LATPS Occasional Paper Series

Number 1 - March 29, 1991

GOVERNANCE:
Experience in Latin America and the Caribbean

Public Sector Management Division
Technical Department
Latin America and the Caribbean Region

This publication series reflects the ongoing work program of sector research and analysis of the Public Sector Management Division in the Latin America and the Caribbean Region Technical Department of the World Bank. Its purpose is to stimulate discussion among staff on key issues facing the sector. The findings, interpretations, and conclusions expressed in this paper are entirely those of the author(s) and should not be attributed in any manner to the World Bank, to its affiliated organizations, or to the members of its Board of Executive Directors or the countries they represent.
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GOVERNANCE: EXPERIENCE IN LATIN AMERICA AND THE CARIBBEAN

By Lisette Price (Consultant)

I. Introduction

1. In the past decade, the political landscape of Latin America has been transformed by a wave of democratization that has swept through countries in the region. At the same time, the area's economies have been hit by turbulent times, as structural weaknesses made LAC countries particularly vulnerable to a series of external shocks that began in 1979 with the second oil price hike. These changes, and countries' attendant policy reactions, have brought key issues of governance to the forefront of the Bank's work in the region. Included are fundamental questions about the proper size, structure, and role of the public sector in the new societies taking shape in Latin America.

2. Governance is defined as the management of a country by established institutions through a known system of rules, which are applied, interpreted and amended according to known procedures. The rubric of "governance" in fact encompasses several issues of traditional concern in the Bank's LAC operations, including civil service competence, financial accountability, and budget transparency. These topics will be considered, together with newly emerging issues such as decentralization and popular participation, under the headings of (i) efficiency, (ii) accountability, (iii) openness, and (iv) predictability. While the appropriateness and operational relevance of these headings can be debated further, the "Steering Committee" responsible for preparation of a proposed Bank Discussion Paper (for which this is intended to be an input) has agreed that the latter three headings provide an initial useful frame of reference. Concern with efficiency is a customary aspect of the Bank's work. Though it has been absent from much of the debate on governance, it is included here for the sake of completeness.

II. Recent Trends in the Region

3. The last ten years have seen an unprecedented move towards democracy in LAC countries. Today, the majority of countries in Latin America are governed by fairly elected leaders. At the same time, the economic crises of the early 1980's have convinced countries in the region of the need for economic liberalization. While some countries started on this path earlier than others, all LAC countries are headed in the same direction, though some falter along the way. Broadly speaking, the pattern of adjustment has consisted of fiscal retrenchment, trade liberalization, and financial deregulation. The profound nature of the change involved has significantly affected governance in the region. It raises important questions about the size, structure, and role of the public sector in the new liberal economies of Latin America.

4. Countries throughout the region are engaged in efforts to reduce the size of their public sectors. In Latin America and the Caribbean, the impetus for change stems partly from the high costs of maintaining bloated public sectors, and from the need to cut fiscal deficits in order for adjustment to succeed. In addition, there is growing awareness of the phenomenon of bureaucratic failure: the increasing complexity of developing economies has forced the public sector to cede many of its economic productive functions to the private sector. In the LAC region, governments have been hastened in this direction by the low administrative capacities of their bureaucracies.

5. Fundamental changes are also taking place in the structure of governments in Latin America. The new democracies in the region are having to display a greater responsiveness to the needs of their people. Attention to the demand-side of the equation has resulted in a regional move towards
decentralization, especially of the social services. The *LAC Regional Study on Decentralization* reports that: "In the past decade, more than half of the governments, representing over 90% of the urban population and local governments in the LAC Region, have taken constitutional, legal, financial, or political steps to shift revenue, service delivery responsibilities, and choice-making authority to subnational levels of government." In the interests of equity and poverty-alleviation, the Bank needs to give maximum support to local governments to ensure that programs are targeted to the neediest groups in the societies.

6. Simultaneously, the role of governments in Latin America, as in other parts of the world, is being transformed. Both dominant theory and practical experience have led to a new conception of the state as facilitator and guarantor of the rules of the economic game, in contrast to its previous role as owner and director of the economy. The functions of the public sector are therefore changing, but its importance remains relatively undiminished. While the private sector should undoubtedly serve as the engine of growth for the economy, the public sector has a vital complementary role to play.

