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BEIRUT

Development Planning Division

SURVEY REPORT ON THE TECHNICAL ASSISTANCE
NEEDS OF SELECTED ECWA COUNTRIES
IN FINANCIAL MANAGEMENT

81-3691

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C O N T E N T S

| | <u>Page</u> |
|--|-------------|
| PART I - BACKGROUND AND TERMS OF REFERENCE | 1 |
| PART II - MAJOR FINDINGS | 4 |
| PART III - RECOMMENDATIONS | 14 |
| | |
| ANNEX I - ECWA RESOLUTION 74 (VI) | |
| ANNEXES II-IX SUMMARIES OF SURVEY INFORMATION OBTAINED IN COUNTRIES VISITED | |
| II - DEMOCRATIC YEMEN | |
| III - IRAQ | |
| IV - JORDAN | |
| V - KUWAIT | |
| VI - LEBANON | |
| VII - OMAN | |
| VIII - SYRIAN ARAB REPUBLIC, the | |
| IX - YEMEN | |
| X - LIST OF OFFICIALS CONTACTED | |

PART I - BACKGROUND AND TERMS OF REFERENCE

This report is prepared in accordance with the provisions of Resolution 74 (VI) of the Economic Commission for Western Asia (ECWA) on assistance to member countries in the field of development finance and administration.^{1/} It is based on a survey of the situation in eight ECWA member countries namely; Democratic Yemen, Iraq, Jordan, Kuwait, Lebanon, Oman, the Syrian Arab Republic and Yemen.

Pursuant to the United Nations General Assembly resolution 2803 (XXVI) on regional and subregional advisory services under the United Nations regular programme of technical assistance, the subregional Programme in Public Finance and Administration (PROPTAD) was established in 1972 as part of special measures in favour of the least developed countries of the region. Its main objectives were to develop through training an adequate and qualified local cadre in the countries concerned in the field of public finance and to provide through technical advisory services the necessary support to their public institutions dealing with fiscal and financial matters. PROPTAD was phased out in 1979 after having provided such services to Democratic Yemen, Oman and Yemen.

Continuing with its efforts in this field and based on the request of some member countries, the Development Planning Division (DPD) of ECWA decided to undertake a survey to assess the training needs and capabilities of a selected number of member countries including those served by PROPTAD. DPD invited the United Nations Department of Technical Co-operation for Development (TCD), based on the offer it had made, to participate with ECWA in carrying out the survey in these countries. TCD responded by making the services of Mr. Dominick Binetti, its Interregional Adviser in Government Budgeting, Accounting and Auditing available from 25 June to 4 August 1980.

^{1/} For the full text of the resolution, reference is made to Annex I of this report.

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Mr. Binetti conducted the survey in five ECWA countries, namely; Iraq, Jordan, Kuwait, Lebanon and the Syrian Arab Republic. In surveying the situation in Lebanon, Mr. Binetti was joined by Mr. S. Kazemi, Senior Economic Affairs Officer, DPD, ECWA. The remaining three countries, i.e. Democratic Yemen, Oman and Yemen, were surveyed by Mr. A. J. Mardini, Regional Adviser in Development Finance, DPD, ECWA.

The following objectives were established by ECWA for the survey to be carried out in each of the eight selected countries:

- Examine national policies and practices as related to financial resource mobilization and management and to administrative aspects of development.
- Ascertain whether the Government has assessed present and future public personnel requirements at various levels in these fields.
- Ascertain the extent to which training and advisory services are currently being provided to Governments through existing national and regional facilities in such areas of development finance and administration as accounting, budgeting, planning and programming, auditing, tax policy and administration, public enterprises management (policies and practices), project formulation and evaluation, administration of development projects and programmes and other related issues.
- Identify priority areas and assess present and future needs for training and advisory services.
- Identify such services that can be provided at the national level and those that can fruitfully be dealt with at the regional level through a regional technical assistance facility.
- Give particular attention to the least developed countries of the region, with a view to designing specific measures aimed at meeting their needs.

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Owing to limitations of time, the substantive scope of the survey and investigation was mainly confined to an examination of the different aspects of financial resource mobilization and management. The information relative to these areas was largely obtained by interviewing knowledgeable officials of selected Government ministries and departments, national and regional training institutions, and universities.

Summaries of the information obtained in the countries visited, are included as Annexes II through IX. The information presented in these Annexes is based on the understanding of the discussions during the interviews with the knowledgeable officials and the knowledge of the prevailing systems in the countries concerned.

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PART II - MAJOR FINDINGS

An examination of the prevailing financial systems in the countries covered by this survey reveals that there is a need to improve and expand training in development finance and administration offered at national institutions serving these countries. Each of these countries seems to have or are planning the establishment of adequate institutional capacity, but they need to systematically develop and establish meaningful financial management training programmes and ensure that resources needed by the institutions to effectively implement those programmes are made available.

An important complementary role in the training function of these institutions will have to be played by an effective regional technical assistance facility in this field. For example, such a facility will be needed to provide advisory services and to participate in the training process by demonstrating to high government officials that improved financial management can result in substantial benefits to national development. It will also need to engage in training instructors who will carry out the training required for the design and implementation of major improvements and modifications of the financial systems.

Interviews with knowledgeable officials during the course of the survey and examination of the situation based on direct experience with these countries revealed, in general terms, a number of important needs for training and advisory services.

