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Title: **Structural Adjustment in Africa: Engaging with the World Bank in the 1990s.**

by: **Edward Breslin**

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Structural Adjustment in Africa: Engaging with the World Bank in the 1990s.
Edward Breslin[1]

I. Introduction

According to conventional wisdom, Western "aid fatigue" is evident in Africa. Desperately needed resources traditionally supplied by numerous bilateral and multilateral development institutions and Non-Government Organizations [NGOs] is currently being diverted to Eastern Europe, the independent republics of the former Soviet Union and the Gulf region. Additionally, billions of dollars in foreign aid are perceived to have been wasted on the continent. Africa, whose precarious condition has long been debated, will be further marginalised as the "new world order" forgets about the continent.

Such perceptions, while often exaggerated, highlight a change in the dynamics of interaction between the rest of the world and Africa. The acceleration in the shift from project to programme lending by institutions with the largest resources is apparent. Despite the shortcomings of structural adjustment, and the debate which surrounds these programmes, African countries are finding that their options are limited. The "aid pie" has not increased in relation to the demand for external assistance. African governments are increasingly implementing World Bank structural adjustment programmes [SAPs] in order to secure desperately needed resources. The increasing shift to SAPs has been further enhanced by the demise of socialism's once highly touted "alternative development approach". Just a few years ago, world systems theorists were predicting the impending doom of the capitalist system, followed by the ascent of class-based and/or "anti-systemic movements" which would introduce a new socialist world order (Arrighi, Hopkins and Wallerstein 1989, and Wallerstein 1987). Instead, the events preceding 1992 demonstrate not only capitalism's resilience and flexibility, but also its ability to incorporate such movements into its logic.

This scramble for financial resources, and the concurrent dramatic increase in the acceptance of more ambitious SAPs, may be understandable given the resource limitations of African countries, but could have devastating effects on the longer-term viability of the continent. Zimbabwe's so-called "home grown" Economic Structural Adjustment Programme is an exceptional example of such a process (Government of Zimbabwe 1991). It is striking in its acceptance of practically all the prescriptions that would comprise an "ideal" structural adjustment program. USAID and the World Bank have characterised this program as the best in sub-Saharan Africa; Zimbabwe's reward for the program is US$700 million in bilateral and multilateral commitments. Whether Zimbabwe adheres to the stated objectives of the programme remains to be seen.

This paper will explore the dynamics of, and critique, structural adjustment in Africa. In contrast to the oversimplified indictments of the World Bank offered by many critics, to be discussed below, it is the author's contention that the World Bank has in fact offered valuable insight into the development constraints experienced within the African context. It is also recognised that the World Bank will continue to play a prominent role in the future

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development of the continent. One can not simply wish the institution away. Africa's way forward will therefore be to engage with this institution in a constructive manner so that the Bank's significant financial resources may be utilised for the structural transformation of the continent. As will be demonstrated below, this requires a re-examination of the dynamics of structural adjustment programming, a closer examination of programmes and experiences in specific countries, and a critique of the World Bank's present approach to development.

The paper comprises three sections. First, a brief overview of the evolution of IMF and World Bank programme-based lending is offered. This is followed by an examination of the nature and goals of structural adjustment and stabilisation programmes. The purpose of this section will be to underline the important differences between these multilateral institutions. An understanding of the different approaches which drive World Bank and IMF interventions is critical in order to effectively critique the structural adjustment process. The final section will illustrate how developing countries can further engage with the World Bank. By using significant precedents from other country programmes, recipient governments may gain important leverage against, and more effectively utilise, World Bank resources and programmes to facilitate the structural transformation of the continent. It is hoped that such an approach will enhance recipient governments' bargaining position, vis-a-vis the World Bank, in the future design of programmes implemented in their country.

II. The Evolution of Structural Adjustment Lending

Prior to the examination of World Bank programmes, a brief discussion of the evolution World Bank and IMF interventions is required (for a more detailed discussion of this see Buira 1983; Dell 1981; Kahler 1990; Mosley, Harrigan and Toye 1991: Chapters One and Two; and Stewart 1987).

The International Monetary Fund has historically been concerned with global macroeconomic disequilibria. Since 1952, access to the IMF has been contingent upon the establishment of appropriate domestic policies that would rectify a particular country's short-term balance of payments problem. In 1974, the Fund established the Extended Fund Facility [EFF] which provided resources for the longer term adjustment needs of a recipient.[2] Disbursements were extended from one to three years, and recipients were given ten years to repay this loan. Prior to 1977, IMF facilities were primarily utilised by advanced industrialised countries. By 1981 however, 90 percent of IMF programmes were aimed at correcting imbalances in the developing world (Buira 1983:113); by the end of the decade all IMF programmes were directed to the what is commonly referred to as the South.

The traditional IMF preoccupation with addressing imbalances in the global economic system has been replaced by a belief that stabilisation need only occur in developing countries. As an Executive Director of the IMF explained,

> The founding fathers of the Fund recognized this by incorporating in the Articles of Agreement the notion that the adjustment process is not the sole responsibility of deficit countries, but rather a shared responsibility of all, in which both surplus and deficit countries have a role to play. According to the Bretton Woods approach, the process of adjustment of external disequilibria was

[2] For an elaboration of the numerous IMF facilities available to borrowers, see IMF 1990:36.

> to be a symmetrical one; surplus and deficit countries were to make an effort towards adjustment. (Buira 1983:114).[3]

While some critics mistakenly argue that the United States exercises a veto over any IMF decision (Onimode 1988:280)[4], Western members of the IMF's Board of Directors have effectively coordinated their voting so as to protect themselves from criticism and the imposition of stabilisation measures. This bias is compounded by the hardening of conditions imposed upon recipients of IMF funding facilities during the 1980s (Buira 1983; Stewart 1987:30; Killick 1987:27).

In contrast, the World Bank's shift from project to programme lending appears more dramatic. Rural development project lending and an emphasis on poverty alleviation through government-supported intervention characterised the McNamara Bank during the 1970s (for a discussion of the World Bank's development approach of the 1970s, see Ayers 1983; Lele 1975; Lewis 1988; and Streeten and Associates 1981). The shift to structural adjustment programming in the early 1980s represented a departure from earlier Bank policy. This is not to imply that conditions were never attached to Bank projects, nor to argue that there was not earlier attempts at structural adjustment-type programming[5], but rather to recognize that the World Bank's emphasis on Structural Adjustment Loans [SALs] became significantly more pronounced in the 1980s.

