

OECD DEVELOPMENT CENTRE

Working Paper No. 309

MAKING REFORM HAPPEN IN COLOMBIA: THE PROCESS OF REGIONAL TRANSFER REFORM

by

Sebastián Nieto-Parra and Mauricio Olivera

Research area:
Perspectives on Global Development



January 2012

DEVELOPMENT CENTRE WORKING PAPERS

This series of working papers is intended to disseminate the Development Centre's research findings rapidly among specialists in the field concerned. These papers are generally available in the original English or French, with a summary in the other language.

Comments on this paper would be welcome and should be sent to the OECD Development Centre, 2 rue André Pascal, 75775 PARIS CEDEX 16, France; or to dev.contact@oecd.org. Documents may be downloaded from: <http://www.oecd.org/dev/wp> or obtained via e-mail (dev.contact@oecd.org).



THE OPINIONS EXPRESSED AND ARGUMENTS EMPLOYED IN THIS DOCUMENT ARE THE SOLE RESPONSIBILITY OF THE AUTHORS AND DO NOT NECESSARILY REFLECT THOSE OF THE OECD OR OF THE GOVERNMENTS OF ITS MEMBER COUNTRIES

©OECD (2012)

Applications for permission to reproduce or translate all or part of this document should be sent to rights@oecd.org

CENTRE DE DÉVELOPPEMENT DOCUMENTS DE TRAVAIL

Cette série de documents de travail a pour but de diffuser rapidement auprès des spécialistes dans les domaines concernés les résultats des travaux de recherche du Centre de développement. Ces documents ne sont disponibles que dans leur langue originale, anglais ou français ; un résumé du document est rédigé dans l'autre langue.

Tout commentaire relatif à ce document peut être adressé au Centre de développement de l'OCDE, 2 rue André Pascal, 75775 PARIS CEDEX 16, France ; ou à dev.contact@oecd.org. Les documents peuvent être téléchargés à partir de: <http://www.oecd.org/dev/wp> ou obtenus via le mél (dev.contact@oecd.org).



LES IDÉES EXPRIMÉES ET LES ARGUMENTS AVANCÉS DANS CE DOCUMENT SONT CEUX DES AUTEURS ET NE REFLÈTENT PAS NÉCESSAIREMENT CEUX DE L'OCDE OU DES GOUVERNEMENTS DE SES PAYS MEMBRES

©OCDE (2012)

Les demandes d'autorisation de reproduction ou de traduction de tout ou partie de ce document devront être envoyées à rights@oecd.org.

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	4
PREFACE.....	5
RÉSUMÉ	6
ABSTRACT.....	6
I. INTRODUCTION	7
II. CONTEXT AND ACTORS	9
III. THE PHASES OF THE REGIONAL TRANSFER REFORM.....	17
IV. CONCLUDING REMARKS.....	27
REFERENCES	28
OTHER TITLES IN THE SERIES/ AUTRES TITRES DANS LA SÉRIE	30

ACKNOWLEDGEMENTS

Paper prepared for the KDI-OECD (The Korea Development Institute and the Organisation for Economic Co-operation and Development) project on Making Reform Happen in Developing Countries to promote debate at HLF-4 (Fourth High Level Forum on Aid Effectiveness) of Making Reform Happen issues in different developing country contexts.

Excellent research assistance by Juan Robledo is gratefully acknowledged. We would like to thank Rolando Avendaño, Juan Manuel Caicedo, Elizabeth Nash, Camila Vammalle, and participants to the OECD informal meeting on Making Reform Happen in Developing Countries for their helpful comments, information, and suggestions which improved this article. The opinions expressed and arguments employed in this document are the sole responsibility of the authors and do not necessarily reflect those of the OECD or of the governments of its member countries. All errors are those of the authors.

Sebastián Nieto-Parra is economist at the OECD Development Centre. Mauricio Olivera is Deputy Minister of Employment and Pensions in Colombia; this paper was written while he was research associate at Fedesarrollo. Corresponding author's e-mail address: sebastian.NIETOPARRA@oecd.org.

PREFACE

Most discussions on how to improve economic performance in developing and emerging economies focus on what public policies should be made. However, it is important to study not only what practices should be adopted to foster development, but also how these reforms can be achieved. The process of reform, which includes the political and economic context but also the interactions among different agents during this process, is often the biggest bottleneck to successful reforms.

The quality of reforms is affected by the interaction of various players such as the branches of government, the sub-national authorities, the civil society groups, and the media. The outcome of the different interactions depends on the capacities of each one of the players and the institutional rules of the game in the distinct phases of the “reform cycle”.

This joint work by the OECD Development Centre and Fedesarrollo focuses on the process of the reform of regional transfer in Colombia. This process was shaped by the economic context at the end of the 1990s (when Colombia suffered its deepest economic crisis since 1930). It was also framed by the “new” policy-making process after the 1991 Constitution (in particular, the interactions between the executive and legislative powers). Communication and compensation strategies played a crucial role in the approval of this reform.

Challenges that remain to be addressed so to better manage transfers and other sources of revenues for local authorities (mainly royalties). While the transfer reform adopted at the beginning of 2000s aimed to avoid a fiscal crisis, measures seeking to improve the management of fiscal revenues at local level are sorely needed.

This paper contributes to research on the policy-making process in Latin America and has been prepared for The Korea Development Institute and the OECD joint project on Making Reform Happen (MRH) in Developing Countries. It helped to promote debate at the Fourth High Level Forum on Aid Effectiveness of MRH issues in different developing country contexts.

Mario Pezzini
Director
OECD Development Centre
January 2012

RÉSUMÉ

Ce document étudie les interactions entre les différents acteurs dans le processus de formulation de la réforme des transferts budgétaires en Colombie. Dans le but d'analyser cette réforme, nous utilisons la structure conceptuelle du «cycle de vie» de la réforme. Dans ce contexte, nous suivons les cinq étapes critiques d'une réforme: la Planification, le Dialogue, l'Adoption, l'Exécution et la Soutenabilité. Ce document souligne que le contexte économique et les facteurs institutionnels, comme la nouvelle structure politique qui régit les interactions entre les agents suite à la Constitution de 1991, ont été fondamentaux dans le succès de cette réforme. Par ailleurs, cette recherche corrobore les résultats d'études antérieures mettant en avant le rôle essentiel des stratégies de communication et de compensation dans l'approbation des réformes. L'analyse de l'étape de «soutenabilité» de cette réforme révèle qu'il est nécessaire d'améliorer la coordination des politiques publiques aux différents niveaux de gouvernement.

Classification JEL: D72, D78, H11, H71, P16.

Mots clés: Économie politique, processus de formulation des politiques, réforme, transfert régional.

ABSTRACT

This paper studies the interaction between different actors in the policy-making process of fiscal transfer reform in Colombia. To analyse this reform, we use the “life cycle of reform” framework. In that context, we follow critical phases in the reform process: planning, dialogue and adoption, and implementation and sustainability stages. This paper shows that the economic context and institutional factors, such as the new political structure for interactions between agents after the 1991 Constitution, were fundamental in achieving the reform. Moreover, it confirms previous studies showing that communication and compensation strategies play a key role in the approval of reforms. When the “sustainability” of the reform is analysed, this study shows that there is a need to improve the co-ordination of public policies at different levels of government.

JEL Classification: D72, D78, H11, H71, P16.

Keywords: policy making process, political economy, reform, regional transfer.

I. INTRODUCTION

This case study analyses the process of regional transfer reform in Colombia. In particular, it studies the interactions between different actors in the policy-making process (PMP) of the 2001 fiscal transfer reform, within a context of economic crisis and a new political regime following the 1991 Constitution. This paper contributes to research on the PMP in Latin America.¹

The study focuses on the reform aimed at improving the system of transfers from the central government to sub-national governments.² The main purpose of this reform was to reduce exposure to a fiscal crisis at the beginning of the 2000s due to an increase in these transfers (*i.e.* from 2.5% of GDP in 1991 to more than 5.5% of GDP in 2001). The second objective was to improve the methodology to allocate these transfers in education and health (*i.e.* it depended on the operational expenditure, such as the number of teachers per region, and shifted to depend on the coverage).

This analysis shows that the economic context at the end of the 1990s (when Colombia suffered its deepest economic crisis since 1930) and the “new” PMP after the 1991 Constitution (*i.e.* interactions between executive and legislative given a new political framework) were key to achieving this reform. Additionally, it confirms previous studies showing that communication and compensation strategies play a role in the approval of reforms.

In a nutshell, the transfer reform stabilised the level of public expenditures and implemented both an incentive and an anti-cyclical scheme for these transfers. In doing so, this reform accomplished three main objectives. Firstly, it prevented an unsustainable increase in the amount of transfers given the solvency of the State. Secondly, it helped to improve the effectiveness of transfers in increasing the coverage of public education and healthcare. Thirdly, it reduced the transfers’ dependency on the economic cycle.

However, challenges remain to better manage transfers and other sources of revenues for local authorities (mainly royalties). While the transfer reform adopted at the beginning of 2000s

-
1. See IDB (2006), Stein and Tommasi (2008), Ardanaz *et al.* (2010), Scartascini *et al.* (2010), and Dayton-Johnson *et al.* (2011) for extensive analyses of interactions between agents and institutions in the arenas of public policies in Latin America.
 2. The legal framework of this reform was the Legislative Act 01 of 2001 and the Law 715 of 2001. See http://www.secretariassenado.gov.co/senado/basedoc/cp/acto_legislativo_01_2001.html and http://www.secretariassenado.gov.co/senado/basedoc/ley/2001/ley_0715_2001_pr001.html for these legislations, respectively.

aimed to avoid a fiscal crisis, today's challenges are different. This case study shows that measures seeking to improve the management of fiscal revenues at local level are sorely needed.

The remainder of this paper is organised as follows. Section II presents the economic and political context, as well as the main actors of this reform. Section III, the core of this paper, analyses the main phases of the policy process, namely the formulation and planning, the dialogue and adoption, and the implementation and sustainability stages of the reform. Finally, Section IV concludes and presents the main policy lessons.

II. CONTEXT AND ACTORS

II.1. The context: the 1999 economic crisis and the 1991 Constitution

The 1999 economic crisis

In the early 1990s, Colombia underwent a process of financial liberalisation. Almost simultaneously, there was an important surge in capital inflows which prompted a large monetary and credit expansion, which itself led to higher private and public spending. Public and private saving rates diminished and demand for non-tradeable goods expanded (especially real estate), leading to a rise in both local credit and asset prices, and an appreciation of the Colombian peso in real terms.³

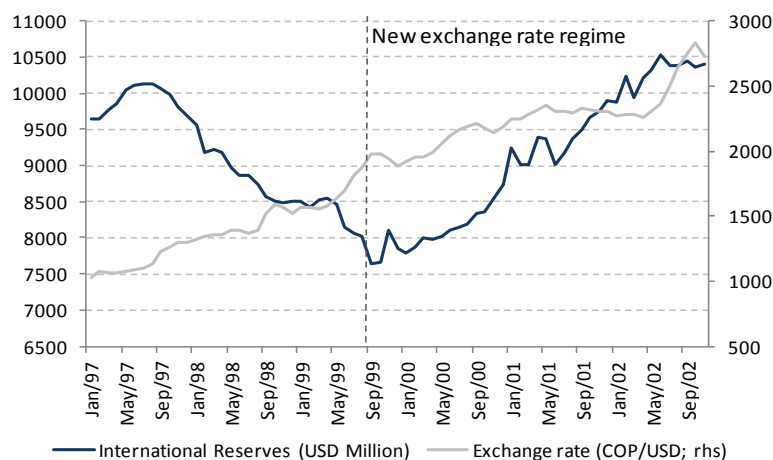
Between 1997 and 1999, there was a reversal in capital inflows and a sharp decline in the terms of trade, which induced an abrupt correction of aggregate expenditure and a current account deficit. Asset prices dropped and, in particular, real estate prices fell by more than 27% in real terms between 1995 and 1999.⁴

In a context of large fiscal and external imbalances, the terms of trade shocks and the “sudden stop” of 1998-99 led to a devaluation of the peso. Between August 1997 and September 1999, international reserves fell by almost USD 2 500 million while the exchange rate depreciated 72%, ultimately forcing the abandonment of the exchange rate bands’ regime in September 1999 (Figure 1). Loan interest rates attained near record-high levels, reaching more than 50% in June 1998. A floating regime was then established and monetary policy converged to a fully-fledged, inflation-targeting framework.

3. Total credit rose from 29% to 44% of GDP between 1991 and 1997.

4. See Uribe-Escobar and Vargas (2002) and Vargas (2005) for an analysis of the causes and consequences of the 1999 economic crisis in Colombia.

Figure 1. Exchange rate and international reserves around the 1999 economic crisis

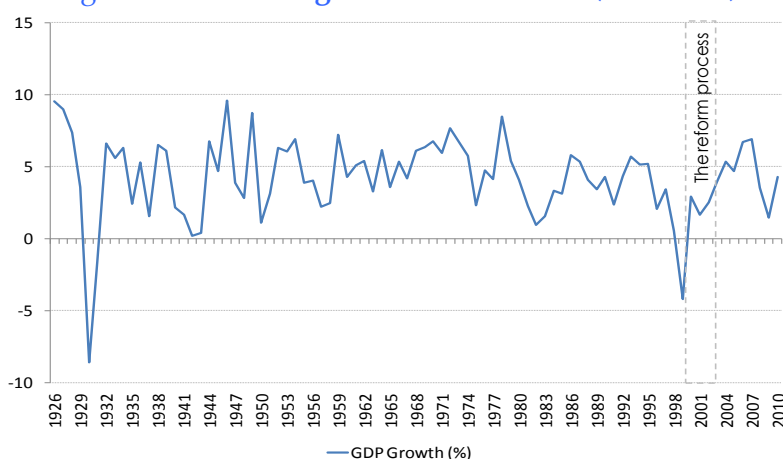


Note: The right axis depicts the exchange rate.

Source: Central Bank of Colombia (Banco de la República).

