COMMISSION OF THE EUROPEAN COMMUNITIES
Directorate-General Information, Communication, Culture

EUROPE
INFORMATION

DEVELOPMENT

DE 58 September 1988

STRUCTURAL ADJUSTMENT IN SUB SAHARAN AFRICA

Adjustment, development and equity

B-1049 Brussels · Rue de la Loi, 200 · Tel. 235.11.11 (Ext. 54240) · Telex 21877 COMEU B

STRUCTURAL ADJUSTMENT IN SUB SAHARAN AFRICA

Adjustment, Development and Equity

Dieter FRISCH
Director General for Development
at the European Commission, Brussel

written in collaboration
with Jean-Claude BOIDIN

CC AM 88 58 EN C

377/X/88

INTRODUCTION

Since May 1986, when the special session of the UN General Assembly drew the attention of world opinion to the seriousness of Africa's crisis and the African governments' desire for a complete overhaul of their economies to achieve growth and proper development prospects, no one, least of all the African leaders themselves, has seriously doubted the need for structural adjustment in Africa south of the Sahara. Some 30 of our African ACP partners are already putting all they have into ambitious recovery programmes combining macro-economic measures and sectoral reform. And as a logical reflection of this, the problem of structural adjustment currently dominates relations between Africa and its external partners and has a profound influence over the form and content of the dialogue on all the usual questions - commodities, the debt and the amount of aid and the arrangements for it. Adjustment has become the daily bread of Africa and a sine qua non of their dialogue with the outside world.

But although there is broad agreement as to the need for adjustment in sub-Saharan Africa, many people are still undecided about exactly what the reforms should involve, how they should be run and what the chances of success are. Have the results so far come up to expectations and, above all, do they reflect the effort that has gone into achieving them? Are the stabilisation and reorganisation policies compatible with the pursuit of development aims? Is the theory behind the designing of structural adjustment programmes valid and adequate to cater for the specific nature and the diversity of the crisis situations in Africa? Are the reforms being run at a realistic and sustainable rate? Can economies be adjusted without destabilising societies?

These are the questions now facing the Community - which has not so far been directly involved in discussion or negotiation of the macro-economic questions but which, being a key partner in Africa's development, cannot ignore the economic, financial or political constraints upon the majority of the African governments today.

There can be no question of the Community having a doctrine for adjustment. Our 30 years' experience of development have given us proof enough of the fragility of economic doctrines, particularly in Africa, and of the mistakes they can lead to when they are undiscerningly applied. If there is one reproach that can be made about the debates on adjustment, it is that they have often taken a doctrinal turn that has sharpened opposing views and interfered with a proper understanding of what is at stake.

The problems which the present crisis has revealed in sub-Saharan africa today are practical ones. The African economies are suffering from a combination of economic imbalances-deficits on their external accounts, and public budgets, an imbalance between savings and investments and export revenue and debt servicing obligations - and social imbalances too, with training not catering for employment and a disparity between urban and rural incomes, between social groupings and between population spread and economic resources, all of which means making an effort to rebalance and reorganise. With difficulties of this sort, whose nature and seriousness vary considerably from one country to another, theories are of only limited usefulness.

The important thing for the crisis-ridden countries of Africa today is to pose the problems in an open and practical manner, devise pragmatic solutions - and there is every reason to think they will differ from one country to another - and set the adjustment process in its proper context. This is a necessary step, of course, although it should not mask the prime aim of economic policies-development.

1. Adjustment, an economic necessity

The common starting point for most African economies is the appearance of a serious discrepancy between domestic supply and demand in the early '80s. This was reflected in growing external deficits, mounting inflationary tension and a slowing down of economic growth. Whatever the cause, demand cannot go on being greater than supply. The situation has to be righted. This is the meaning of adjustment - which can be defined as simply righting a series of lost balances.

Many countries of sub-Saharan Africa have managed to put off adjustment for several years by borrowing abroad, although they cannot put it off forever. In all but a few cases where a balance of everyday payments has been maintained, African governments today have reached the limits of their borrowing and exhausted their foreign exchange reserves. They cannot choose between adjustment and the status quo. Their only option is ordered, properly managed adjustment or forced adjustment. And the fact that the majority of African states have gone for the former shows their desire to get what they know to be an unavoidable process under control in the hopes of being able to define the content and the pace in the light of their own constraints and development aims.