7. Finally, the changes outlined above mean that new processes will take on increasing importance. For example, the move away from centralized government represents a shift from the top-down approach that failed in crucial ways to meet the public's needs. The current resurgence of interest in issues of popular participation is one aspect of the search for demand-driven solutions to past failures. These bottom-up approaches are now graduating from the realm of theory to that of practice, as their contribution to project sustainability comes to be appreciated. Similarly, formal mechanisms which allow for increased dialogue with the private sector could become the trademark of the new public sector.

III. Problems of Governance in the Region

8. The major division in the region emerges from the different colonial histories of LAC countries, which give rise to a distinction between the English-speaking countries and the Latin countries. These distinctions are relevant for some aspects of governance and not for others.

9. **Outmoded Public Sector Management Systems.** By and large, both the Latin and English-speaking countries possess outmoded public management systems. The structure and routine of government in some countries' remained unaltered after independence, even as the priorities of those nations changed to focus on development. Particular attention therefore needs to be given to the institutions of economic management. Central Banks, Ministries of Finance (and related agencies which deal with income and VAT taxes and custom duty collections, treasury operations, and auditing) and Ministries of Economics and Commerce function under out-of-date legal frameworks, and with antiquated management and information systems. The nature of the economies they were created to manage has changed dramatically as described above, and they need to be reformed accordingly. This is often a question of adapting and transferring "state of the art" systems in government and agency operations. Technically this is a manageable task, but it has been complicated by the absence of a professional civil service in some cases.

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1/ Draft of March 7, 1991, pg. 1
10. **Lack of a Professional Civil Service.** Professionalism in the civil service is present at least as a tradition in the former British colonies, unlike many of the Latin countries, where patronage is of longer standing than professionalism. Nevertheless, the importance of this difference should not be overstated. The theory of the professional civil service is undoubtedly prevalent in the English-speaking Caribbean, but the practice leaves room for some improvement. For example, in some countries, entrants to the civil service are not required to sit exams, therefore placement in the service is not determined by any assessment of entrants' skills.

11. Many of the Latin countries, however, lack even a tradition of professionalism in the civil service. Political control of the bureaucracy is pervasive, and impairs both institutional effectiveness and accountability. In Peru, it is estimated that changes in government occasion the replacement of 2,000 civil servants in a country of approximately 20 million people. By contrast, incoming U.S. administrations only replace about 750 appointees. Bureaucracies in Latin America are huge, some in absolute as well as relative terms. In Argentina, employment in the federal government (excluding public enterprises) increased by 23% between 1981-90, from 484,000 to about 592,000 employees. This increase is remarkable, given that it coincided with repeated austerity measures. The resulting wage compression was severe, with foreseeable consequences for the bureaucracy's incentive structure. Salaries in the public sector are low, and often fail to keep pace with prices in high-inflation periods, as governments struggle to come to terms with the fiscal crises that have affected every country in the region. Low pay-levels make it difficult to attract and retain qualified personnel, so that the administrative capacity of the public sector in the LAC region is poor. Low salaries also lead to the institutionalization of corruption in certain parts of the service, most obviously customs and tax administration.

12. Comparison with the Asian and African experiences is instructive. In contrast to Asia, where bureaucracies are well-trained and function relatively well, the civil service is not a preferred profession in Latin America. However, unlike Africa, where poverty has affected education levels, most Latin American societies do contain pools of well-qualified professionals from which the public sector could draw.

13. **Lack of Transparency in Financial Operations.** Government transfers to subnational governments are often politically negotiated and hidden in non-transparent budgets, while public financial management is usually inadequate to ensure accountability. In Colombia, for example, the accounting systems of subnational governments are non-uniform, and many are considered inauditable. Accounting and auditing skills vary considerably from country to country, and within countries, from private to public sectors. In countries like Venezuela, Mexico, Colombia, Chile, and Uruguay, professional skills are similar to those found in developed countries. In Argentina, the contrast between the private and public sectors is particularly stark. In Central America, the Caribbean, and other countries, auditing and accounting expertise is generally lacking in the public sector.