The increased emphasis on structural adjustment lending was facilitated by important changes within the World Bank. Frustration over the failures associated with Bank project lending had grown. Many within the Bank felt project assistance was destined to fail without an appropriate policy environment. The shift to programme lending was facilitated by the belief that `government policy could influence growth in ... developing countries' (Kahler 1990:43). SALs were therefore seen as an effective intermediate intervention which could `...fill the existing gap between short term balance of payment support by the Fund and medium and long term project lending by the Bank' (Killick 1987:26).

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[3] Ul Haq concurs with the spirit of Buira's statement, arguing that this fallacy indirectly incurs costs on industrialised countries, through the decrease in the ability of indebted countries to import goods from the West, see Ul Haq 1986:90.

[4] While this issue will not be directly addressed in the paper, a comment is required. While it is clear that the United States exerts significant influence over the direction and decisions of the IMF and World Bank, U.S. objectives are by no means automatically imposed. The U.S. has successfully blocked the admission of Vietnam into the IMF, but has failed to prohibit Angola, Yugoslavia, Poland and Hungary from gaining admission. U.S. interests were clearly served in 1988 through a World Bank $1.25 billion loan to Argentina so that the southern tip of the Western Hemisphere would not be unstable during the Presidential campaign of George Bush [an agreement that was reached without an IMF Stand-by in place]. In contrast, extensive lobbying by the Reagan administration failed to prevent an IMF agreement with India from being concluded (Stiles 1990: 968). President Reagan was vehemently opposed to multilateral institutions precisely because they did not forward U.S. interests. As a result, one saw a dramatic increase in the use of U.S. bilateral assistance to protect U.S. interests overseas, and the failure on the part of the Reagan administration to meet payment obligations to the World Bank, IMF and United Nations.

[5] The World Bank's earlier experiments in structural adjustment-type programmes occurred during the 1960s and early 1970s. The former case, of India, proved to be a disaster. The latter, involving Zambia, Tanzania and Kenya, was a reactive response to the oil crisis of 1973 and was aborted soon afterward (see Mosley, Harrigan and Toye, 1991: 27-32).

Numerous exogenous factors significantly influenced the Bank's decision to change direction at the end of the 1970s. These included the: (1) rise of interest rates, (2) decline in developing country export commodity prices, (3) drying up of private concessional lending, (4) the looming debt crisis, and (5) the second oil price shock of 1979. Finally, a shift occurred in economic circles favouring monetarist over fiscal policy. This shift in thinking became the economic foundation of the conservative parties which assumed power in the United Kingdom, the U.S. and Germany at the dawn of the 1980s.

Most importantly, there was a dramatic shift in the conception of the state's developmental role in the "Third World". While the state had historically been seen as the appropriate agent for the disbursement of aid to the vulnerable members of a particular society, by the early 1980s this policy was seen as the fundamental constraint on development.[6] This anti-statist approach, based upon an oversimplified interpretation of the role and effect of state intervention in developing societies, has characterised bilateral and multilateral development intervention throughout the 1980s. As Mosley et. al. comment, `"market failure is better than government failure" became a byword of the liberalisation school' (Mosley, Harrigan and Toye 1991:12). The most recent World Bank publication on sub-Saharan Africa contends that `Africa needs not only less government but better government – government that concentrates its efforts less on direct interventions and more on enabling others to be productive' (World Bank 1989c:5). How much less government is necessary for better government remains unclear.

It is important to stress, however, that the move to structural adjustment lending has never enjoyed complete support within the World Bank. In fact, certain members of the Bank, including Board members, objected to this shift. Many within the Bank felt that macroeconomic policy-based lending was the traditional responsibility of the IMF. These tensions within the Bank have played themselves out in important ways. First, the World Bank is still predominately involved in project lending. As of 1987, only 20 percent of Bank financing was apportioned towards structural adjustment programming (Killick 1987:26). Second, there has been a significant shift by the World Bank away from Structural Adjustment Loans, addressing macroeconomic conditions, to Sectoral loans [SECALs].[7] This latter type of assistance is fundamentally different from the larger programmes upon which many critics exclusively focus, as will be shown below.

III. The Nature of Structural Adjustment

Critics of structural adjustment mistakenly contend that the IMF and World Bank, while theoretically different, operate as one in the destruction of Africa (Onimode 1988, 1989a and 1989b; Turok 1991; and Buthelezi 1991a and 1991b). The analysis is based upon the belief that the two institutions impose similar programmes on underdeveloped countries in order to

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[6] For an useful examination of the changes in World Bank conceptions of the state, see Whitaker 1991.

[7] Between 1981-82, 8 percent of Bank lending was for structural adjustment programmes, as opposed to 0.5 percent for SECALs. By 1984, the figures were more equal - 8.4 percent for SAPs, 8.5 percent for SECALs. In 1986, the preference for SECALs was clear - 14 percent against 5 percent for SAPs (Michalopoulos 1987:8).

maintain the international capitalist system.[8] A laundry-list of conditions unilaterally imposed on Africa is chronicled by these critics, followed by an equally long list of the multiple detrimental effects the loans have on Africa's situation. The devastating impact such programmes have on the poorest sections of recipient countries are highlighted. The interests of "Western" imperialism are forwarded and secured by World Bank and IMF intervention in the developing world.

Broader international forces certainly affect the development prospects of African societies. Increasing protectionist pressures in the United States and Europe threaten African economies who depend on access to these markets for their commodities. The legacy of United States "cold war" policy in Africa has been devastating, as the three primary recipients of U.S. support during the "cold war" era - Somalia, Liberia and Zaire - have degenerated into anarchy following the suspension of U.S. - Soviet hostilities, and consequently, U.S. assistance. Clearly, African states are politically, economically, militarily and structurally weaker than donor countries. Unequal relations of this nature are surely reflected in relations between African states and bilateral and multilateral institutions. These dynamics will continue to have a significant impact on the development prospects of Africa. It is important to stress however, that critics who contend that the World Bank and IMF are "agents of imperialism" systematically recolonising the continent (Onimode 1988:289) have failed to fully understand the complex dynamics that surround this type of intervention.

To collapse these two institutions into one, as many critics do, is simplistic. The Bank and the Fund clearly share information and adhere to similar economic philosophies. An agreement with the IMF is often a pre-requisite for a World Bank structural adjustment loan, although this is not true for a SECAL, as will be discussed below. These institutions are not the same however. The failure to recognize the significant differences between the two institutions frustrates attempts to formulate an effective response to the challenge of structural adjustment. A clearer understanding of not only the content of SAPs, but also the internal logic of the institution is necessary in order to effectively engage with the World Bank. This would include an examination of the driving principles of both the IMF and World Bank, their points of commonality, and most importantly, where they differ.