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- Democratic Yemen needs training at all levels of the public sector to up-grade the capabilities of public personnel in various aspects of financial resource mobilization and management, with special reference to the operation of public enterprises, budgeting, accounting, taxation and customs administration. It needs expert assistance in establishing the "National Institute of Public Finance", the "Development Bank", "Unified Accounting and Budgeting Systems" and others.
- Jordan needs training and expert help to identify its requirements in all areas of development administration and finance. Budgeting and accounting appear to be the most important of these areas of need at the present time. Management and supervisory personnel and instructors need to be trained in these fields, and instructional materials must be developed. Advisory services and training are also needed in computer sciences and in tax assessment methods and techniques.
- College graduates employed in financial management by the Iraqi Government require training for positions they hold in the Government Departments, and a new law to establish a training institution for this purpose is being proposed. Advisory services should be provided to evaluate the proposal and to help establish any needed institutional capacity.
- Kuwait needs additional sources of training and advisory services in development planning, budgeting, accounting and auditing. While training is needed at all levels, the Government's policy to develop a national personnel cadre makes it important that priority consideration be given to top and middle management requirements. Established systems of programme budgeting and computerized auditing, as well as aspirations to further improve or reform budgeting, accounting and auditing systems, require extensive additions to Kuwait's training programme.

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- Lebanon needs to improve the operation of its existing accounting systems both in government and financial institutions, and to reform and modernize all of its financial management systems. It lacks sufficient numbers of trained and skilled personnel in such disciplines as accounting, budgeting, auditing and systems development. Research, advisory services, and training assistance is needed in the fields of public debt management and revenue assessment, collection, and control. The government's training programmes are inadequate in the fields of taxation including tariffs and customs administration, accounting, budgeting and auditing, and assistance is needed to resolve identified problems of its training institutions.
- Oman needs to strengthen the training and research capabilities of its Public Administration Institute with emphasis on developing teaching material and the training of trainers. It needs to intensify training and advisory services in budgeting and planning, accounting, auditing and banking, as well as in developing the whole range of skills needed by the rapidly expanding public administration.
- The Syrian Arab Republic needs expert assistance to establish the "Higher Institute of Administration". Training and advisory services may also be needed in the computer sciences area.
- In Yemen, the need is urgent in all areas of development finance and administration. Training and advisory services are needed to up-grade technical capabilities of an increasing number of public personnel in accounting, budgeting, auditing, tax policy and administration and public enterprise management. The National Institute of Public Administration needs greater financial and substantive support in order to expand and strengthen its training at all levels. This is particularly

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necessary in order to check unnecessary proliferation of similar institutes or facilities in individual government organizations.

If these needs are to be fulfilled, national training programmes must be improved and expanded. Moreover, a regional facility capable of providing greater and more sustained training at high levels along with advisory services and technical assistance in the field of financial management than is now available, will be needed in order to support and complement national programmes. Such a facility would also be a viable force for establishing and strengthening operational linkages among Arab institutions operating in related fields.

Improved and expanded national training programmes
should be established

The establishment of improved and expanded national training programmes will demand of the manpower planning and civil service authorities in each country to systematically identify the size and qualification levels of the human resources presently engaged in public sector work dealing with resource mobilization and management and encompassing such fields as budgeting, accounting, auditing, taxation and the like, and to assess the government's present and future personnel requirements in these fields. Training presently available to public sector personnel should be evaluated in the light of the compiled data required. These evaluations should then be used to develop plans for improving training to the extent needed to meet personnel requirements of the public sector. Such plans should include provisions for participation by regional and international institutions and financial donors.

The systematic process of determining personnel requirements and training needs is being followed to some extent in some of the countries covered by this survey. The data are to be compiled as part of the efforts in these countries to prepare long-range development plans.

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Regional programme of technical assistance in financial management should be developed and implemented by an appropriate regional institution

As described in the survey summaries Annexed to this report, governments of the countries of the region have recognized the importance of developing financial management systems to assure effective and efficient allocation of public sector resources. In this connexion, national facilities for training and advisory services have been created in almost all the countries of the region with the view to up-grading the technical capabilities of personnel in their rapidly expanding public administration systems. Training, advisory services and related technical support have also been and continue to be made available through external assistance to these governments in their efforts to identify and implement the needed improvements. International and regional organizations which provide such services include the United Nations Development Programme, the United Nations Department of Technical Co-operation for Development, the Economic Commission for Western Asia, the Arab Organization for Administrative Sciences, and the Arab Planning Institute.

However, the rapidly growing needs for training, advisory services and other technical support/in the field of financial management, particularly in the major areas of reform and improvement, requires the provision of even greater and more sustained assistance to the countries of the region than the above organizations have been providing.

Measures should be taken to establish a regional programme that will focus on the provision of advisory services and technical support needed in the field of financial management. The overall objectives of that programme should be to improve financial management in the countries of the region. More specifically, some of the objectives of such a programme should be to:

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- identify country and regional requirements for trained manpower essential for reforming or establishing and operating modern budgeting, accounting, auditing, taxation systems along with the existing capabilities to provide training required by such systems;
- promote the acceptance and application of the principles and standards of accounting, auditing, budgeting, taxation and other related areas as a basis for carrying out needed reform and development of prevailing systems and practices;
- obtain the participation of regional and international bodies and donor countries, through increased allocation of bilateral and multilateral assistance resources, in the area of establishing and improving needed institutional capabilities in countries of the region to educate and train financial management personnel;
- carry out and disseminate the results of research to identify the need for and to develop new accounting and auditing techniques and methodology required by dynamic changes in the processes of economic development;
- provide a forum for regional meetings, seminars, workshops, etc., to communicate and interchange information on trends, progress, problems, and to develop strategies for improvement of financial management in the region;
- support and participate in programmes of technical co-operation among the countries of the region and in the programmes of other regional and international bodies designed to improve financial management in ECWA countries; and,
- support the establishing and development of local professional institutions and societies in financial resource mobilization and management as a means of fostering professionalism and elevating prestige and esteem of those who have vocations in these fields.

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In view of the importance of the proposed regional programme, its development and implementation will probably require the intensive and sustained efforts of a regional institution specializing in the provision of services in the field of financial resource mobilization and management. It seems apparent that a new regional facility will have to be established for this purpose.