14. **Lack of Accountability - Technical, Financial, Economic, Political - in Local Government.** The tradition of centralized control that until recently has dominated the region has also resulted in weak administrative capacity at the subnational level. The problem is exacerbated by the brevity of the terms served by some municipal officials (two years in Colombia and Bolivia), making planning difficult, thus giving rise to policy uncertainty. In most countries, revenue transfer formulas are so complex and opaque that local governments have little sense of how much revenue to expect, so that planning is further complicated. Formal and informal participation in all phases of local public investment - demand detection, planning and programming, project implementation and follow-up - is lacking. Finally,
elections, referenda and other forms of expressing preference and verifying local fiscal choice are awkward, under-developed, and sluggish.

IV. Bank Experience with Governance in the LAC Region

15. The term "governance", as it is used in this paper, is a fairly recent addition to Bank vocabulary, but key issues subsumed within this catch-all have been the focus of the LAC Region's attention for some time. The LAC Region's operational experience with governance issues is described below under the four headings of efficiency, accountability, openness, and predictability for the reasons explained in paragraph 2 above, though many of the projects could appear under more than one of these headings. Brief project descriptions are provided, and particular emphasis is given to elements considered most relevant to the present discussion. In general, the projects listed below deal with public management, public financial management, public sector reform, decentralization, and social sector work. These areas of activity reflect the LAC Region's continuing concern with improving the quality of public institutions and promoting the changing role of government. One important aspect of the LAC Region's operational perspective is derived from a 1990 Regional Management decision to create a specialized Public Sector Management Division in the Technical Department, which acts as the regional sector operating division (responsible directly to the Country Directors) for all general (non-sectoral) Government improvement operations.

a. Efficiency

16. The concept of efficiency has been left on the sidelines during much of the debate about governance, but due consideration should be given to the concept if a full picture of governance is to emerge. In the LAC region, work on efficiency encompasses questions of administrative efficiency, but also overall economic efficiency, as determined by resource allocation decisions, excessive or inappropriate regulation, or inadequate support systems.

17. The projects described in this section contain some features that deserve special attention. Efficiency in tax administration is one objective in two projects described below, namely the Argentina Tax Administration TAL and the Chile PSM II, where information systems and streamlined procedures are being proposed to meet that objective. The latter project is also notable for the proposed component that would improve the information available to the Library of Congress, thus strengthening parliamentary oversight of executive economic policies. The Bolivia EMSO project aims to increase the efficiency of resource mobilization by partially financing sweeping reforms in tax administration, which have reduced types of taxes in Bolivia from 400 to 7. Resource-allocation decisions should also be made more efficient by improved analysis and management of the public investment program. This project is also noteworthy for its concern with equity, as demonstrated by its inclusion of a living standards measurement survey. Finally, the proposed Argentina PSRL project and associated Technical Assistance project are notable in that they propose legislation to reform and modernize overall public sector financial management including the Central Bank, the Superintendency of Banks, Customs, Budget, and personnel management; they also provide financing for the modernization and development of performance indicators for those agencies. In addition, the projects reflect the new synergy created by

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2/ The review focuses mostly on recent efforts in order to highlight innovations in this area.
the interaction between the CODS and the PSM Division, with the PSRL developed by the country economists with the assistance of PSM specialists.

**Chile Public Sector Management Project I (Loan 2504: 03/14/85)**
*Amount:* $11 m. Redesign of government management systems for transparency and managerial accountability. Strengthening of management of Fiscalia thereby increasing capacity to discover and prosecute anti-competitive prices.

**Argentina Public Sector Management Technical Assistance (Loan 2712: 06/03/86)**
*Amount:* $18.5 m. Aims to increase government resource mobilization and improve efficiency of resource use. Would improve public enterprise performance by introducing rational evaluation system as well as performance-based incentives. Industrial and export policies and procedures would be streamlined and strengthened.

**Bolivia Economic Management Strengthening Operation (Credit 1977: 12/22/88)**
*Amount:* $9.7 m. Strengthening of core economic policy-making and management processes. Would increase productivity of civil service through rationalization of salary structures and establishment of management and personnel systems. Impact of economic policies on vulnerable population groups to be monitored through living standards measurement survey.

**Argentina Tax Administration Technical Assistance (Loan 3015: 1/24/89)**
*Amount:* $6.5 m. Uses performance indicators and a motivation fund for employees to strengthen internal audit and performance control. Would improve the efficiency of operations, in particular of evasion control.

**Venezuela Preinvestment & Institutional Development Technical Assistance (Loan 3225: 06/12/90)**
*Amount:* $30 m. Provides consultant services and training for preinvestment activities such as national sectoral investment plans and for preparation of major investment projects. Would strengthen key economic policy-making agencies to improve public financial management and investment planning.