The IMF is largely driven by the perception that a healthy domestic economic condition is associated with a secure balance of payments situation (Killick 1984: 187). The paradigm which serves as the IMF's foundation is generally monetarist, with a belief in the supremacy of prices over controls, the private over the public sector, and in free trade over protectionism (Stewart 1987:32). IMF stabilisation programmes aspire to reduce `balance of payments deficits and inflation to levels compatible with resumed and sustainable growth' (Nelson 1990:3). Conditionality is therefore attached to balance of payments lending. Policies implemented are believed to enhance a recipient's growth prospects, facilitate the repayment of the ensuing debt, and ensure that developing countries conform with `international exchange and trade relations rules' (Daniel 1983:14).

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[8] Onimode (1988:280) argues that the IMF and World Bank are the new masters of the continent, replacing first the colonial powers and then the multinational corporations which have historically kept Africa in its underdeveloped condition.

Fund stabilisation programmes are administered during periods of severe economic imbalance and, given the short-term nature of Fund programmes, tend to emphasis measures which restrain demand.[9] These generally include policies aimed at reducing government expenditure, ceilings on credit expansion, and increased restraint in areas such as taxes and wages. Additionally, programmes aim to switch resources from non-tradeables to tradeables, often through devaluations and price reform (Killick, Bird, Sharply and Sutton 1984:273).[10]

Of critical importance is the issue of time frames. IMF conditions are precise and quantifiable, and adherence to IMF policy prescriptions are strictly enforced. IMF funds are disbursed in a series of stages, known as "tranches". Receipt of the phased tranches is predicated upon the recipient's implementation of agreed upon policies, and the satisfaction of "performance criteria" which comprise the agreed "Letter of Intent" between donor and recipient (Sutton, 1984:3-4). Failure to comply with IMF conditions is deleterious to a country's financial condition. Not only will further lending from the IMF be canceled, but it will adversely affect other lending agreements predicated upon good relations with the IMF. The significance of this in relation to World Bank programmes can not be under-emphasised, a point to which we will return below.

Finally, the IMF is not, nor is it intended to be, a development institution. As a result, financing for development must be generated elsewhere. This is not to say that Fund programmes do not have a developmental impact. Measures aimed at reducing government expenditures in developing countries cannot fail to have a significant developmental impact. Furthermore, IMF programmes are characterised by the

> – almost complete absence of measures to protect the poor against possible adverse effects of programmes. It is against the traditions of the Fund to become involved in distributional questions [although wages and prices policy cannot fail to have immediate distributional consequences, however much they may be designed with the [balance of payments] in mind]. (Killick 1984:187-8).

The World Bank, on the other hand, addresses issues which have a more overt development thrust. Structural adjustment is driven by the perception that changes in incentive structures and prices will facilitate the transformation of a recipient's productive base. SAPs are devised with the intention of eliminating harmful state interventions in a particular country's market.

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[9] One must be careful not to take this point too literally. While the time frame of IMF programmes is short, policies aimed at exchange rate and monetary reform have dramatic medium-term supply side ramifications; see Harrigan 1991b:357. Additionally, while the EFF represents a more concerted effort to address supply side issues, its use since 1982-83 has been minimal (Killick 1987:26).

[10] In a study of the economic policies employed by recipient governments under IMF programmes, it was found that a good deal of similarity existed between programmes. Of the 19 policy measures surveyed, over 70 percent of the programmes included structural adjustment measures, and the introduction or expansion of domestic taxes on goods and services; 80 percent of the programmes included measures affecting wages and prices; and 90 percent of the programmes included limits on credit expansion [98 percent], restraints on central government current expenditure, and external debt policies; see Sisson 1986:34.

It is important to recognise, however, that simplistic perceptions that the IMF simply furthers Western geo-strategic interests is misguided. For an important discussion of the complexities surrounding IMF conditionality, supported by case studies in Jamaica, Zaire, Sudan, the United Kingdom, India, Turkey and Argentina, see Stiles 1990.

While the IMF attempts to stabilise a borrower's macroeconomic environment, the World Bank concentrates its efforts on the developmental constraints it perceives as inhibiting growth.

Although it is difficult to provide an account of a "typical" World Bank SAP, given the divergence of experiences encountered by recipients throughout the world, Mosley et. al. have effectively divided World Bank policy measures into four categories. These categories include policies affecting: (1) trade, such as improvements in export incentives; (2) resource mobilisation, such as improving the financial performance of the public sector; (3) efficient use of resources, such as revisions in agricultural prices; and (4) institutional reforms, such as improving government support for agriculture (Mosley, Harrigan and Toye 1991:44). Policies that address the medium and longer-term efficiency of a particular economy are also recommended. This often includes measures aimed at liberalising imports and instituting financial reforms.[11]

An understanding of World Bank programmes is complicated by sectoral adjustment programmes. SECALs, initially instituted in the early 1980s[12], attempt to address the particular microeconomic development constraints experienced in a recipient country's agricultural, industrial, energy or trade sector. SECALs are more flexible and are often implemented without an IMF programme in operation.[13] Conflict between the two institutions often occur as the sectoral aspects of a particular programme can be offset or frustrated by the workings of an IMF programme. As Loxley (1987:49) argues, SECALs `are not necessarily tied to prior agreements with the IMF and, in addition, do not involve comprehensive economic reforms. They are, therefore, less demanding in a political sense' [own emphasis].

In stark contrast to the IMF, World Bank conditions are far more difficult to monitor, more ambiguous and more easily circumvented. Much of the language which surrounds World Bank programmes is vague. Compliance with World Bank conditions is often secured by achieving "progress towards" a stated goal, "conducting a study" of a particular problem, or "strengthening" a Ministry's research or implementation capabilities. As a result of such language, a great deal of slippage[14] can occur without the termination of the programme. A recipient government can therefore effectively adhere to the agreed upon conditions while simultaneously undermining the spirit and thrust of the reform effort (Harrigan 1991b:350;

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[11] One must be careful not to apply these distinctions too strictly. Overlap and "grey areas" exist. The point being made in this section is that the two institutions emphasis distinctly different policies. Even when conditions are co-ordinated, conflicts arise stemming from differing goals, as will be discussed below.

[12] The first SECAL was to Pakistan in 1983.

