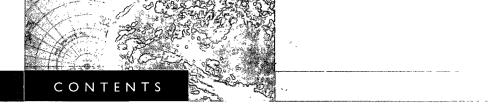




Reforming Public Institutions and Strengthening Governance

A World Bank Strategy November 2000

Public Sector Group Poverty Reduction and Economic Management (PREM) Network



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Executive Summary

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I.	Focusing our Agenda: Moving Institutional Development and Capacity	
	Building to Center Stage	7
	Institutions and policies interact in complex ways.	7
	Institutional and governance concerns touch all sectors.	9
	This strategy focuses primarily on core public institutions and their sectoral linkages.	12
	A broad view of capacity building must encompass institutional reform.	12
11.	Building on Lessons of Experience	15
	Our past performance has been uneven but is improving.	15
	It is important to maintain realistic expectations.	19
	The need for institutional reform challenges our conventional ways of doing business.	19
	We will achieve much more if we work closely with our development partners.	20
	Our strategy is fourfold.	21
III.	Broadening Our Approach: Empowering Clients and Fostering	
	Accountability	22
	Public sector reform requires not only internal bureaucratic change-but also "voice"	
	and competition.	22

I. II. III. IV. V. VI. VII.	Africa Region (AFR) East Asia and Pacific Region (EAP) Europe and Central Asia Region (ECA) Latin America and Caribbean Region (LCR) Middle East and North Africa Region (MNA) South Asia Region (SAR) Development Research Group (DRG)	73 85 97 109 121 130 142
PART	II: Regional, DRG, and WBI Strategies	
	But the proactive elements of the strategy are clear.	63
	It is difficult to forecast specific levels of lending for public sector reform.	62
	And these can be translated into objectives and monitorable indicators of country performance by thematic area.	59
	Our strategy to help strengthen public institutions and governance has four broad objectives.	59
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	We need to continue to reassess the incentives facing Bank staff.	53
	We need to continue to fine-tune our organizational structure.	52
VI.	Achieving Our Goals: Staffing, Organization, Incentives, and Partner We need to continue to strengthen our staffing.	ships 50 50
	And new approaches to longer-term institution-building look promising.	45
	The Bank's traditional approaches remain useful in certain circumstances.	43
V.	Lending Instruments: Focusing on Long-Term Institution-Building	43
	New options are also needed for knowledge transfer and capacity building.	40
	"Upstream" diagnostic work—Public Expenditure Reviews and Institutional and Governance Reviews—can help.	38
	Careful diagnostic work can help us focus our assistance.	34
	Strategies in Institutional Reality	33
IV.	Analytic Work: Grounding Individual Project and Broader Country	
	But selectivity is also key and difficult.	23 27
	We are exploring new ways to empower and enable clients.	25

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VII. Development Research Group (DRG) VIII. World Bank Institute (WBI)

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