

INTERNATIONAL MONETARY FUND

Application of Structural Conditionality — 2009 Annual Report

Prepared by the Strategy, Policy, and Review Department

In consultation with other Departments

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I. INTRODUCTION

1. **Annual reports on structural conditionality (ARSCs) are prepared in response to the Board-endorsed recommendations of the IMF Independent Evaluation Office (IEO) Evaluation of Structural Conditionality.**¹ The first ARSC was issued to the Board for information in July 2008.² It covered Fund arrangements and Policy Support Instruments (PSIs) approved during 1995-2007 and reviews through April 2008. The first ARSC reported that the average numbers of structural conditions were unchanged versus the period prior to the IEO report, that there had been further progress in focusing structural conditionality toward areas of core Fund expertise, and that overall implementation had improved.
2. **The 2009 ARSC updates experience with structural conditionality through August 2009.** It shows that the average number of structural conditions associated with a review declined in 2009. The number of programs increased substantially in late 2008 due to the global crisis. Structural measures in these programs have continued to focus on areas core to the Fund's mandate.
3. **This report reflects several methodological changes versus the 2008 report:**
 - The report is based on a revised sectoral classification of structural conditionality in the Monitoring of Fund Arrangements (MONA) database. The revised classification system better reflects priority objectives supported by Fund conditionality in recent arrangements and is expected to enhance the role of the database as an analytical tool.³ Data under the revised classification system are available from 2002 to the present; this report therefore focuses on this period.
 - Except where otherwise indicated, data on structural conditions are organized according to the year in which each condition was assessed, or – where reviews have not been completed – is scheduled to be assessed. Previously, data were organized based on the year of original arrangement approval. This revision provides a fresher picture of changes in the application of conditionality.

¹ “Implementation Plan in Response to Board-Endorsed Recommendations Arising from the IEO Evaluation of Structural Conditionality in IMF-Supported Programs”

(<http://www.imf.org/external/np/pp/eng/2008/040808.pdf>) and Public Information Notice (PIN) No. 08/52.

ARSCs are based on objective indicators and do not analyze qualitative dimensions of structural conditionality, such as criticality or parsimony; the next scheduled review of Fund conditionality will examine such dimensions.

² “Application of Structural Conditionality — 2008 Annual Report”

(<http://www.imf.org/external/np/pp/eng/2008/071408.pdf>).

³ The revised classification is described in Appendix Box 1, and is reflected in Tables 1a and 1b.

- The frequency of conditions is measured on a per review basis. The first ARSC and the IEO Review reported the frequency of conditions per “program year,” e.g., the overall number of conditions set in the context of a given arrangement was allocated to the year this arrangement was approved. The methodology adopted in this report recognizes variations in the number of reviews completed in a given year, either due to the schedule of reviews (e.g., quarterly versus semi-annual reviews) or due to delays in the completion of reviews.⁴ These differing approaches nonetheless reach the same broad conclusions about trends in structural conditionality.

4. **Recent policy changes have affected the application of structural conditionality.** Specifically, the setting of new structural performance criteria (SPC) under Fund arrangements was discontinued from May 1, 2009.⁵

5. **Two recent Fund papers address the experience with program design and the streamlining of conditionality in recent low-income country and GRA crisis programs.**⁶ The analysis of structural conditionality in these papers is also based on the revised classification of structural conditionality noted above, and the conclusions are broadly in line with those of this report.

II. EXPERIENCE WITH STRUCTURAL CONDITIONALITY IN GRA AND PRGF ARRANGEMENTS AND UNDER THE PSI

A. Number of Arrangements

6. **Recent developments in the application of structural conditionality have taken place against the backdrop of a rise in the number of new arrangements.**⁷ The number of new GRA arrangements declined from 2002 to a low in 2006, as global macroeconomic conditions improved, before increasing markedly with the onset of the crisis in late 2008. Overall, 18 GRA arrangements were approved in the 20-month period January 2008-August

⁴ Quarterly reviews are used in arrangements involving high access, and in cases involving a more fast-moving or uncertain external economic environment. Although all ten arrangements approved in 2009 under the GRA have quarterly reviews, this share has varied substantially over time (50 percent of programs approved over 2002-2008 had a quarterly review schedule).

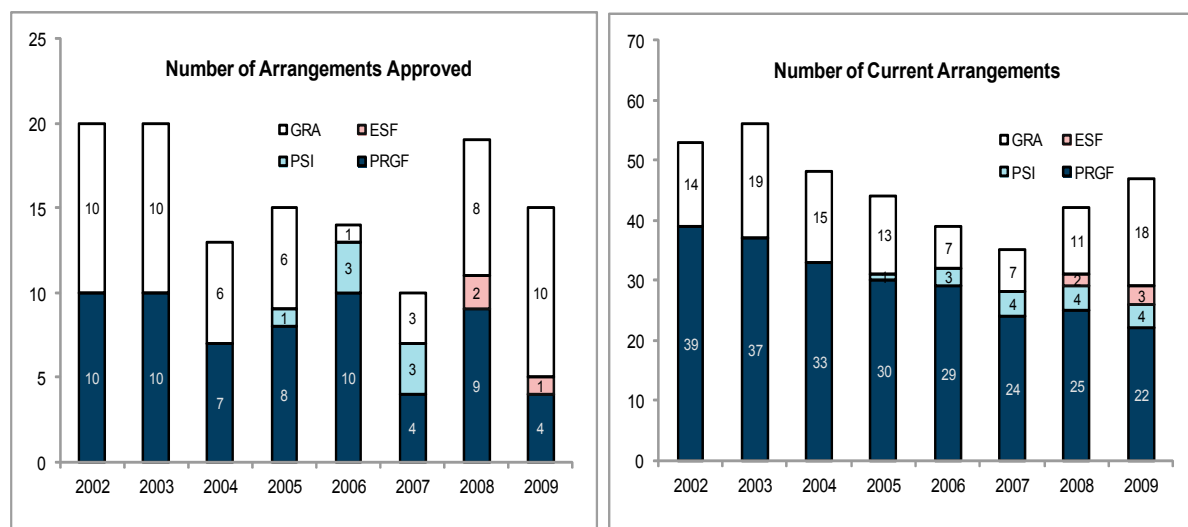
⁵ “GRA Lending Toolkit and Conditionality—Reform Proposals” (<http://www.imf.org/external/np/pp/eng/2009/031309a.pdf>) and Public Information Notice (PIN) No. 09/40 and “Modifications to the Fund’s Conditionality Framework—Application to the Policy Support Instrument” (<http://www.imf.org/external/np/pp/eng/2009/041309.pdf>).