The alternatives to establishing an entirely new regional facility would be to either adequately strengthen an existing regional facility or to convert a national facility in existence in one of the countries of the region into a regional institution. The pros and cons of the various institutional alternatives need to be carefully examined with the view to maximizing the benefits of such a programme accruing to each member country.

Some important training and advisory services that should be provided by regional technical assistance facilities

The survey information obtained in each country of the region shows clearly that there is an area-wide need to identify specific systems deficiencies and related corrective actions required; and to design and establish improved methods and techniques in budgeting, accounting, auditing and tax policy and administration in the public sectors. However, past experience has shown that before this substantive work can be undertaken in each country of the region management at the top policy and decision-making levels has to systematically commit the appropriate government organizations to the achievement of these objectives and to manifest their interest in the work of all concerned.

Much also needs to be done to convince, through adequate guidance and training all those at the supervisory levels that there are important benefits to be derived from improving and/or modifying the systems in their

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countries including the significant contribution that such improved systems can make to the development process. They need to be shown that the attainment of these important benefits merits the efforts and commitment of resources that their government organizations and personnel must make to accomplish the improvements.

A most practical approach for "selling" these concepts to those at the supervisory levels is to assemble them in forums, meetings, conferences, workshops, etc. convened as part of the formal programme of a regional technical services institution discussed in the preceding section.

After the needed modifications in the budget, accounting, auditing, taxation and other financial resource mobilization and management processes have been identified, programmes have to be undertaken to train personnel to design and implement the changes and operate the modified systems. The survey clearly shows that the countries of the region have or plan to establish the institutional capacity to carry out training in these fields. Indeed, most of the officials interviewed strongly believed that the training of personnel at lower levels, and perhaps middle management levels, should be accomplished at national institutions.

A major problem to be resolved in the training area, therefore, is to provide the instructors of the national institutions with the knowledge and materials they need to permit them to establish and carry out the needed training programmes in their respective countries. This work of "training the trainers" is another important programme that can best be carried out by the regional technical assistance facility.

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The regional institute must be continually aware, through frequent visits and other monitoring activities, of the effectiveness of the national institutions' programmes in the field of budgeting, accounting, auditing, tax policy and administration and other related fields. It should be prepared to identify deficiencies in the programmes and provide assistance in their correction.

The role of a regional financial management institute in establishing and strengthening operational linkages among training and other institutions of the arab countries

An important long-term goal for a regional financial management institute would be to seek ways and means for establishing and strengthening operational links among the existing national and regional training facilities in the region. Such an objective would be consistent with the goal of striving for Arab unity.

The regional institute could, for example, develop and administer a comprehensive regional training resources interchange programme, whereby needed trainers and materials could be made available to all participating countries. It could include provisions for institute-to-institute collaboration between national facilities. For example, the National Centre for Consultancy and Management Development in Iraq could send its lecturers to other countries in exchange for receiving training personnel and advisory services from that other country. This would enrich the experience of all participants and would be of benefit to all national training institutions, since they are all experiencing a shortage of supply of training personnel and advisers. Bilateral country-to-country arrangements could be made between training institutes. These would include contractual relationships with institute directors empowered to negotiate and execute the contracts. Differences in economic and administrative systems of participating countries could involve some problems in implementing the exchange programme. However, the programme could begin on a small basis with exchanges of only a few instructors and it would gradually build to greater exchange pools.

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Other suggested activities whereby a regional financial management institute could operate as an agent for strengthening linkages among the training facilities in the region could include:

- the maintenance of a data bank or roster to enable the location of qualified personnel for advisory and consultancy work or to participate as members of research teams or as lecturers. When requested or needed by member country institutions the regional facility should take action to make such experts or lecturers available.
- The formation of teams of experts from the national institutions of several countries to carry out joint courses. Experts from international and regional bodies could be invited to participate in such training courses. Individual experts from international and regional bodies could also be invited to lecture or conduct other courses needed by any of the national institutions.
- The arrangement of bilateral agreements whereby national institutes of some countries could be used to train personnel of other countries in exchange for compensation by the recipient countries.
- The identification of international facilities where governments can send selected personnel for specialized training. For example, some countries have received training and advisory services from the IMF in the area of developing data relevant to balance of payments and balance of trade positions.
- The maintenance of a library of research results and other publications of national, regional and international institutions which would be made available in response to the needs of any country in the region.

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PART III - RECOMMENDATIONS

Based on the major findings described in Part II, the following suggestions are offered for expanding and improving national and regional training capabilities and the availability of advisory services and technical support in the field of financial management:

- (1) In order to establish improved and expanded national financial management training programmes:
 - a) Civil service and manpower planning authorities, in collaboration with Ministries of Finance and other interested government entities, should undertake systematic and continuing programmes for assessing their government's present and future personnel requirements in the fields of budgeting, accounting, auditing and resource mobilization. This programme should include the identification of the number and qualifications of personnel currently employed in various levels.
 - b) Training available to public sector personnel should be periodically evaluated in the light of the compiled data, and these evaluations should be used to establish or modify training plans to the extent needed to meet personnel requirements.
- (2) A regional institution should be established or an existing regional or national institution should be expanded and strengthened to provide training and related technical assistance and research to the countries of the region in the fields of budgeting, accounting, auditing, taxation and other areas of resource mobilization and management. This institution should be the focal point and a major participant in the

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function of training member countries' personnel that are involved in these public sector financial resources mobilization and management activities.

A number of factors will need to be considered in deciding whether an entirely new institution must be established or whether an existing national or regional institution can be used to carry out these functions. In this connexion, it will be important to note that the regional institution must be willing and able to develop and implement a comprehensive programme for improving the financial resource mobilization and management capabilities of the member countries. Accordingly, the services to be provided by the regional institution in these fields will require greater and more sustained efforts than are now made available by existing national and regional institutions to assist the governments of the region.