We shall not return to the many causes of Africa's economic crisis here. They have been amply analysed elsewhere. But it is worth looking at the nature of the imbalances which it is hoped, the economic adjustment programmes will correct.

Some of them, the most visible ones, are only in fact the symptoms of the crisis - a current-account payments imbalance, a deficit in the State budget, public firms' deficits, excessive inflation, heavy external debts, a shortage of foreign exchange or imported goods and parallel markets - are found in most African economies. They reflect the crisis and, by a cumulative process, they often help make it worse. But it takes more than these indicators, the sudden deterioration of which is behind the adjustment policies, to understand and therefore handle the crisis.

Other less visible imbalances are in fact deeper and longer standing and they are rooted in the very structures of the economies of many a country of Africa. There is the protection machinery of the local market set up to ward off international competition for the import substitution industries created in the '60s and '70s. There are rigidly administered exchange rates leading to untenable over-valuation of the local currency. There is considerable and often not very effective State intervention in the economic activities of production, external trade and distribution. In comparison to investment requirements, all too few savings are cashed in and placed on the financial circuits and the productive structures of the modern sector are often too technology - and capital-intensive. All this imbalance and rigidity, which is structural and has gradually got established in Africa over the past 30 years, is far more difficult to correct.

Because these symptomatic imbalances appeared in Africa more recently and more spectacularly, on the occasion of a deterioration in the international environment, it is very tempting to tackle them first. Seeking budget aid to make up the official deficit temporarily, rescheduling the external debt or setting up price controls to try and get the better of inflation, are short-term measures aimed at coping with the most urgent problems. But they are no more than cosmetic if nothing is done about basic imbalances at the same time. The budget deficits are made up for a month or two, but they reappear at once. Inflation may be under control in the official statistics, but it reappears on the black market in the form of dramatic shortages. And a rescheduled debt piles up and mortgages the future still further. Hence the need to give priority to a really thoroughgoing scheme which will alter the economic structures that blocked the growth and fuelled the crises in the first place. If adjustment is to last, it has to be structural. Striking a fresh balance means reorganising.

2. Controversial results

There are now 25 countries of sub-Saharan Africa working on structural adjustment programmes with the help of the IBRD and the IMF. Although most of them only started their reforms recently, a first assessment has been made; the results are very unequal and sometimes disappointing. The African countries' efforts have brought genuine progress with internal reorganisation, but it has to be admitted that they have managed little in terms of economic performance so far.

Among the important achievements as far as the future is concerned are the trend in the exchange rates, the reduction in the public deficits and the improvement in the terms of trade to the benefit of the rural areas.

The many devaluations since 1985 have made it possible to reverse the serious tendency to over-valuation of the African currencies and move towards more realistic parities. Actual exchange rates over the whole of sub-Saharan Africa, which had risen by 46% in 1978-84, dropped by 7% in 1985 and almost 20% in 1986. The move towards monetary readjustment began in a few of the poorest countries in 1982-83, but in 1985 it began spreading gradually to medium-income nations.

At the same time, there was an energetic drive to reorganise public spending and cut budget deficits. A series of governments managed to reduce the aggregate wage paid to their civil servants by such things as wage reductions and redeployment. And many began phasing out their subsidies on staple consumption and agricultural inputs. At the same time, the reorganisation of a large number of small public firms made it possible to reduce the amounts going into subsiding them, enabling several countries to halve their overall public deficit, bringing it down to less than 5% of GDP, over a period of two or three years.

Another important step forward was the new price policies, which were reflected in a change in the terms of trade between town and country. In countries which had embarked on structural reform, an increase in the prices paid to the producer combined with a reduction in the wages actually paid in the towns apparently led to an improvement of about 5% p.a. in the terms of domestic trade, to the benefit of the rural sector, over the 1980-85 period.

Although the Africans' adjustment drive did make it possible to even out some internal imbalances, there has been no effect on the external balance so far or - and this is most important - on growth. Debt servicing has gone from $ 10 billion p.a. in 1984-86 to more than $ 15 billion p.a. over the present period, 1987-89. The balance of current account payments deteriorated badly in 1986 and 1987, worsening the foreign exchange shortage and further reducing the per capita import levels, which were below those recorded in 1970. Investments are still stagnating and ordinary maintenance of existing facilities cannot be assured. And with real growth rates of 3% in 1986 and 2% in 1987, we are still waiting for the anticipated take-off while per capita income is still dwindling. Mounting unemployment, the inflationary effect of devaluation and the compression of public spending have combined to worsen the situation of vulnerable sections of society and create new poverty, particularly in the towns.