⁶ “Creating Policy Space: Responsive Design and Streamlined Conditionality in Recent Low-Income Country Programs” (<http://www.imf.org/external/np/pp/eng/2009/091009a.pdf>) and “Review of Recent Crisis Programs” (www.imf.org/external/np/pp/eng/2009/091409.pdf).

⁷ The PSI is not a Fund arrangement and does not involve any Fund financing. However, because PSI-supported programs are expected to follow the conditionality guidelines and other features of PRGF program design, they are included in this report.

2009 (Figure 1).⁸ During the same period, 13 PRGF arrangements were approved.⁹ No new PSI-supported program was approved.¹⁰

Figure 1. Number of Arrangements: Approved and Current Arrangements, 2002-09



Sources: MONA database; IMF Financial Activities, FIN.

Notes: GRA refers to programs under Stand-by Arrangements and arrangements under the Extended Fund Facility; PSI = Policy Support Instrument; PRGF = Poverty Reduction and Growth Facility. ESF = Exogenous Shocks Facility-High Access; in the figures, ESF refer to stand-alone ESFs. Other ESFs are accounted for through the arrangements they are combined with. New and current arrangements for 2002-08 are at end-year and for 2009, at end-August.

B. Number of Conditions

Conditions per Review

7. The average number of structural conditions per review declined in 2009

(Figure 2).¹¹ The average number of conditions per review was six for reviews completed in

⁸ GRA-supported programs include Stand-By Arrangements (SBAs) and programs supported by the Extended Fund Facility (EFF). PRGF-EFF blended arrangements are included under PRGFs. During this period, six PRGF-eligible countries had SBAs.

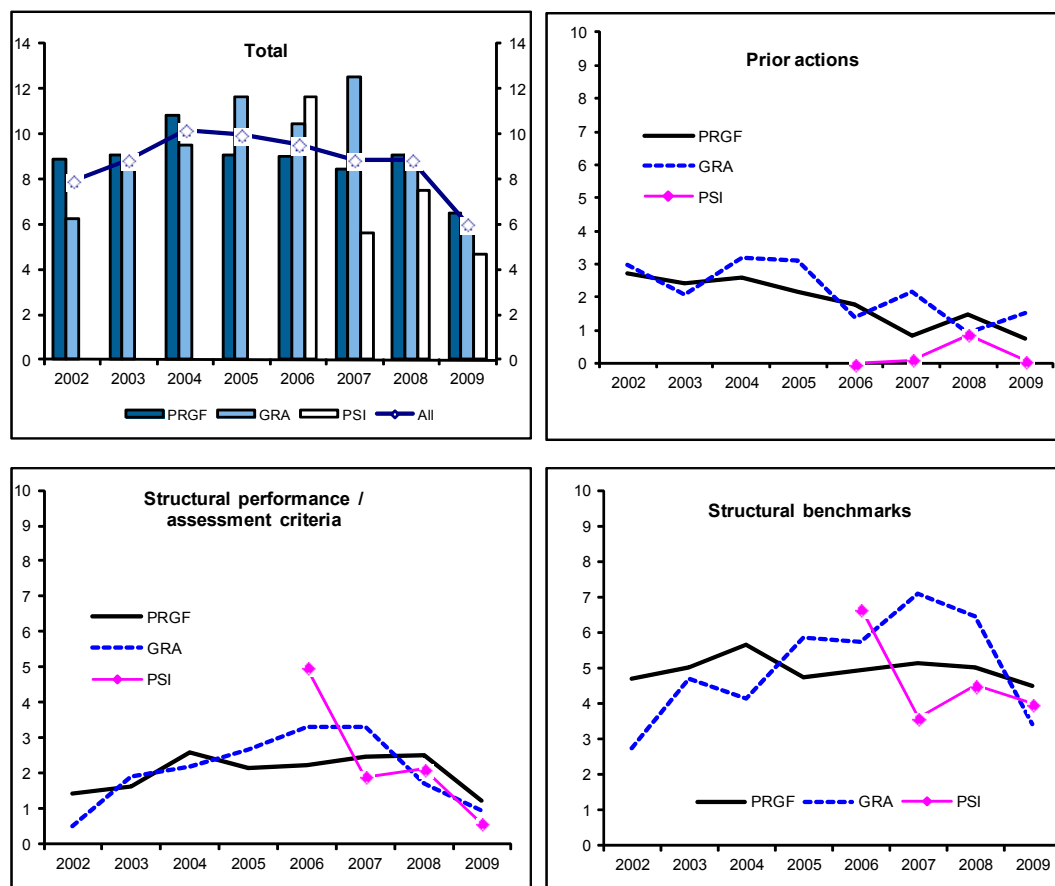
⁹ A new architecture of facilities for low-income countries was approved by the Executive Board in July 2009 and came into effect in January 2010.