**Argentina Public Sector Reform Loan (Proposed FY91)**
*Amount:* $300 m (cofinanced with IDB with a proposed additional $300 million). Will introduce modern legislation for the Central Bank and the Superintendency of Banks as well as an overall Financial Management and Control Law for the public sector. Develops management improvements and performance indicators for the Central Bank, Customs, Budget and Public Personnel Management.

**Argentina Public Sector Reform Technical Assistance Loan (Proposed FY91)**
*Amount:* $20 m. Would finance the modernization of the Central Bank, Superintendency of Banks, Customs, Budget and Public Personnel Management Systems. Develops performance indicators for these agencies.

**Chile Public Sector Management Project II (Proposed FY92)**
*Amount:* $20 m
Introduces information systems to increase the efficiency of tax (including Customs) and social security administration. Consistency in application of laws should also improve. Designed to reduce possibilities

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3/ Board Approval dates, unless otherwise noted.
for fraud and corruption. Plans to improve information and economic policy analysis available to the Library of Congress.

b. Accountability

18. Work in the LAC region has promoted accountability in a variety of important ways. This heading encompasses the notion of financial accountability, government accountability to clients, and the accountability of local governments to national agencies. LAC projects almost always give careful attention to the issue of accountability in the use of public funds. Thus procurement, audits, and accounting systems are habitual subjects of concern for LAC task managers. Budget transparency is a related theme, though it can also be regarded as an issue of openness. The two Bolivia Public Financial Management Operations described below are illustrative of regional work in this area. They go beyond the issue of accountability within Bank projects to increase accountability throughout the public sector.

19. The regional trend towards decentralization has brought two other accountability issues to the fore. First, the notion of accountability is an important part of the intellectual underpinnings of the theory of decentralized government. However, in its operations, the Bank should probably not proceed on the assumption that municipal development projects, by their very nature, increase the public accountability of governments. Local programs are arguably more open to capture by elite groups than their national-level equivalents. This problem is to some extent overcome when municipal development projects are consciously designed to be demand-driven, like the Colombian one described below. A different approach is taken in the Mexico decentralization project, which makes investment planning more participatory. From a practical standpoint, ex ante measures such as this might be easier for projects to incorporate than ex post mechanisms like beneficiary assessments. Secondly, decentralization raises the issue of local governments' accountability to national government. Of particular concern is the financial performance of municipal governments. The four municipal development projects detailed below use a mixture of incentives, training, and control to ensure local fiscal responsibility.

Bolivia Public Financial Management Operation I (Credit 1809: 05/28/87)
Amount: $11.5 m. Introduced strict budgetary procedures and expenditure controls at central government level, leading to passage of a comprehensive law (SAFCO), setting the legal framework for public accountability.

Brazil Municipal Development Projects - Rio Grande do Sul & Parana (Loans 3100 and 3129: 10/24/89).
Amount: $100 m each. Technical assistance to state and municipal agencies to improve financial management and project evaluation skills. Provides funds for infrastructure investments based on commitment to improve finances and administration.

Argentina Provincial Development Project (Loan 3280: 12/18/90)
Amount: $200 m. Would strengthen local financial management capacity, and conditions provinces' access to funds for physical investment (81% of total project costs) on their financial performance.

Bolivia Public Financial Management Operation II (Proposed FY91)
Amount: $10.3 m. Would extend scope of reforms in financial administration and control to local governments and decentralized institutions including the parastatal sector. Aims to strengthen Comptroller-General's auditing function.
Colombia Municipal Development Project (Report 9232; proposed FY91)  
**Amount:** $60 m. Provides training and institutional development both to local governments and to national advisory agencies. Establishes line of credit for demand-driven infrastructure projects.

Mexico Decentralization and Regional Development Project for the Disadvantaged States (Report P-5364; proposed FY91). **Amount:** $350 m. Makes revenue-sharing from states to municipalities more transparent and equitable. Provides states with incentives to increase revenue generation. Increases local control over government resources. Makes investment planning more participatory and transparent at municipal and state levels.

c. Openness

20. Unlike efficiency and accountability, which are familiar concepts in the Bank's work, openness is not often an explicit theme in LAC projects. It overlaps the other two ideas in various areas. For example, public financial management projects invariably focus on the need for budget transparency and publication of accounts, but these are commonly framed as accountability issues. The need for transparency in revenue-sharing arrangements, because it affects local governments' ability to plan investments, is often discussed in terms of predictability. In this analysis, popular participation is viewed as the most important feature included within the notion of openness, regardless of the conceptual overlap with accountability.