[13] World Bank SECALs have been in operation in numerous countries without IMF Stand-by Agreements in place, such as in Columbia, Ghana and Nigeria, see Table 1.6 in Nelson 1990:28-9.

[14] Slippage is a term applied to the failure of a recipient government to implement the terms of an agreement. The degree of slippage is important, especially in the case of the IMF given the quantifiable targets that are established between recipient and donor. Given the ambiguous nature of World Bank conditionality, however, greater slippage is expected and tolerated.

Mosley 1991a:51).[15]

The claim that the World Bank and IMF operate in unison, imposing similar programmes on defenseless underdeveloped countries (Turok 1991:5) does not stand up against the empirical evidence for two reasons. First, African governments are by no means defenseless. They have exerted a tremendous amount of control over the economic directions of their countries (see Herbst 1990a), often with devastating effects. Urban constituents, considered most threatening to the survivability of African regimes, have been favoured, at enormous economic cost, over rural communities. Agriculture has been neglected, despite rhetoric to the contrary. Resources have been squandered, and political rather than economic logic has overwhelmingly characterised the African context. As Achebe states,

> Nkrumah one said `Seek ye first the political kingdom and everything else will be added unto you.' And it seemed so plausible then. It was only 30 years ago, and look! We sought the "political kingdom" and nothing has been added unto us; a lot has been taken away. (cited in Callaghy 1990:257).

After three decades of independence, African economies are still dependent upon the export of un-processed raw materials and agricultural commodities. While the reasons for this are complex, the state's inability and unwillingness to address the fundamental development constraints of their particular country has to be considered paramount.

Second, no African country has come close to fully implementing a structural adjustment programme. Stemming from the nebulous nature of World Bank conditionality, the institution itself recognises that only approximately sixty percent of its recommended conditions are ever implemented by recipient governments (cited in Mosley, Harrigan and Toye 1991:135; and Nelson 1990:17). Only Senegal was refused its second tranche due to slippage during the 1980s, in sharp contrast to the breakdown in IMF agreements during the same period.

Even the World Bank's contention that sixty percent of its conditions are implemented is misleading. A recent independent study found that, while countries like Turkey and Thailand have implemented 95 and 70 percent of its required conditions respectively, countries such as Kenya, Malawi and Ecuador have implemented only 38, 55 and 28 percent respectively (Mosley, Harrigan and Toye 1991:136). Ghana, which in 1989 received US$900 million in support of its SAP (Rothchild 1991:9), has only implemented 58 percent of its recommended conditions. As demonstrated above, while the failure to comply with an IMF programme results in the termination of assistance, such a generalisation can not be made about the World Bank. The evidence of structural adjustment lending throughout the world clearly demonstrates that the World Bank does not exert nearly the kind of pressure on recipient countries that is assumed by its critics.

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[15] An example of a recipient government adhering to an agreed upon condition while simultaneously undermining its spirit can be found in Tanzania's public sector reform efforts. The government reduced the number of ministers from 40 to 38. This was accomplished by merging two ministries into one, and altering the status of another without depriving it of its former ministerial privileges. As Kiondo (1991:36) explains, the 'whole staff of the merged ministries were retained. In reality this way of "reducing" ministries has meant increased expenditures as ministerial functions are at times duplicated'.

The failure to fully implement agreed upon conditions is related to a number of factors. The primary reason is that recipient governments are responsible for the implementation of the stated agreements. Given the nature of World Bank lending, the state has enough leverage to implement sufficient conditions to maintain a viable relationship with the World Bank. This highlights an important paradox in development. While multilateral and bilateral institutions have targeted the state as the principle constraint on development during the 1980s, resources from these institutions continue to be channelled through the state. This serves to strengthen the state, regardless of the recipient's ideological position or strategic importance (see Ferguson 1990).

Additional factors contribute to the difficulties the state has in implementing agreed upon conditions. Tensions between recipient government ministries, especially between the Ministry of Finance and the implementing ministries is common, facilitating a large degree of slippage.[16] Flagrant neglect of World Bank conditions is common, especially in relation to parastatal and ministerial reform. For example, despite Bank programmes aimed at divesting and rationalising Kenya's agricultural parastatals, the number of parastatals increased from 147 to 150 during the programme period (Mosley 1991b:294). Finally, recipient governments often do not have the institutional capacity to implement the more complex technical aspects of SAPs.[17]

Recipient governments have also effectively utilised the conditions of one institution not only to further their own political objectives, but also to offset programme prescriptions of other multilateral institutions. Milton Obote's manipulation of the differences between World Bank and IMF programmes is illustrative. During his second term of office [1980–85], Obote was pressured by the World Bank to raise coffee producer prices above the rate of inflation. Obote countered these conditions by utilising the IMF's dual exchange rate system and economic prescriptions to keep coffee prices low. Obote was therefore able to employ two facets of the IMF exchange rate system to secure greater returns for his government.

> The state appropriated the foreign exchange that came in from coffee and sold it at Window II. It reimbursed the CMB [Coffee Marketing Board] in shillings at Window I rates. This meant that it was the state, rather than the growers or the CMB, which benefitted from the differential exchange rates. The growers were effectively being paid less than 18 percent of market prices (Bunker 1991: 232-3).[18]

Finally, conflicts between institutions that reflect the differences between the IMF and World Bank are common, stemming from their differing mandates and goals. This can occur at

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[16] Ministries of Finance will generally agree to a large number of conditions in the hopes of receiving more money, as they are the ones who determine where the money will be spent. The implementing ministries [the Ministry of Agriculture, for example], on the other hand, resist many of the conditions as they infrequently reap the benefits of their sacrifices, and naturally wish to protect their constituents.

[17] For an important discussion of this dynamic in relation to the privatisation of parastatals in Africa, see Young 1991.

[18] Window I rates of exchange are established for essential imports and agriculture, while Window II rates are established for non-essential commodities. Window I prices are lower, as items classified under its heading are effectively subsidised.

many levels. As mentioned above, the implementation of sectoral reforms by the World Bank can easily be hindered by a larger IMF macroeconomic programme which, as will be demonstrated below, often stifles recipient import capacity. In Jamaica, an internal World Bank assessment explicitly highlighted the failure of an IMF stabilisation programme as the principal reason for the unsatisfactory economic performance of the country under its own SAL I and II programmes (Harrigan 1991b:327; see Mosley 1991a:52 for a discussion of a similar conflict in the Philippines). Finally, given their differing mandates, IMF relations with Kenya have been generally positive while World Bank – Kenyan relations are fragile (Mosley 1991b:291).