The financial system went through a deep deterioration of its solvency and profitability, as well as a sharp contraction in credit growth. The reduction of the annual real credit growth was close to 4.0% on average between 1998 and 2001. The fall in the solvency ratios was related to the large increase in past due loans, which, at the end of 1999, reached the historical high of 16% of total loans. As the result of a monetary and banking crisis, GDP growth fell by more than 4% in 1999, the highest depression in the Colombian economy since 1930 (Figure 2).⁵ A fiscal reform was needed to avoid the amplification of this recession into a debt crisis. In that context, central government adopted a regional transfer reform. This particular reform (highlighted in red in Figure 3) constitutes the case study for this research.

Figure 2. Economic growth in Colombia (1925-2010)



Note: Annual GDP growth is exhibited in percentage.

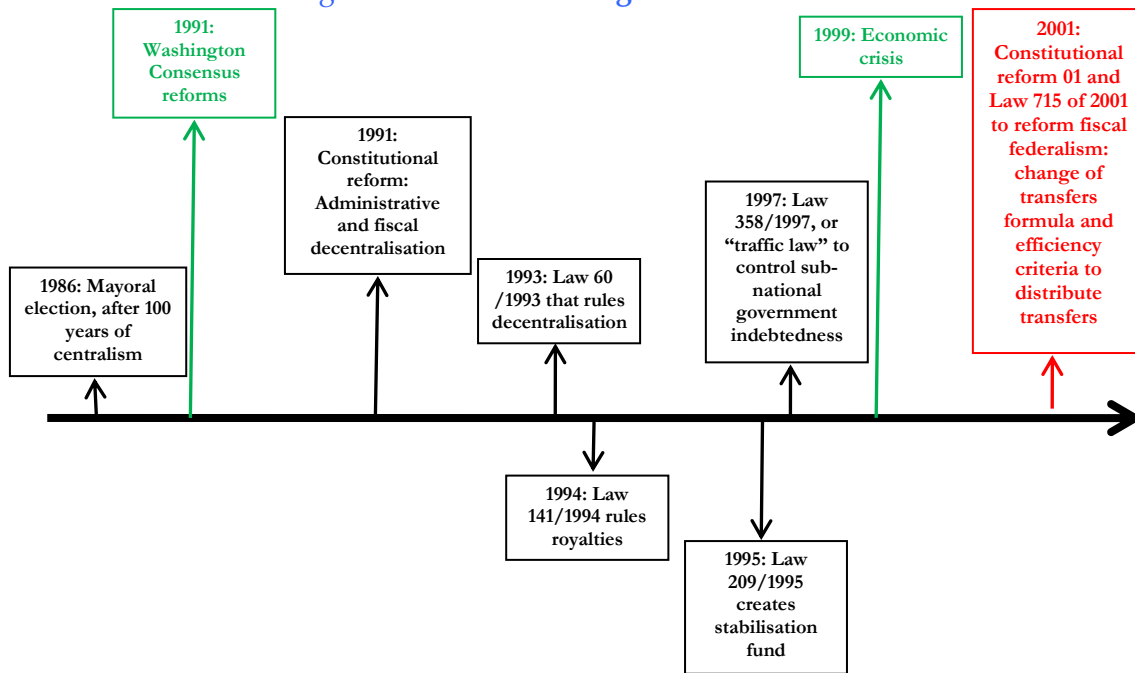
Source: Central Bank of Colombia (Banco de la República) and ECLAC (The Economic Commission for Latin America and the Caribbean).

- The average real GDP growth has been 4.2% in Colombia for the last 85 years and by excluding 1930 (-8.6%), 1931 (-1.6%), and 1999 (-4.2%) all years observed positive annual real GDP growth.

The political context and the 1991 Constitution

In the last 25 years, the fiscal decentralisation panorama in Colombia has changed dramatically (see Figure 3 for an overview). Until 1985 Colombia was politically and economically centralised. The first decentralisation move was the establishment of mayoral elections in 1986.

Figure 3. Evolution of regional reforms in Colombia



Notes: Economic and external events are highlighted in green (i.e. Washington Consensus and Economic Crisis). Reform analysed in this case study is highlighted in red (i.e. 2001 Reform). Above the line the figure presents the evolution of regional fiscal reforms. Below the line the figure presents the evolution of royalties.

Source: Authors.

At the end of the 1980s, Colombian political institutions were under pressure by the civil society. In addition to an improvement in security and political stability, civil society requested more political inclusion (Cárdenas and Pachón, 2010).⁶ A centralised bi-political party system pushed regional political leaders and voters to insist on a decentralisation reform. As a result, political actors adopted the 1991 Constitution, establishing a new political regime in which new actors and transaction costs became crucial components of the PMP of reforms.⁷

6. The increase of the insecurity and the conflict with traffic drugs dealers amplified political instability. In 1989, the top candidate in the polls for the 1990 presidential elections, Luis Carlos Galán, and two other presidential candidates, Bernardo Jaramillo Ossa and Carlos Pizarro, were assassinated.

7. See Lora and Scartascini (2010) for the impact of the 1991 Constitution on the Policy Making Process in Colombia.

The adoption of a new Constitution introduced a transformation of the political and economic context at sub-national level. Firstly, at the political front, governors of the 32 departments began to be chosen through popular election, instead of being appointed by the executive (and resulting from a close dialogue with the congress). This implies that governors' and mayors' dependence on national party directorates diminished, making them more independent. Secondly, financial resources of sub-national governments increased considerably. In that context, first, departments and municipalities exploiting natural resources started to receive a large percentage of royalties from that production. Second, sub-national governments were allowed to issue debt or to have access to the credit system.⁸ Third, a higher percentage of central government current revenues should be transferred to sub-national governments. More than 80% of these transfers were earmarked for education and healthcare.⁹

Since the 1991 constitution, a series of reforms have been approved in order to improve both fiscal sustainability and efficiency in the execution of public resources at regional level.¹⁰ Firstly, at the beginning of the 1990s, a stabilisation fund and rules concerning royalties were adopted (see Figure 3 above). These reforms were particularly necessary after oil income began to increase substantially in 1994 thanks to the discovery of oil fields. Today, royalties from natural resources (mainly coal and oil) are a large source of regional revenue. However, the lack of a national comprehensive approach to managing royalties, the concentration of royalties in only 8 departments (out of 32) and a small number of municipalities, the institutional weakness in these departments, and the expectation of a big oil boom, have generated the need for further reform of royalties today.¹¹

Secondly, in order to avoid the unsustainability of regional public finances, the Samper administration (1994-98) presented a draft law in 1995 (finally approved in 1997) to contain regional debt.¹² The increase in transfers observed in Figure 4 generated a significant rise in sub-national revenues, and regions used these new revenues to leverage debt, generating an imminent need for reform. The new law introduced thresholds to solvency and sustainability indicators and a system of "green", "yellow" or "red" lights depending on observed ratios, according to which departments and municipalities can automatically either incur more debt,

8. In contrast, the Constitutional reform does not affect the sub-national taxation system, which is still under the Law 14 (1983), and other complementary norms. Sub-national governments are restricted to modifying tariffs and goods and services taxed. Moreover, the autonomy regarding the utilisation of these incomes is low since the legislation defines on which items some of these taxes should be spent.

9. The regulation of these transfers was implemented only in 1993. Indeed, Law 60 of 1993 regulated articles 356 and 357 of the 1991 Constitution.

10. In contrast to tax reforms, decentralisation reforms (Figure 3) were less frequent but more effective in improving the solvency of the State. While almost one tax reform per year was enacted (i.e. 14 tax reforms for the period 1990-2007), reforms aimed at decentralisation were not as frequent, but were more effective at controlling central government expenditure growth and the fiscal deficit (Olivera *et al.*, 2010).

11. See Perry and Olivera (2009) for an analysis of the link between royalties and the institutional framework in Colombia.

12. Law 358 of 1997 and popularly known as the *Ley de Semáforos* (traffic light law).

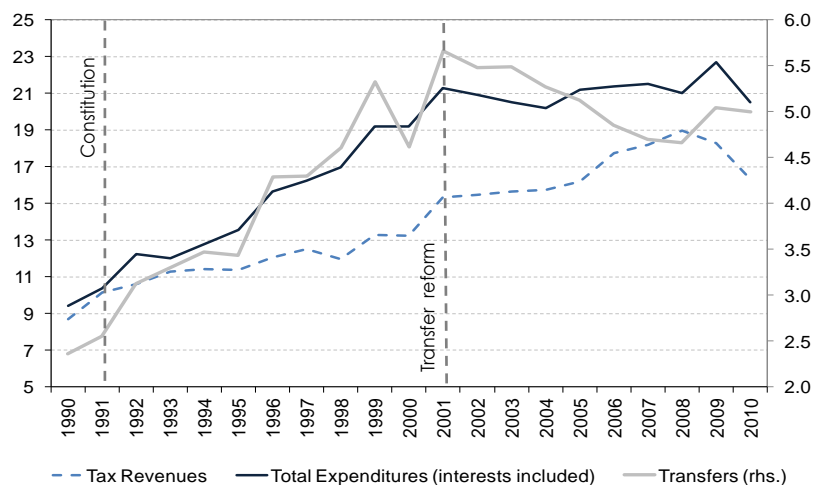
require special permission from upper levels of government to do so or cannot issue new debt until they undertake a fiscal adjustment programme (Olivera *et al.*, 2010).

Thirdly, the crisis helped the Pastrana administration (1998-2002) to enact several reforms to increase revenues at central government level and to control sub-national expenditures even without a congressional majority. Towards the end of its term, it passed a constitutional reform (the focus of this study) which reduced the pace of growth of regional transfers highlighted in Figure 3 and exhibited in Figure 4 (*i.e.* the 2001 regional transfer reform).

In particular, before the approval of the 2001 reform, regional transfers were increasing and depended on the current revenues. They supposed to represent 46.5% of current revenues in 2002. More precisely, the 1991 Constitution (articles 356 and 357) and the Law 60 of 1993 regulated these transfers. According to these rules, as a percentage of current revenues, regional transfers for departments represented 23% in 1994, 23.5% in 1995, and 24.5% from 1996 (*i.e.* regional transfers = 24.5%*current revenues from 1996). In addition, transfers for municipalities should increase from 15% of central government current revenues in 1994 to 22% in 2002.

The high increase of regional transfers affected considerably national public finances. In particular, before the adoption of the 2001 reform, regional transfers increased from 2.5% of GDP in 1991 to more than 5.5% of GDP in 2001, affecting total expenditures. While expenditures and regional transfers increased 125% and 140% respectively, tax revenues increased “only” 75% between 1990 and 2001 (Figure 4).¹³

Figure 4. Regional transfers, national expenditures and revenues after the 1991 Constitution



Note: % of GDP. The right axis depicts the regional transfers.

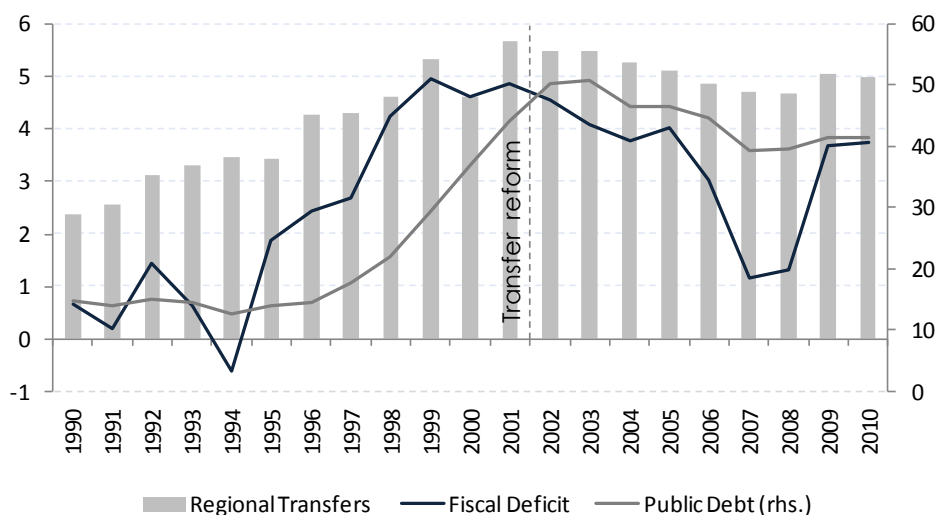
Source: Authors' calculations based on the Central Bank of Colombia (Banco de la República) and the Ministry of Finance of Colombia (Ministerio de Hacienda y Crédito Público).

Indeed, after the 1991 Constitution the gap between total expenditures and tax revenues considerably increased and public finances deteriorated. A higher expansion of national

13. Moreover, as we study below, the tax revenues represent a small proportion of the GDP with respect to OECD economies (OECD 2011a).

expenditures with respect to the national revenues growth affected the fiscal deficit and the public debt. Part of this deterioration was the high increase in regional transfers. Central government fiscal balance in terms of GDP passed from close to 0% in 1991 to close to -5% in 1999. In the same vein, total public debt over GDP increased from close to 14% in 1991 to 44% in 2001 (Figure 5).

Figure 5. Regional transfers, central government fiscal deficit and public debt around the 1999 crisis (% of GDP)



Note: The right axis depicts the total public debt.

Source: Authors' calculations based on the Central Bank of Colombia (Banco de la República) and the Ministry of Finance of Colombia (Ministerio de Hacienda y Crédito Público).

The need to reduce fiscal imbalances is more pressing when an economic crisis episode has occurred. An increasing deficit that generates an unsustainable level of indebtedness would need at some point a fiscal reform to close the fiscal gap and reduce debt. If reforms are not implemented, the economy will default on its debt and capital markets would be closed for some time. This was the case in Colombia at the moment of the worst recent economic crisis.

II.2. Actors and interests

Several actors played a crucial role in the PMP of the 2001 regional transfer reform. The key actors studied in the main phases of this process are the executive (in particular the President, the Minister of Finance, and the National Planning Department Director), the legislative and political parties, the sub-national authorities (*i.e.* mayors and governors), the Media, the IMF (International Monetary Fund), and the unions (in particular education and health workers unions).