ANNEX I

ECWA Resolution 74 (VI). Assistance to Member Countries in the Field of Development Finance and Administration

The Economic Commission for Western Asia,

Recalling its resolution 64 (V), which requested the Executive Secretary of the Commission to pursue his efforts with the countries benefiting from the activities of the Regional Project for Public Finance and Administration (PROPFAD), as well as with other countries both inside and outside the ECWA region which have the financial capability, urging them to participate in financing that project within the limits of its budgetary estimates,

Noting with appreciation the follow-up measures taken by the Executive Secretary to ensure that minimum essential training and advisory services will continue to be provided to the beneficiary countries throughout 1979,

Taking note of the effort that is being made by the Executive Secretary to assess and evaluate the state of development finance and administration in all member countries of the Commission in order to ascertain their technical capabilities and needs in this field and the extent to which assistance can appropriately be provided at the regional level,

Recognizing the growing importance of the role of the public sector in promoting economic and social development in the countries of the region;

1. Commends the action taken by the Iraqi Fund for External Development and the positive response of the Netherlands Government with regard to financing PROPFAD for 1979;

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2. Urges the Executive Secretary of the Commission to complete the assessment and evaluation of the state of development finance and administration in the countries of the region as soon as possible and to present his findings and proposals to the member States of the Commission for their consideration and action, as deemed appropriate;

3. Requests the Executive Secretary to convey to the United Nations Development Programme the Commission's desire to participate actively in the sponsoring and financing of a programme designed to improve the State of development finance and administration in the ECWA region;

4. Further requests the Executive Secretary to submit a detailed report on this subject to the Commission at its seventh regular session.

Fifth meeting
1 May 1979

ANNEXES II-IX: SUMMARY OF INFORMATION OBTAINED FROM
COUNTRY SURVEYS

ANNEX II. DEMOCRATIC YEMEN

Government commitment to improvement of Development
administration and financial management

The Government of the Democratic Yemen has given importance to the development of an adequate and qualified cadre since the early 1970s. A special department, has been in charge of training tasks for all government employees since that date. This department has been operating for a number of years within the Ministry of Labor and Civil Service. In addition, in-house training programmes in certain ministries have been organized in cooperation with this department. The Five Year Economic Development Plan (1974/75-1978/79) has emphasized the need for enabling public sector personnel to play an increasing role in the economic and social development of the country.

It should be noted that the transactions of the Central Government are effected through an ordinary and a development budget. The ordinary budget is prepared by the Ministry of Finance while the development budget is formulated by the Ministry of Planning and includes the investment expenditures by the implementing ministries and public sector enterprises.

All responsible Government officials interviewed in the Ministries of Finance, Planning, and Labor and Civil Service have consistently and repeatedly confirmed the need for a continuous flow of qualified personnel and expressed their desire to take appropriate action to facilitate this process. Noting the all-encompassing nature of the public sector in the economy of Democratic Yemen, the enormous and demanding task of supplying this sector with the required qualified personnel cannot but be over emphasized.

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The needs of the public sector:

Officials contacted in the Ministries of Finance, Planning, and Labor and Civil Service have all emphasized the ever growing need for adequate and qualified personnel at all levels. Lack of adequate and qualified personnel has acted as a bottleneck in the process of economic and social development. What makes this problem even more complicated in Democratic Yemen than in other Arab countries is the fact that the public sector with its mushrooming public enterprises control almost the entire economy. The private sector is left to play an insignificant role in the development of the national economy. The public sector consists of the Central Government, extrabudgetary funds, several municipalities and a large number of public enterprises. Local training, although active on the professional, vocational, and academic levels, falls short of meeting the growing requirements of the public sector.

National and regional facilities providing training and advisory services to the government

The Ministry of Labor and Civil Service is responsible for training both internally and abroad of all Government employees in Democratic Yemen. Local training programmes are planned within the Ministry. Candidacy for training abroad is to be approved by a special committee chaired by the Minister of Labor. Programmes in public administration and financial management are organized for Government employees at the middle and lower levels. It is estimated that local training services have been organized by the Ministry to almost two thousand government employees since the beginning of these services.

The Ministry of Finance has its own in-house training programmes in financial management. These programmes are organized with the cooperation of both, the Ministry of Labor and the Ministry of Planning. Courses on government accounting, budgeting, and government purchases and stores management are given to the Ministry employees at the lower and middle levels.

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The College of Economics and Administration of the University of Aden, is in the process of gearing its curricula to government needs.

As a regional facility, the United Nations sub-regional Programme in Public Finance and Administration (PROPFAD) rendered training and advisory services in financial management and customs administration to Democratic Yemen throughout the term of its existence (1973-1979). Top finance officials participated regularly in all the training programmes which were organized at the Headquarters of the Programme. Training programmes for officials at the supervisory and lower levels were organized in Aden.

Subsequent to the phasing out of PROPFAD, in March 1979, ECWA began to offer, to Democratic Yemen at its request, the services of its Regional Advisors in Development Finance and Customs Administration.

The Arab Organization for Administrative Sciences also has rendered, to a limited extent, training and advisory services to the Government of Democratic Yemen.

Services last rendered by regional technical assistance facilities

All officials contacted agreed that there is a dire need for a regional facility to offer training and advisory services to officials at the high and middle echelons concerned with financial and monetary management and development administration. It was also emphasized that such a regional facility should provide training programmes for trainers who are in charge of training programmes within the country.

Specific request was made for advisory services to:

1. assist in revising the budgetary system and establishing a Consolidated Budget for the Republic;

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2. assist and train officials in the field of taxation including income tax and taxes on production;
3. assist in establishing "The National Institute of Public Finance";
4. assist in establishing "The Development Bank";
5. assist in establishing a "unified financial system"; and,
6. assist in establishing a "unified accounting system".

ANNEX III. IRAQ

Government commitment to improvement of development administration and financial management

The Government has been active in the development of modern systems in budgeting, accounting and auditing —both in the government departments and in the many State Organizations (public enterprises), and taxation, including the tariff system. These development efforts are specified by law.