This is not to imply that the World Bank and IMF are always antagonistically opposed. In fact, there have been important efforts by these two institutions to better co-ordinate their programmes within a given context. The "Policy Framework Paper" [PFP], developed in 1989, combined with the dynamics of cross-conditionality[19], present a threatening predicament to the manipulative capacity of particularly vulnerable countries. PFPs are documents developed by the IMF, and agreed to and amended by the World Bank and borrowing governments. They establish an understanding of the economic situation of the borrowing country and the policies necessary for successful stabilisation and adjustment. As Mosley et. al. argue,

> If the conditions of both loans are then co-ordinated through a PFP – and if bilateral donors then follow suit by making their aid subject to the conditionality of the Fund and Bank being observed – does this not become an intolerable strait-jacket on the borrower's freedom of action in policy-making? (Mosley, Harrigan and Toye 1991:54)

This is further compounded by the particular characteristics of the IMF's Enhanced Structural Adjustment Facility [ESAF]. This facility, developed in the late-1980s, is available to low-income countries. The IMF is given the lead role in defining the extent of conditions to be implemented by a borrowing government. Additionally, the IMF `simply photocopies out of current Bank agreements such conditions as it wishes to add to its own policy recommendations' (Mosley, Harrigan and Toye 1991:99).[20] This type of control by the IMF must certainly be addressed. Disagreements between the World Bank and IMF will persist however, as their objectives, and the nature of their specific interventions, continue to differ.

It has thus far been established that the World Bank and IMF operate differently, exert dissimilar degrees of leverage upon recipient governments, and have contrasting goals which guide the overall operations of each institutions' programs. What remains to be seen is whether World Bank programmes have attempted, even imperfectly, to fundamentally address the developmental constraints that face the African continent. Tremendous debate has surrounded this question for the past decade. The debate is frustrated by the difficulties in

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[19] Cross-conditionality refers to the linking of one institution's aid to the fulfillment of another institution's conditions. For example, many recipients of USAID resources have to first comply with the conditions established under an IMF Stand-By Agreement prior to the disbursement of USAID funds. For a discussion on the particularly harsh imposition of retroactive cross-conditionality, see Harrigan 1991b:346.

[20] At present, the only sub-Saharan countries with ESAP agreements are Malawi, Senegal and Ghana (Toye 1991:160), but countries such as Zimbabwe are currently attempting to have their classification as a middle-income country demoted to that of a low-income country in order to utilise this facility.

determining whether policy instruments advocated by the Bank can be directly linked with the resulting response. A brief examination of Ghana's structural adjustment experience will serve to demonstrate this point.[21]

Ghana's political and economic decline is well documented. Ghana has had eight changes of leadership between independence and 1981. Two decades of mismanagement saw the dramatic decay of Ghana's productive base. Between 1970 and 1982 export earnings decreased by 52 percent, GDP declined by a fifth, and per capita caloric intake fell from `92 percent of the minimum daily requirement during the 1970s, ... to 65.4 percent by 1983' (Callaghy 1990:274). Ghana produced 557,000 tons of cocoa in 1964–65, but only 158,000 tons in 1983–84 (Callaghy 1990:274). Development expenditure fell from between four and six percent of GDP during the 1970s to 1.5 percent in 1982 (Younger 1989:137).

In 1983, Ghana initiated its Economic Recovery Program [ERP]. Since this time, Ghana has achieved a growth rate of 6–7 percent since the mid 1980s, which is significantly higher than most countries in sub–Saharan Africa. Cocoa has been revitalised, cocoa producers are receiving higher prices for their commodities[22], and Ghana's gold and timber export sectors have been rehabilitated. There is modest evidence that Ghana's exports are diversifying away from their dependence on cocoa, timber and gold to non–traditional exports such as tuna, pineapples, furniture, aluminum products and handicrafts (Anyemedu 1991:215). Few would argue that Ghana's revitalisation was not assisted by World Bank inspired changes in the incentive and allocative structures of the economy, the devaluation of the cedi which has increased Ghana's international competitiveness, and the rationalisation of the Cocoa Marketing Board.

Ghana's recovery has also been enhanced by favourable exogenous factors. Favourable weather conditions, higher international cocoa prices and lower oil prices, which have improved Ghana's balance of payments position, have greatly complemented the country's economic situation. These "non–policy developments" have significantly augmented Ghana's economic condition (Toye 1991:168).

The sustainability of Ghana's adjustment programme is suspect, however. The international financial support that has buttressed this programme cannot be maintained. Ghana's debt has increased dramatically, constraining the country's future potential for growth. Investment levels are dropping, while Ghana's susceptibility to external shocks and environmental vagaries remain. Increased incentives for cocoa have had a detrimental effect on the availability of food as Ghanaian food–crop producers are not offered similar production incentives (Toye 1991:169). Recent declines in the world price of cocoa have contributed to the country's growing trade deficit. Rothchild (1991a:10) aptly highlights Ghana's dilemma,

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[21] The literature on Ghana's structural adjustment experience is perhaps the most comprehensively researched on the continent. Some of the more important studies include Callaghy 1990; Green 1988; Jolly 1988; Jonah 1989; Loxley 1988 and 1990; Rothchild 1991; Rothchild and Gyimah–Boadi 1986; and Toye 1991. For a discussion of how the World Bank assesses the Ghanaian experiment, see Younger 1989.

[22] Cocoa prices paid to producers increased from 12,000 cedis per ton in 1982 to 150,000 cedis per ton by 1987 (Callaghy 1990:276).

> Thus, even though Ghana's cocoa production rose from 153,000 metric tons in 1984 to 300,000 metric tons in 1989, the net benefit of increased production was offset by the decline in world market prices. Without the rise in cocoa exports, however, the international trade results might have proved adverse indeed.

This serves to reinforce the complex developmental constraints faced by structurally weak African states.

As with all types of political/developmental interventions, there are "winners" and "losers". Dramatic changes in class forces are clearly evident given the nature and magnitude of World Bank intervention. Major beneficiaries of Ghana's recovery have been rural cocoa farmers and expatriate business leaders. Additionally, political forces are altered, as many of the conditions are, consciously or not, directed at the traditional political support base of many African countries (Herbst 1990). The dynamics between rural and urban society are recast, largely in favour of the former. As indicated above, important cleavages occur within rural society as well, based upon one's resource base, and one's ability to take advantage of the changes in institutional and price structures engendered by the adjustment process [both of which predominately favour more "affluent" African males].