The main winner from this reform was the executive and, in particular the Minister of Finance, Juan Manuel Santos (current President of Colombia), who was pushing forward the

reform in order to avoid a fiscal crisis. As observed below, Minister Santos belonged to the opposition party (*partido liberal*) of the Pastrana administration (*partido conservador*).¹⁴

The legislative was another winner thanks to a slower rate of increase in the transfers to sub-national authorities. After a century of political and administrative centralism, the 1991 Constitution aimed to increase citizen representation by delegating fiscal and political power to departments and municipalities. This transfer reform could be perceived as a measure that prevented the development of political fragmentation and the independence of sub-national authorities from their directorates of political parties.

Another winner was the IMF. In times of crisis, when access to private international financial markets is severely limited, the IMF and the US Treasury play an important role. Their participation facilitates consensus building within government and in congress (within major traditional parties), as all players realise that structural reforms are needed not only to help finance the budget directly, but also to get access to foreign credit. In that context, in December 1999 the IMF approved the Three-Year Extended Fund Facility for Colombia.¹⁵ The reform agenda included measures to strengthen the finances of the territorial governments and to reduce the non-financial public sector deficit.

The main losers were the education and health workers unions, which are FECODE (*Federación Colombiana de Educadores*) and ANTHOC (*Asociación Nacional de Trabajadores Hospitalarios de Colombia*), respectively. Since transfers were dependent on the operational expenditure, such as number of teachers per region (and independent of the number of students per teacher), a reduction in the growth of these transfers directly affected the members of these unions. Since these unions have as one of the implicit target the increase of employees in education and healthcare, a reduction of operational expenditure was contrary to their objectives. Among unions, the main actor against the reform was FECODE. Teachers and in general employees in the education sector initiated numerous strikes and protests in a number of cities at the planning stage of the reform. According to Santos (2006), these demonstrations affected the support of a certain number of congressmen since they associated the approval of this reform with a “political suicide”.

The sub-national authorities were key losers. In the political arena, a reduction in the regional revenues indicated a loss of political power for regional political actors (*i.e.* governors, mayors) *vis-à-vis* the executive and the congress. As studied below in the adoption and dialogue stage, the executive and in particular the Ministry of Finance, proposed compensation measures in order to obtain the support of sub-national authorities (Santos, 2006).¹⁶ The dialogue and compensation measures favoured the support of the Colombian Federation of Municipalities (*Federación Colombiana de Municipios*).

14. See Santos (2006) for an analysis – as an actor - of the main political economy aspects presented in this reform.

15. It was the first IMF Programme since 1965 and was a three-year credit of USD 2.7 billion under the Extended Fund Facility (EFF) “to support the government's economic reform program for 1999-2002” (see <http://www.imf.org/external/np/sec/pr/1999/pr9963.htm>).

16. See section III.2 for a description of these compensation measures.

Other losers were within the executive: the Ministers of Education, Employment and Health. The stabilisation of regional transfers implied a decrease in the financing of education and healthcare with respect to the total public budget. According to Santos (2006), the opposition came above all from the Ministry of Health that threatened the Ministry of Finance to form a coalition against the reform within the congress. Additionally, The Ministry of Employment, under the head of Angelino Garzón (current Vice-President of Colombia), supported arguments raised by the education union (i.e. FECODE) against the reform.

III. THE PHASES OF THE REGIONAL TRANSFER REFORM

To analyse this reform, we use the “life cycle of reform” framework. In that context, we follow critical phases in the reform process: planning, dialogue and adoption, and implementation and sustainability stages. In general, these different stages help to identify the main activities, actors and bottlenecks in the process of reform (see Dayton-Johnson *et al.*, 2011 for an analysis of the “life cycle of reform” in Latin America). Although these phases do not always – or even usually – unfold in precisely this sequence, it is analytically useful to distinguish them in this way (OECD, 2010a). In fact, these stages often unfold concurrently and there may be some overlapping or leapfrogging of phases, depending on the type of reform in question. However, reviewing each stage in the policy making process, it enables a more thorough understanding of the bottlenecks and challenges, and the relative importance of different actors at different stages.

The first phase, called the “planning” phase, identifies the problem, designs the policy and builds the reform agenda. In the regional transfer reform, the executive was the key actor in this phase. After the policy is designed and the reform agenda is set, the policy continues into a “dialogue” phase, in which, the executive, and in particular the Minister of Finance actively communicated the proposal of this reform. The “adoption” stage involves the approval of the reform. In this reform, the adoption process was long and all three branches of the State were involved. The fourth stage, the “implementation” phase, involved mainly the sub-national governments, since they executed the regional transfers’ resources. Finally, to sustain the reform, it must be evaluated appropriately, and the results must be transparently assessed and evaluated. The analysis of the “sustainability” stage of this reform shows that new incentive mechanisms should be introduced. In particular, since today’s challenges differ from past priorities, this reform should be revisited.

III.1. The planning phase

Since the executive branch holds a monopoly on bills that have budgetary implications, the planning of the reform started with the executive. Within the executive, political and technical players were aligned to lead this reform. In particular, key technical players were the planners of the reform. The Territorial Office and the Macroeconomics department of the Ministry of Finance, and the Director’s Office of the Department of National Planning (DNP),

under the head of Juan Carlos Echeverry, designed the reform.¹⁷ This is consistent with Latin American evidence, where Presidents and cabinets play a preeminent role in setting the policy agenda and formulating policy proposals. In fact, cabinets (and the bureaucracies they head) have a “near-monopoly in the design of policy, only occasionally receiving input from political parties and/or interest groups” (Martinez-Gallardo, 2010).

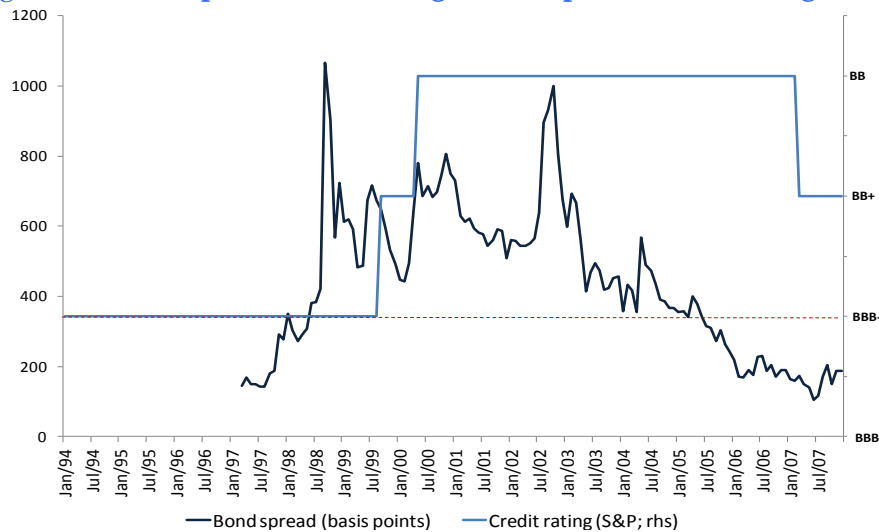
Consultation and dialogue with former Ministers of Finance was determinant at the formulation stage of the reform. Juan Camilo Restrepo (previous Minister of Finance of President Pastrana) and Guillermo Perry (Chief Economist for Latin America at the World Bank at that time) were consulted in order to discuss the design and feasibility of the reform.

Consistent with previous findings in the comparative literature, our hypothesis is that the 1999 economic crisis contributed to the enactment of this fiscal reform. This has been the case for many OECD countries in general, and South Korea in particular (Lim, 2010). In Latin America, this has allowed many reformist governments to package different kinds of reform in the name of curing the crisis situation (Dayton-Johnson et al., 2011). Focusing on Latin American countries between 1985 and 1995, Lora and Olivera (2004) find strong econometric support for the hypothesis that crises make reforms more viable. Indeed, during the 1980s macroeconomic crises that ended in hyperinflation and debt defaults spurred orthodox, first-generation policy reform. Similarly, the end-of-millennium crisis triggered fiscal responsibility laws that combined numerical spending and/or budget balance targets with measures to increase transparency (Hallerberg and Scartascini, 2011). Empirical evidence reinforces the argument that economic downturns may spur reform in Latin America.

Capital markets deterioration spurred Minister of Finance Santos and DNP Director Echeverry to plan and to formulate the need for a transfer reform. Colombian capital markets were under market pressure as a consequence of uncertainty and deterioration of economic conditions in Colombia as well as in other emerging economies of the region (e.g. Argentina and Brazil). Consequently, sovereign bond spreads (i.e. a proxy of the risk perception of institutional investors towards sovereign debt) increased and rating agencies downgraded Colombia below Investment Grade (Figure 6).

17. A key technical player of the reform was Juan Carlos Echeverry (current Minister of Finance for the Santos Administration). Background and professional experience confirm that role. He holds a PhD in Economics from New York University and before he served as DNP Director, he worked at the Colombian Central Bank and at the DNP. After his appointment as DNP Director, he held the position of Economics Dean at the Universidad de los Andes.

Figure 6. Market pressure. Sovereign bond spread and sovereign rating



Notes: S&P refers to the Standard and Poor's rating agency. Right axis depicts the S&P's rating.

Source: Datastream

The initial proposal of the regional transfer reform, presented as Legislative Act Proposal 012 of 2000 (*Proyecto de Acto Legislativo 012 de 2000*), stated for the period 2002-06 that the increase of the transfers were equivalent to 1.5% multiplied by the transfers of the previous year plus the inflation target (*i.e.* regional transfers = $(1+1.5\%)*\text{transfers } t-1 + \text{inflation target}$). After 2007, transfers were supposed to increase at the average increase rate of current revenues of the four previous years. In contrast to the existent rule before the adoption of the reform (*i.e.* nearly half of the national current revenues earmarked to regional transfers), this proposal proposed a fixed real increase in the transfers and below the average GDP growth in Colombia (2.2% for the period 1980-2000). In doing so, this proposal first, prevented an unsustainable increase in the amount of transfers, and second it reduced the transfers' dependency on the economic cycle.

III.2. The dialogue and adoption phases

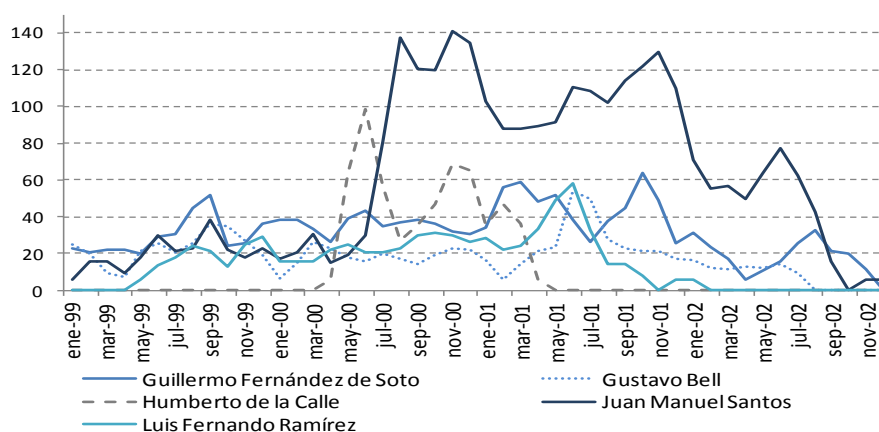
Such as OECD experiences (Blöchliger and Vammalle, 2012), political leadership was crucial to accelerate the reform. President Pastrana (1998-2002) appointed Juan Manuel Santos in 2000 as Minister of Finance in order to push forward economic reforms that helped to avoid a fiscal crisis. Given the economic situation at the beginning of the 2000s the main economic target of the Pastrana administration was to recover macroeconomic stability by achieving crucial economic and financial reforms such as the regional transfer reform.

Minister Santos belonged to the opposition party (*i.e.* *partido liberal* or the equivalent to the Democratic Party) of the Pastrana administration (*i.e.* *partido conservador* or the equivalent to the Republican Party). When Santos was appointed, Pastrana administration was suffering a governance crisis since he threatened a Congress reform after corruption scandals. Consequently, Santos appointment had the clear objective of recovering governance and supporting reforms in the Congress. In particular, Minister Santos succeeded in convincing the opposition and in particular the chief of the opposition, Horacio Serpa, to approve the reform in the Congress.

The communication strategy was a key component to approve the reform. Juan Manuel Santos belongs to one of Colombia's foremost families, who are particularly influential in the areas of communication and politics. His family was the owner of *El Tiempo*, the country's leading newspaper, and Juan Manuel Santos, before joining the Ministry of Finance, spent periods as a journalist (in particular Deputy Director of *El Tiempo*) and as a policy maker (in particular Minister of Foreign Trade). Background and knowledge helped Minister Santos to develop a remarkable communication strategy, explaining to civil society the need for this reform, and indirectly obtaining the approval of the most important stakeholders. This strategy was consistent with past experiences in OECD and Latin American economies in which to harmonise divergent interests, a high level of communication is mandatory. Indeed, high and efficient levels of communication are needed not only to persuade voters and stakeholders of the need to undertake reform, but also to warn them of the costs of non-reform (Dayton Johnson *et al.*, 2011).

Figure 7 exhibits the press coverage of the main ministers during the Pastrana administration. After Santos' appointment his press coverage increased significantly and was dramatically higher than the other ministers of the Pastrana administration in that period.¹⁸

Figure 7. Press coverage in the Pastrana administration
(Number of citations)



Notes: This database covers the most important press publications in Colombia (*i.e.* the newspaper *El Tiempo*, and the magazines *Semana* and *Dinero*). See Caicedo, Gaviria, and Moreno (2011) for more information and for an analysis of the press coverage in the changing reality of Colombia.

Ministers selected are: Humberto de la Calle (Interior Minister for the period 2000-01), Guillermo Fernández de Soto (Foreign Affairs Minister for the full period of President Pastrana), Luis Fernando Ramírez Acuña (Defense Minister for the period 1999-2001), Gustavo Bell Lemus (Defense Minister 2001-02), and Juan Manuel Santos (Finance Minister for the period 2000-02).

Source: Authors' calculations based on <http://ngrams.cavorite.com/>.

18. An example of the vast communication strategy realised by Minister Santos was the presentation of this reform to the highest television audience, which was during the *Telenovela Betty la Fea* (Ugly Betty Series). As mentioned by Santos (2006), it was the last time that a Minister was able to interrupt Colombian TV channels'.

