

World Bank

World Bank assistance to countries for promoting governance has been principally through adjustment lending and related technical assistance, economic and sector work and research, and policy dialogue. This dialogue is conducted in the context of the Bank functioning as the Chair of the Consultative Groups and preparation of country assistance strategies and country economic memoranda. Sectoral adjustment loans extended by the Bank have supported various programs introduced to improve **public sector management**. They have included civil service reforms, improved financial management and state enterprise reform covering restructuring, closure, and divestiture and privatization.

Civil Service Reform has focussed initially on cost cutting and retrenchment followed by improving performance and better management of human resources. These changes have to be brought about as governments move from an interventionist stance to one which creates an enabling environment for the private sector to play a greater role in the economy than in the past. This would require governments to establish regulatory frameworks where these are necessary and provide the supporting infrastructure. It also requires a sharp distinction to be made between the core functions of government and those that could be contracted out to the private sector. Bureaucratic attitudes, the orientation of the government and functions of a leaner civil service need to change to support the reforms that are introduced. In transition economies, the immediate priority was to build capacity in core agencies for economic management.

Assistance for improving *Financial Management* has tended toward the establishment of integrated financial management systems instead of providing separate support for various aspects of financial management. These systems have comprised reforms in budget laws and budgeting procedures, modernisation of accounting and audit systems, introduction of computerised financial management systems, and reform of the taxation system and revenue administration among others. The changes introduced depended on whether systemic reforms were necessary or the changes could be evolutionary in nature.

The *Reform of State Enterprises* has been a major component of adjustment operations promoting good governance given the extensive role of the public sector in many countries. These reforms have