

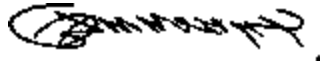
FOREWORD

Reflecting the evolving needs of Asia and the Pacific, the Asian Development Bank has been transforming itself from primarily a project lender to a broad-based development institution. This transformation is consistent with the international consensus that the development impact of external assistance is crucially linked to the soundness of the recipient country's economic and social policies.

The successful implementation of such policies is in turn linked to the quality of governance and the caliber of a given country's public sector. It is in recognition of this linkage that the ADB approved in 1995 a policy paper on Governance for Sound Development Management, and in July 1998 an Anti-corruption Policy. These policies on governance and anticorruption can only be translated into practice by significant and sustained improvements in the efficiency, integrity, and effectiveness of public-sector management, and also in accountability and transparency of corporate and financial governance in the private sector. This is indeed one of the many lessons of the Asian financial crisis. The Bank is determined to heed these lessons and help its member countries turn crisis into opportunity for renewed economic and social progress on a new and stronger basis. Among the many areas of public-sector improvement, strengthening the management of and accountability for public expenditure is central.

The challenges faced by developing countries are to strengthen fiscal discipline, bring resource allocation in line with policy priorities, create an enabling environment for public financial managers, and protect due process. The Bank can assist by putting at their disposal the basic conceptual framework, the principles of good budgeting, a synthesis of international consensus on desirable reforms, and the lessons of international experience, both the successes and the failures. This book is one step in this direction. It is our hope that it will prove of

practical value and of interest. It is based on a selection of papers presented at two major events organized by the ADB: a Seminar on Public Financial Management and Accountability at the 1999 Annual Meeting and the ADB-organized module on the same subject at the World Conference on Governance in Manila in June 1999. Our sincere thanks go to all the eminent contributors, as well as Marilyn Pizarro for research assistance, Me-an Asico for copy-editing, Merly Mallion for organizational assistance, and Ruby de Vera for production assistance.



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