A second key component of the dialogue stage was the compensation measures. A “bundling” approach for the compensation measures helped to obtain the support of a large majority of sub-national authorities. Firstly, the reform proposal considered extending the election period for mayors from two to four years.¹⁹ Secondly, central government helped local authorities to renegotiate loan conditions with the financial system (*e.g.* increase in the maturity and reduction in the risk premium). Thirdly, the reform prevented uncertainty and volatility of the future transfers (*i.e.* fixed real increase instead of dependent on the economic cycle), especially in a crisis period when regional transfers were small due to a small GDP growth and hence a small tax collection at the central government level.

At the adoption stage, the legislative was a key player. “Decentralisation” reforms, such as the regional transfer reform, require constitutional amendment and a long process in the congress composed of eight debates (Table 1). A stabilisation of the transfers to sub-national authorities was welcomed by congress, as it limited the former’s political power. Indeed, following the 1991 Constitution, regional politicians became more independent from the central party network and co-ordinating collective action among co-partisans became very challenging with the introduction of popular elections to regional authorities.²⁰ Consequently, the transfer reform has been perceived by congressmen as a constraint to regional politicians to further their career.

Table 1. Reform approval process

	Tax bills		Organic budgetary laws		Constitutional amendment*
	Regular	Joint committees	Regular	Joint committees	Regular
Committee Stage	Regular	Joint committees	Regular	Joint committees	Regular
No. debates	4	2	4	2	8
Majority requirement	50% +1 of decisory quorum		50% +1 of members		50% +1of decisory quorum (first 4 debates), 50% +1 members (last 4 debates)
Ex-ante revision of the Constitutional Court	No	No	No	No	Yes

Note: *Regional transfer reform refers to a Constitution Amendment.

Source: Olivera *et al.* (2010).

Figure 8 compares the evolution of regional transfers after the adoption of the 2001 reform with a counterfactual analysis showing the high increase of transfers without this adoption. Without the adoption of the reform, transfers would have continued to increase and

19. However, this proposed measure was not approved by the Congress in 2001 but in 2004 during the Uribe administration (2002-2010).

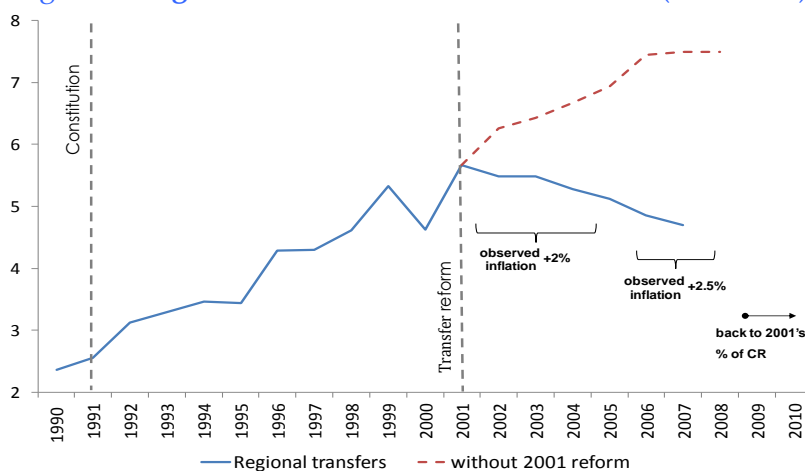
20. Elections of mayors and governors started in 1986 and 1991, respectively.

the solvency of the State was not guaranteed due to the relatively low level of tax revenues in Colombia. Indeed, tax revenues over GDP represent only 18% in Colombia, versus 35% in OECD economies (OECD 2010b; OECD, 2011a).

However, the long adoption process implied some costs related to the compromises with different stakeholders. These compromises were not envisaged in the initial proposal. Firstly, the reform implied a cost in terms of monetary policy. Since the reform has taken into consideration the observed inflation in contrast to the targeted inflation, regional transfers promoted inflation inertia. Secondly, real growth rate of the transfers increased by 0.5% for the period 2002-05 and by 1% for the year 2007 with respect to the initial proposal. Finally, this reform can be considered as a temporary reform. After 2008, regional transfers were supposed to increase dramatically (see next sub-section) since reform considered that these transfers were dependent on at least the same percentage of current revenues as 2001. Consequently, 2001 Reform defined regional transfers as it follows:

- Regional transfers = $(1+2.0\%)*\text{transfers } t-1 + \text{observed inflation for the period } 2002-05$
- Regional transfers = $(1+2.5\%)*\text{transfers } t-1 + \text{observed inflation for the period } 2006-08$
- Regional transfers $\geq 46.5\%*\text{Current Revenues from } 2009$

Figure 8. Regional transfers and the 2001 reform (% of GDP)



Notes: Red dotted line is a counterfactual analysis showing the evolution of transfers without the 2001 reform. CR refers to Current Revenues.

Source: Authors' calculations based on the Central Bank of Colombia (Banco de la República) and the Ministry of Finance of Colombia (Ministerio de Hacienda y Crédito Público).

Regarding the sequencing of the adoption of reforms after the 1999 economic crisis we observe that, rather than a "big-bang", approach the strategy was a short-term sequencing approach. Indeed, the only structural economic reform adopted in 2001 was that studied in this paper (Table 2). This experience contrasts with some literature showing that there are strong arguments for "bundling" reforms into a comprehensive package (OECD, 2010a).

**Table 2. Bundling vs sequencing
Economic reforms after the 1999 economic crisis**

1999 : Housing Market Reform (Law No. 549)
1999 : Financial Reform (Law No. 510)
2001: Regional Transfer Reform (Legislative Act 01 and Law 715 of 2001)
2003 : Financial Reform (Law No. 795)

Source: Authors.

III.3. The implementation and sustainability phases

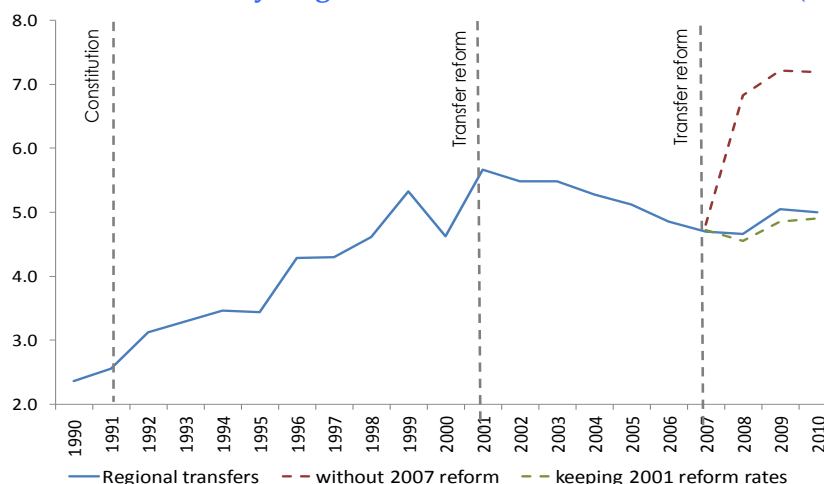
To analyse the implementation and sustainability stages of the reform, we consider, first, the revision of the formula to determine the total amount of regional transfers, and second the expenditure side of regional transfers by sub-national authorities.

As mentioned for the adoption stage, the 2001 reform can be considered as temporary. After 2008, regional transfers were supposed to increase dramatically since the reform established that these transfers were dependent on at least the same percentage of current revenues as 2001. In 2007, the Uribe administration adopted a new transfer reform in order to avoid a high increase in the regional transfers affecting the solvency of the State.²¹ A counterfactual analysis shows that without this new reform, the increase of transfers might have been close to 2% of GDP in only one year (red dotted line in Figure 9). The 2007 reform set for the period 2011-16 a growth of regional transfers equal to 3% plus the observed inflation.²² After 2016, regional transfers will increase at the average growth rate of the last four years of the national current income. Although the real growth rate is abandoned after 2016, by including the average of the four last years of national current income to determine regional transfers, these transfers should not be pro-cyclical in the future.

21. The legal framework for this legislation was the Legislative Act 04 of 2007 and the Law 1176 of 2007.

22. A real growth rate higher than the rate introduced in the 2001 reform (*i.e.* 2.5% after 2006) implied a slight increase in the transfers with respect to the case of a reform keeping the real growth rate introduced in the 2001 reform (green dotted line in Figure 9).

Figure 9. The sustainability stage: the extension of the 2001 reform (% of GDP)



Notes: All values are in percentage of GDP.

Red dotted line is a counterfactual analysis showing the evolution of transfers without the 2007 reform. Green dotted line is a counterfactual analysis showing the evolution of transfers keeping 2001 reform rates.

Source: Authors' calculations based on the Central Bank of Colombia (Banco de la República) and the Ministry of Finance of Colombia (Ministerio de Hacienda y Crédito Público).

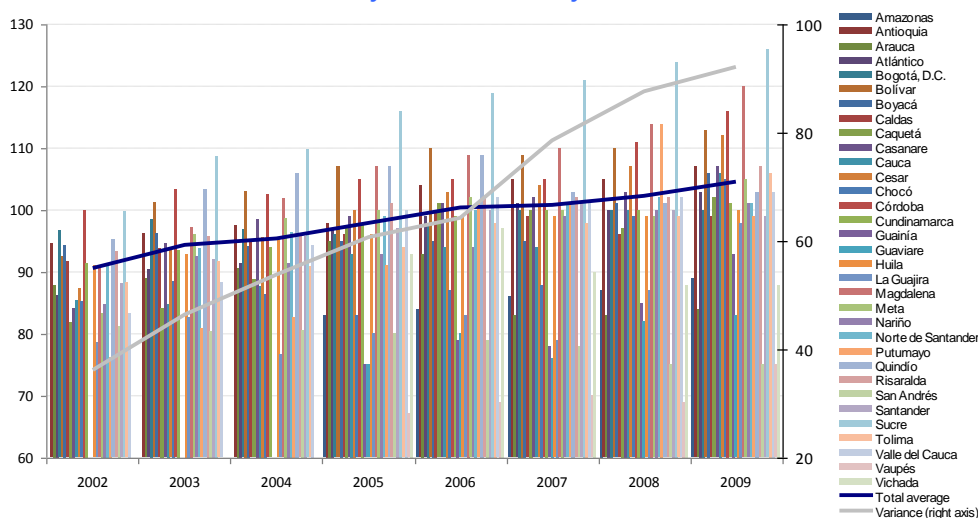
The second crucial component of the implementation and sustainability stages of the reform concerns the expenditure side of regional transfers by sub-national authorities and in particular the allocation system among sub-national authorities. As mentioned above, central government's transfers to sub-national governments were earmarked for education and healthcare. In particular, at least 60% and 20% of transfers should be spent in education and healthcare, respectively.²³

Before the adoption of the regional transfer reform in 2001, transfers depended on operational expenditure, such as the number of teachers per region. One key aspect adopted in the regional transfer reform was to improve the allocation of regional transfers. Indeed, this reform fixed the allocation depending on the coverage. By analysing the education sector, a capitation scheme was introduced to calculate regional transfers per student, not per teacher. We observe an improvement in the enrolment rates thanks in part to incentive schemes introduced in the 2001 reform (Figure 10).²⁴

23. Since 2007, water and sanitation were included with 5.4% of the total allocation (education and healthcare expenditures continue to represent at least 60% and 25% of total allocation).

24. Similarly, healthcare coverage is above 96%.

Figure 10. Gross enrolment rates in Colombia (%)
Primary and secondary education



Notes: Gross enrolment rate corresponds to the total enrolment in a specific level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education in give school-year.

The variance of the gross enrolment rates of Colombian departments is exhibited at the right axis.

Total average corresponds to the pre-primary, primary, and secondary education in Colombia. For each department it corresponds to the *básica* and *media* education (i.e. primary and secondary education).

See http://menweb.mineduacion.gov.co/nnormas/normas_basicas_4.swf for more information.

Source: Department of National Planning (DNP) and Ministry of Education.

From the study of the “sustainability” stage of this reform, we note that new incentive mechanisms should be introduced. Firstly, although there is an improvement in the coverage (from 91% in 2002 to 105% in 2009), high disparities remain among departments. The variance of gross enrolment rates among departments have increased in the last years and in some departments, such as *San Andrés* and *Vichada*, enrolment rates have decreased (Figure 10). Secondly, new challenges are related to the quality of public services. For instance, in the PISA (Programme for International Student Assessment) reading examination, Colombia ranks statistically significant below all OECD economies (OECD 2010c). To facilitate evidence-based reforms, the results from the extensive empirical research carried out in the context of PISA could help reforms in Colombia (OECD 2010b).

Experiences with decentralisation of education systems in Latin America have varied in terms of gradualness, magnitude and attributes. The implementation of policies regarding education systems are concerned with four main functions: financing, management, planning, and regulation, all of which have been affected by the decentralisation agenda. In that context, it is useful to study the effect of decentralisation policies on student performance. Using OECD’s PISA surveys for a group of Latin American countries, Avendano and Nopo (2012) explore the effect of the attribution of responsibilities (between schools, regional and national education authorities) and performance. Since the 1990s, the implementation of certain policies have been transferred from national to sub-national control (e.g. teachers’ selection and salaries, budget

allocations within the school, course content), having an impact on schools' performance and equity. This last dimension is explored, as evidence suggests that decentralisation policies can strengthen performance, but they can also create higher inequalities.

There is a need to improve the management and execution of regional resources at sub-national level (see OECD, 2011b for some lessons in OECD economies). The performance of these transfers should be evaluated through an improvement of public service delivery. Equity and quality principles should be considered. Incentive schemes, a better co-ordination of policies at different levels of government, and technical support from central-government authorities should improve the effectiveness of public policies in education and healthcare²⁵.

²⁵ See Jütting et al. (2004) for a review of the literature on the relationship between decentralisation policies and development.

IV. CONCLUDING REMARKS

This case study presents the policy-making process of the reform of regional transfers in Colombia. The main achievement of this reform was to stabilise the level of regional transfers in a context of uncertainty and risk of a sovereign debt crisis. This achievement was considerable since a significant reduction in the increase of transfers contributed to a levelling of public expenditure and to reducing central government deficit. Additionally, this reform helped to adopt an anti-cyclical scheme for these transfers and to improve the coverage in education and healthcare.