There are two budgets—the operating budget and the development budget. The operating budget is administered by the Ministry of Finance while the development budget is the responsibility of the Ministry of Planning. There is some co-ordination between the two organizations through meetings of high level officials on the budget aspects of the five year plan and each year in that period.

There have been recent developments of budget and accounting classifications in the operating budget that enable data to be developed by administrative classifications (i.e., by departments and ministries); by functional areas (i.e., defence, finance, education, information, social, health) as well as by economic or object classes (i.e., personnel, capital, etc.).

Steps have been taken to decentralize the accounting function. The prior system required the Treasury to pre-audit and process all vouchers and make the accounting distributions. Under the decentralized system each department has its own bank account and is responsible for its departmental budget implementation and accounting. This process began in 1977. The departments report monthly to the Ministry of Finance which consolidates all departmental accounts and prepares the Government-wide balance sheet and statements. Plans

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are to give the departments complete accounting autonomy--i.e., they will be responsible for preparing their complete final accounts and statements.

In the auditing area, each ministry has an internal audit department. In addition the legislative body has the Court of Financial Control which is responsible for auditing all departments of the Government. This external audit organization is headed by a President who reports directly to the Prime Minister and the Council of Ministers. In addition to financial and compliance auditing, the Court of Financial Control is also entitled to engage in performance auditing. The latter function, however, is not yet adequately carried out. It also audits the State Organizations.

In the field of taxation, Iraq has an Income Tax Department, (which also handles inheritance taxes); a Real Estate Tax Department and a Customs Department. However, the major area for resource mobilization is the State Organizations which operate all major economic activities. These Organizations are required by legislation to remit specified shares of their profits to the Government. One law deals with the oil industry and another with all other industries.

The Planning Ministry also has some state organizations which administer portions of the development budget, similar to decentralized departments. The Government wants to establish a unified accounting system to be implemented in all State Organizations and Government Departments that have enterprise-type operations. For this purpose, a team approach is being used, including, in addition to the National Centre for Consultancy and

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Management Development (NCCMD), the Court of Financial Control and experts from Government ministries and departments (i.e., Ministry of Oil, Ministry of Planning and Ministry of Industries). The team has been working for about a year and is required by law to complete its work in three years.

The Ministry of Industry, in the 1960s, started the development of a unified system (principally a system brought from Egypt) and applied it in all state organizations under its jurisdiction. -It also tried to have it implemented for state organizations under the cognizance of the Ministries of Commerce and Communications. The project, however, did not accomplish a fully integrated system for the Government as a whole. It provided a general unified system in its outline but it was not really uniform in its details. It is characterized as " a set of unified systems" with each Ministry having its own unified system.

Another NCCMD effort is the development of tailored costing systems. These are already established in the engineering industry enterprises and efforts are currently in process to establish costing systems in the spinning and weaving industry, in addition to a number of smaller industries.

Although the Government accounting system is still essentially a cash basis system, the Government is aware of the need to introduce accrual basis accounting.

The state organizations generally use commercial systems of accounting, which usually include the accrual basis and other generally accepted principles of accounting.

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Present and future public sector personnel requirements

As of 30 June 1980, the Government employs, in the economics and administration areas concerned with financial management, about 10,000 graduates mostly from Iraq's five universities. This included those employed in the public enterprises as well as in the Government ministries and departments. There are, among these, about 250 chartered accountants—some chartered in England and the others in Iraq. These college graduates are in the top and middle management jobs in all of the financial management areas.

In addition, the Government employs about 6,600 graduates from secondary schools. Some of these schools focus on commerce and economics and their curricula include three years of accounting training. The others provide two years of accounting and finance. Some secondary school graduates have taken additional technical training after graduation. The secondary school graduates hold jobs mainly as assistant accountants and bookkeepers.

Iraq also has about 486 employees who come from other countries—mainly from Egypt and the Sudan. About 438 of these are budgeting specialists.

The above adequately fulfills the Government's requirements in the financial management fields. Each year, the requirement increases by about 1000 employees.

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The unified accounting system under development will establish personnel requirements for the present and the future for all financial management areas in the public enterprises. It is expected that personnel requirements will be reduced as a result of the standardization inherent in the project --such reductions being one of the objectives of the programme. Other efficiencies will result such as training in the operation of a single unified system. Also it will be easier to shift personnel among enterprises.

National and regional facilities providing training and advisory services to the government

The National Centre for Consultancy and Management Development is a Government training centre with programmes for training financial management personnel for the State Organizations. In accounting, budgeting and internal auditing, this training is focused mainly in the operation of the uniform accounting system for public enterprises.

The Centre is responsible for all training relative to the establishment and operation of the unified accounting system. In addition to the training carried out at the Centre's facilities, 16 ministries participate by providing training facilities and other support. Training at these facilities is carried out by the Centre's instructors. Also about four or five State Organizations--those directly related to the Board of Ministers--provide facilities and other support for the Centre's training. The Centre is trying to include the universities and some other departments in this programme.

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The Centre's training programme focuses mainly on accounting and cost accounting, although some budgeting is included. Auditing (internal) is integrated in the accounting courses. Project formulation and evaluation, and the administration of development projects are also included in the training programme. (External auditing is not included,. The External Control Department, which has over 1000 employees, carries out an in-house training programme). The Centre trains about 1500 employees per year—about 500 in accounting. The courses range from one to three weeks and average about three weeks.

The Ministry of Finance also has an in-house training programme in accounting, finance, and internal auditing which provides training for 300 to 500 employees each year.

On the international level, the Government sometimes sends employees to other countries for training. About 10 were sent to Geneva in the past few years.

At the regional level, the Government has good working relationships with the Arab Organization for Administration Sciences. Iraq (NCCMD) provides lecturers for AOAS programmes and it has also received some training. There was one programme in 1975 in financial management where Iraq had 30 trainees. In the past year, according to NCCMD which is now the Co-ordinator of AOAS training, another 30 have received training in all areas of administration. The Director of NCCMD is an AOAS Board member.