It has to be admitted that, in all but rare cases, the African populations are paying for stabilisation today, although the advantages of economic recovery, which might make up for the effect of the austerity measures, are still awaited. The contraction of domestic demand has heightened social and political tension - often crystallised by price adjustment measures - in many countries. The demoralisation - modestly called "adjustment fatigue" - of some African governments and the breakdowns and the backtracking in one or two countries show the difficulty of reconciling the need for adjustment with the need for growth in practice.

So both Africans and external partners now have to learn from experience.

3. Realistic, differentiated programmes.

Although many African countries now need adjustment, it would be a bad mistake to think they all need the same sort. Their practical situations, external constraints, levels of development and administrative abilities are very different, so it is logical for the content and arrangements of their adjustment policies and the rate at which the reforms are introduced to vary too.

The first prerequisite of the success of these reforms - and not just in Africa either - is for them to be internalised, which is to say, desired and designed by the country in question. It has to be admitted that this obvious rule has not, in practice, always been respected. For understandable reasons - a shortage of local technical resources and abilities, urgent financing requirements and desire to present the programmes harmoniously and thus facilitate the mobilisation of external assistance - the international financial institutions have often played a decisive part not just in the dialogue, but in the design and formulation of reorganisation plans in Africa. An African minister recently pointed out that his governement had had less time than the board of an international institution to look at and agree to a policy framework paper.

That is a danger and considerable risks are involved. Faced with an urgent need for financing, some governements may indeed be tempted to agree to reforms about which they are not entirely convinced or whose consequences they have not fully gauged, so it should come as no surprise if their commitment wavers along the way when serious difficulties crop up or if waning ethusiasm sometimes leads to a break. But above all, reform programmes of this kind, to a large extent designed by foreign experts, could well not really be in line with the constraints, the particularities and the capacities of the countries in question - which would threaten their viability.

If viable adjustment programmes which respect local conditions are to be designed, then the government of the country concerned must be the first to be involved in analysing the difficulties. And the economic policy choices must be properly under control. The role of the funders, however expert they may be, is to back up the local governement, not replace it.

The second condition for viable structural adjustment programmes is realism. The case-by-case approach recommended in other fields takes on its full meaning in the adjustment sector if the aim is to respond to Africa's diversity of practical situations. And this should lead to a relativisation of the theoretical concepts which are usually there when adjustment programmes are drawn up.

Principles such as that of comparative advantage, neutrality, protection, optimal allocation of resources by the market or flexibility of exchange rates are useful references from the point of view of theory and they make the construction of models easier. But they have to be interpreted flexibly if they are to be applied to the realities of Africa - as indeed is the case when we apply them, decently modulated, to our own economies. How good and how reliable are the statistical data we have to measure the real imbalances? Can we make a proper job of including the informal and parallel sectors - which are such a significant part of the economic activity of most countries of Africa - in our analysis? How solid are the external assumptions which are essential to the country in question, particularly when it comes to commodity prices? The experience of the past few years shows just how big a gap there is between the models of general balance and the reality of the African economies and should lead to a great deal of modesty.

The absence of viable production alternatives, the fragmentation of national markets, the weakness or disorganisation of the private sector, the distortions typical of the external markets and the non-monetarisation of a large part of the economy are also structural factors which, in many a country of Africa, restrict the extent to which the market can adjust and may also provide justification for active intervention by the authorities.

On a more practical level, one may well wonder what new specialisation would be open to a Sahelian country which, without any protection, laid itself open to food imports at the artificially low prices typical of the world market. Ricardo's rule of the relative value of commodities provides no practical answer to a question of this sort. It would also be as well to reflect on the effect of dismantling State structures in countries where there is no private sector to take over and to assess the risks of a situation in which there would be no-one to perform certain vital functions if the State abandoned them. Liberalisation and privatisation may be a way back to economic efficiency, but they are not aims in themselves.

Obviously these two dangers - programmes designed on the outside and an over-theoretical, over-standardised view of adjustment - are linked. Giving the countries of Africa the time and the means of designing their own reforms, with technical assistance that really is there to serve them, is the best guarantee of designing realistic and differentiated solutions and, therefore, of achieving viable adjustment.