The study shows that the economic context and institutional factors, such as the new framework for interactions between agents after the 1991 Constitution, were fundamental in achieving the reform. It confirms previous studies showing that communication and compensation strategies play a role in the approval of reforms. Moreover, the long process of the reform (*i.e.* eight debates in Congress and a revision by the Constitutional Court) implied key negotiation costs.

When the “sustainability” of the reform is analysed, we show that challenges remain. There is a need to improve the management and execution of regional resources at sub-national level. In that context, the performance of these transfers should be evaluated through an improvement of public service delivery. Better incentive schemes and a better co-ordination of public policies at different levels of government should improve the management of these resources. These aspects are related to the effectiveness of the regional level economic and social policies in Colombia.

Finally, the nature and, in particular, the process of this reform brings insights about the future of regional policies in Colombia and in emerging economies in general. In the case of Colombia, past fiscal transfer reforms can help to understand current discussions between Congress and the government about an on-going royalty reform. This case study shows how political economy aspects and PMP aspects can affect fiscal reforms at the sub-national level of an emerging economy (see Blöchliger and Vammalle, 2012 for the case of OECD economies). Since today’s challenges (*i.e.* the reduction of income inequality, the improvement in the quality of public services) differ from past priorities (*i.e.* to guarantee the solvency of the State), this case study recommends revisiting this reform.

REFERENCES

- ARDANAZ, M., C. SCARTASCINI and M. TOMMASI (2010), "Political Institutions, Policymaking, and Economic Policy in Latin America", *IDB Working Paper Series*, No. 158.
- AVENDANO, R. and H. NOPO (2012), "How Successful were Decentralization Reforms in Latin America? Evidence from the PISA Survey", *OECD Development Centre Working Paper (Forthcoming)*.
- BLÖCHLIGER, H. and C. VAMMALLE (2012), *Reforming Fiscal Federalism and Local Government: Beyond the Zero-Sum Game*, OECD Fiscal Federalism Studies, OECD Publishing. <http://dx.doi.org/10.1787/9789264119970-en>
- CAICEDO J. M., A. GAVIRIA and J. MORENO (2011), "Hechos y palabras: la realidad colombiana vista a través de la prensa escrita", *Documentos CEDE*, No. 46, November
- CÁRDENAS M. and M. PACHÓN (2010), "Cómo la Constitución del 1991 cambió los procesos de formulación de las políticas públicas", in *Consecuencias Imprevistas de la Constitución de 1991: La Influencia de la Política en las Políticas Económicas*, Lora E., and C. Scartascini Eds., Alfaomega Colombiana S.A., Bogotá D.C.
- DAYTON-JOHNSON J., J. LONDOÑO and S. NIETO-PARRA (2011), "The Process of Reform in Latin America: A Review Essay", *OECD Development Centre Working Paper*, No. 304.
- HALLERBERG, M., and SCARTASCINI, C. (2011), "Economic Crisis and Fiscal Reforms in Latin America", *IDB Working Paper Series*, No. 235.
- IDB (2006), *The Politics of Policies: Economic and Social Progress in Latin America*, Inter-American Development Bank, Washington, DC.
- JÜTTING, J. P., C. KAUFFMANN, I. MCDONNELL, H. OSTERRIEDER, N. PINAUD and L. WEGNER (2004), "Decentralization and Poverty in Developing Countries: Exploring the Impact", *OECD Development Centre Working Paper*, No. 236.
- LIM, Y. (2010), *Making Reform Happen: Lessons from Korea Since the 1987 Democratisation*, KDI-OECD MRH Conference, Seoul.
- LORA E. and C. SCARTASCINI (2010), *Consecuencias Imprevistas de la Constitución de 1991: La Influencia de la Política en las Políticas Económicas*, Alfaomega Colombiana S.A., Bogotá D.C.
- LORA E. and M. OLIVERA (2004), "What makes reform likely? Political economy determinants of reforms in Latin America?", *Journal of Applied Economics*, 7 (1), 99-135.
- MARTINEZ-GALLARDO, C. (2010), "Inside the Cabinet: The Influence of Ministers in the Policymaking Process", in *How Democracy Works: Political Institutions, Actors, and Arenas in Latin American Policymaking*, Scartascini C., E. Stein, and M. Tommasi Eds., Inter-American Development Bank Washington, D.C.
- OECD (2010a), *Making Reform Happen: Lessons from OECD Countries*, OECD, Paris.
- OECD (2010b), *OECD Economic Assessment of Colombia 2010*, OECD, Paris. Available at <http://www.oecd.org/dataoecd/38/14/46797800.pdf>
- OECD (2010c), *PISA 2009 Results: What Students Know and Can Do – Student Performance in Reading, Mathematics and Science*, Volume I, OECD, Paris.

- OECD (2011a), *Latin American Economic Outlook 2012: Transforming the State for Development*, ECLAC-OECD, Santiago-Paris.
- OECD (2011b), *Making the Most of Public Investment in a Tight Fiscal Environment: Multi-level Governance Lessons from the Crisis*, OECD Publishing.
- OLIVERA, M. M. PACHÓN and G. PERRY (2010), "The Political Economy of Fiscal Reform: The Case of Colombia, 1986-2006", *IDB Working Paper series*, No. 181.
- PERRY G. and M. OLIVERA (2009), "El impacto del petróleo y la minería en el desarrollo regional y local en Colombia", *Fedesarrollo Working Paper*, No. 51.
- SANTOS J.M. (2006), "Cuatro Economías Políticas de la Reforma a las Transferencias Intergubernamentales: Acto Legislativo 1 de 2001 y Ley 715 de 2001", in *Reformas Fiscales para el Nuevo Siglo*, Cárdenas M. and C. Aguilar, Eds, Fedesarrollo, Colombia
- SCARTASCINI, C., E. STEIN and M. TOMMASI (2010), *How Democracy Works: Political Institutions, Actors, and Arenas in Latin American Policymaking*, Inter-American Development Bank, Washington DC.
- STEIN, E. and M. TOMMASI (2008), *Policymaking in Latin America: How Politics Shape Policies*, Inter-American Development Bank, Washington, DC.
- URIBE-ESCOBAR J.D. and H. VARGAS (2002), "Financial Reform, Crisis and Consolidation in Colombia", *Borradores de Economía* 204, Banco de la República, April.
- VARGAS H. (2005), "Exchange rate policy and inflation targeting in Colombia" *IDB Research Department Working Paper series* 539, September

OTHER TITLES IN THE SERIES/ AUTRES TITRES DANS LA SÉRIE

The former series known as “Technical Papers” and “Webdocs” merged in November 2003 into “Development Centre Working Papers”. In the new series, former Webdocs 1-17 follow former Technical Papers 1-212 as Working Papers 213-229.

All these documents may be downloaded from:

<http://www.oecd.org/dev/wp> or obtained via e-mail (dev.contact@oecd.org).

Working Paper No.1, *Macroeconomic Adjustment and Income Distribution: A Macro-Micro Simulation Model*, by François Bourguignon, William H. Branson and Jaime de Melo, March 1989.

Working Paper No. 2, *International Interactions in Food and Agricultural Policies: The Effect of Alternative Policies*, by Joachim Zietz and Alberto Valdés, April, 1989.

Working Paper No. 3, *The Impact of Budget Retrenchment on Income Distribution in Indonesia: A Social Accounting Matrix Application*, by Steven Keuning and Erik Thorbecke, June 1989.

Working Paper No. 3a, *Statistical Annex: The Impact of Budget Retrenchment*, June 1989.

Document de travail No. 4, *Le Rééquilibrage entre le secteur public et le secteur privé : le cas du Mexique*, par C.-A. Michalet, juin 1989.

Working Paper No. 5, *Rebalancing the Public and Private Sectors: The Case of Malaysia*, by R. Leeds, July 1989.

Working Paper No. 6, *Efficiency, Welfare Effects and Political Feasibility of Alternative Antipoverty and Adjustment Programs*, by Alain de Janvry and Elisabeth Sadoulet, December 1989.

Document de travail No. 7, *Ajustement et distribution des revenus : application d'un modèle macro-micro au Maroc*, par Christian Morrisson, avec la collaboration de Sylvie Lambert et Akiko Suwa, décembre 1989.

Working Paper No. 8, *Emerging Maize Biotechnologies and their Potential Impact*, by W. Burt Sundquist, December 1989.

Document de travail No. 9, *Analyse des variables socio-culturelles et de l'ajustement en Côte d'Ivoire*, par W. Weekes-Vagliani, janvier 1990.

Working Paper No. 10, *A Financial CompuTable General Equilibrium Model for the Analysis of Ecuador's Stabilization Programs*, by André Fargeix and Elisabeth Sadoulet, February 1990.

Working Paper No. 11, *Macroeconomic Aspects, Foreign Flows and Domestic Savings Performance in Developing Countries: A "State of The Art" Report*, by Anand Chandavarkar, February 1990.

Working Paper No. 12, *Tax Revenue Implications of the Real Exchange Rate: Econometric Evidence from Korea and Mexico*, by Virginia Fierro and Helmut Reisen, February 1990.

Working Paper No. 13, *Agricultural Growth and Economic Development: The Case of Pakistan*, by Naved Hamid and Wouter Tims, April 1990.

Working Paper No. 14, *Rebalancing the Public and Private Sectors in Developing Countries: The Case of Ghana*, by H. Akuoko-Frimpong, June 1990.

Working Paper No. 15, *Agriculture and the Economic Cycle: An Economic and Econometric Analysis with Special Reference to Brazil*, by Florence Contré and Ian Goldin, June 1990.

Working Paper No. 16, *Comparative Advantage: Theory and Application to Developing Country Agriculture*, by Ian Goldin, June 1990.

Working Paper No. 17, *Biotechnology and Developing Country Agriculture: Maize in Brazil*, by Bernardo Sorj and John Wilkinson, June 1990.

Working Paper No. 18, *Economic Policies and Sectoral Growth: Argentina 1913-1984*, by Yair Mundlak, Domingo Cavallo, Roberto Domenech, June 1990.

Working Paper No. 19, *Biotechnology and Developing Country Agriculture: Maize In Mexico*, by Jaime A. Matus Gardea, Arturo Puente Gonzalez and Cristina Lopez Peralta, June 1990.

Working Paper No. 20, *Biotechnology and Developing Country Agriculture: Maize in Thailand*, by Suthad Setboonsarng, July 1990.

Working Paper No. 21, *International Comparisons of Efficiency in Agricultural Production*, by Guillermo Flichmann, July 1990.

- Working Paper No. 22, *Unemployment in Developing Countries: New Light on an Old Problem*, by David Turnham and Denizhan Eröcal, July 1990.
- Working Paper No. 23, *Optimal Currency Composition of Foreign Debt: the Case of Five Developing Countries*, by Pier Giorgio Gawronski, August 1990.
- Working Paper No. 24, *From Globalization to Regionalization: the Mexican Case*, by Wilson Peres Núñez, August 1990.
- Working Paper No. 25, *Electronics and Development in Venezuela: A User-Oriented Strategy and its Policy Implications*, by Carlota Perez, October 1990.
- Working Paper No. 26, *The Legal Protection of Software: Implications for Latecomer Strategies in Newly Industrialising Economies (NIEs) and Middle-Income Economies (MIEs)*, by Carlos Maria Correa, October 1990.
- Working Paper No. 27, *Specialization, Technical Change and Competitiveness in the Brazilian Electronics Industry*, by Claudio R. Frischtak, October 1990.
- Working Paper No. 28, *Internationalization Strategies of Japanese Electronics Companies: Implications for Asian Newly Industrializing Economies (NIEs)*, by Bundo Yamada, October 1990.
- Working Paper No. 29, *The Status and an Evaluation of the Electronics Industry in Taiwan*, by Gee San, October 1990.
- Working Paper No. 30, *The Indian Electronics Industry: Current Status, Perspectives and Policy Options*, by Ghayur Alam, October 1990.
- Working Paper No. 31, *Comparative Advantage in Agriculture in Ghana*, by James Pickett and E. Shaeeldin, October 1990.
- Working Paper No. 32, *Debt Overhang, Liquidity Constraints and Adjustment Incentives*, by Bert Hofman and Helmut Reisen, October 1990.
- Working Paper No. 34, *Biotechnology and Developing Country Agriculture: Maize in Indonesia*, by Hidjat Nataatmadja *et al.*, January 1991.
- Working Paper No. 35, *Changing Comparative Advantage in Thai Agriculture*, by Ammar Siamwalla, Suthad Setboonsarng and Prasong Werakarnjanapongs, March 1991.
- Working Paper No. 36, *Capital Flows and the External Financing of Turkey's Imports*, by Ziya Önis and Süleyman Özmucur, July 1991.
- Working Paper No. 37, *The External Financing of Indonesia's Imports*, by Glenn P. Jenkins and Henry B.F. Lim, July 1991.
- Working Paper No. 38, *Long-term Capital Reflow under Macroeconomic Stabilization in Latin America*, by Beatriz Armendariz de Aghion, July 1991.
- Working Paper No. 39, *Buybacks of LDC Debt and the Scope for Forgiveness*, by Beatriz Armendariz de Aghion, July 1991.
- Working Paper No. 40, *Measuring and Modelling Non-Tariff Distortions with Special Reference to Trade in Agricultural Commodities*, by Peter J. Lloyd, July 1991.
- Working Paper No. 41, *The Changing Nature of IMF Conditionality*, by Jacques J. Polak, August 1991.
- Working Paper No. 42, *Time-Varying Estimates on the Openness of the Capital Account in Korea and Taiwan*, by Helmut Reisen and Hélène Yèches, August 1991.
- Working Paper No. 43, *Toward a Concept of Development Agreements*, by F. Gerard Adams, August 1991.
- Document de travail No. 44, *Le Partage du fardeau entre les créanciers de pays débiteurs défaillants*, par Jean-Claude Berthélemy et Ann Vourc'h, septembre 1991.
- Working Paper No. 45, *The External Financing of Thailand's Imports*, by Supote Chunanunthathum, October 1991.
- Working Paper No. 46, *The External Financing of Brazilian Imports*, by Enrico Colombatto, with Elisa Luciano, Luca Gargiulo, Pietro Garibaldi and Giuseppe Russo, October 1991.
- Working Paper No. 47, *Scenarios for the World Trading System and their Implications for Developing Countries*, by Robert Z. Lawrence, November 1991.
- Working Paper No. 48, *Trade Policies in a Global Context: Technical Specifications of the Rural/Urban-North/South (RUNS) Applied General Equilibrium Model*, by Jean-Marc Burniaux and Dominique van der Mensbrugge, November 1991.
- Working Paper No. 49, *Macro-Micro Linkages: Structural Adjustment and Fertilizer Policy in Sub-Saharan Africa*, by Jean-Marc Fontaine with the collaboration of Alice Sindzingre, December 1991.
- Working Paper No. 50, *Aggregation by Industry in General Equilibrium Models with International Trade*, by Peter J. Lloyd, December 1991.
- Working Paper No. 51, *Policy and Entrepreneurial Responses to the Montreal Protocol: Some Evidence from the Dynamic Asian Economies*, by David C. O'Connor, December 1991.
- Working Paper No. 52, *On the Pricing of LDC Debt: an Analysis Based on Historical Evidence from Latin America*, by Beatriz Armendariz de Aghion, February 1992.
- Working Paper No. 53, *Economic Regionalisation and Intra-Industry Trade: Pacific-Asian Perspectives*, by Kiichiro Fukasaku, February 1992.
- Working Paper No. 54, *Debt Conversions in Yugoslavia*, by Mojmir Mrak, February 1992.
- Working Paper No. 55, *Evaluation of Nigeria's Debt-Relief Experience (1985-1990)*, by N.E. Ogbe, March 1992.
- Document de travail No. 56, *L'Expérience de l'allègement de la dette du Mali*, par Jean-Claude Berthélemy, février 1992.
- Working Paper No. 57, *Conflict or Indifference: US Multinationals in a World of Regional Trading Blocs*, by Louis T. Wells, Jr., March 1992.
- Working Paper No. 58, *Japan's Rapidly Emerging Strategy Toward Asia*, by Edward J. Lincoln, April 1992.
- Working Paper No. 59, *The Political Economy of Stabilization Programmes in Developing Countries*, by Bruno S. Frey and Reiner Eichenberger, April 1992.
- Working Paper No. 60, *Some Implications of Europe 1992 for Developing Countries*, by Sheila Page, April 1992.