¹⁰ Disbursements under the Exogenous Shock Facility-Rapid Access Component (ESF-RAC), stand-alone ESF-High Access Component (ESF-HAC), Emergency Post-Conflict Assistance, Emergency Natural Disaster Assistance, and the Flexible Credit Line are not covered by this report. ESF-HAC supported arrangements that are combined with another facility, however, are included in the database. With ongoing enhancements to the MONA database, future ARSCs will, from 2010, include information on stand-alone ESF-HAC cases.

¹¹ For 2009, includes conditions set by end-August that were reviewed (or scheduled for review) during 2009. The average number of reviews completed rose in 2009, reflecting in part the higher share of programs utilizing quarterly reviews. The number of conditions under GRA arrangements also fell substantially on an annualized basis.

2009 versus nine in 2002-08. Declines were observed in 2009 for programs supported under the GRA, PRGF, and PSI.¹² Use of SPCs had begun to decline before they were formally discontinued in May; use of prior actions and structural benchmarks (SBs) generally continued to decline, albeit with some increase in prior actions under GRA arrangements.

Figure 2. Structural Conditions per Review, 2002-09
(By type of arrangement and year of review, number of conditions)



Source: MONA database.

Notes: PRGF = Poverty Reduction and Growth Facility; GRA refers to programs under Stand-by Arrangements and arrangements under the Extended Fund Facility; PSI = Policy Support Instrument. Structural performance criteria apply to PRGF and GRA-supported programs while structural assessment criteria apply to PSI programs. Prior actions at program approval are accounted for in the first review immediately following program approval.

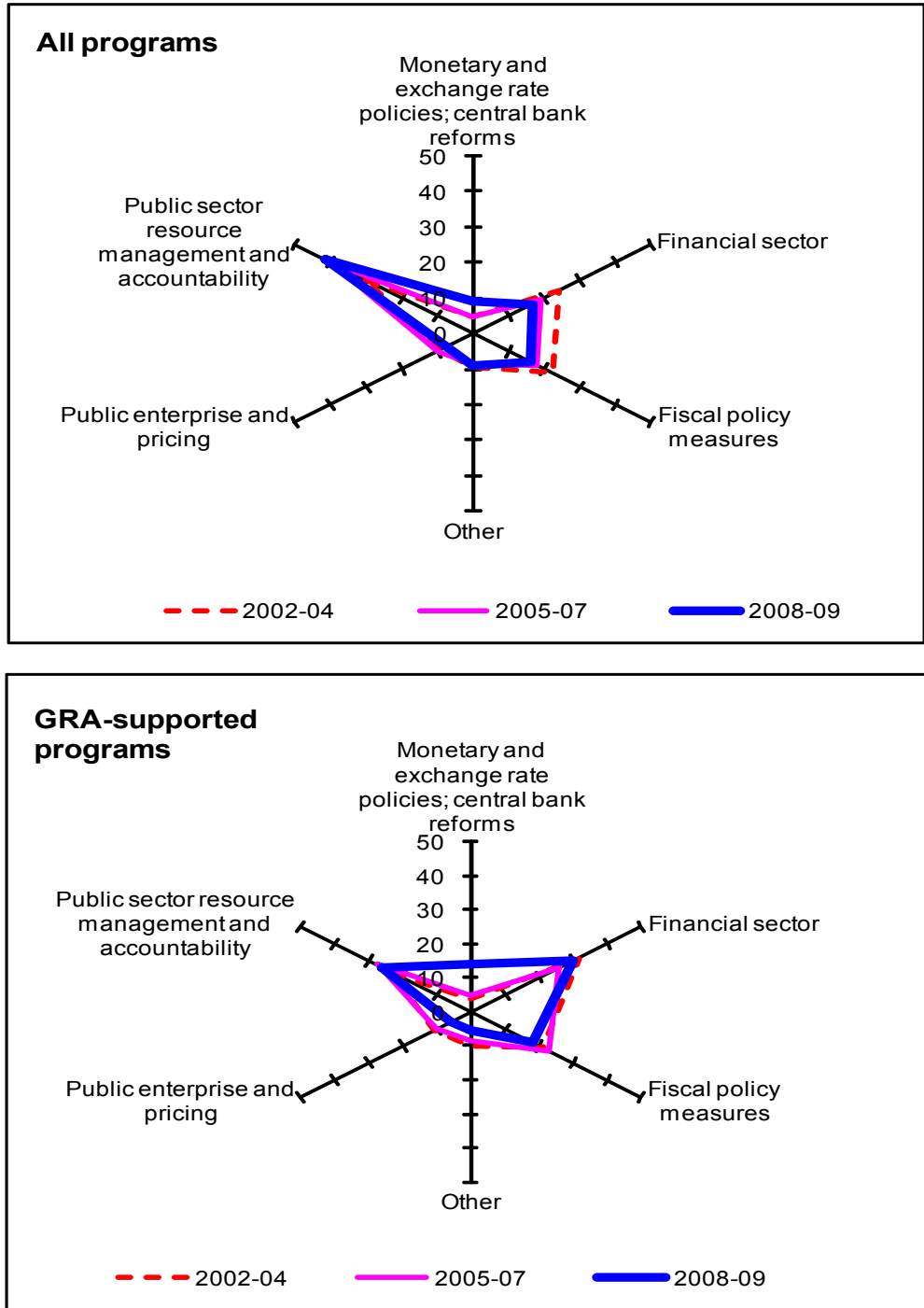
¹² A recent review of the PSI concluded that the lower average number of conditions for PSI-supported programs compared to PRGF-supported programs was explained mainly by country-specific factors. See "Review of the Experience with the Policy Support Instrument" (<http://www.imf.org/external/np/pp/eng/2009/060409.pdf>).