4. Adjustment and evelopment

Many people in the early '80s thought that structural adjustment would only be a transitional phase during which balance would be righted, a time of austerity and reorganisation which would soon lead to economic recovery. And the example of certain countries of Asia or even the ACP Group (Mauritius, for example) indeed shows that thorough adjustment can be achieved in three or four years. But experience in sub-Saharan Africa has dissipated the optimism since then and now everyone knows that the process of adjustment and reform will take far more time and resources than originally anticipated. In most African countries, the size of the transformations, the persistence of an unfavourable international environment and the burden of all the arrears will be clouding the prospects of recovery for some years to come. Even the most optimistic do not envisage a return to genuine growth of the per capita product before 1990.

So it is vital for Africa to reconcile adjustment and development.

Adjustment is a complex process because it pursues three objectives with different natures and horizons - stabilisation, growth and development - at the same time. We usually insist on the convergence of these three objectives and particularly on the fact that stabilisation is a sine qua non of any resurgence of growth. It is true, for example, that a minimum of price and exchange rate stability is needed to make the operators feel secure and encourage them to invest or reorganise their activities.

But the practitioners also know that the two aims of stability and growth can conflict in major areas of adjustment and that difficult compromises then have to be found. A restrictive monetary policy that guarantees price stability reduces investment capacity and can therefore impede growth. Repeated devaluation keeps the inflationary pressure up and the first effect of the liberalisation of external trade intended to stimulate growth is usually to pile up external deficits and cut budget revenue. Hence the constant difficulty of dosing the various reforms making up the adjustment programme - between cutting demand and stimulating supply and between balance and growth - which is often behind the differences in the assessments of the IMF and the IBRD. If adjustment has to take years, then it is crucial for economic policies to insist on growth and for the funders to be flexible in defining the aims of balance.

But growth itself, something which has become the stated aim of structural adjustment programmes in Africa, is not yet and not all development. Clearly, all States need economic growth for their development, but at the same time they have other, vital targets of their own and they are not purely economic ones either. They want a national identity, regional cooperation, proper income distribution, food security, environmental protection and more - all of them aims which do not add up to a real GDP growth rate but which in fact define a certain kind of growth. So, as far as the long term is concerned, economic adjustment programmes have to be constructed around these objectives and contribute to achieving them.

The experience of the past few years shows that there may be a contradiction between lasting and long-term development aims and the quest for short-term economic effectiveness alone, that the pursuit of food security (the focus of Community support in Africa) is not often compatible with the import liberalisation which would make for the cheapest supplies and that the growth some countries running adjustment drives have brought back thanks to rapid expansion of cocoa production carries risks of greater dependence on the outside world and can create extra problems for other producter countries. Going to extremes, the recent toxic waste affair cast harsh light on the conflict there can be between short-term economic gain and long-term development. The thousands of millions of dollars one West African country was offered for storing dangerous waste would have meant it could wipe out its external debt and finance major investment programmes - but at what price and what risk to the future development of the country and its neighbours?

The diversity of the African countries' development aims is one more reason for pleading for differentiated, home-made adjustment programmes. And above all, it has to lead to a more global conception of the adjustment process itself - whose aims and content are not just of an economic order.

5. Pace of reform and duration of adjustment programmes

When the Government and the funders agree on the nature of the reforms that should be run, there may be differences of opinion as to the rate at which they should be run and, therefore, the time the programme should take. The conditional nature of adjustment loans has as much to do with the content of the reforms as with their timetabling.

When supporting sectoral policies, the Community comes up against, say, the problem of rate of advance when the idea of moving towards realistic food prices arises (by increasing the price paid to the producer and phasing out consumer subsidies) or liberalising domestic food marketing. The same question arises in particular when it comes to adjusting the exchange rates, cutting public spending and liberalising imports.

The first structural adjustment programmes produced in sub-Saharan Africa have, typically, hard and fast timetables and last for very similar lengths of time. This was both a logical departure - it was thought that adjustment could be accomplished quickly - and a necessary one, and the available financing, IMF stand-by agreements and IBRD structural adjustment loans involved a period of disbursement of no more than three years. But this approach proved unrealistic in many cases. Many countries were unable to stick to the timetable or reach the stated targets and more flexible formulae had to be sought.