21. Work in the area of popular participation is exemplified by the social investment fund project in Bolivia. This is notable both for its emphasis on demand-driven projects, as well as for its involvement of local NGO's and community groups. Openness is also becoming a recurring theme in projects involving environmental assessments, such as the Ecuador Municipal Development Project listed below. These types of projects commonly provide for public disclosure and review of environmental impact evaluations.

Colombia Rural Primary Education Subsector Project (Loan 2192: 07/27/82)  
**Amount:** $15 m. Designed to increase school completion rates, increase learning efficiency, and improve quality of subsector management through decentralization of education decision-making. Weak management capacity at local level meant that local groups were unable to identify and prepare subproject proposals.

Brazil Science Research and Training (Loan 3269: 11/29/90)  
**Amount:** $150 m  
Establishes peer review of government-funded research projects. Decentralizes science decision-making, and requires a study of government policies by an independent commission, with wide dissemination of findings.

Ecuador Municipal Development and Urban Infrastructure (Loan 3285: 12/20/90)  
**Amount:** $104 m. Increases fiscal autonomy of municipal governments and improves transparency of revenue-sharing. Increases planning capacity of municipalities, and ensures public review of environmental impacts of infrastructure projects.
Chile Primary Education Improvement Project (Proposed FY91: $188 m)
Plans to enhance efficiency and equity of primary education through establishment of a decentralized fund aimed at inducing educators' participation in restructuring curriculum. Access to fund targeted and conditioned on cost-effectiveness.

d. Predictability

22. The subject of predictability is one of particular importance in Latin America. Though the seriousness of the problem varies from country to country, it is generally true that investment in the region has been stifled by the uncertainty that mars every process from the highest levels of policy-making to the lowest levels of bureaucratic regulation.

23. Within that spectrum, one key area that would merit attention is the system of commercial and property rights. In the LAC region however, concern is still focused on trying to ensure consistency at the macro level of economic policy-making, because uncertainty in this area results in low savings and investment and increased capital flight. However, in some countries, such as Argentina, (where the government is facing $4.2 billion in legal claims against it ) the urgent need for clarification of the legal situation has prompted Bank action. The TAL described below makes use of a computerized system to keep track of the law's status and developments.

24. In addition, certain projects, like the Mexico Customs Process Reform described below, do address the problem of the unpredictability that holds sway when overly complex administrative procedures create opportunities for corruption. Also in Mexico, a proposed environmental project would offer institutional support to the national environmental agency, and would help to translate environmental policies into clear rules for industry activity. Regulations and industry-specific norms would be formulated, and administrative capacity to monitor compliance strengthened.

Argentina Social Sector Management Technical Assistance (Loan 2984: 7/26/88)
Amount: $ 28 m. Includes assistance to establish a computerized information system to provide up-to-date information on federal and provincial legislation, regulations, and cases. Brings certainty and transparency to legal and administrative processes.

Mexico Customs Process Reform - Export Sector Loan (Loan 2777: 01/20/87)
Amount: $ 250 m. Replaces centralized and complex customs procedures with computer-generated random selection process, which is tailored to administrative capacity and which also removes discretionary element from process. Process simplified from about twelve steps to four. Traders' rights and obligations under the new system have been widely published.

V. Issues Arising from Experience

25. The countries of the LAC region have reached a critical point in the history of their development. With varying degrees of commitment, the governments of the region are instituting economic policies which depart radically from the patterns of the past; the emphasis in Latin America today is on smaller bureaucracies, freer trade, fewer regulations, and greater reliance on the productivity of the private sector. As noted before, this economic liberalization, coupled with the move towards
democratic forms of government, has profound implications for the size, structure, and role of the public sector.

26. In this changing environment the efficiency of the smaller public sector could be improved by introducing modern management methods and techniques. Recent projects in some LAC countries have focused strengthening efforts on core economic policy-making agencies. Future work to improve efficiency in government would have to focus on civil service pay and incentive structures, as well as the use of management information systems. Given the many functions that central governments will no longer perform, there is good reason to reduce the size of bureaucracy in areas which are no longer of importance to present government operations. Conversely, more attention should be directed to possible new areas of relevance such as anti-trust regulation and consumer protection.

