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PUBLIC ADMINISTRATION AND FINANCE MATTERS

Report of the Secretary-General

SUMMARY

The report presents comments by the Secretary-General on the discussions and major recommendations of the Eighth Meeting of Experts on the United Nations Programme in Public Administration and Finance, held at United Nations Headquarters from 11 to 20 March 1987 in accordance with Economic and Social Council resolution 1985/10. The Meeting was called, *inter alia*, (a) to review and discuss issues and problems in public administration and finance in developing countries, (b) to review measures required at the national level to promote administration for development, (c) to review the United Nations work programme in public administration and finance, and (d) to make appropriate recommendations for action at both national and international levels.

The Meeting noted that the challenges facing public administration and finance systems arose from diverse national situations and it was necessary that developing countries follow a pragmatic and differentiated approach in developing strategies and programmes for improving their development administration systems. Since the challenges and constraints were ever changing, the Meeting recommended that the role of public administration be reviewed periodically in the light of the changing internal and external conditions of development. This was essential to create and maintain the changing mix of administrative and managerial capabilities required at a given time.

The Meeting endorsed the current priorities in public administration and finance. The encompassing priority was productivity in its broadest sense. The

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Meeting recommended a number of policy and programme actions in the area of government structure to maximize productivity and effectiveness of national policies and programmes. The key areas identified were: administrative structures and networks; decentralization and local government; human resources development and public service management; resource generation and management; management of information systems; and administration and the citizen.

On the Action Programme in Public Administration for Sub-Saharan Africa, the Meeting strongly recommended that the diagnostic stage should now be followed by intensification and enforcement of operational activities at the country level to solve the problems identified. On follow-up action, the Meeting proposed, and the Secretary-General agrees, that the report of the Eighth Meeting be commended to the attention of the Governments of all Member States for review and appropriate action.

On the United Nations programme in public administration and finance, the Meeting recommended four themes for future action: (a) increased productivity and performance in the public sector; (b) training/consultancy and human resources development in the public sector; (c) the use of information management in public administration; and (d) public participation.

On the Declaration on Local Self-Government adopted by the International Union of Local Authorities (IULA), a non-governmental organization in consultative status, category I, with the Council, the Meeting recommended that the proposed draft should be referred to Member States for their views before any action was taken by the United Nations. The Declaration, together with the comments of Member States, would be considered by the Ninth Meeting if the Economic and Social Council so decided.

It was recommended that the next Meeting be convened in 1989. The following three questions would be considered as the main items of the agenda: (a) the impact of the deliberations of the Meeting and pertinent decisions of the Economic and Social Council on public administration at national and international levels; (b) the practical usefulness of the Meeting as a forum for the co-ordination of public administration and finance activities at the international level; and (c) the feasibility of the Meeting proposing a strategic plan for the improvement of public administration. Subject to the approval of the Economic and Social Council, the Secretary-General has included a proposal for the next review of the programme in the budget proposals for the biennium 1988-1989.

## INTRODUCTION

1. The Eighth Meeting of Experts on the United Nations Programme in Public Administration and Finance was held at the United Nations Headquarters from 11 to 20 March 1987, in accordance with Economic and Social Council resolution 1985/10. Of 28 experts invited from the different regions of the world, representing different systems and experiences in public administration and finance, 24 attended the Meeting. In addition, the Meeting was attended by representatives of regional commissions and other United Nations bodies, specialized agencies, interregional and regional institutions, and non-governmental and other organizations.

2. The Eighth Meeting of Experts had the following terms of reference:

(a) To review issues and priorities in public administration and finance for development in developing countries;

(b) To review measures required at the national level to promote administration for development;

(c) To review the present and proposed work programme of the United Nations in public administration and finance for the late 1980s;

(d) To make appropriate recommendations for action at both the national and the international levels;

(e) To recommend new modalities of technical co-operation that would increase the effectiveness of the United Nations technical co-operation activities in the field of public administration and finance.

3. The Secretary-General wishes to comment on the discussions and major recommendations of the Eighth Meeting of Experts. The report of the Meeting (E/1987/38/Add.1) is also before the Council.

4. The major recommendations of the Eighth Meeting relate to challenges and priorities in public administration in developing countries; the United Nations programme in public administration and finance; and the timing and scope of the next review of the programme.

### I. PUBLIC ADMINISTRATION IN DEVELOPING COUNTRIES: CHALLENGES, PRIORITIES AND RECOMMENDATIONS

5. The Meeting held the view that the major challenges facing public administration and finance systems currently were to develop appropriate ways and means of improving efficiency and effectiveness in dealing with the economic crisis of the 1980s, as reflected in increased national budgetary deficits, changes in international commodity and financial markets and rising demands for social services. Those conditions led to changing perceptions in some countries about the

role of government and public administration, raised questions about the effectiveness of administrative systems and processes and generated demands for reform, including privatization of selective activities hitherto performed by public organizations, particularly in mixed-economy countries.

