 1990.
54. For a greater discussion of intermediaries, including NGOs, and social funds see Mary Schmidt and Alexandre Marc, *Participation and Social Funds*, Working Paper for Workshop on Participatory Development, World Bank, 1994.
55. This is easier said than done, of course. Attempts to facilitate genuine cooperation between the government and the NGO community may easily be drawn into a vicious circle. Getting representatives of government and the NGO community together around the negotiating table is a prerequisite for fostering a climate of trust and good faith, but the spirit of distrust which

precedes those discussions may poison the atmosphere of the discussions. This appears to be what happened in the Guatemala case.

56. See Mary Schmidt and Thomas Carroll, "Intermediary NGOs and Participation", *Participation Sourcebook*, World Bank (forthcoming).
57. Thomas Carroll, "Capacity Building for Participatory Organizations," Informal paper presented at the World Bank's Workshop on Participatory Development. Washington, D.C. 1992.
58. See Schmidt and Carroll.
59. *ibid.*
60. See Dominique van de Walle and K. Need, *Public Spending and the Poor: Theory and Evidence*, Johns Hopkins University Press (for the World Bank), (forthcoming 1995). Also see Margaret E. Grosch, "From Platitudes to Practice: Administering Targeted Social Programs in Latin America," World Bank, 1993. (Also forthcoming in the World Bank Regional and Sectoral Studies monograph series.)
61. Grosch, 1993, p. 144.
62. Lawrence Salmen, "Beneficiary Assessment, An Approach Described." Working Paper No. 1. Washington, D.C.: World Bank, 1992.
63. Mary Schmidt and Alexandre Marc, *Participation and Social Funds*, Technical Paper prepared for World Bank Workshop on Participatory Development, May 1994.
64. Steen Jorgensen, Margaret Grosch and Mark Schacter, "Bolivia's Answer to Poverty, Economic Crisis, and Adjustment," World Bank 1992.
65. Carol Graham, *Safety Nets, Politics and the poor: Transitions to Market Economies*, Washington D.C.: Brookings, 1994.
66. Lynn Khadiagala, "A Qualitative Analysis of Social Funds—Strengths, Weaknesses and Conditions for Success," Draft, February 1994, p. 33.
67. PCR, Ghana Priority Works Project, January 1994.
68. Martin Ravallion, *Reaching the Poor Through Rural Public Employment: A Survey of Theory and Evidence*, Discussion Paper No. 94, Washington D.C.: World Bank, 1990.

69. Ephim Shluger, "Social and Infrastructural Relief Project in Guinea-Bissau: Works in Progress," Technical Note prepared for Minister of Planning and International Cooperation, Bissau, July 1992.
70. Data provided by M. Wade, AGETIP, 1994.
71. For further information on AGETIP, see Leslie Pean and Peter Watson, "Promotion of small-scale enterprises in Senegal's building and construction sector: The 'AGETIP' experience," *New Directions in Donor Assistance to Microenterprises*, Paris: OECD, 1993.
72. Project Completion Report, Ghana Priority Works Project p. 7.
73. Public Works and Employment II SAR, p. 8.
74. Mid-Term Review, Social Recovery Project, May 1993.
75. S.R. Osmani, *Social Security in South Asia*, p. 337.
76. For further analysis on microcredit programs in social funds and social action programs, see Leila Webster and Randall Riopelle, *Lending for Microenterprises*, Draft, April 1994.
77. Discussion with task manager.
78. Elaine Karp-Toledo, "Les fonds d'emploi--sont'ils efficaces? Une evaluation soci-economique de la DIRE/FNE au Senegal," Preliminary Draft, Washington, D.C.: World Bank, 1991.
79. Mid-Term Review, Discussion Paper, Social Recovery Project, May 1994.
80. International Development Center of Japan, "Structural Adjustment in Ghana: An Evaluation," prepared for Ministry of Foreign Affairs, Government of Japan, March 1992; p. 156.
81. Mid-Term Review, Discussion Paper, May 1994, p. 11.
82. Graham, 1994, p. 180.

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