Considerable progress was made in 1986 with the creation of the Structural Adjustment Facility and then the augmented SAF with the policy framework papers offering a moveable horizon of three years and total five-year cover. There is an increasing tendency for World Bank structural adjustment loans to succeed each other in any given country and to double with sectoral adjustment loans, all of which makes for a certain amount of continuity in both financing and dialogue.

But in spite of the progress, the period every time a further adjustment loan is negotiated still tends to be three years - well below what is actually required to get the reforms properly implemented. So there is a considerable amount of uncertainty for the borrower country as to what support it will have for its reorganisation in the medium term. And there is a tendency for the lender to want everything implemented straight away, as his power of incentive will disappear as soon as the last part of the loan has been paid over.

Yet choosing a realistic pace for implementation is essential to the success of adjustment. The reform timetable must also be "internalised" and adapted to local constraints and capacities. Programme duration must not be determined from the outside by the type of financing available or by funders' preferences, and care should be taken to ensure that this period fits in coherently with the internal rate at which the country is working (in its development plan). The over-tight, unrealistic programmes sometimes drawn up in the past have not done much for adjustment. On the contrary, they have generated a feeling of failure and frustration in the national administration, caused tension and pointless negotiations on every annual assessment of performance and, above all, disoriented the economic operators - who need to be able to anticipate the scheduled reforms in full knowledge of the facts during the period of adjustment.

Once the initial phase of stabilisation is over, the reform of structures, institutions and behaviour usually has to be tackled gradually. The first reason for this is that the management ability of sub-Saharan Africa's national administration is often very limited. Technical assistance may help get the reforms off the ground, but the country will not be able to complete and consolidate them unless it has enough time to build institutions and train its people. And the second reason is that adjustment generates costs for the various sections of society that crisis-ridden African states are unable to make up for or amortise other than by spreading them in time.

The third reason is that the reforms should not contradict their aim - which is to encourage private investment, production and initiative. Sudden adjustment programmes which do not maintain a minimum of macro-economic, social and institutional stability could, on the other hand, discourage them.

There is a close link between the duration, rate and content of adjustment programmes. With longer programmes, it is easier to alter the rate at which the various reforms are implemented and it is possible to include long-term aims and schemes too - human resources, for example, and regional integration, which cannot really be accommodated in the short periods of the present structural adjustment programmes and policy framework papers.

6. Including the social dimension

We all now realise that structural adjustment programmes have been defined in the light of economic and financial aims and analyses and that the social aspects of adjustment have so far been overlooked. This omission poses two basic problems - by having growth as the central aim, the adjustment programmes are ignoring the aim of equity and run the risk of unacceptable social costs. And by over-emphasising economic reform, they ignore social imbalance and the social content of adjustment - which is nonetheless vital to the success of economic reform in Africa.

The social cost of adjustment is a cause of growing concern for African governments and their external partners, and is borne out by a series of recent initiatives and debates (in UNICEF, the OECD, the ECA and the ILO) and the fact that the World Bank itself has recently launched a programme of research into this.

More practically, since 1986, there has been a burgeoning of action programmes aimed at cushioning the social effects of adjustment and compensating the hardest-hit with specific aid in countries running adjustment drives (PAMSCAD in Ghana, PASAGE in Madagascar, SIRP in Guinea Bissau etc). Like other funders, the Community is being asked to help treat the social consequences of adjustment to an increasing extent.

Traditionally, there are three arguments used to counter those who are worried about the social costs of adjustment, namely that:
- the social costs would be higher - and more lasting - if there were no adjustment;
- they are temporary and to a very large extent unavoidable;
- adjustment itself makes the distribution of income fairer.

The first of these is well founded, particularly from the long-term point of view, and no-one contests it either, as everyone is convinced of the need for structural adjustment in Africa. The second, which claims that the social costs are temporary, has lost a lot of its punch now we know that adjustment will take a long time. For the African populations in dire poverty, with a standard of living that is often below what they had back in 1970, the question is not whether the latest stabilisation-related decline is temporary but whether they can cope with it at all. The data on such things as nutritional levels in the vulnerable sections of the population are disturbing here.