6. The Meeting observed that those challenges provided an excellent opportunity to Member States to review the role of public administration. It recommended that such a review should be made in proper perspective and with a pragmatic and differentiated approach. It noted that the State and its public administration had played and would continue to play a vital role in development by performing, to varying degrees, key functions ranging from planning to co-ordination, from establishing the infrastructure to regulating the economy and from providing such social goods as health and education services to creating conditions for the growth of the national economy. With changes in the process and results of development, new problems and needs would arise, but the role of public administration in dealing with those problems and needs remained critical. Each country would have to take a pragmatic, positive approach in dealing with crucial questions raised by the new environment, such as how best to cope with fewer resources, how to identify vital sectors of the economy and top priority projects, how to achieve "value for money" from existing resources, how to regulate the economic behaviour of private sector companies and how to co-ordinate public and private sector activities for the achievement of national objectives.

7. The Meeting also noted that there were significant differences among countries in their national evolution, resource endowments, development problems and possibilities for change in the institutions and practices of public administration. The differences emanated not only from different systems of economic organization, but also from other social, political and economic factors prevailing in those countries. Therefore, a differentiated approach has to be adopted to deal with the problems and issues of development administration in individual countries or groups of countries.

8. Given that perspective and diversity, the Meeting recommended that the role of public administration should be reviewed periodically in the light of the changing internal and external conditions of development. That was essential to create and maintain the changing mix of administrative and managerial capabilities required at a given time.

9. The Meeting noted that one of the current priorities for public administration in developing countries was to focus on its productivity as understood in broad terms, incorporating such current concerns of Governments as performance improvement, "value for money", achieving "economy, efficiency and effectiveness", and improved accountability. It identified obstacles in realizing those concerns at various levels.

10. At the broad governmental level, the main obstacles were weaknesses of planning and budgetary systems and poor integration between them, project planning and implementation gaps, severe limitations on capacities of public organizations and limited training and manpower development programmes. At the management level, there were significant gaps in understanding management performance problems (e.g.,

problems engendered by the public service environment), their underlying causes and how to overcome them in public service organizations. At the programme level, a critical question was the Government's understanding of the key dimensions of performance, productivity and accountability (i.e., political, administrative and technical). An integrated approach was therefore essential to devising solutions as the three dimensions could not be isolated in real life.

11. Notwithstanding those problems, the Meeting emphasized that initiating appropriate productivity improvement programmes and their measurement in the public sector was an important but difficult task and Governments need not shy away from it. The Meeting found it necessary to recommend the adoption of a common-sense approach to productivity and to maintain that its goal was to assess the effectiveness of work. To do that, judgements about both quantitative and qualitative performance would be necessary. Productivity might be viewed as a ratio of desirable outcomes to expenditure of resources, and rigorous specification of outcomes and resources would be necessary to avoid conflict between economic and social measurement.

12. The Meeting further noted that methodological difficulties should not deter government efforts. What was critical was that Governments should measure what was measurable and avoid measuring what was not. The important point was that there could be no single criterion and standard for activities across the board and that suitable approaches and criteria should be developed for different groups of activities.

13. In addition to focusing upon productivity in public administration, the Meeting recommended that national programmes should also deal with other priority areas, taking into account the diversity of situations, national traditions, socio-cultural values and national priorities. Those areas included central guidance, decentralization, human resources, information systems, resource mobilization and management, and citizen participation. A major question in many developing countries was how to strengthen or reform the central guidance institutions, especially those responsible for conducting policy analysis and formulating options, and how to build missing links to promote collaboration and co-operation among them in terms of policies and processes. In doing so, it was important to find an appropriate balance between permanent and ad hoc reform structures to ensure that change occurred in the most effective way. On decentralization, the Meeting noted that despite a generally weak record thus far in achieving effective decentralized systems, many countries continued to promote the concepts of local government and decentralization as a means of fostering democratization, delivering services at the local level and ensuring popular participation in the decision-making process. Current concerns for raising productivity in the public sector were also linked to the issue of decentralization, since well functioning local government units could provide an avenue for reducing the administrative and financial burden of central administration.

14. Concerning human resources, the Meeting identified several key issues, including the need for appropriate policies and programmes, and management and technical training at all levels. There was some concern that some management

training institutions were not fully utilized because of an inadequate faculty, a traditional approach to training and lack of other resources. The Meeting recommended that developing countries utilize fully existing resources before initiating new ones.

15. It is noted that the proper management of information systems was an important element in improving the effectiveness of public administration and finance systems in the process of national development. While an appropriate mix of manual and mechanical processes in the management of information systems would depend on choices made by a country at a given time, the Meeting identified the benefits, limitations, regulation and training needed in introducing computerization.

16. In the area of resource mobilization and management, emphasis should be placed on improvements in tax administration, the application of market principles to the operation of public enterprises, better links between planning, budgeting and accounting, modernization of public accounting, better management of public debt and strengthening of audit systems.

17. The Meeting also stressed the need for suitable protection of citizens' rights through public administration systems by providing them with adequate participation in administrative decision-making, equality of access to services, adequate provision for training and education, suitable protection against arbitrary bureaucratic behaviour, and participatory management in development.