27. Attention to the quality of the public sector could have a positive effect on the level of policy certainty in the region. A highly-skilled professional civil service can act as a countervailing force to the capriciousness of politics in many of the LAC countries. However, the relationship between the existing political environment and what is possible with regard to administrative reform needs to be more fully explored. A review of the experience of Italy and Spain with political and bureaucratic modernization may be useful in this regard.

28. There are additional drawbacks to taking on the issue of the quality of the public sector, which are particularly associated with the subject of civil service reform. Unlike questions of economic policy, which have a well-defined intellectual context, public management problems, especially those of developing countries, to some extent lack this dimension. There are also questions about the Bank's skill mix and its experience with technical assistance loans. In order to decide on the priority that should be attached to reform of the public sector, the LAC region is planning to start in the next fiscal year a regional study on "The Size of Bureaucracies and Civil Service Reform". Included would be comparative analysis of countries in the region which have relatively stable and professional civil services (Chile, Mexico) and those at the other end of the spectrum (Peru, Argentina). The experience of Spain and Italy would also be explored.

29. The other discernible trend in the region, decentralization, also brings to the fore questions about the quality of the public sector. The administrative capacity of municipal governments is sufficiently poor that the problem must be addressed, given their increased responsibilities. In particular, their weak financial management can affect even national stabilization efforts. In Argentina, the total fiscal deficit (before transfers) of the provinces amounted to 6.2% of GDP in 1986. This issue is one of upward accountability, from local government to national government.

30. In addition, there are important questions about outward accountability, of local governments to their publics. Elections are the ultimate means by which the public can hold officials accountable. However, other steps can be taken, in particular to increase popular participation in planning and investment decisions. One area where this could be especially important is in environmental policy-making. Local governments are probably facing incentives to pollute more rather than less. As noted earlier, the problem of capture could be more serious at the local rather than national level. Since the move to decentralized government is generally taking place in an environment of fiscal austerity, it is crucial that social service programs be as efficient and targeted as possible, in order to meet the goal of poverty-alleviation.
VI. Conclusion

31. The issues of governance, as identified and discussed in this paper, have palpable effects on the economic situation in the LAC region. Therefore it would be consistent with the Bank’s focus on development to give attention to the subjects that emerge from this debate. The task now facing the Bank is identification of the best framework within which to address these issues. This decision needs to be based on a combination of factors.

32. The special need of different regions must be taken into account. For example, the overarching question of this debate, that is whether democracy is the route to development, is to some extent moot in present-day Latin America. Most governments in the region now come to power through fair elections. The task of the Bank is to absorb the implications of that change quickly. Another factor that must be taken into account is the priorities of countries’ governments. Operational divisions have come to understand the value of ownership of reform. Particularly when dealing with the types of issues that governance encompasses, success rates could be higher if initiatives for change came from governments, not the Bank. Finally, there is the question of the Bank’s comparative advantage relative to other donors.

33. The Bank’s primary concern is with economic growth and equitable development. Its long-standing emphasis on the need for efficient and effective government already incorporates many of the concerns with accountability, openness, and predictability. While these concepts may help to refocus our eyes on the bigger picture, it is not clear that they would be the most useful organizing principles for the Bank’s operational approach. Breaking the issue down into these three terms does lead to some complications. In practical terms, it is difficult to define them without some overlap occurring. There is also some confusion about whether they are ends or means. Accountability, in at least one of its senses, has long been considered a legitimate goal for the Bank. Predictability, given its powerful impact on countries’ investment climates, also seems to be a suitable if less common aim for the Bank. However, openness is a more controversial subject, though suggestions have been made that it is the natural corollary to the Bank’s commitment to open economies.

34. Decentralization could become one success story of the next decade in the LAC region. The work of the urban policy division on municipal development projects gives the Bank a clear framework within which to address the issue. The more general concern with efficient and effective government will likely prove more difficult to address, although improvements in the activities of the economic management agencies are being increasingly addressed by the LAC Public Sector Management Division. Success in the latter area could depend to a large extent on government commitment to change, and the importance that the Bank’s management attaches to improving governance in the LAC region.