Efforts to protect the most vulnerable during the adjustment period have largely been inadequate. Ghana's Programme of Actions to Mitigate the Social Costs of Adjustment [PAMSCAD] has failed to generate the necessary support from the international community to be effective (for an outline of PAMSCAD and its estimated cost, see Jolly 1988:172–3). The costs of adjustment tend to be especially high for the urban poor, as devaluation, the elimination of subsidies, and the shift in resources from urban to rural communities undermine their already tenuous condition. The rural poor are insufficiently placed to take advantage of emergent incentives, although jobs can be created as a result of the increase in economic activity in rural areas.

Without trying to minimise the significant struggles waged on a daily basis by many on this continent, it is important to recognise that, despite its shortcomings, much of the thrust of structural adjustment is well targeted. African currencies are overvalued, marketing structures are largely inefficient, governments are overstaffed [Ghana recently fired 25,000 "ghost workers" from the public sector (Callaghy 1990:276)], parastatals have too often operated in support of political alliances rather than for any concern for their supposed constituencies, and rural production of most commodities has been significantly below realisable levels. The World Bank's emphasis on rectifying these developmental constraints, despite the imperfections in approach and inherent bias of these programmes, offer an important starting point for the structural transformation of the continent. Interestingly, this is recognised by the U.N. Economic Commission for Africa, one of the most vocal critics of the World Bank,

> – the African Alternative incorporates a number of policy areas which form part of many of the existing structural adjustment programmes, and on which some broad consensus seems to have emerged however. The most important of these include: (a) improved financial management and efficiency of public enterprises and tighter financial accountability; (b) improved agricultural incentives; (c) export diversification, mainly in processed agricultural products; and, (d) improved external debt management (ECA 1989:32).

IV. Engaging with the World Bank

The following section will attempt to demonstrate that the developmental transformation of the continent is plausible within the broad parameters of World Bank SAPs. Two aspects of Africa's current dilemma, the process of "de-industrialisation" and the debt crisis, are examined with the intention of highlighting this approach. It will be argued that the current approach to African development employed by the World Bank and IMF have contributed to these particular problems. Internal World Bank critiques and data are used to further highlight the shortcomings of these programmes. Identifiable precedents within World Bank programmes, as well as the institution's data, can be used as leverage by recipient governments not only to devise more appropriate SAPs in the future, but also to secure desperately needed resources for the structural transformation of the continent. It is argued that such an approach could help re-establish recipient governments as the leading force in the development process. While the points to be highlighted below are by no means exhaustive, they will serve as an important starting point for further analysis.

First, a process of "de-industrialisation" on the continent is becoming apparent. Earlier industrial progress has been reversed as African countries experience `negative growth rates in their industrialisation' (Mkandawire 1988:5) which leads to the decay of the agro-industrial bases of African economies. According to the World Bank, sub-Saharan African production rates have worsened in all categories, except agriculture, between 1980-87.

Table One: Growth of Production in Sub-Saharan Africa (average annual percentage)

GDP		Agriculture		Industry		Manufacturing		Services	
'73-80	'80-87	'73-80	'80-87	'73-80	'80-87	'73-80	'80-87	'73-80	'80-87
2.5	0.5	-0.3	1.3	4.3	-1.2	8.2	0.6	3.7	1.2

Source: World Bank 1989c:222

Samir Amin argues that the process of "de-industrialisation" in Nigeria is the result of the continued penetration of multinational corporations which subsequently dismantles `small and medium size enterprises and steer[s] national capital into trade and speculation' (Amin 1990:33). The empirical evidence does not support his hypothesis however. According to the World Bank (1989b:153), investment levels as a percentage of GNP have declined in Nigeria from 22.8 percent between 1973-80 to 14.5 percent between 1980-87. In fact, investment levels have declined for all sub-Saharan countries except Cameroon and Ethiopia during the 1980s (World Bank 1989b:153). Investment levels are declining as investors, both public and private, have lost confidence in African and are shifting their resources to other regions of the world [East and South Asia]. Such shifts in investment represent an important criticism of World Bank interventions as increases in investment levels is considered one of the more important goals of these programmes.

This loss in investment has had a significant impact on the output levels of countries implementing adjustment programmes, as the table below illustrates.

Table Two: Output loss due to lower investment

Country	Adjustment period	Cumulative effect	Average one-year effect	IMF/WB adjustment lending as % of GDP
Ghana	'82-85	-0.034	-0.009	0.025
Cote d'Ivorie	'80-86	-0.049	-0.007	0.019
Kenya	'82-86	-0.141	-0.028	0.011
Malawi	'81-86	-0.260	-0.043	0.033
Zambia	'84-86	-0.037	-0.012	0.005

Source: Faini, de Melo, Senhadji, and Stanton 1991:965.

The decline in investment is exacerbated by what Helleiner (1986:143) describes as "import volume instability". As Sender and Smith (1991:92) argue, "late-industrialising" societies must, of necessity, import intermediate goods and more advanced means of production in order to successfully address the development constraints faced by that particular country. It is becoming clear that, given the current design of structural adjustment, African states are not able to effectively accomplish this task.

Attempts to transform the productive base of society are hindered as exchange rate devaluations, which enhance the competitiveness of exports, substantially undermines the ability of farmers, small businesses and nascent import-substituting industries to purchase critical imported inputs, such as fertiliser and hybrid seeds, spare parts, and capital goods. This situation is exacerbated by the inability of small businesses and farmers to obtain credit during a stabilisation period. While some industries will be well placed to take advantage of the liberalisation process, such as the plastics industry and producers of tin cans in Zimbabwe, most others will not. Finally, the pressure to liberalise imports could effectively undermine viable domestic import-substitution industries. These enterprises are often ill-prepared to compete immediately in a more open economy. The combination of the three factors listed above tends to undermine viable enterprises which are unable to secure the necessary capital to expand production or which are prematurely exposed to international competition.

This phenomenon is compounded at the small-scale agricultural level. The World Bank's emphasis on "getting the price right" has been criticised for not recognising the multiple factors which affect agricultural production. These include secure access to land, access to sufficient credit and critical inputs such as seed and fertiliser, effective and efficient marketing options, and adequate labour supplies at appropriate periods in the production process. Additionally, `the effectiveness of price policy depends upon the assumption of a clear and direct relationship between changes in official producer prices and changes in actual receipts by farmers' (Sender and Smith 1991:122). While the World Bank has never stated that "getting the price right" is an end in itself, or that it can be isolated from the larger societal factors that facilitate increased agricultural production (Please and Amoako 1986:141), evidence suggests that more attention needs to be directed at factors other than price. In the final analysis, changing prices is significantly easier, from an institutional point of view, than confronting these critical factors in the production process. But without a more comprehensive approach to these underlying issues, the agricultural sustainability of adjustment programmes is threatened.