C. Sectoral Coverage of Structural Conditionality

8. **The increased focus of structural conditionality on areas of Fund expertise has continued** (Figures 3 and 4). Structural conditions in GRA- and PRGF-supported programs demonstrate different patterns:

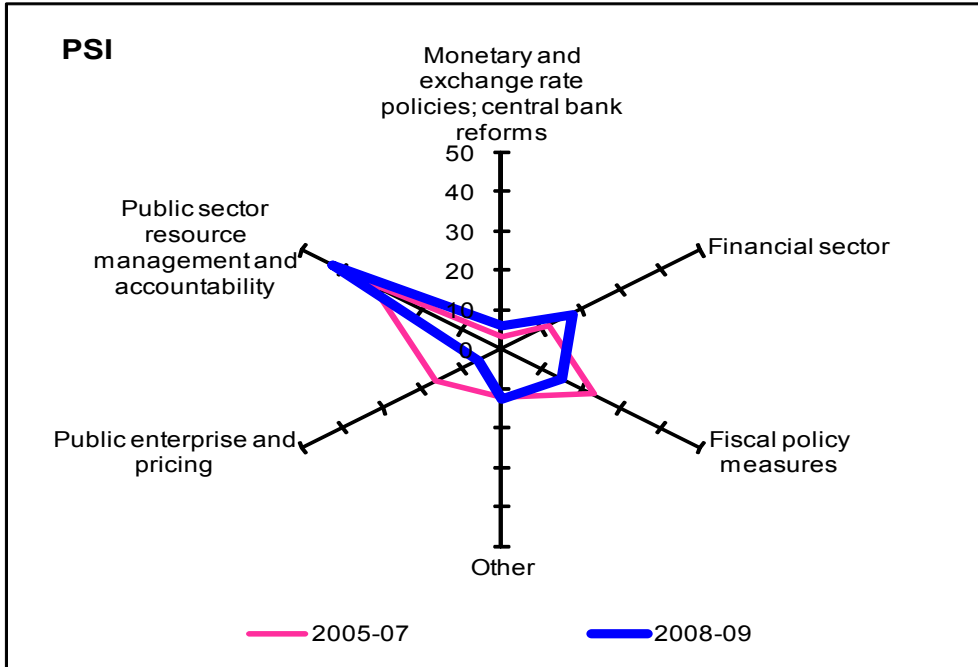
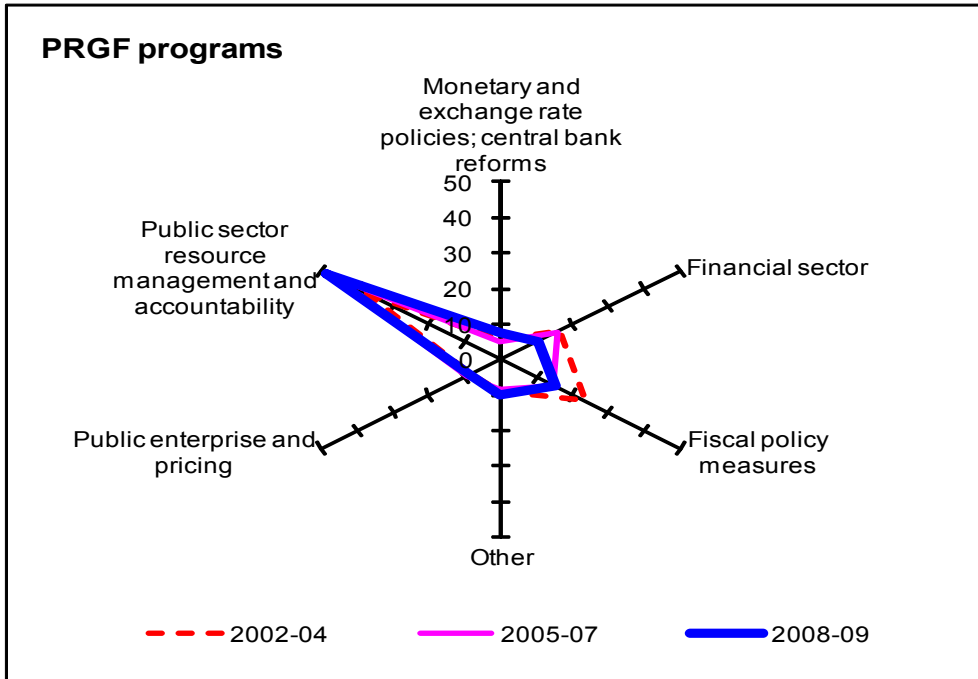
- In PRGF-supported programs, structural conditionality has increasingly focused on measures related to public sector resource management and accountability, which accounts for nearly half of structural conditions. Measures related to fiscal policy and to the financial sector have each accounted for some 10-15 percent of structural conditions. The distribution of structural conditions in PSI-supported programs broadly mirrors that of PRGF-supported programs.
- Under GRA arrangements, measures related to the financial sector and to public sector resource management and accountability each accounted for 25 to 30 percent of conditions, with fiscal policy measures also prominent. During 2008-09, the share of conditions focused on monetary and exchange rate policies and central bank reform increased, while those on public enterprise reform and pricing declined. Detailed data also indicate an increase in the share of conditions that are related to financial sector regulation and supervision, in contrast to a decline in the share of conditions related to the restructuring and privatization of financial institutions (see Tables 1a and 1b).