The Government believes that two types of personnel are needed for effective development—engineers and administrative managers. Several years ago, a Government review was conducted to determine

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whether colleges were meeting their assigned objectives to train people in different fields of knowledge to serve the needs of Iraq. The field of administration and economics was one of those reviewed.

There are five universities in Iraq, each of which has an economics department, which provided 10,000 graduates now employed by the Government. Two are in Baghdad (one of these is the University of Baghdad) and the other three are in other parts of Iraq. There is also a Technical institute which has a department for administrative training.

The Department of Administration and Economics in the University of Baghdad provides academic curricula leading to bachelor degrees in administration and, as part of this programme, the Department has three branches of major study: (1) Accounting, (2) Business Administration, and (3) Public Administration. All three provide courses in accounting but in the third and fourth years the courses have a heavier focus on the special major branches of study. Accounting concentrates on courses in accounting; business administration includes accounting, cost accounting, auditing and business administration; public administration includes accounting and budgeting as well as public administration courses. Also there is a one semester course in taxation.

Since 1972, a programme has been in effect which requires all students in the college to spend their final summer vacation working for the Government as an on-the-job training programme.

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Needs for training and advisory services

College graduates employed by the Government require some training for positions in financial management that they fill in the Government departments (not in public enterprises). There is no existing training programme for these people. The Ministry of Finance is presently considering a new law which will establish a financial institute within the Ministry to provide such training. This is considered to be a priority training need. This institute will include training for the Government's top managers. Training will extend to all areas--accounting, budgeting, internal auditing, project formulation and evaluation, and administration of development projects. The institute will also carry out research in budgeting and accounting. Some outside help may be needed in establishing this institute.

It is believed that the training facilities in Iraq now meet and will continue to meet all of the Government's other needs for training and advisory services. The universities will need to provide courses on the new unified accounting system. The Centre will develop a training package for use by the universities.

Government training in the operation of the unified accounting system is, hopefully, to be decentralized to the ministries in the future. The training strategy for the Centre is to focus on top manager training and training of trainers for the ministries. It will also provide some highly specialized courses.

Efforts are being made to establish an Arab Institute for Accountants which will have as its purpose the organizing of an accounting and auditing profession in the Arab world. It would conduct a licensing programme similar to chartering or certification in England and the U.S.

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Services best provided by regional technical assistance facilities

The officials interviewed believe that a regional facility should be used for providing training to top managers in budgeting, planning, and accounting in order to give those people exposure to new methods, systems, and ideas that would be useful to the Ministry of Finance and the Ministry of Planning. Facilities in Iraq can and should be used to meet all other training needs.

ANNEX IV. JORDAN

Government commitment to improvement of development administration and financial management

There has been no formal policy pronouncement that evidences the Government's interest in resource management and administrative aspects of development, nor does the government have any specific plans for reform or modernization of its existing traditional financial management systems. However, top management officials reportedly support modernization of the budgeting and accounting systems and the expansion of career development training programmes in these fields. Jordan does have income tax and other taxation laws and organizational entities to administer these laws. These laws and regulations along with the organizational structures need to be thoroughly examined with the view to bringing the necessary reform in line with development objectives. In the fields of auditing, the Government apparently wants to strengthen the functioning of the Audit Bureau by its recent appointment of a high-level official as President of that Bureau.

The consensus among the officials interviewed is that there are serious shortages of skilled financial management personnel in the public sector and that the Government is interested in developing and improving its capabilities in all aspects of that field-- budgeting, accounting, auditing, and tax policy and administration through the development of its institutional training capacity and by sending people to other countries and regional and international facilities for training in these fields.

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One manifestation of the Government's interest is its intentions relative to the manpower section of its five year plan (1981-1985) now under development. That section is to specifically include budgeting, accounting, auditing and tax administration manpower data (see section on personnel requirements below).

Another indication of the Government's interest was the establishment in 1968 (with the assistance of the Ford Foundation and the United Nations) of the Jordan Institute of Public Administration (JIPA). Although this has been characterized as a "less-than-modest" effort, the Institute's main goal is to further the skills of all civil servants, and a large portion of those who receive training at JIPA are in the fields of financial management and development administration.

However, a serious "brain-drain" situation has impeded the JIPA's effectiveness, as well as the capability of all Government departments, to recruit and retain the skilled personnel needed in the fields of budgeting, accounting, auditing, and taxation. Reportedly, the Government has recognized that the current shortage of accountants is having a serious adverse impact on the development and growth of major utility, industrial, and service organizations. Also, all Government department officials interviewed are aware of the acute shortages of skilled personnel in their respective departments--budgeting, accounting, auditing and taxation.

The Government has taken some steps to moderate the flow of skilled personnel to the higher paying jobs in the private sector of Jordan and in the oil-producing Gulf countries, but these efforts have not been adequate to stem the flow. Moreover, there appears to be little prospect for increasing remuneration to civil servants.

The flow of Jordanian skilled personnel to the Gulf countries is not without benefit to Jordan. It does result in increasing the supply

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of available foreign exchange through repatriation of earnings. Moreover, the Government has been and is negotiating with recipient Governments for compensation as reimbursement for its investment in the training of the skilled personnel. To some observers, this reflects a Government view of its skilled people as "exportable products". However, it is argued that the Government's role in this matter is one of reaction and interaction and that it is not engaged in planned efforts to foster and encourage the flow.

Present and future public sector personnel requirements

Data on personnel requirements for the public sector are not readily available, because the Government has made no study and has yet no system for assembling such information. A study was made by JIPA in 1974 that was used to project training needs for 1976-77-78. That study, however, was based on data furnished by questionnaires completed by employees concerning their skills and needs for training in six public administration areas.

