

Notes

1. If projects in which PSM and Technical Assistance (most TA is for institutional development of public sector agencies) are the primary components are aggregated, their combined share of total lending commitments rose from 3.7 percent in fiscal 1991 to 4.7 percent in fiscal 1993. This greatly underestimates the amount of PSM the World Bank is supporting because there are PSM components in almost all projects.

2. Countries with Bank-supported civil service reform programs include Argentina, Benin, Bolivia, Burkina Faso, Cameroon, Central African Republic, Cape Verde, Comoros, Costa Rica, Gabon, The Gambia, Ghana, Guinea, Guinea Bissau, Guyana, Lao People's Democratic Republic, Madagascar, Mauritania, Mozambique, Nigeria, Papua New Guinea, Rwanda, São Tomé and Príncipe, Senegal, Sierra Leone, Sri Lanka, Tanzania, Uganda, Yemen, and Zambia.

3. Reflected in the World Bank's newly named Public Sector Modernization Division, formerly the Latin America and Caribbean region's Private Sector Management Unit.

4. As an illustration of this trend, lending to urban development projects rose from 5.5 percent of total lending commitments in fiscal 1991 to 8.4 percent in fiscal 1993 (World Bank Annual Reports).

5. This is an issue of sequencing addressed in World Bank 1993d.

6. The first such public works agency, AGETIP (Agence d'Exécution des Travaux d'Interêt Publique), was set up in Senegal in 1989, followed by similar agencies in Benin, Burkina Faso, Mali, and Niger. They are established as NGOs to respond to community project initiatives, using aid monies channeled through the government. Not

constrained by government salary scales, they recruit staff at market rates and typically include a general manager with a private sector background. Their accountability is through a framework agreement with the government minister responsible for public works and through the production of quarterly financial accounts, independently audited and scrutinized by government donors.

7. Drawing on Albert Hirshman's pathbreaking work (*Exit, Voice and Loyalty*), Paul develops a framework for making public services more accountable through (i) *exit mechanisms*, which allow beneficiaries to withdraw from a government-provided service to a more competitively provided service, at no additional cost to them, or which in other ways promote competition and choice; and (ii) *voice mechanisms*, which allow beneficiaries a say in the design and operation of services. "Capture" occurs when special interests gain control over a program to the disadvantage of others. Follow-up research is now being conducted in the irrigation sector in Indonesia to explore ways to increase voice and improve accountability and efficiency.

8. For example, the World Bank's best-practice guide, to be issued shortly, requires the CAS document to assess "any governance issues related to the government's willingness and capacity to carry out needed reforms...." Future best-practice guidelines, covering such topics as investment lending, recurrent cost financing, cost recovery, enterprise reform and divestiture, and public sector management, are likely to include explicit directives on governance issues.

9. Public sector management has been identified as one of the areas for emphasis in World Bank staff recruitment, and a modest expansion in number of staff is expected relative to other categories.

10. See also the World Bank's "Report of the Financial Reporting and Auditing Task Force" (October 1993), which recommends that "due attention should be given to developing a family of training courses to ensure that staff are properly equipped to deal with borrower accountability issues." (para. 29)

11. In recognition of the importance of aid coordination and the policy dialogue, the Bank's Africa Region held a symposium on consultative groups in October 1992. The symposium's work has been incorporated into the work of the region's so-called Thematic Team on Governance.

12. A workshop in May 1993 assessed training objectives and explored strategies for increasing staff awareness and improving skills in participatory approaches. As reflected in the *Next-Steps* action plan, the Personnel Management Department of the World Bank is committed to offering an initial course for Bank staff in the coming year.

13. Assisting countries in adjusting their economies to peacetime is specifically mentioned in the World Bank's Articles of Agreement. Article I (i) gives one of the purposes of the Bank: "The reconversion of productive facilities to peacetime needs..."

14. Article III, Section 5(b). For a fuller account of the Bank's position on human rights, see the World Bank's report to the Vienna Conference on World Human Rights, "The World Bank and the Promotion of Economic and Social Human Rights" (report submitted to the World Human Rights Conference, Vienna, June 1993).

Thus, "through its contribution to economic growth, its lending for human resources development, especially education, and for poverty reduction, its emphasis on

participatory development and on good governance (including the need for systems based on objective rules and efficient institutions) and its support of legal, regulatory and judicial reform, the Bank promotes human rights in all fields in a manner compatible with its charter." From the address of the Vice President and General Counsel, Ibrahim Shihata, before the conference.

15. World Bank 1990, pp. 3 and 73.