Working Paper No. 61, *Taiwanese Corporations in Globalisation and Regionalisation*, by Gee San, April 1992.

Working Paper No. 62, *Lessons from the Family Planning Experience for Community-Based Environmental Education*, by Winifred Weekes-Vagliani, April 1992.

Working Paper No. 63, *Mexican Agriculture in the Free Trade Agreement: Transition Problems in Economic Reform*, by Santiago Levy and Sweder van Wijnbergen, May 1992.

Working Paper No. 64, *Offensive and Defensive Responses by European Multinationals to a World of Trade Blocs*, by John M. Stopford, May 1992.

Working Paper No. 65, *Economic Integration in the Pacific Region*, by Richard Drobnick, May 1992.

Working Paper No. 66, *Latin America in a Changing Global Environment*, by Winston Fritsch, May 1992.

Working Paper No. 67, *An Assessment of the Brady Plan Agreements*, by Jean-Claude Berthélemy and Robert Lensink, May 1992.

Working Paper No. 68, *The Impact of Economic Reform on the Performance of the Seed Sector in Eastern and Southern Africa*, by Elizabeth Cromwell, June 1992.

Working Paper No. 69, *Impact of Structural Adjustment and Adoption of Technology on Competitiveness of Major Cocoa Producing Countries*, by Emily M. Bloomfield and R. Antony Lass, June 1992.

Working Paper No. 70, *Structural Adjustment and Moroccan Agriculture: an Assessment of the Reforms in the Sugar and Cereal Sectors*, by Jonathan Kydd and Sophie Thoyer, June 1992.

Document de travail No. 71, *L'Allègement de la dette au Club de Paris : les évolutions récentes en perspective*, par Ann Vourc'h, juin 1992.

Working Paper No. 72, *Biotechnology and the Changing Public/Private Sector Balance: Developments in Rice and Cocoa*, by Carliene Brenner, July 1992.

Working Paper No. 73, *Namibian Agriculture: Policies and Prospects*, by Walter Elkan, Peter Amutenya, Jochbeth Andima, Robin Sherbourne and Eline van der Linden, July 1992.

Working Paper No. 74, *Agriculture and the Policy Environment: Zambia and Zimbabwe*, by Doris J. Jansen and Andrew Rukovo, July 1992.

Working Paper No. 75, *Agricultural Productivity and Economic Policies: Concepts and Measurements*, by Yair Mundlak, August 1992.

Working Paper No. 76, *Structural Adjustment and the Institutional Dimensions of Agricultural Research and Development in Brazil: Soybeans, Wheat and Sugar Cane*, by John Wilkinson and Bernardo Sorj, August 1992.

Working Paper No. 77, *The Impact of Laws and Regulations on Micro and Small Enterprises in Niger and Swaziland*, by Isabelle Joumard, Carl Liedholm and Donald Mead, September 1992.

Working Paper No. 78, *Co-Financing Transactions between Multilateral Institutions and International Banks*, by Michel Bouchet and Amit Ghose, October 1992.

Document de travail No. 79, *Allègement de la dette et croissance : le cas mexicain*, par Jean-Claude Berthélemy et Ann Vourc'h, octobre 1992.

Document de travail No. 80, *Le Secteur informel en Tunisie : cadre réglementaire et pratique courante*, par Abderrahman Ben Zakour et Farouk Kria, novembre 1992.

Working Paper No. 81, *Small-Scale Industries and Institutional Framework in Thailand*, by Naruemol Bunjongjit and Xavier Oudin, November 1992.

Working Paper No. 81a, *Statistical Annex: Small-Scale Industries and Institutional Framework in Thailand*, by Naruemol Bunjongjit and Xavier Oudin, November 1992.

Document de travail No. 82, *L'Expérience de l'allègement de la dette du Niger*, par Ann Vourc'h et Maina Boukar Moussa, novembre 1992.

Working Paper No. 83, *Stabilization and Structural Adjustment in Indonesia: an Intertemporal General Equilibrium Analysis*, by David Roland-Holst, November 1992.

Working Paper No. 84, *Striving for International Competitiveness: Lessons from Electronics for Developing Countries*, by Jan Maarten de Vet, March 1993.

Document de travail No. 85, *Micro-entreprises et cadre institutionnel en Algérie*, par Hocine Benissad, mars 1993.

Working Paper No. 86, *Informal Sector and Regulations in Ecuador and Jamaica*, by Emilio Klein and Victor E. Tokman, August 1993.

Working Paper No. 87, *Alternative Explanations of the Trade-Output Correlation in the East Asian Economies*, by Colin I. Bradford Jr. and Naomi Chakwin, August 1993.

Document de travail No. 88, *La Faisabilité politique de l'ajustement dans les pays africains*, par Christian Morrisson, Jean-Dominique Lafay et Sébastien Dessus, novembre 1993.

Working Paper No. 89, *China as a Leading Pacific Economy*, by Kiichiro Fukasaku and Mingyuan Wu, November 1993.

Working Paper No. 90, *A Detailed Input-Output Table for Morocco, 1990*, by Maurizio Bussolo and David Roland-Holst, November 1993.

Working Paper No. 91, *International Trade and the Transfer of Environmental Costs and Benefits*, by Hiro Lee and David Roland-Holst, December 1993.

Working Paper No. 92, *Economic Instruments in Environmental Policy: Lessons from the OECD Experience and their Relevance to Developing Economies*, by Jean-Philippe Barde, January 1994.

Working Paper No. 93, *What Can Developing Countries Learn from OECD Labour Market Programmes and Policies?*, by Åsa Sohlman with David Turnham, January 1994.

- Working Paper No. 94, *Trade Liberalization and Employment Linkages in the Pacific Basin*, by Hiro Lee and David Roland-Holst, February 1994.
- Working Paper No. 95, *Participatory Development and Gender: Articulating Concepts and Cases*, by Winifred Weekes-Vagliani, February 1994.
- Document de travail No. 96, *Promouvoir la maîtrise locale et régionale du développement : une démarche participative à Madagascar*, par Philippe de Rham et Bernard Lecomte, juin 1994.
- Working Paper No. 97, *The OECD Green Model: an Updated Overview*, by Hiro Lee, Joaquim Oliveira-Martins and Dominique van der Mensbrugghe, August 1994.
- Working Paper No. 98, *Pension Funds, Capital Controls and Macroeconomic Stability*, by Helmut Reisen and John Williamson, August 1994.
- Working Paper No. 99, *Trade and Pollution Linkages: Piecemeal Reform and Optimal Intervention*, by John Beghin, David Roland-Holst and Dominique van der Mensbrugghe, October 1994.
- Working Paper No. 100, *International Initiatives in Biotechnology for Developing Country Agriculture: Promises and Problems*, by Carliene Brenner and John Komen, October 1994.
- Working Paper No. 101, *Input-based Pollution Estimates for Environmental Assessment in Developing Countries*, by Sébastien Dessus, David Roland-Holst and Dominique van der Mensbrugghe, October 1994.
- Working Paper No. 102, *Transitional Problems from Reform to Growth: Safety Nets and Financial Efficiency in the Adjusting Egyptian Economy*, by Mahmoud Abdel-Fadil, December 1994.
- Working Paper No. 103, *Biotechnology and Sustainable Agriculture: Lessons from India*, by Ghayur Alam, December 1994.
- Working Paper No. 104, *Crop Biotechnology and Sustainability: a Case Study of Colombia*, by Luis R. Sanint, January 1995.
- Working Paper No. 105, *Biotechnology and Sustainable Agriculture: the Case of Mexico*, by José Luis Solleiro Rebolledo, January 1995.
- Working Paper No. 106, *Empirical Specifications for a General Equilibrium Analysis of Labour Market Policies and Adjustments*, by Andréa Maechler and David Roland-Holst, May 1995.
- Document de travail No. 107, *Les Migrants, partenaires de la coopération internationale : le cas des Maliens de France*, par Christophe Daum, juillet 1995.
- Document de travail No. 108, *Ouverture et croissance industrielle en Chine : étude empirique sur un échantillon de villes*, par Sylvie Démurger, septembre 1995.
- Working Paper No. 109, *Biotechnology and Sustainable Crop Production in Zimbabwe*, by John J. Woodend, December 1995.
- Document de travail No. 110, *Politiques de l'environnement et libéralisation des échanges au Costa Rica : une vue d'ensemble*, par Sébastien Dessus et Maurizio Bussolo, février 1996.
- Working Paper No. 111, *Grow Now/Clean Later, or the Pursuit of Sustainable Development?*, by David O'Connor, March 1996.
- Working Paper No. 112, *Economic Transition and Trade-Policy Reform: Lessons from China*, by Kiichiro Fukasaku and Henri-Bernard Solignac Lecomte, July 1996.
- Working Paper No. 113, *Chinese Outward Investment in Hong Kong: Trends, Prospects and Policy Implications*, by Yun-Wing Sung, July 1996.
- Working Paper No. 114, *Vertical Intra-industry Trade between China and OECD Countries*, by Lisbeth Hellvin, July 1996.
- Document de travail No. 115, *Le Rôle du capital public dans la croissance des pays en développement au cours des années 80*, par Sébastien Dessus et Rémy Herrera, juillet 1996.
- Working Paper No. 116, *General Equilibrium Modelling of Trade and the Environment*, by John Beghin, Sébastien Dessus, David Roland-Holst and Dominique van der Mensbrugghe, September 1996.
- Working Paper No. 117, *Labour Market Aspects of State Enterprise Reform in Viet Nam*, by David O'Connor, September 1996.
- Document de travail No. 118, *Croissance et compétitivité de l'industrie manufacturière au Sénégal*, par Thierry Latreille et Aristomène Varoudakis, octobre 1996.
- Working Paper No. 119, *Evidence on Trade and Wages in the Developing World*, by Donald J. Robbins, December 1996.
- Working Paper No. 120, *Liberalising Foreign Investments by Pension Funds: Positive and Normative Aspects*, by Helmut Reisen, January 1997.
- Document de travail No. 121, *Capital Humain, ouverture extérieure et croissance : estimation sur données de panel d'un modèle à coefficients variables*, par Jean-Claude Berthélemy, Sébastien Dessus et Aristomène Varoudakis, janvier 1997.
- Working Paper No. 122, *Corruption: The Issues*, by Andrew W. Goudie and David Stasavage, January 1997.
- Working Paper No. 123, *Outflows of Capital from China*, by David Wall, March 1997.
- Working Paper No. 124, *Emerging Market Risk and Sovereign Credit Ratings*, by Guillermo Larraín, Helmut Reisen and Julia von Maltzan, April 1997.
- Working Paper No. 125, *Urban Credit Co-operatives in China*, by Eric Girardin and Xie Ping, August 1997.
- Working Paper No. 126, *Fiscal Alternatives of Moving from Unfunded to Funded Pensions*, by Robert Holzmann, August 1997.
- Working Paper No. 127, *Trade Strategies for the Southern Mediterranean*, by Peter A. Petri, December 1997.
- Working Paper No. 128, *The Case of Missing Foreign Investment in the Southern Mediterranean*, by Peter A. Petri, December 1997.
- Working Paper No. 129, *Economic Reform in Egypt in a Changing Global Economy*, by Joseph Licari, December 1997.

Working Paper No. 130, *Do Funded Pensions Contribute to Higher Aggregate Savings? A Cross-Country Analysis*, by Jeanine Bailliu and Helmut Reisen, December 1997.

Working Paper No. 131, *Long-run Growth Trends and Convergence Across Indian States*, by Rayaprolu Nagaraj, Aristomène Varoudakis and Marie-Ange Véganzonès, January 1998.

Working Paper No. 132, *Sustainable and Excessive Current Account Deficits*, by Helmut Reisen, February 1998.

Working Paper No. 133, *Intellectual Property Rights and Technology Transfer in Developing Country Agriculture: Rhetoric and Reality*, by Carliene Brenner, March 1998.

Working Paper No. 134, *Exchange-rate Management and Manufactured Exports in Sub-Saharan Africa*, by Khalid Sekkat and Aristomène Varoudakis, March 1998.