Figure 3. Classification of Structural Conditions by Broad Economic Sector, 2002-09
 (Grouped by year of review, share of all conditions, in percent)



Source: MONA database.
 Notes: PRGF = Poverty Reduction and Growth Facility; GRA refers to programs under Stand-by Arrangements and arrangements under the Extended Fund Facility; PSI = Policy Support Instrument.

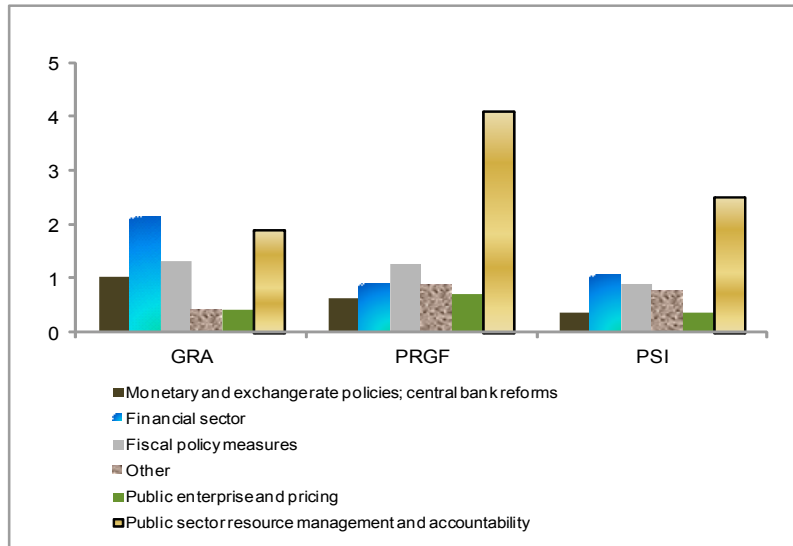
Figure 3 (cont.). Classification of Structural Conditions by Broad Economic Sector, 2002-09
 (Grouped by year of review, share of all conditions, in percent)



Source: MONA database.

Notes: PRGF = Poverty Reduction and Growth Facility; GRA refers to programs under Stand-by Arrangements and arrangements under the Extended Fund Facility; PSI = Policy Support Instrument.

Figure 4. Composition of Conditionality, 2008-09
(Average number of conditions per review)



Source: MONA database.

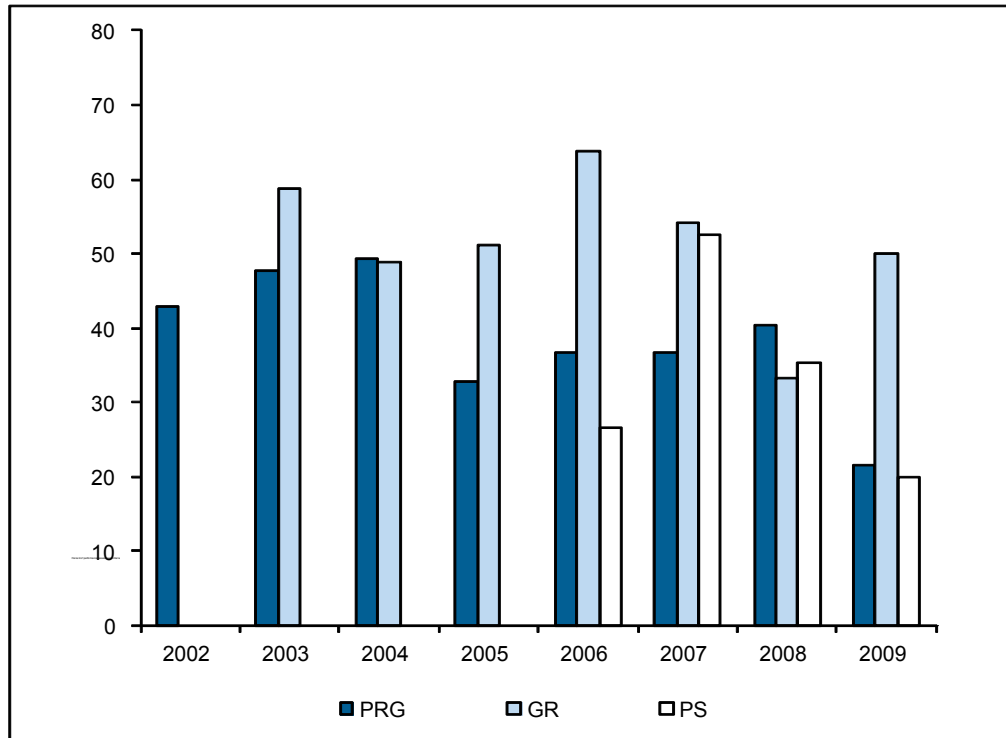
Notes: PRGF = Poverty Reduction and Growth Facility; GRA refers to programs under Stand-by Arrangements and arrangements under the Extended Fund Facility; PSI = Policy Support Instrument.

D. Implementation of Structural Conditionality

9. **One standard measure of implementation—the waiver rate for SPCs—is less relevant following their recent elimination** (Figure 5).¹³ Prior to the reform's implementation, the waiver rate had demonstrated a declining trend for GRA-supported programs and had remained fairly constant for PRGF-supported programs. The waiver rate for PSI-supported programs had also been declining since 2007. Waiver rates for GRA-supported programs rose in 2009. These results should, however, be interpreted cautiously given that only a small number of SPCs were assessed.

¹³ Waiver rates are also now assessed according to the year of actual reviews. As a consequence of the discontinuation of SPCs, in future ARSCs performance on structural conditionality will be reported through the implementation rate of structural benchmarks.