The World Bank has recognised this phenomenon, both in documents and in policies, although responses to the latter have been inadequate. The World Bank's *Financing Adjustment with Growth in Sub-Saharan Africa, 1986-90* states that,

> the import capacity of these countries in 1986–90 is likely to be lower than in 1980–82, even after reschedulings and even if gross disbursements of external capital during 1986–90 are maintained at 1980–82 levels. Without additional capital flows or additional debt relief, their import capacity will decline sharply (cited in *Finance and Development* 1987:15).

As indicated above, capital flows continue to be negative, and conventional debt relief measures only exacerbate the debt problem, to be discussed below. A more creative response is therefore required.

In Ghana, the World Bank recognised that viable enterprises were unable to secure the necessary credit to enhance the productive foundation of their operations. In an effort to rectify this problem, the Bank pressured the IMF to relax its required ceiling on credit. The Fund argued that a solution could be found by reforming the banking system. As a result, the Bank developed a Financial Sector Adjustment Credit in 1988 to provide greater credit opportunities for these enterprises, although the effect of this programme is unclear (Toye 1991:164). What is unfortunate is that the Ghanaian government appears to have been absent from these deliberations. This highlights a re-occurrent problem in state-donor relations. Technical decisions of this nature, which are often beyond the institutional means of the recipient government, too often are resolved without significant input from the state. Greater interaction is clearly required.

A possible alternative would be to manipulate the ambiguities surrounding World Bank programmes to the benefit of indigenous industries and the agricultural sector. As raised earlier, much of the language which surrounds World Bank programmes calls for "progress" to be made towards a certain goal. Recipient governments in other parts of the world have effectively delayed the liberalisation process, or implemented it in phases, in order to protect industries which could eventually compete with overseas goods and services in both domestic and international markets. In Turkey, the reduction of tariffs occurred at a late stage of the World Bank's SAP.

> In retrospect, the delay in the liberalisation of imports appears to have been motivated by the desire to protect domestic interests from the effects of sudden exposure to foreign competition. The manufacturing sector, which had developed under heavy import protection during the previous two decades, was given time to adjust to the new outward-looking environment by the step-by-step relaxation of the "List" import restrictions (Kirkpatrick and Onis 1991:27).

As a result, Turkey's share of manufacturing exports increased from 36 percent in 1980 to 75 percent by 1985 (Kirkpatrick and Onis 1991:16). Similar examples of protection and productive diversification can be found in Thailand's automotive and textile industries (Sahasakul, Thongpakde and Kraisoraphong 1991:108) and in South Korea (Amsden 1990).

Revenue generated through more efficient marketing structures and government reform must be effectively reinvested in order to maintain the transformation process. In particularly weak countries, the only institution which can realistically be expected to accomplish this task is the state. While state investments in society are theoretically to be lessened under structural adjustment, important precedents which contest World Bank neo-classical doctrine are evident in the Philippines and in Thailand. In the Philippines, the World Bank took the lead in arresting the decline in the country's development allocations by establishing a 5–6 percent public investment target to be directed at economic and social sector maintenance and

operations (Mosley 1991a:57). Thailand's SALs were used to finance state enterprises, in sharp contrast to the traditional reliance on market forces to restructure the economy (Sahasakul, Thongpakde and Kraisoraphong 1991:101).

The strategic utilisation of World Bank programmes and donor financial assistance may further contribute towards a solution to the "de-industrialising" tendency in Africa. For example, Thailand utilised its first two World Bank SALs to establish `a comprehensive set of guidelines on land use and land rights policy aimed at bringing land use and classification better in line with land suitability' (Sahasakul, Thongpakde and Kraisoraphong 1991:126). Title to the land, and the formal establishment of "right to farm" certificates, for one-third of a million Thai farmers appears to be an effective use of World Bank resources. Rural farmers in Thailand will now have greater security of tenure and, if the appropriate credit facilities are established, will have an easier time securing credit.

Finally, programmes devised at the sectoral level need to be complemented by projects which address the numerous factors which surround marketing in Africa. Unfortunately, the World Bank's record of programme and project coordination is poor. World Bank projects have been criticised by its own evaluators for exacerbating a situation the Bank is attempting to rectify through a SAL or SECAL, such as in Malawi (Harrigan 1991a:214).[23] Recipient governments and the World Bank need to coordinate these types of packages better. Smallholder seed, fertiliser and credit projects, along with programmes to establish secure title of land to small-scale producers, especially women, could greatly enhance the prospects for societal transformation by more thoroughly addressing the underlying constraints on development. Local resources should be procured if appropriate, which is possible under World Bank programmes but frustrated by "aid-tying" restrictions placed on bilateral programmes.

Compounding the issue of "de-industrialisation" is the question of debt. It is clear that the "Third World's" debt, and debt service ratio, are increasing at a tremendous and unsustainable rate. Financial flows from private and public sources has been negative since 1984, as Table Three indicates.

[23] The World Bank and other donor's Integrated Rural Development Projects and National Rural Development Plan `supported and complemented Banda's estate expansion strategy at the expense of smallholder export crop production' (harrigan 1990a:214). Malawi's SALs later attempted to rectify this mistake.

Table Three: Public and Private long-term Debt and Financial Flows, 1981-89
(billions of US dollars)

Item	1981	'82	'83	'84	'85	'86	'87	'88a
debt disbursed and outstanding	498.0	562.5	644.9	686.7	793.7	893.9	998.4	993.2
dispersements	124.3	116.9	97.2	91.6	89.3	87.7	87.1	92.3
(from private creditors)	91.4	84.6	65.0	58.9	57.8	50.8	48.7	45.8
Debt service	89.1	98.7	92.6	101.8	112.2	116.4	125.5	142.4
Principal	47.5	49.7	45.4	48.6	56.4	61.5	71.1	75.4
Interest	41.7	48.9	47.3	53.2	55.8	54.9	54.4	67.0
Net flows	76.8	67.2	51.8	43.0	32.9	26.2	16.0	16.9
Net transfers	35.2	18.2	4.6	-10.2	-22.9	-28.7	-38.3	-50.1

a. Preliminary
Source: World Bank Annual Report 1989a:28

Commentators within the World Bank have noted that Africa's level of debt, while low compared with other regions, is nevertheless more significant given the developmental and financial resource constraints faced by African states (see Hardy 1986). Leading weekly journals such as *The Economist* (1991:17-18) now recognise that Africa's debt is unpayable.

