



Global and regional patterns in adjustment lending

- ④ Review of 54 SALs/SECALs delivered in 42 countries since 1997
- ④ Fundamental restructuring of state through global ‘menu’ of governance reforms options
- ④ In practice, narrowly defined domains of market and society do not exist



Global Menu

- ④ **Privatization**, including reducing number and size of state-run enterprises in order to increase economic efficiencies
- ④ **Market regulation**, especially in financial sector, to cushion the market's destructive tendencies
- ④ **Enabling laws**, including regulations, statutes and constitutional provisions, to create a sustainable environment for reforms
- ④ Closing the **fiscal gap** by reducing state personnel but increasing the collection of tax revenues
- ④ **Administrative reform**, especially creation of a non-partisan, merit-based Civil Service
- ④ **Decentralization of governance** to lower levels in order to improve administrative efficiency and increase citizen participation and influence
- ④ **Social Protection** and pension reform



Regional menus

In each region, elements of the core menu are combined into a distinct hierarchy in response to regional conditions:

- ④ **AFR:** focus on **basic fiscal reform**- from improving tax and customs collections, to streamlining planning procedures and making “soft” budget constraints hard- **privatization, regulation of markets, service delivery** and **civil service reform**
- ④ **LCR:** reducing the state’s **fiscal gap, pension** and **health** sector reform, **decentralization**
- ④ **EAP:** **market regulation**- including ambitious long-term changes in banking and business practices- **social protection** and **administrative reform**
- ④ **ECA:** focus on **privatization** and **market regulation**- reflecting recent collapse of state-socialist command economies and bloated administrative apparatuses- focus on **administrative reform** and improving **delivery of social services**



Loan risk factors

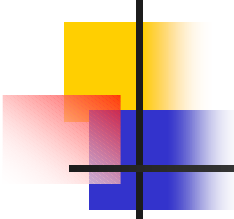
Task team members identified risk factors:

④	Social/institutional factors:	80.4%
④	Weak implementation	26.3%
④	Weak commitment/ownership	17.8%
④	Social unrest & stakeholder resistance	17.8%
④	Political instability	13.5%
④	Adverse poverty impact	4.9%
④	Economic factors:	18.4%
④	Inadequate Macro-economic policy	11.6%
④	Exogenous economic shocks	6.7%



Risks and SD

- ④ Identified risks show that risks are predominantly social and institutional rather than economic by a factor of 4:1
- ④ Key lesson is that the creation of institutions of governance and the market is central, and acknowledgment of the role of social networks and social organizations in affecting these
- ④ If institutions are the formal and informal rules of the game, then social processes are at the heart of the question of transformation



Stakeholder, organizational and institutional analysis and SD

- ④ A risk management strategy through institutional analysis, identification of stakeholders and implementation analysis could address risks identified
- ④ SD has a strong base at the micro and meso level for tackling these issues
- ④ Requires a coherent strategy for engagement and acquiring skills to think through social processes in governance, private sector and civil society