Figure 5. Waiver Rate of Assessment or Performance Criteria, 2002-09
(By type of arrangement and year of review)

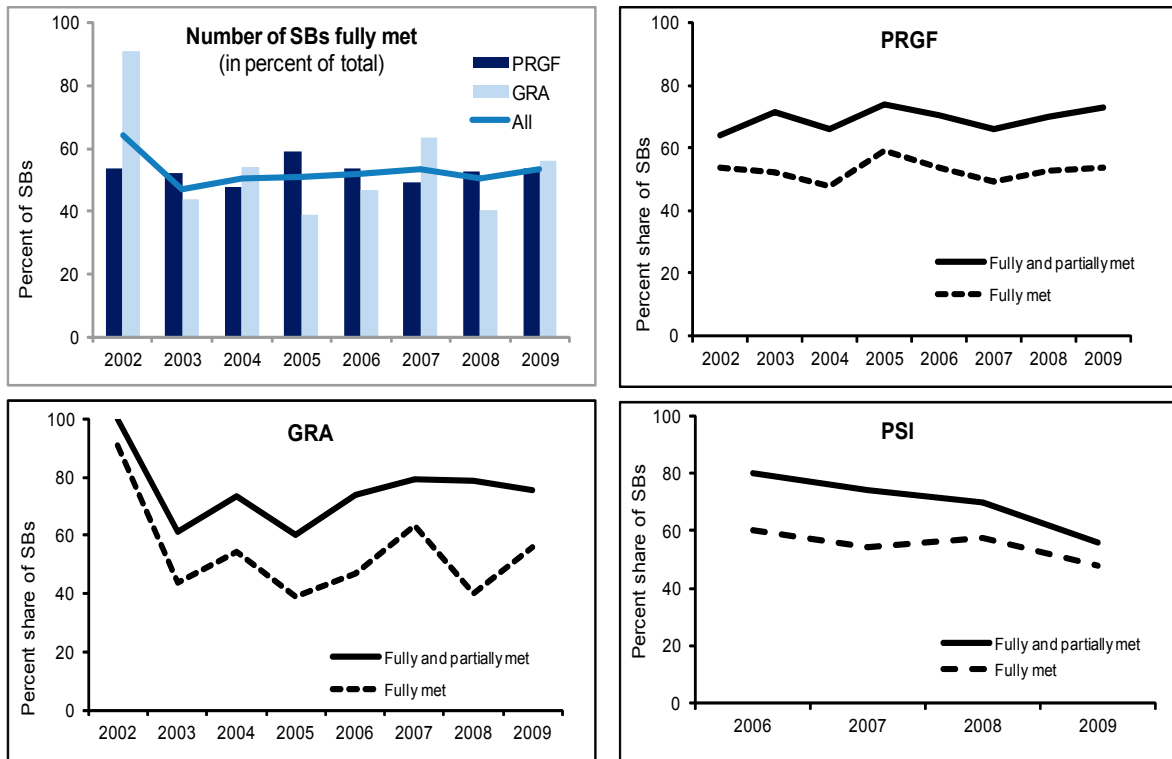


Source: MONA database.

Notes: PRGF = Poverty Reduction and Growth Facility; GRA refers to programs under Stand - by Arrangements and arrangements under the Extended Fund Facility; PSI = Policy Support Instrument. Structural performance criteria apply to PRGF and GRA supported programs while structural assessment criteria apply to PSI programs.

10. **Implementation rates for structural benchmarks have remained relatively stable over time.** Approximately half the SBs were fully met (without delay) over 2002-2009: 49 percent for GRA-supported programs and 53 percent for PRGF-supported ones. While slightly declining, the implementation rate of structural benchmarks for PSI-supported programs remains in line with average implementation in PRGF and GRA-supported programs (Figure 6).

Figure 6. Implementation of Structural Benchmarks, 2002-09
(By type of arrangement and year of review)



Source: MONA database.

Notes: SB = structural benchmarks. PRGF = Poverty Reduction and Growth Facility; GRA refers to programs under Stand-by Arrangements and arrangements under the Extended Fund Facility.

Table 1a. Distribution of Structural Conditions
(By category and year of review)