Working Paper No. 135, *Trade Integration with Europe, Export Diversification and Economic Growth in Egypt*, by Sébastien Dessus and Akiko Suwa-Eisenmann, June 1998.

Working Paper No. 136, *Domestic Causes of Currency Crises: Policy Lessons for Crisis Avoidance*, by Helmut Reisen, June 1998.

Working Paper No. 137, *A Simulation Model of Global Pension Investment*, by Landis MacKellar and Helmut Reisen, August 1998.

Working Paper No. 138, *Determinants of Customs Fraud and Corruption: Evidence from Two African Countries*, by David Stasavage and Cécile Daubrée, August 1998.

Working Paper No. 139, *State Infrastructure and Productive Performance in Indian Manufacturing*, by Arup Mitra, Aristomène Varoudakis and Marie-Ange Véganzonès, August 1998.

Working Paper No. 140, *Rural Industrial Development in Viet Nam and China: A Study in Contrasts*, by David O'Connor, September 1998.

Working Paper No. 141, *Labour Market Aspects of State Enterprise Reform in China*, by Fan Gang, Maria Rosa Lunati and David O'Connor, October 1998.

Working Paper No. 142, *Fighting Extreme Poverty in Brazil: The Influence of Citizens' Action on Government Policies*, by Fernanda Lopes de Carvalho, November 1998.

Working Paper No. 143, *How Bad Governance Impedes Poverty Alleviation in Bangladesh*, by Rehman Sobhan, November 1998.

Document de travail No. 144, *La libéralisation de l'agriculture tunisienne et l'Union européenne: une vue prospective*, par Mohamed Abdelbasset Chemingui et Sébastien Dessus, février 1999.

Working Paper No. 145, *Economic Policy Reform and Growth Prospects in Emerging African Economies*, by Patrick Guillaumont, Sylviane Guillaumont Jeanneney and Aristomène Varoudakis, March 1999.

Working Paper No. 146, *Structural Policies for International Competitiveness in Manufacturing: The Case of Cameroon*, by Ludvig Söderling, March 1999.

Working Paper No. 147, *China's Unfinished Open-Economy Reforms: Liberalisation of Services*, by Kiichiro Fukasaku, Yu Ma and Qiumei Yang, April 1999.

Working Paper No. 148, *Boom and Bust and Sovereign Ratings*, by Helmut Reisen and Julia von Maltzan, June 1999.

Working Paper No. 149, *Economic Opening and the Demand for Skills in Developing Countries: A Review of Theory and Evidence*, by David O'Connor and Maria Rosa Lunati, June 1999.

Working Paper No. 150, *The Role of Capital Accumulation, Adjustment and Structural Change for Economic Take-off: Empirical Evidence from African Growth Episodes*, by Jean-Claude Berthélemy and Ludvig Söderling, July 1999.

Working Paper No. 151, *Gender, Human Capital and Growth: Evidence from Six Latin American Countries*, by Donald J. Robbins, September 1999.

Working Paper No. 152, *The Politics and Economics of Transition to an Open Market Economy in Viet Nam*, by James Riedel and William S. Turley, September 1999.

Working Paper No. 153, *The Economics and Politics of Transition to an Open Market Economy: China*, by Wing Thye Woo, October 1999.

Working Paper No. 154, *Infrastructure Development and Regulatory Reform in Sub-Saharan Africa: The Case of Air Transport*, by Andrea E. Goldstein, October 1999.

Working Paper No. 155, *The Economics and Politics of Transition to an Open Market Economy: India*, by Ashok V. Desai, October 1999.

Working Paper No. 156, *Climate Policy Without Tears: CGE-Based Ancillary Benefits Estimates for Chile*, by Sébastien Dessus and David O'Connor, November 1999.

Document de travail No. 157, *Dépenses d'éducation, qualité de l'éducation et pauvreté : l'exemple de cinq pays d'Afrique francophone*, par Katharina Michaelowa, avril 2000.

Document de travail No. 158, *Une estimation de la pauvreté en Afrique subsaharienne d'après les données anthropométriques*, par Christian Morriçon, Hélène Guilmeau et Charles Linskens, mai 2000.

Working Paper No. 159, *Converging European Transitions*, by Jorge Braga de Macedo, July 2000.

Working Paper No. 160, *Capital Flows and Growth in Developing Countries: Recent Empirical Evidence*, by Marcelo Soto, July 2000.

Working Paper No. 161, *Global Capital Flows and the Environment in the 21st Century*, by David O'Connor, July 2000.

Working Paper No. 162, *Financial Crises and International Architecture: A "Eurocentric" Perspective*, by Jorge Braga de Macedo, August 2000.

Document de travail No. 163, *Résoudre le problème de la dette : de l'initiative PPTTE à Cologne*, par Anne Joseph, août 2000.

Working Paper No. 164, *E-Commerce for Development: Prospects and Policy Issues*, by Andrea Goldstein and David O'Connor, September 2000.

- Working Paper No. 165, *Negative Alchemy? Corruption and Composition of Capital Flows*, by Shang-Jin Wei, October 2000.
- Working Paper No. 166, *The HIPC Initiative: True and False Promises*, by Daniel Cohen, October 2000.
- Document de travail No. 167, *Les facteurs explicatifs de la malnutrition en Afrique subsaharienne*, par Christian Morriçon et Charles Linskens, octobre 2000.
- Working Paper No. 168, *Human Capital and Growth: A Synthesis Report*, by Christopher A. Pissarides, November 2000.
- Working Paper No. 169, *Obstacles to Expanding Intra-African Trade*, by Roberto Longo and Khalid Sekkat, March 2001.
- Working Paper No. 170, *Regional Integration In West Africa*, by Ernest Aryeetey, March 2001.
- Working Paper No. 171, *Regional Integration Experience in the Eastern African Region*, by Andrea Goldstein and Njuguna S. Ndung'u, March 2001.
- Working Paper No. 172, *Integration and Co-operation in Southern Africa*, by Carolyn Jenkins, March 2001.
- Working Paper No. 173, *FDI in Sub-Saharan Africa*, by Ludger Odenthal, March 2001
- Document de travail No. 174, *La réforme des télécommunications en Afrique subsaharienne*, par Patrick Plane, mars 2001.
- Working Paper No. 175, *Fighting Corruption in Customs Administration: What Can We Learn from Recent Experiences?*, by Irène Hors; April 2001.
- Working Paper No. 176, *Globalisation and Transformation: Illusions and Reality*, by Grzegorz W. Kolodko, May 2001.
- Working Paper No. 177, *External Solvency, Dollarisation and Investment Grade: Towards a Virtuous Circle?*, by Martin Grandes, June 2001.
- Document de travail No. 178, *Congo 1965-1999: Les espoirs déçus du « Brésil africain »*, par Joseph Maton avec Henri-Bernard Solignac Lecomte, septembre 2001.
- Working Paper No. 179, *Growth and Human Capital: Good Data, Good Results*, by Daniel Cohen and Marcelo Soto, September 2001.
- Working Paper No. 180, *Corporate Governance and National Development*, by Charles P. Oman, October 2001.
- Working Paper No. 181, *How Globalisation Improves Governance*, by Federico Bonaglia, Jorge Braga de Macedo and Maurizio Bussolo, November 2001.
- Working Paper No. 182, *Clearing the Air in India: The Economics of Climate Policy with Ancillary Benefits*, by Maurizio Bussolo and David O'Connor, November 2001.
- Working Paper No. 183, *Globalisation, Poverty and Inequality in sub-Saharan Africa: A Political Economy Appraisal*, by Yvonne M. Tsikata, December 2001.
- Working Paper No. 184, *Distribution and Growth in Latin America in an Era of Structural Reform: The Impact of Globalisation*, by Samuel A. Morley, December 2001.
- Working Paper No. 185, *Globalisation, Liberalisation, Poverty and Income Inequality in Southeast Asia*, by K.S. Jomo, December 2001.
- Working Paper No. 186, *Globalisation, Growth and Income Inequality: The African Experience*, by Steve Kayizzi-Mugerwa, December 2001.
- Working Paper No. 187, *The Social Impact of Globalisation in Southeast Asia*, by Mari Pangestu, December 2001.
- Working Paper No. 188, *Where Does Inequality Come From? Ideas and Implications for Latin America*, by James A. Robinson, December 2001.
- Working Paper No. 189, *Policies and Institutions for E-Commerce Readiness: What Can Developing Countries Learn from OECD Experience?*, by Paulo Bastos Tigre and David O'Connor, April 2002.
- Document de travail No. 190, *La réforme du secteur financier en Afrique*, par Anne Joseph, juillet 2002.
- Working Paper No. 191, *Virtuous Circles? Human Capital Formation, Economic Development and the Multinational Enterprise*, by Ethan B. Kapstein, August 2002.
- Working Paper No. 192, *Skill Upgrading in Developing Countries: Has Inward Foreign Direct Investment Played a Role?*, by Matthew J. Slaughter, August 2002.
- Working Paper No. 193, *Government Policies for Inward Foreign Direct Investment in Developing Countries: Implications for Human Capital Formation and Income Inequality*, by Dirk Willem te Velde, August 2002.
- Working Paper No. 194, *Foreign Direct Investment and Intellectual Capital Formation in Southeast Asia*, by Bryan K. Ritchie, August 2002.
- Working Paper No. 195, *FDI and Human Capital: A Research Agenda*, by Magnus Blomström and Ari Kokko, August 2002.
- Working Paper No. 196, *Knowledge Diffusion from Multinational Enterprises: The Role of Domestic and Foreign Knowledge-Enhancing Activities*, by Yasuyuki Todo and Koji Miyamoto, August 2002.
- Working Paper No. 197, *Why Are Some Countries So Poor? Another Look at the Evidence and a Message of Hope*, by Daniel Cohen and Marcelo Soto, October 2002.
- Working Paper No. 198, *Choice of an Exchange-Rate Arrangement, Institutional Setting and Inflation: Empirical Evidence from Latin America*, by Andreas Freytag, October 2002.
- Working Paper No. 199, *Will Basel II Affect International Capital Flows to Emerging Markets?*, by Beatrice Weder and Michael Wedow, October 2002.
- Working Paper No. 200, *Convergence and Divergence of Sovereign Bond Spreads: Lessons from Latin America*, by Martin Grandes, October 2002.
- Working Paper No. 201, *Prospects for Emerging-Market Flows amid Investor Concerns about Corporate Governance*, by Helmut Reisen, November 2002.
- Working Paper No. 202, *Rediscovering Education in Growth Regressions*, by Marcelo Soto, November 2002.

Working Paper No. 203, *Incentive Bidding for Mobile Investment: Economic Consequences and Potential Responses*, by Andrew Charlton, January 2003.

Working Paper No. 204, *Health Insurance for the Poor? Determinants of participation Community-Based Health Insurance Schemes in Rural Senegal*, by Johannes Jütting, January 2003.

Working Paper No. 205, *China's Software Industry and its Implications for India*, by Ted Tschang, February 2003.

Working Paper No. 206, *Agricultural and Human Health Impacts of Climate Policy in China: A General Equilibrium Analysis with Special Reference to Guangdong*, by David O'Connor, Fan Zhai, Kristin Aunan, Terje Berntsen and Haakon Vennemo, March 2003.

Working Paper No. 207, *India's Information Technology Sector: What Contribution to Broader Economic Development?*, by Nirvikar Singh, March 2003.

Working Paper No. 208, *Public Procurement: Lessons from Kenya, Tanzania and Uganda*, by Walter Odhiambo and Paul Kamau, March 2003.

Working Paper No. 209, *Export Diversification in Low-Income Countries: An International Challenge after Doha*, by Federico Bonaglia and Kiichiro Fukasaku, June 2003.

Working Paper No. 210, *Institutions and Development: A Critical Review*, by Johannes Jütting, July 2003.

Working Paper No. 211, *Human Capital Formation and Foreign Direct Investment in Developing Countries*, by Koji Miyamoto, July 2003.

Working Paper No. 212, *Central Asia since 1991: The Experience of the New Independent States*, by Richard Pomfret, July 2003.

Working Paper No. 213, *A Multi-Region Social Accounting Matrix (1995) and Regional Environmental General Equilibrium Model for India (REGEMI)*, by Maurizio Bussolo, Mohamed Chemingui and David O'Connor, November 2003.

Working Paper No. 214, *Ratings Since the Asian Crisis*, by Helmut Reisen, November 2003.

Working Paper No. 215, *Development Redux: Reflections for a New Paradigm*, by Jorge Braga de Macedo, November 2003.

Working Paper No. 216, *The Political Economy of Regulatory Reform: Telecoms in the Southern Mediterranean*, by Andrea Goldstein, November 2003.

Working Paper No. 217, *The Impact of Education on Fertility and Child Mortality: Do Fathers Really Matter Less than Mothers?*, by Lucia Breierova and Esther Duflo, November 2003.

Working Paper No. 218, *Float in Order to Fix? Lessons from Emerging Markets for EU Accession Countries*, by Jorge Braga de Macedo and Helmut Reisen, November 2003.

Working Paper No. 219, *Globalisation in Developing Countries: The Role of Transaction Costs in Explaining Economic Performance in India*, by Maurizio Bussolo and John Whalley, November 2003.

Working Paper No. 220, *Poverty Reduction Strategies in a Budget-Constrained Economy: The Case of Ghana*, by Maurizio Bussolo and Jeffery I. Round, November 2003.

Working Paper No. 221, *Public-Private Partnerships in Development: Three Applications in Timor Leste*, by José Braz, November 2003.

Working Paper No. 222, *Public Opinion Research, Global Education and Development Co-operation Reform: In Search of a Virtuous Circle*, by Ida Mc Donnell, Henri-Bernard Solignac Lecomte and Liam Wegimont, November 2003.

Working Paper No. 223, *Building Capacity to Trade: What Are the Priorities?*, by Henry-Bernard Solignac Lecomte, November 2003.

Working Paper No. 224, *Of Flying Geeks and O-Rings: Locating Software and IT Services in India's Economic Development*, by David O'Connor, November 2003.

Document de travail No. 225, *Cap Vert: Gouvernance et Développement*, par Jaime Lourenço and Colm Foy, novembre 2003.