A requirements and training needs survey is being carried out at the present time as part of the development of the manpower section of the five year national development plan for 1981-1985. Data is to be provided by the various departments of the Government. The requirements data will be derived from a project dealing with job description data, a part of a Civil Service Commission's planned job classification system. A national training plan will also be developed as part of this effort which will project training needs for the five year period. The projects are collaborative efforts with the Civil Service Commission (CSC), the Ministry of Finance budget and accounting departments, and JIPA, acting as the main participants.

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The CSC is confident that a good manpower plan will be developed because basic information and relevant materials are in the various Departments, the task being one of assembling the data and compiling it in a comprehensive format. The CSC also proposes the establishment of an information system that will continue to provide manpower data in a useable form.

Although comprehensive data on personnel requirements are not now readily available, officials interviewed were unanimous in asserting that present staff fall far short of meeting the requirements in budgeting, accounting, auditing, and taxation. The budget department has a total of 12 compared to a need for 18 budget examiners. The need is greater if revenue as well as expenditures are made part of that Department's responsibility. Each year 10 new people are needed in the Budget Department. In addition, personnel skilled in budget preparation are needed in all departments. The Accounting Department now has 700 people but they need to have their skills upgraded, and the Department does not know its present and future skills and personnel requirements. The Audit Bureau has only 137 inspectors to perform its mandatory financial and compliance auditing of all government activities-- at least 200 auditors are needed to perform this function. Tax Department personnel generally do not know how to carry out their predominant income tax assessment function through the use of accounting methods and techniques for determining taxable income.

All of the above functions are subjected to the serious impact of skilled personnel leaving the Government to work in the private sector and in the oil-producing countries. Thus, projected needs would have to be based on high personnel turnover as well as increased workloads. New functions that might be introduced such as computerization, budget and accounting reforms, and new audit functions, would also increase projected requirements.

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The relatively low pay and therefore the low esteem for public sector jobs in the economics field (including budgeting, accounting, auditing, taxation and other financial management functions) are underlying causal factors which require corrective action if the "brain-drain" problem is to be resolved. There has been some improvement in these factors over the past 10 years. One official believes "economics" now ranks third in the ranking of professions (after medicine and engineering). He stated that 10 years ago, it would have been last in the ranking of 7 professional areas.

Another official mentioned that, in time, the "brain-drain", or flow of personnel out of the public sector is bound to reach a saturation point and will diminish in its importance as an impediment to meeting the personnel requirements of the public sector. In the meantime, the serious shortages of skilled personnel created by the loss of public personnel to the private sector and to other countries emphasize the growing need for training at various levels covering different areas of financial management.

Another official suggested that computerization, particularly in the accounting function, could serve to mitigate the pressures for the large numbers of skilled personnel now needed. It should be noted, however, that while computerization may reduce requirements for lower level processors of financial data, it usually creates the need for skills in more critical areas that are in short supply in both the public and private sectors. Moreover, computers enable the accumulation of a data base which permits applications of such advanced methods and techniques as systems analyses and operations research; and these add to overall training requirements, particularly at the higher supervisory and managerial levels - an area where there is pressing need for training in almost all the countries of the region.

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Several officials interviewed believe that personnel requirements are greatest at the supervisory and management levels in the areas of financial management. One knowledgeable person indicated that this need was greatest at the "middle management" level. He stated that Jordan has adequate numbers of top managers and lower levels of workers.

National and regional facilities providing training and advisory services to the government

The principal facility for providing training to government employees in the areas of development finance and administration is the Jordan Institute of Public Administration (JIPA) which was established in 1968 with the assistance of the Ford Foundation and the United Nations. It provides training in financial management at three levels: (1) top administration; (2) chief accountants; and (3) bookkeepers or accountant-assistants. It has twice given courses on the organization of the Budget, and it has provided seven training programmes in income taxation for top managers and assessors in the Taxation Department. Courses were also given in project management and project implementation and evaluation to personnel working in government projects.

The JIPA has been characterized as a "less-than-modest" effort. It has suffered from losses of its faculty members to the private sector and to oil-producing countries. For example, in 1976, 1977, and 1978, only six courses in the field of accounting were provided to a total of 167 participants. During that three years period, only one course was provided in budgeting for 36 participants and two courses were given in taxation for a total of 41 participants. Two courses for 42 project personnel were also given in that period. No courses were provided in auditing or in public enterprises management.

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One critic of the JIPA contends that it is trying to handle "too many watermelons in one hand". It was indicated that the Institute should concentrate its scarce resources and efforts on its original purpose to train middle managers for the Government's departments and public sector. It should not diffuse its efforts to private sector or lower level training.

The training needs data being compiled as part of the development of the 5 year plan for 1981-85 should be used to plan the future programmes of JIPA. The Institute should focus its efforts on meeting the more important middle management and lower level training needs disclosed by the survey. Some of these needs may be beyond the capabilities of the Institute, and other facilities will need to be identified as sources for such training. Upper and middle management training requirements that are common to those of other nations of the region should be met by regional training facilities.

In addition to the JIPA, there are about 5 or 6 government departments (out of a total of about 25 government departments) which have in-house training facilities and programmes to train their employees, including training in financial management areas. The need for these training programmes probably results, to some extent, from JIPA's inability to provide the services. This, of course, increases costs and reduces effectiveness; and emphasizes the importance of strengthening JIPA's capabilities.

Other national facilities which can be considered to be contributors to government employee training are the two universities-- the University

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of Jordan and Yarmouk University. The Economics Departments of these Universities provide academic courses leading to bachelor degrees, including major studies in accounting, management, and public administration. The public sector employs graduates with majors in these areas. However, only about 30 percent of the graduates with these majors, goes to the public sector. The others are employed by the private sector (50 percent) and the oil-producing countries (20 percent). The universities also conduct conferences and meetings for high level officials in the Government which may be considered as one form of training.