	All programs			GRA			PRGF			PSI	
	2002-4	2005-7	2008-9	2002-4	2005-7	2008-9	2002-4	2005-7	2008-9	2005-7	2008-9
	In percent of conditions										
Fiscal policy measures	22.2	17.7	16.0	21.2	22.9	18.3	23.4	14.4	15.0	23.1	15.3
General government, n.e.c.	0.0	0.0	0.4	0.0	0.0	1.5	0.0	0.0	0.0	0.0	0.0
Revenue measures, excluding trade policy	7.9	4.9	7.0	9.0	8.1	7.1	6.8	3.4	7.2	2.2	5.1
Expenditure measures, including arrears clearance	7.1	4.0	3.1	4.0	3.1	1.8	10.2	4.0	3.8	11.0	2.5
Combined expenditure and revenue measures	0.5	0.7	0.6	0.2	1.1	1.2	0.8	0.5	0.3	0.0	0.8
Civil service and public employment reforms, and wages	3.8	4.8	3.3	2.7	4.2	2.7	5.0	4.8	3.0	8.8	6.8
Pension and other social sector reforms, n.e.c.	0.0	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Pension reforms	2.4	1.8	0.6	4.6	2.9	1.2	0.0	1.2	0.4	1.1	0.0
Other social sector reforms (e.g., social safety nets, health and education)	0.6	1.5	1.0	0.6	3.2	2.9	0.6	0.6	0.3	0.0	0.0
Public sector resource management and accountability	30.1	39.8	41.5	23.1	27.6	26.3	37.4	47.2	48.6	33.0	42.4
Revenue administration, including customs	8.8	12.7	11.8	6.5	7.1	5.0	11.2	16.1	16.2	7.7	5.1
Debt Management	3.0	2.8	2.8	3.1	1.9	1.2	3.0	3.4	3.1	2.2	5.9
Expenditure auditing, accounting, and financial controls	7.4	12.4	14.0	3.1	7.0	7.7	12.0	15.6	16.2	11.0	18.6
Fiscal transparency (publication, parliamentary oversight)	2.4	4.5	3.9	1.7	2.1	2.7	3.0	5.3	4.8	11.0	2.5
Budget preparation (e.g., submission or approval)	4.9	4.3	5.4	5.0	6.5	7.7	4.8	3.4	4.0	0.0	7.6
Anti-governmental relations	1.1	0.7	0.2	1.7	1.1	0.6	0.4	0.5	0.0	0.0	0.0
Anti-corruption legislation/policy	0.7	1.2	0.7	0.2	0.6	0.0	1.2	1.5	1.0	1.1	0.8
Central bank auditing, transparency, and financial controls	1.8	1.3	2.6	1.7	1.1	1.5	1.8	1.5	3.2	0.0	1.7
Monetary and exchange rate policies; central bank reforms	4.7	5.0	9.3	3.7	4.9	14.2	5.8	5.2	7.5	3.3	5.9
Central Bank, n.e.c.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central bank operations and reforms	3.3	4.1	7.3	1.9	3.4	8.3	4.8	4.6	7.3	3.3	4.2
Exchange systems and restrictions (current and capital)	1.4	0.8	2.0	1.7	1.5	5.9	1.0	0.5	0.1	0.0	1.7
Financial sector	24.1	19.0	16.8	31.5	26.0	29.8	16.2	15.6	10.5	12.1	17.8
Financial sector, n.e.c.	0.0	0.0	0.2	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Financial sector legal reforms, regulation, and supervision	12.0	12.7	13.6	14.6	15.3	24.5	9.2	11.4	7.8	9.9	17.8
Restructuring and privatization of financial institutions	12.0	6.3	3.0	16.9	10.7	4.7	7.0	4.2	2.7	2.2	0.0
Public enterprise and pricing	9.4	10.1	7.4	10.6	10.2	5.9	8.2	9.4	8.3	16.5	5.9
Public enterprise reform and pricing (non financial sector), n.e.c.	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Public enterprise pricing and subsidies	2.8	2.4	2.7	2.3	2.1	1.5	3.4	2.5	3.4	2.2	1.7
Privatization, public enterprise reform and restructuring, other than pricing	6.2	7.7	4.5	7.7	8.1	4.4	4.6	6.9	4.7	14.3	4.2
Price controls and marketing restrictions	0.3	0.0	0.2	0.6	0.0	0.0	0.0	0.0	0.3	0.0	0.0
Other	9.5	8.5	9.1	10.0	8.4	5.6	9.0	8.2	10.2	12.1	12.7
Economic statistics (excluding fiscal and central bank transparency and similar measures)	2.5	1.7	2.2	1.9	0.3	0.9	3.2	2.5	3.0	0.0	1.7
Other structural measures, n.e.c.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private sector legal and regulatory environment reform (non financial sector)	4.0	3.6	3.9	4.6	4.4	3.8	3.4	3.0	3.4	6.6	6.8
Natural resource and agricultural policies (excl. public enterprises and pricing)	1.2	1.2	1.1	1.5	0.6	0.0	0.8	1.5	1.6	2.2	1.7
PRSP development and implementation	0.0	0.2	0.4	0.0	0.2	0.0	0.0	0.1	0.7	1.1	0.0
International trade policy, excluding customs reforms	1.1	0.9	1.2	1.0	0.6	0.6	1.2	0.9	1.4	2.2	1.7
Labor markets, excluding public sector employment	0.7	0.9	0.3	1.0	2.3	0.3	0.4	0.2	0.1	0.0	0.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: MONA database.

Note: "n.e.c." means not elsewhere classified.

GRA refers to programs under Stand-by Arrangements and arrangements under the Extended Fund Facility; PRGF = Poverty Reduction and Growth Facility;

PSI = Policy Support Instrument

Table 1b. Average Number of Structural Conditions per Review
(By category and year of review)

