

improve the prospects for social development and poverty alleviation by assisting in the struggle against discrimination, protecting the socially weak and creating and distributing opportunities in society as a whole.

The Bank has begun emphasizing the need for a comprehensive legal reform agenda, including the establishment of enforcement mechanisms and strengthening the judiciary and regulatory institutions. A variety of instruments have been used to assist countries to improve their legal systems. Legal reform and drafting new legislation have been components of sector or economy wide adjustment operations. Investment loans have contained components covering legislation and the legal system. In addition, there have been stand alone technical assistance projects and grant assistance from the Institutional Development Fund of the World Bank. Experience has shown that there must be a strong political commitment to this and other reforms and that new legislation should take account of the social, religious and customary factors in a society.

*Transparency and Information* encompass all aspects of governance, in particular the concept of accountability. Efforts to improve accountability will likely involve parallel or reinforcing measures to improve transparency. It is important for governments to explain their policies and programs as they adopt market mechanisms for economic management. In its absence, public support will not be assured for change and there will likely be resistance in government bureaucracies. Further, public confidence in the divestiture process of state owned enterprises can be maintained only if there is transparency as demonstrated by the experience in several countries. Similar openness is necessary in the private sector.

Transparent financial reporting is necessary in both the public and private sectors for a market economy to function efficiently. It reduces transactions' costs and the possibility of the misuse of funds and facilitates decision making. Financial transparency enhances the accountability of the policy maker in the public sector. The adoption of internationally accepted financial reporting standards by the private sector is necessary to attract foreign investors and international creditors and facilitates the growth of financial markets.

World Bank experience in this aspect of governance has varied by geographical region. In Latin America and the Caribbean where there were major political obstacles to greater transparency in the past, Bank operations focussed on improving financial management and introducing transparent budgetary systems. In South Asia, the introduction of program budgeting has been supported to make explicit the relationship between goals and expenditure than the line item budgeting systems that