

covered the restructuring of enterprises involving all aspects of their operations such as the incentive structure, pricing, subsidy and labour policies, management practices etc.; the liquidation of loss making enterprises to ease the burden on the budget and reduce crowding out of the private sector; and privatisation and divestiture to promote competition and efficiency.

Governments must be **accountable** at a political level to those they rule through participating in democratic processes for seeking power and for the core functions they perform. The achievement of this objective has been supported by Bank assistance in a number of areas. One has been through the *Decentralisation of Government* which has taken place in many countries as a result of more democratic and participatory methods of exercising power and the abandonment of central planning and management. These changes should not lead to the dilution of the central government's capacity to deliver core functions. Capacity has to be built up at the local government level to perform the decentralised functions and be held accountable for their delivery.

Support has been provided for improving *Financial Accountability* in both the public and private sectors with the focus being on the former. This has involved establishing the frameworks for sound financial management comprising improvements to budgeting, accounting and auditing and enacting supporting legislation and training cadres of accountants and auditors. It is equally important that similar improvements be made in the financial accountability of the private sector.

Programs supported by the Bank have helped countries to draw public attention to and reduce opportunities for *Corruption*. Examples of these are reforms of the trade regime which reduce the opportunities for discretionary treatment by customs, and import and exchange control officials; strengthening the tax administration to prevent large scale tax evasion; and reduction and, where possible, abolition of controls and licensing requirements. Such action has become possible in the context of liberalising economies and reducing the role of the public sector in the economy as a whole. Needs have varied across geographical regions and the level of development of the countries. While these actions could reduce rent seeking behaviour in the civil service, large scale corruption at the political level can only be tackled through public pressure bolstered by donor pressure expressing concerns on aid effectiveness. An effective policy dialogue would be the instrument available to the donor community in this area.

A **Legal Framework** is necessary to provide stability and predictability for civil and commercial activities, ensure that effective institutions are in place for their uniform application, and provide for the resolution of conflicts through decisions of an independent judiciary. Such a framework can also