	All programs			GRA			PRGF			PSI	
	2002-4	2005-7	2008-9	2002-4	2005-7	2008-9	2002-4	2005-7	2008-9	2005-7	2008-9
Fiscal policy measures	2.1	1.7	1.2	1.9	2.6	1.3	2.3	1.3	1.3	1.6	0.9
General government, n.e.c.	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Revenue measures, excluding trade policy	0.8	0.5	0.5	0.8	0.9	0.5	0.7	0.3	0.6	0.2	0.3
Expenditure measures, including arrears clearance	0.7	0.4	0.2	0.4	0.4	0.1	1.0	0.4	0.3	0.8	0.2
Combined expenditure and revenue measures	0.0	0.1	0.0	0.0	0.1	0.1	0.1	0.0	0.0	0.0	0.1
Civil service and public employment reforms, and wages	0.4	0.5	0.3	0.2	0.5	0.2	0.5	0.4	0.3	0.6	0.4
Pension and other social sector reforms, n.e.c.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension reforms	0.2	0.2	0.0	0.4	0.3	0.1	0.0	0.1	0.0	0.1	0.0
Other social sector reforms (e.g., social safety nets, health and education)	0.1	0.1	0.1	0.1	0.4	0.2	0.1	0.1	0.0	0.0	0.0
Public sector resource management and accountability	2.8	3.8	3.2	2.1	3.1	1.9	3.7	4.2	4.1	2.3	2.5
Revenue administration, including customs	0.8	1.2	0.9	0.6	0.8	0.4	1.1	1.4	1.4	0.5	0.3
Debt Management	0.3	0.3	0.2	0.3	0.2	0.1	0.3	0.3	0.3	0.2	0.4
Expenditure auditing, accounting, and financial controls	0.7	1.2	1.1	0.3	0.8	0.6	1.2	1.4	1.4	0.8	1.1
Fiscal transparency (publication, parliamentary oversight)	0.2	0.4	0.3	0.2	0.2	0.2	0.3	0.5	0.4	0.8	0.2
Budget preparation (e.g., submission or approval)	0.5	0.4	0.4	0.4	0.7	0.6	0.5	0.3	0.3	0.0	0.5
Inter-governmental relations	0.1	0.1	0.0	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Anti-corruption legislation/policy	0.1	0.1	0.1	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1
Central bank auditing, transparency, and financial controls	0.2	0.1	0.2	0.2	0.1	0.1	0.2	0.1	0.3	0.0	0.1
Monetary and exchange rate policies; central bank reforms	0.4	0.5	0.7	0.3	0.6	1.0	0.6	0.5	0.6	0.2	0.4
Central Bank, n.e.c.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Central bank operations and reforms	0.3	0.4	0.6	0.2	0.4	0.6	0.5	0.4	0.6	0.2	0.3
Exchange systems and restrictions (current and capital)	0.1	0.1	0.2	0.2	0.2	0.4	0.1	0.0	0.0	0.0	0.1
Financial sector	2.3	1.8	1.3	2.8	3.0	2.1	1.6	1.4	0.9	0.8	1.1
Financial sector, n.e.c.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial sector legal reforms, regulation, and supervision	1.1	1.2	1.1	1.3	1.7	1.8	0.9	1.0	0.7	0.7	1.1
Restructuring and privatization of financial institutions	1.1	0.6	0.2	1.5	1.2	0.3	0.7	0.4	0.2	0.2	0.0
Public enterprise and pricing	0.9	0.9	0.6	0.9	1.2	0.4	0.8	0.8	0.7	1.2	0.4
Public enterprise reform and pricing (non financial sector), n.e.c.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public enterprise pricing and subsidies	0.3	0.2	0.2	0.2	0.2	0.1	0.3	0.2	0.3	0.2	0.1
Privatization, public enterprise reform and restructuring, other than pricing	0.6	0.7	0.4	0.7	0.9	0.3	0.5	0.6	0.4	1.0	0.3
Price controls and marketing restrictions	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.9	0.8	0.7	0.9	1.0	0.4	0.9	0.7	0.9	0.8	0.8
Economic statistics (excluding fiscal and central bank transparency and similar measures)	0.2	0.2	0.2	0.2	0.0	0.1	0.3	0.2	0.3	0.0	0.1
Other structural measures, n.e.c.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private sector legal and regulatory environment reform (non financial sector)	0.4	0.3	0.3	0.4	0.5	0.3	0.3	0.3	0.3	0.5	0.4
Natural resource and agricultural policies (excl. public enterprises and pricing)	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.2	0.1
PRSP development and implementation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.0
International trade policy, excluding customs reforms	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.2	0.1
Labor markets, excluding public sector employment	0.1	0.1	0.0	0.1	0.3	0.0	0.0	0.0	0.0	0.0	0.1
Total	9.5	9.4	7.7	9.0	11.4	7.2	10.0	8.8	8.4	7.0	5.9

Source: MONA database.

Note: "n.e.c." means not elsewhere classified.

GRA refers to programs under Stand-by Arrangements and arrangements under the Extended Fund Facility; PRGF = Poverty Reduction and Growth Facility;

PSI = Policy Support Instrument

Appendix Box 1: Structural Conditionality Classification in the MONA Database

The revised classification of structural conditionality in the MONA database is designed to better reflect current concerns in areas such as public sector accountability and to make the database a more useful analytical tool. The new classification is organized around six broad categories:

- **Fiscal policy measures** include measures that directly affect revenue by changing tax rates (other than tariffs on international trade) or the tax base and measures that directly affect the amount of fiscal expenditure. It comprises revenue measures, excluding trade policy; expenditure measures, combined expenditure and revenue measures, civil service and public employment reform and wage policies; pension reforms; and other social sector reforms, including social safety net measures. It does not include measures on the auditing, fiscal transparency, or public expenditure management.
- **Public sector resource management and accountability.** This category comprises public sector governance, transparency, and financial management measures. These include revenue administration (including customs administration); debt management; expenditure auditing, accounting, and financial management; fiscal transparency measures in the government; budget preparation; and intergovernmental relations. Also included are central bank auditing, transparency, and financial controls, and anti-corruption legislation and policy.
- **Monetary and exchange rate policies; central bank reforms.** These measures comprise monetary and exchange rate policies, including exchange restrictions, and other central bank operations. They also include central bank reforms, but not central bank auditing, accounting, and transparency.
- **Financial sector reforms.** This category comprises all measures related to the financial sector, apart from central bank operations. It includes financial sector legal reforms, regulation, and supervision and the restructuring and privatization of financial institutions.
- **Public enterprise and pricing** comprises public enterprise pricing and subsidies, including price controls and marketing restrictions; privatization and steps toward privatization (except for the financial sector); and public enterprise reform and restructuring.
- **Other measures.** This category comprises all structural measures not included elsewhere. Specifically, it includes measures related to international trade policy (other than customs administration measures), labor market measures (other than those related to public sector employment); economic statistics (not including reporting related to fiscal or central bank transparency and accountability); private sector legal and regulatory reform, and natural resource and agricultural policies (other than pricing and marketing measures).