The third argument, whereby adjustment contributes to social fairness, has to be tested. Some adjustment measures - such as paying more to the producers of agricultural products or cutting out the unearned incomes of the privileged classes - do indeed make for a fairer distribution of income, but others can have the opposite effect. Devaluation strongly affects middle- and lower-income urban dwellers, although it favours the minorities with real assets or foreign exchange. In rural areas, encouragement to produce exportable goods and the attendant devaluing of non-tradeables puts the food producers (i.e. often the peasants in the poorest areas) at a disadvantage and widens the gap between the incomes of men and women - when the latter derive most of their revenue from products destined for the local market. The reduction of health and education budgets and the disappearance of free services have a very uneven effect on the different social classes, hitting the poorest first.

It is difficult to measure the effect the structural adjustment measures have on the distribution of incomes and workers in the households and on the living conditions of the poorest groups, but it has to be done if measures with unacceptable effects are to be brought into line.

A failure to pay enough attention to the social aspects of adjustment has generated serious social tension in several countries of Africa, sometimes leading the governments to stop their programme of reforms or go back on actions that have already been started. So, integrating fairness as an objective right at the design stage of the structural adjustment programmes is a priority. Economic reforms have to be both fair and able to be supported by the poorest. These are the essential conditions of their viability.

But the idea of the social consequences of adjustment is in itself far too restrictive. What we are talking about is the social dimension of the adjustment process, that whole series of social changes which the reorganisation of the African economies calls for or should lead to and which should therefore be taken into account in the adjustment programmes.

Over the past few years, an over-theoretical view of the process of adjustment in Africa has led to stress being laid on the economic aspects - which are, it is true, easier to model - to the detriment of the social aspects. But the two are indissociable in reality. Encouraging the transfer of productive resources to exportable commodities means, practically speaking, that the peasants have to switch crops and in some cases, regions. Liberalising trade means that many industrial firms will have to reorganise, change or close down. Cutting public spending means that the civil servants have to be laid off and become self-employed and that young people leaving education will have to look for other jobs.

Changes of this kind of course mean a whole series of economic measures (changes to the price systems, investments, credit policies and input distribution) but they will never really come about unless training, housing and social integration schemes are run alongside. The work factor - men, that is to say - is neither as mobile nor as replaceable as capital and the rigidities of the labour market are often the biggest obstacle to adjustment.

Going beyond the groups which are directly involved in the reforms, adjustment always means taking a serious look at the social sectors (education, training and health) which have to cope with greater needs with less money. Because these sectors are essential to longterm development, they must not be treated as the poor relations of adjustment. On the contrary, every effort must be made to give them high priority (when cutting public spending is on the cards) and to reform them to make them more efficient.

The idea of integrating a social component in the structural adjustment programmes is nothing new. Some people in Africa may be tempted to forget it because of the cost or because it would make defining programmes even more complicated. But with the appearance of programmes to treat the social consequences of adjustment, people arebeginning to measure the cost of an adjustment which neglects the social side... and to realise that paying greater attention to the social aspects would not just be a factor of fairness but, above all, a promise of the efficiency of reforms in Africa.

CONCLUSION

The difficulties encountered in implementing structural adjustment programmes in sub-Saharan Africa are leading both Africans and their partners to critical reflection today - and the very design of the adjustment programmes is bound to be discussed.

Without wishing in any way to doubt the need for adjustment, it is important to learn from the past and correct any errors. Structural adjustment is a long-maturing business and will be at the heart of the economic policies of the majority of the African governments for the next 10 years. So the structural adjustment programmes cannot be designed as simple stabilisation plans. On the contrary, they must be reconciled with the African states' long term growth and development targets. This is no easy task, because it implies an approach which is more realistic and more general (in its content) and more differentiated (for the different countries) than the one adopted for adjustment over the past five years.

The African countries themselves should be the first to re-examine the aims and content of the economic adjustment policies, because it is they who actually apply the reforms and live through adjustment on a daily basis. But Africa's external partners also have to join in the reflection, because their support is vital to the success of these reforms in Africa.

Macro-economic adjustment is a new challenge for the Community. It plans to use its experience in supporting sectoral policies to broaden its support for its ACP partners' drive for macro-economic reform. It obviously does not intend to define a path parallel to that of the IBRD or the IMF. But it does intend to ensure that, in the dialogue with African governments and in consultation with the other funders, these reforms are designed realistically, efficiently and with respect for the focal aim of its cooperation policy - development.