Working Paper No. 226, *Globalisation and Poverty Changes in Colombia*, by Maurizio Bussolo and Jann Lay, November 2003.

Working Paper No. 227, *The Composite Indicator of Economic Activity in Mozambique (ICAE): Filling in the Knowledge Gaps to Enhance Public-Private Partnership (PPP)*, by Roberto J. Tibana, November 2003.

Working Paper No. 228, *Economic-Reconstruction in Post-Conflict Transitions: Lessons for the Democratic Republic of Congo (DRC)*, by Graciana del Castillo, November 2003.

Working Paper No. 229, *Providing Low-Cost Information Technology Access to Rural Communities In Developing Countries: What Works? What Pays?* by Georg Caspary and David O'Connor, November 2003.

Working Paper No. 230, *The Currency Premium and Local-Currency Denominated Debt Costs in South Africa*, by Martin Grandes, Marcel Peter and Nicolas Pinaud, December 2003.

Working Paper No. 231, *Macroeconomic Convergence in Southern Africa: The Rand Zone Experience*, by Martin Grandes, December 2003.

Working Paper No. 232, *Financing Global and Regional Public Goods through ODA: Analysis and Evidence from the OECD Creditor Reporting System*, by Helmut Reisen, Marcelo Soto and Thomas Weithöner, January 2004.

Working Paper No. 233, *Land, Violent Conflict and Development*, by Nicolas Pons-Vignon and Henri-Bernard Solignac Lecomte, February 2004.

Working Paper No. 234, *The Impact of Social Institutions on the Economic Role of Women in Developing Countries*, by Christian Morrisson and Johannes Jütting, May 2004.

Document de travail No. 235, *La condition des femmes en Inde, Kenya, Soudan et Tunisie*, par Christian Morrisson, août 2004.

Working Paper No. 236, *Centralisation and Poverty in Developing Countries: Exploring the Impact*, by Johannes Jütting, Céline Kauffmann, Ida Mc Donnell, Holger Osterrieder, Nicolas Pinaud and Lucia Wegner, August 2004.

Working Paper No. 237, *Natural Disasters and Adaptive Capacity*, by Jeff Dayton-Johnson, August 2004.

- Working Paper No. 238, *Public Opinion Polling and the Millennium Development Goals*, by Jude Fransman, Alphonse L. MacDonnald, Ida Mc Donnell and Nicolas Pons-Vignon, October 2004.
- Working Paper No. 239, *Overcoming Barriers to Competitiveness*, by Orsetta Causa and Daniel Cohen, December 2004.
- Working Paper No. 240, *Extending Insurance? Funeral Associations in Ethiopia and Tanzania*, by Stefan Dercon, Tessa Bold, Joachim De Weerd and Alula Pankhurst, December 2004.
- Working Paper No. 241, *Macroeconomic Policies: New Issues of Interdependence*, by Helmut Reisen, Martin Grandes and Nicolas Pinaud, January 2005.
- Working Paper No. 242, *Institutional Change and its Impact on the Poor and Excluded: The Indian Decentralisation Experience*, by D. Narayana, January 2005.
- Working Paper No. 243, *Impact of Changes in Social Institutions on Income Inequality in China*, by Hiroko Uchimura, May 2005.
- Working Paper No. 244, *Priorities in Global Assistance for Health, AIDS and Population (HAP)*, by Landis MacKellar, June 2005.
- Working Paper No. 245, *Trade and Structural Adjustment Policies in Selected Developing Countries*, by Jens Andersson, Federico Bonaglia, Kiichiro Fukasaku and Caroline Lesser, July 2005.
- Working Paper No. 246, *Economic Growth and Poverty Reduction: Measurement and Policy Issues*, by Stephan Klasen, (September 2005).
- Working Paper No. 247, *Measuring Gender (In)Equality: Introducing the Gender, Institutions and Development Data Base (GID)*, by Johannes P. Jütting, Christian Morrisson, Jeff Dayton-Johnson and Denis Drechsler (March 2006).
- Working Paper No. 248, *Institutional Bottlenecks for Agricultural Development: A Stock-Taking Exercise Based on Evidence from Sub-Saharan Africa* by Juan R. de Laiglesia, March 2006.
- Working Paper No. 249, *Migration Policy and its Interactions with Aid, Trade and Foreign Direct Investment Policies: A Background Paper*, by Theodora Xenogiani, June 2006.
- Working Paper No. 250, *Effects of Migration on Sending Countries: What Do We Know?* by Louka T. Katseli, Robert E.B. Lucas and Theodora Xenogiani, June 2006.
- Document de travail No. 251, *L'aide au développement et les autres flux nord-sud : complémentarité ou substitution ?*, par Denis Cogneau et Sylvie Lambert, juin 2006.
- Working Paper No. 252, *Angel or Devil? China's Trade Impact on Latin American Emerging Markets*, by Jorge Blázquez-Lidoy, Javier Rodríguez and Javier Santiso, June 2006.
- Working Paper No. 253, *Policy Coherence for Development: A Background Paper on Foreign Direct Investment*, by Thierry Mayer, July 2006.
- Working Paper No. 254, *The Coherence of Trade Flows and Trade Policies with Aid and Investment Flows*, by Akiko Suwa-Eisenmann and Thierry Verdier, August 2006.
- Document de travail No. 255, *Structures familiales, transferts et épargne : examen*, par Christian Morrisson, août 2006.
- Working Paper No. 256, *Ulysses, the Sirens and the Art of Navigation: Political and Technical Rationality in Latin America*, by Javier Santiso and Laurence Whitehead, September 2006.
- Working Paper No. 257, *Developing Country Multinationals: South-South Investment Comes of Age*, by Dilek Aykut and Andrea Goldstein, November 2006.
- Working Paper No. 258, *The Usual Suspects: A Primer on Investment Banks' Recommendations and Emerging Markets*, by Sebastián Nieto-Parra and Javier Santiso, January 2007.
- Working Paper No. 259, *Banking on Democracy: The Political Economy of International Private Bank Lending in Emerging Markets*, by Javier Rodríguez and Javier Santiso, March 2007.
- Working Paper No. 260, *New Strategies for Emerging Domestic Sovereign Bond Markets*, by Hans Blommestein and Javier Santiso, April 2007.
- Working Paper No. 261, *Privatisation in the MEDA region. Where do we stand?*, by Céline Kauffmann and Lucia Wegner, July 2007.
- Working Paper No. 262, *Strengthening Productive Capacities in Emerging Economies through Internationalisation: Evidence from the Appliance Industry*, by Federico Bonaglia and Andrea Goldstein, July 2007.
- Working Paper No. 263, *Banking on Development: Private Banks and Aid Donors in Developing Countries*, by Javier Rodríguez and Javier Santiso, November 2007.
- Working Paper No. 264, *Fiscal Decentralisation, Chinese Style: Good for Health Outcomes?*, by Hiroko Uchimura and Johannes Jütting, November 2007.
- Working Paper No. 265, *Private Sector Participation and Regulatory Reform in Water supply: the Southern Mediterranean Experience*, by Edouard Pérard, January 2008.
- Working Paper No. 266, *Informal Employment Re-loaded*, by Johannes Jütting, Jante Parlevliet and Theodora Xenogiani, January 2008.
- Working Paper No. 267, *Household Structures and Savings: Evidence from Household Surveys*, by Juan R. de Laiglesia and Christian Morrisson, January 2008.
- Working Paper No. 268, *Prudent versus Imprudent Lending to Africa: From Debt Relief to Emerging Lenders*, by Helmut Reisen and Sokhna Ndoye, February 2008.
- Working Paper No. 269, *Lending to the Poorest Countries: A New Counter-Cyclical Debt Instrument*, by Daniel Cohen, Hélène Djoufelkit-Cottenet, Pierre Jacquet and Cécile Valadier, April 2008.
- Working Paper No.270, *The Macro Management of Commodity Booms: Africa and Latin America's Response to Asian Demand*, by Rolando Avendaño, Helmut Reisen and Javier Santiso, August 2008.

- Working Paper No. 271, *Report on Informal Employment in Romania*, by Jante Parlevliet and Theodora Xenogiani, July 2008.
- Working Paper No. 272, *Wall Street and Elections in Latin American Emerging Democracies*, by Sebastián Nieto-Parra and Javier Santiso, October 2008.
- Working Paper No. 273, *Aid Volatility and Macro Risks in LICs*, by Eduardo Borensztein, Julia Cage, Daniel Cohen and Cécile Valadier, November 2008.
- Working Paper No. 274, *Who Saw Sovereign Debt Crises Coming?*, by Sebastián Nieto-Parra, November 2008.
- Working Paper No. 275, *Development Aid and Portfolio Funds: Trends, Volatility and Fragmentation*, by Emmanuel Frot and Javier Santiso, December 2008.
- Working Paper No. 276, *Extracting the Maximum from EITI*, by Dilan Ölcer, February 2009.
- Working Paper No. 277, *Taking Stock of the Credit Crunch: Implications for Development Finance and Global Governance*, by Andrew Mold, Sebastian Paulo and Annalisa Prizzon, March 2009.
- Working Paper No. 278, *Are All Migrants Really Worse Off in Urban Labour Markets? New Empirical Evidence from China*, by Jason Gagnon, Theodora Xenogiani and Chunbing Xing, June 2009.
- Working Paper No. 279, *Herding in Aid Allocation*, by Emmanuel Frot and Javier Santiso, June 2009.
- Working Paper No. 280, *Coherence of Development Policies: Ecuador's Economic Ties with Spain and their Development Impact*, by Iliana Oliví, July 2009.
- Working Paper No. 281, *Revisiting Political Budget Cycles in Latin America*, by Sebastián Nieto-Parra and Javier Santiso, August 2009.
- Working Paper No. 282, *Are Workers' Remittances Relevant for Credit Rating Agencies?*, by Rolando Avendaño, Norbert Gaillard and Sebastián Nieto-Parra, October 2009.
- Working Paper No. 283, *Are SWF Investments Politically Biased? A Comparison with Mutual Funds*, by Rolando Avendaño and Javier Santiso, December 2009.
- Working Paper No. 284, *Crushed Aid: Fragmentation in Sectoral Aid*, by Emmanuel Frot and Javier Santiso, January 2010.
- Working Paper No. 285, *The Emerging Middle Class in Developing Countries*, by Homi Kharas, January 2010.
- Working Paper No. 286, *Does Trade Stimulate Innovation? Evidence from Firm-Product Data*, by Ana Margarida Fernandes and Caroline Paunov, January 2010.
- Working Paper No. 287, *Why Do So Many Women End Up in Bad Jobs? A Cross-Country Assessment*, by Johannes Jütting, Angela Luci and Christian Morrisson, January 2010.
- Working Paper No. 288, *Innovation, Productivity and Economic Development in Latin America and the Caribbean*, by Christian Daude, February 2010.
- Working Paper No. 289, *South America for the Chinese? A Trade-Based Analysis*, by Eliana Cardoso and Márcio Holland, April 2010.
- Working Paper No. 290, *On the Role of Productivity and Factor Accumulation in Economic Development in Latin America and the Caribbean*, by Christian Daude and Eduardo Fernández-Arias, April 2010.
- Working Paper No. 291, *Fiscal Policy in Latin America: Countercyclical and Sustainable at Last?*, by Christian Daude, Ángel Melguizo and Alejandro Neut, July 2010.
- Working Paper No. 292, *The Renminbi and Poor-Country Growth*, by Christopher Garroway, Burcu Hacibedel, Helmut Reisen and Edouard Turkisch, September 2010.
- Working Paper No. 293, *Rethinking the (European) Foundations of Sub-Saharan African Regional Economic Integration*, by Peter Draper, September 2010.
- Working Paper No. 294, *Taxation and more representation? On fiscal policy, social mobility and democracy in Latin America*, by Christian Daude and Angel Melguizo, September 2010.
- Working Paper No. 295, *The Economy of the Possible: Pensions and Informality in Latin America*, by Rita Da Costa, Juan R. de Laiglesia, Emmanuelle Martínez and Angel Melguizo, January 2011.
- Working Paper No. 296, *The Macroeconomic Effects of Large Appreciations*, by Markus Kappler, Helmut Reisen, Moritz Schularick and Edouard Turkisch, February 2011.
- Working Paper No. 297, *Ascendance by descendants? On intergenerational education mobility in Latin America*, by Christian Daude, March 2011.
- Working Paper No. 298, *The Impact of Migration Policies on Rural Household Welfare in Mexico and Nicaragua*, by J. Edward Taylor and Mateusz Filipski, May 2011.
- Working Paper No. 299, *Continental vs. intercontinental migration: an empirical analysis of the impact of immigration reforms on Burkina Faso*, by Fleur Wouterse, May 2011.
- Working Paper No. 300, *"Stay with us"? The impact of emigration on wages in Honduras*, by Jason Gagnon, June 2011.
- Working Paper No. 301, *Public infrastructure investment and fiscal sustainability in Latin America: Incompatible goals?*, by Luis Carranza, Angel Melguizo and Christian Daude, June 2011.
- Working Paper No. 302, *Recalibrating Development Co-operation: How Can African Countries Benefit from Emerging Partners?*, by Myriam Dahman Saidi and Christina Wolf, July 2011.
- Working Paper No. 303, *Sovereign Wealth Funds as Investors in Africa: Opportunities and Barriers*, by Edouard Turkisch, September 2011.
- Working Paper No. 304, *The Process of Reform in Latin America: A Review Essay*, by Jeff Dayton-Johnson, Juliana Londoño and Sebastián Nieto-Parra, October 2011.
- Working Paper No. 305, *Being "Middle-Class" in Latin America*, by Francesca Castellani and Gwenn Parent, October 2011.

Working Paper No. 306, *Revisiting MDG Cost Estimates from a Domestic Resource Mobilisation Perspective*, by Vararat Atisophon, Jesus Bueren, Gregory De Paepe, Christopher Garroway and Jean-Philippe Stijns, December 2011.

Working Paper No. 307, *Labour Market Labour Market Changes, Labour Disputes and Social Cohesion in China*, by Cai Fang and Wang Meiyang, January 2012.

Working Paper No. 308, *Technological Upgrading in China and India: What do we Know?* by Jaejoon Woo, January 2012.