

## BOX I.4 THE STRATEGIC COMPACT: INSTITUTIONAL RENEWAL IN FISCAL 1998–00

*In 1997, the Bank embarked on the Strategic Compact, a three-year program of institutional renewal. The Compact aimed, fundamentally, to enhance the Bank's effectiveness as a development institution. While an evaluation of the program is forthcoming, the Compact has had a marked impact on several fronts. Sustaining progress will be an ongoing challenge.*

GOAL	IMPACT
<p><b>Increased client focus</b></p>	<ul style="list-style-type: none"> <li>➤ Nearly half of the Bank's country directors, who are responsible for three-fourths of its loan portfolio, are now located in client countries (nearly all were in Washington, D.C. initially)</li> <li>➤ About 43 percent of all staff assigned to regional units are located at country offices (compared with 33 percent in fiscal 1997)</li> <li>➤ Increased emphasis on country ownership of development efforts</li> <li>➤ Stronger, more open working relationships with country partners</li> </ul>
<p><b>Broader development agenda and partnerships</b></p>	<ul style="list-style-type: none"> <li>➤ Increased focus on governance, financial sector, social dimensions of development, rural development</li> <li>➤ Special support for debt relief, post-conflict needs, and capacity building (especially in Africa), reflecting targeted efforts to reduce poverty</li> <li>➤ Greater role in addressing global needs (for example, HIV/AIDS, environmental issues)</li> <li>➤ More effective partnerships in pursuing all of the above</li> </ul>
<p><b>Enhanced quality of operations</b> <i>(see also Section III)</i></p>	<ul style="list-style-type: none"> <li>➤ Improved results at project closing (more satisfactory and sustainable outcomes, greater development impact)</li> <li>➤ Improved health of ongoing projects (improved quality at project start, such as greater readiness for implementation; and better supervision)</li> </ul>
<p><b>New lending and nonlending products</b> <i>(see also Section VI)</i></p>	<ul style="list-style-type: none"> <li>➤ New loan types (recognizing the need for longer-term approaches, learning and innovation, special response in times of crisis)</li> <li>➤ New financial products (helping borrowers better manage their debt and financial risk)</li> <li>➤ New analytical and advisory products (for example, Institutional and Governance Reviews and Financial Sector Assessments)</li> </ul>
<p><b>Increased internal capacity</b></p>	<ul style="list-style-type: none"> <li>➤ Reform of human resources policy</li> <li>➤ World class (internal) knowledge management system</li> <li>➤ Strengthened training capabilities</li> <li>➤ Comprehensive management reporting system</li> <li>➤ Stronger quality assurance program</li> <li>➤ Strengthened core services for projects (procurement, financial management, social development)</li> </ul>
<p><b>Increased knowledge sharing</b></p>	<ul style="list-style-type: none"> <li>➤ Stronger, expanded World Bank Institute</li> <li>➤ Large array of web sites for clients</li> <li>➤ Global distance learning network</li> </ul>