The "debt crisis" in Africa has had a devastating impact on the developmental potential of the continent. Desperately needed resources are, as the table above indicates, being diverted to the North, while Africa's economic and social condition weakens. Zambia's external debt [in 1987] as a percentage of GNP was 227.5, Somalia's was 236.9, and Madagascar's 163.2 (World Bank 1989b:210). While Kenya's debt service ratio of 38 percent of exports is considerable (Mosley 1991b:276), Tanzania's 1985 ratio of 80.4 percent of exports is simply unmanageable (Biermann and Campbell 1989:79). Africa is currently exporting the capital required for development.

Currently, countries which are unable to meet their debt obligations must seek a rescheduling agreement with the Paris Club. Meetings are held at the request of the country attempting to reschedule its debt, and is attended by the creditors and debtors, along with observers from the IMF, World Bank, Organisation for Economic Co-operation and Development, and the U.N. Conference on Trade and Development. A country's debt is rescheduled `if the debtor country demonstrates [normally through a Fund-supported adjustment program] that its balance of payments situation, after the application of corrective policies, would permit it to meet its external debt obligations' (Klein 1987:12). Importantly, debts owed to multilateral institutions, or debts that were previously renegotiated, are ineligible for consideration. Consequently, `more than half of most countries' debts are ineligible' (Hardy 1986:462-3).

Clearly, rescheduling simply compounds the problem. Between 1976-1987, 68 out of 112 reschedulings have occurred in sub-Saharan African countries (Klein 1987:12). Multiple reschedulings have become the norm. Zaire and Sudan have rescheduled their debts nine times, Madagascar and Togo seven times, and Liberia and Senegal six times each between 1980 and 1985 (Cheru 1989:39). As a recent World Bank report on financing adjustment in Africa argues,

> Although reschedulings and arrears lower debt-service payments, in fact, they hinder development

> in the long run. Frequent reschedulings use up the scarce management resources of African economies and create an uncertain economic climate. Arrears can lead to the halting of new loan commitments and disbursements on existing loans, especially when they accrue toward multilateral agencies... As a result, it becomes difficult to formulate a successful adjustment program. Further, foreign suppliers who are unsure of the possibility of being paid on time, if at all, often start charging premium prices for their goods and services, increasing the import costs for debtor countries (cited in *Finance and Development* 1987:14).

Numerous proposals have been put forward to address this problem[24], but none provide an adequate answer to this dilemma. More importantly, the debt-prone nature of African economies has not been sufficiently considered in debt relief proposals.

Recent efforts by Zambia (Hawkins 1990:846) and Peru (George 1990) to limit debt repayments to a certain percentage of each country's export earnings provide a reasonable scenario for a better debt-management programme. Consequently, countries which are particularly vulnerable to fluctuations in commodity prices would be better protected against unforeseen fiscal shortfalls. While the efforts of Zambia and Peru proved unsuccessful, as their debt schemes coincided with domestically-decided terminations of all multilateral arrangements, the World Bank's SAL I programme in Malawi sought to 'establish a target debt-service ratio' (Harrigan 1991a:221). The follow-up SAL established the rate at twenty percent of exports. A similar proposal in the Philippines is being considered, although resistance from its Central Bank is considerable (Mosley 1991a:55).

This kind of proposal could be emulated by other African countries as they negotiate the parameters of a structural adjustment programme. By linking the Malawian precedent with World Bank declarations which proclaim that the debt crisis in sub-Saharan Africa undermines World Bank adjustment efforts, Africa's bargaining leverage is strengthened. Again, the savings from debt repayment could be strategically directed at social programmes to protect the most vulnerable during the transformation process. It could be used to rehabilitate decaying infrastructure, to secure critical inputs for the productive sectors of the economy and viable import-substitution industries. It could be used to develop educational institutions such as universities and technikons. Issues of morality aside, no country will be able to address its developmental problems if the foreign exchange it earns from increased exports is simply recycled to the North.

V. Conclusion

The 1990s could prove to be another "lost decade" for Africa, barring dramatic changes. Currently, Africa is the poorest, most unstable, and most marginal continent in the world. Creative responses are required in order to arrest the further decay of the continent. This overview has examined how World Bank programmes could effectively be utilised to assist in the structural transformation of the continent. Precedents found within World Bank SALs and SECALs were highlighted to show that borrowing countries could employ these types of examples from other programmes to enhance their bargaining position in the future design of programmes implemented in their country. Stronger [economically, institutionally, politically]

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[24] For an overview of the numerous debt relief policies proposed by multilateral and bilateral agencies, NGOs, think tanks and political representatives, see Cheru 1989: Chapter Seven and Appendices.

African states, such as Nigeria and perhaps Kenya, Senegal, Botswana, Algeria, and the "new" South Africa could learn valuable lessons from such experiments however. Weaker African countries, while disadvantaged, could also utilise the approach outlined above by concentrating their efforts on the development of a small number of viable economic enterprises, or the diversification of their productive bases.

Two areas for further research are highlighted. First, more research into the actual bargaining dynamics that characterise donor – recipient relations is clearly required. A better understanding of why some countries are able to secure certain agreements, such as limitations on their debt service payments, while others are not would greatly enhance policymakers bargaining strength. This requires the liberalisation of the entire development process so that scholars, activists, development practitioners from NGOs, and most importantly, those affected by specific development interventions could begin to take a more active and critical role in the design of future projects and programmes. Greater debate over the design and scope of future adjustment programmes would also enhance the development prospects of the continent as the World Bank has too often completely misunderstood the particular development constraints of a recipient country [for example, in Lesotho (Ferguson 1990); Malawi (Harrigan 1991a); and Guyana (Harrigan 1991c)].

Second, it seems clear that the World Bank and IMF have been reduced to "junior partners" in situations where developing countries have devised their own adjustment programmes. Perhaps the best example of this is Argentina's *Plan Austral*, implemented in 1985. By harnessing public support [through open debate over the specifics of the programme], threatening a repudiation on Argentina's debt, and offering a viable alternative to the IMF's previous Stand-by agreement, President Alfonsin was able to secure IMF resources on Argentinean terms (see Kaufman 1990; and Stiles 1990). Clearly Argentina's political importance and debt levels enhanced its chances at achieving a favourable outcome, something that Rwanda would have more difficulty in accomplishing. More research into these types of programmes could assist African states in strengthening their future bargaining position with multilateral and bilateral donors.

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