

macroeconomic imbalances, restrictive policies and distortions in the areas of exchange rates, investment and finance, and obstacles to entrepreneurship. [In developed countries such policy reforms would help to release resources for supporting the transition to sustainable development domestically and for supporting such a transition in developing countries. An increase in domestic savings in developed countries would be a complement to policies to restrain consumption on environmental grounds.]

29. Good management that fosters the association of effective, efficient, honest, equitable and accountable public administration with individual rights and opportunities, is an essential element for sustainable, broadly based development and sound economic performance at all development levels. All countries should increase their efforts to eradicate mismanagement of public and private affairs, including corruption, taking into account the factors responsible for, and agents involved in, this phenomenon.

30. Many indebted developing countries are undergoing structural adjustment programmes relating to debt rescheduling or new loans. While such programmes are necessary for improving the balance in fiscal budgets and balance-of-payments accounts, in some cases they have resulted in adverse social and environmental effects, such as cuts in allocations for health care, education and environmental protection. It should seek to ensure that structural adjustment programmes do not have negative impacts on environment and social development so that such programmes can be more in line with the objectives of sustainable development.

Objectives

31. It is necessary to establish, in the light of the country-specific conditions, economic policy reforms that promote the efficient planning and utilization of resources for sustainable development through sound economic and social policies, fostering entrepreneurship and the incorporation of social and environmental costs in resource pricing, and removing sources of distortion in the area of trade and investment.

Activities

(a) Management related

Promote sound economic policies

32. The industrialized countries and other countries in a position to do so should strengthen their efforts:

(a) To encourage a stable and predictable international economic environment, particularly with regard to monetary stability, real rates of interest and fluctuations in key exchange rates;

(b) To stimulate savings and reduce fiscal deficits;