

- assist Ministries of Finance in procedures for budgeting (including investment programming) and public expenditure management, training staff in project formulation and analysis to improve the preparation of public investment programs, creating or improving financial information systems, and improving the administration of tax and customs offices; and
- assist in collecting baseline data on government employees, undertake reviews of ministries and state enterprises that need restructuring, contribute to programs intended to pay off redundant public sector employees and promote private sector activities that will replace those done by the public sector.

The excessive role of the state, bureaucratic approaches to resource allocation, weak systems of accounting and poor enforcement provide ample opportunities and incentives for *corruption* in developing countries. Action has to be taken at all levels of the government and business to address the causes of corruption particularly the low salaries paid to civil servants. Further, in the case of international commercial contracts involving either aid funds or the country's own resources, it should be recognised that there are always two parties to every corrupt deal. Among the programs that have been recommend for support by donors are those intended to,

- adopt market approaches to the allocation of resources and introduce international competitive bidding;
- strengthen institutional capacity for implementing transparency and accountability standards in both the public and private sectors; and
- assess the effectiveness of the procedures in place in both donor and recipient countries to ensure honesty in the conduct of business and the use of aid funds.

*Excessive military expenditure* diverts scarce resources from development needs. There is no agreement on what constitutes an appropriate level of expenditure in relation to a country's legitimate defence needs against aggression. There is also a lack of transparency of the magnitude and details of military expenditures in most countries. In more recent years, public expenditure reviews conducted by the World Bank and budget analyses by the IMF have been able to identify the scale of total military expenditure in some countries. At a macro level, the donor community should address the level of military expenditure in the context of the policy dialogue conducted with governments either at meetings of the Consultative Groups or other high level consultations. The donor community can assist developing countries,

- to define through dialogue appropriate definitions of the roles of civilians and the military;
- on methods of reducing military expenditure without jeopardising legitimate security needs; and