18. The Meeting was of the view that the main responsibility for the formulation of appropriate policies and measures to organize action in those priority areas rested upon developing countries. It further recommended that the United Nations undertake appropriate measures at the international level to facilitate the formulation and implementation of appropriate measures at the national level.

## II. UNITED NATIONS PROGRAMME IN PUBLIC ADMINISTRATION AND FINANCE

19. In considering the programme in public administration and finance, the Meeting reviewed the following: (a) the report of the informal inter-agency working group, in which several specialized agencies and other organizations of the United Nations system had briefly described their related activities (ST/SG/AC.7/1987/L.4); (b) the Action Programme in Public Administration for Sub-Saharan Africa; (c) the report on the United Nations central programme in public administration and finance (ST/SG/AC.7/1987/L.3); (d) the report of the Secretary-General on the programme performance of the United Nations for the biennium 1984-1985 (A/41/318 and Add.1 and Add.1/Corr.1); and (f) the Declaration on Local Self-Government.

20. The Meeting found the report of the inter-agency working group primarily descriptive and lacking in strategic thinking. The report also created an impression of considerable duplication and overlap in the activities of the various agencies and it was suggested that the problem should be resolved at both national and international levels. The Meeting recommended that in future the working group should be convened well before the Meeting of Experts and that its deliberations should be of a strategic nature. Furthermore, it should identify problems

concerning the overlap and co-ordination of activities and make specific recommendations for their resolution.

21. The Meeting discussed the Action Programme in Public Administration for Sub-Saharan Africa and the follow-up action being taken by the Department of Technical Co-operation for Development, the United Nations Development Programme and the Economic Commission for Africa. It considered that the Action Programme recommended by the Seventh Meeting of Experts still remained valid and noted that it had been elaborated by a series of field missions conducted by the organizations concerned. The Meeting strongly recommended that the diagnostic stage should now be followed by intensification and enhancement of operational activities at the country levels to solve the problems identified. Furthermore, the country projects should take particular account of the level of development and historical evolution of administrative systems in designing and implementing technical co-operation projects.

22. The Meeting reviewed the United Nations central programme in public administration and finance. It noted that the bulk of the activities of the programme were of an operational nature and comprised field projects to help the developing countries improve their administrative capabilities through institution-building and management development. The other aspect of the central programme was to undertake research and training activities adapted to the specific needs of the developing countries or groups of countries. Such activities were generally of an experimental and pilot nature. The Meeting agreed with the focus, content and issues pursued in the central programme.

23. The Meeting suggested some general guidelines and identified several themes and policy objectives to assist the Secretariat in the preparation of medium-term plan for the period 1990-1995. The four themes that should form the core of the plan were: (a) increased productivity and performance in the public sector; (b) training/consultancy and human resources development in the public sector; (c) the use of information management in public administration and (d) public participation.

24. In reviewing the report of the Secretary-General on the programme performance of the United Nations for the biennium 1984-1985, the Meeting expressed concern at the large number of activities postponed during the period under review. However, it was noted that the quantitative tables in the report reflected certain distortions in reporting rather than low implementation. The Meeting recommended that a more appropriate reporting system be devised to convey a more realistic picture of the rate of implementation and the results achieved.

25. At its twenty-seventh World Congress, held in September 1985, the International Union of Local Authorities (IULA), a non-governmental organization in consultative status, category I, with the Council, adopted the Declaration on Local Self-Government, which stressed the role of local governments as an integral part of the national decision-making structure. The Declaration was referred to the Meeting of Experts for its views. The Meeting took note of the efforts to enhance local governments as instruments of economic and social development and recognized the desirability of having a statement on the subject. However, given the highly

complex nature of the subject, the Meeting recommended that the proposed draft be referred to the Member States for their views before any action was taken by the United Nations. The Declaration, together with the comments of Member States, would be considered by the Ninth Meeting if the Economic and Social Council so decided.

### III. REVIEW OF THE PROGRAMME AT THE NINTH MEETING

26. The Meeting considered the rationale, impact, frequency and duration of its activities in the light of the ongoing in-depth study of the United Nations intergovernmental structure and functions in the economic and social fields. The experts believed that the Meeting was essential in principle primarily for the following reasons:

(a) It was the only forum in the United Nations system to review development administration;

(b) The forum provided an opportunity for experts from countries with different economic and social systems, as well as from donor and recipient countries, to exchange views;

(c) The meeting helped individual participants to gain a better understanding of changes and trends in development administration and to develop relevant policy options at national levels.

27. In view of these reasons and recognizing that in the final analysis the usefulness of a specific Meeting of Experts depended on its agenda and the use made of its deliberations by Member States, the Meeting unanimously recommended that the Ninth Meeting of Experts be convened in 1989 and that the following three questions should be the main items of the agenda:

(a) The impact of the deliberations of the Meeting and pertinent Economic and Social Council decisions on public administration at national and international levels;

(b) The practical usefulness of the Meeting as a forum for the co-ordination of public administration and finance activities at the international level;

(c) The feasibility of the Meeting proposing a strategic plan for the improvement of public administration.

The Meeting requested the Secretariat to prepare the relevant documentation and to circulate it to the participants well ahead of the Ninth Meeting.

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