

(b) changing the administrative procedures for committing and controlling the use of public resources; and (c) dealing effectively with the recurring problem of cross-arrears that plagues the financial viability of numerous public enterprises and reduces the financial responsibility within the sector. Actual procedures which focus on a micro-management of expenditures and short-term treasury balances have increased inefficiency in project implementation and in the use of borrowed funds.

18. Difficult choices will need to be made for the budget to remain balanced because of fiscal pressures due to traditional conflicts between equity and growth considerations on the one hand and fiscal revenue on the other hand. For example, the level and dispersion of import tariffs would need to be lowered as effective protection in many sectors remains high and unequal, and the exemption from direct taxation of agricultural activities will need to be fully reappraised. Similarly, urban land and housing policies may need revision to promote an adequate supply of infrastructure and services, and to focus public assistance on housing the truly poor.

19. A program of privatization of public enterprises was initiated in 1988. Its progress was slow at first, but picked up in 1993; it has been administered in a transparent manner, has led to a broadening of corporate ownership, and has strengthened the stock market by attracting foreign investment. This first phase of the program is scheduled to end at end-1995 and needs to be renewed.