

17. Investment in physical and social infrastructure is required to enable governments to deliver public goods such as defence and law and order and others which are largely the responsibility of the state such as health and education. The state has to keep social fundamentals under review to safeguard that development is stable and sustainable. Public policies and programs need to ensure that the benefits of growth are shared and lead to a reduction of poverty and inequality through investments in education and health etc. Government regulation and information about the environment are necessary for protecting the environment. At the same time, it is necessary for social pressure and market forces to push for improved environmental performance.

EXPERIENCE OF INTERNATIONAL AGENCIES¹⁰

18. **World Bank** assistance for promoting governance has been principally through adjustment lending and related technical assistance, economic and sector work and research, and policy dialogue. This dialogue is conducted in the context of the Bank functioning as the Chair of the Consultative Groups and preparation of country assistance strategies and country economic memoranda.
19. Sectoral adjustment loans extended by the Bank have supported various programs introduced to improve *public sector management*. They have included civil service reforms, improved financial management and state enterprise reform covering restructuring, closure, and divestiture and privatization. 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. This objective has been supported by Bank assistance in the areas of decentralisation of government, financial accountability and programs designed to reduce the opportunities for corruption. 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.
20. **UNDP's** approach to good governance has been to identify five priority areas which are:
- governing institutions covering the legislature, judiciary and electoral bodies;

¹⁰

A fuller description of these programs is given Annex 1.