In addition, there are about 10 to 15 of the 30 junior colleges (2 year courses of study) that include studies in the fields of budgeting, accounting, auditing and taxation; and about half of these study programmes include public sector aspects of these areas. However, these are private sector institutions. Also the Jordan Institute of Management, a private sector facility of the Industrial Development Bank conducts a variety of courses, including some in the fields of accounting and taxation.

While formal academic programmes of universities and colleges contribute to the training of graduates subsequently employed by the Government, they do not adequately satisfy the public sector's needs for training. Pre-entry training for new recruits and continuous training throughout the careers of civil servants are essential features of a government's dynamic personnel system. These training functions can best be carried out by less formal training institutions, such as JIPA, working in conjunction with the Civil Service Commission.

Of the regional training facilities available to Jordan, only the Arab Organization for Administrative Sciences has been used. The AOAS

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has recently moved its headquarters facility to Jordan from Egypt.

The AOAS conducts about 20 to 25 training programmes each year, including about 5 programmes in the financial management areas. These are primarily for top level managers in national governments, public enterprises, and local governments. It also provides special training programmes in countries at the request of the Governments. Only one such programme has been carried out in Jordan. This was a training course at JIPA in scientific methods of research in administrative sciences. (The course was provided with the collaboration of the Canadian Government).

It was indicated that AOAS has limitations and probably cannot meet all of the regional training needs of its 20 member countries. At the present time, many of those needs are fulfilled by the AOAS through its linkages with universities and institutes in the region and in other countries.

In summary, a limited amount of training in Jordan is available for public sector employees in accounting and budgeting, although inadequate to meet the needs in these areas. There is little or virtually no training available to government employees in auditing, tax policy and administration, public enterprise management, project formulation and evaluation, or administration of development projects. There are no regional facilities available other than those of the AOAS, and that organization has not made a significant impact on Jordan's training needs in the financial management area.

Needs for training and advisory services

There is unanimous agreement among those interviewed that there is a serious need in the Jordan public sector for training in all of the areas of development administration and finance-- particularly in

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the fields of budgeting, accounting, auditing, and taxation. However, there appears to be no clear consensus as to which of these needs should receive priority attention. It was indicated that the four fields are closely interrelated and that any attempt to set priorities would not be practical. Nevertheless, there seems to be a tendency to consider budgeting, accounting and taxation as the most important areas of need at the present time.

Other noteworthy comments relative to present and future needs were:

- a) Jordan needs expert help in identifying its needs in the areas of development administration and finance.
- b) Advisory services and training are needed in the field of computer sciences because computerization is viewed as a way of reducing the pressures for large numbers of skilled personnel in accounting.
- c) There is a serious shortage of instructors and therefore an important need to train trainers in these fields. Also the development of standard instructional materials would help to attract and retain more trainers and make them more effective.
- d) In the field of tax administration, the most important training need is instruction in assessment methods and techniques. (However, it may not be realistic to separate tax policy and reform from tax administration, and plans for training in this area should envisage all aspects of the subject).

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- e) The need for training middle managers and supervisory personnel should receive priority attention since Jordan has enough top management personnel and can handle the training of sufficient numbers of lower level personnel.

Services best provided by regional technical assistance facilities

There seems to be a virtually unanimous view among those interviewed that regional training facilities should be used for training top management and senior level personnel, because these are the policy formulators and decision-makers who need exposure to other practices, concepts, systems, methods, etc., which may ultimately benefit or improve the Government's operations. One commented that participants in regional training should have backgrounds that are as homogenous as possible and that all should meet minimum qualifications to assure effectiveness of training. Another pointed out that training of top management at regional facilities is essential to the attainment of standardization and unification objectives of the Arab nations. Such training also serves to convince the respective governments of the region of the need to improve and reform administrative systems. Regional institutions should also focus on helping Jordan to establish a more effective national training capability by providing advisory services.

Another important service that could best be provided by a regional technical assistance facility is to carry out programmes for training of trainers. A sufficient number of well-trained and qualified trainers would permit national facilities to meet the training needs of Jordan in the financial management fields. One knowledgeable official interviewed stated

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that trainers who are trained outside Jordan enjoy a psychological benefit in that they are held in higher esteem by Jordanians.

Many of those interviewed, however, believe that Jordan would not be able to contribute to the cost of sending and training personnel at a regional facility. Some suggested that regional facilities could send instructors to Jordan, develop instructional materials for use in Jordan, and otherwise support Jordanian national facilities.

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ANNEX V. KUWAIT

Government commitment to improvement of development administration and financial management

Improvements in administration and financial management have been under consideration by the Government for some time and they are considered as important for development. In the preface statements to its development plans, the Government's aspirations in this regard are always mentioned. One of the Government's aims is the training of Kuwaitis to fill top positions, including administrative positions, so as to decrease dependence on expatriates in the development processes.

However, a number of the officials interviewed stated that very little has actually been done by the Government to implement or carry out its desire in this field because it lacks the expertise and talents needed to carry out the programme.

In 1971, a small Department of Public Administration and Industrial Management was established by the government within the Arab Planning Institute and some short courses were introduced in the financial management areas. However, this has not been sufficient to meet the Government's management training needs in these areas. For example, only about 30 out of about 150 applicants can be accepted for each of these short courses. At the time the Department was established, there was some discussion about establishing a separate institute with financial management as an important element, but this has not materialized. The Government seems to be satisfied with the small Department at the Arab Planning Institute. It continues to depend to a large extent on expatriate expertise in its administrative functions.

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The accounting operation of Government's (ministries and departments) expenditures was recently computerized. However, a traditional cash basis system for both expenditures and revenues is still used. Fund control is not an integral part of the accounting system, nor does the system provide for consolidation of the details of public enterprise operations. A "programme budget" is used in the

sense that budgets are prepared for each activity in each Ministry and department but has, to some extent, encountered difficulty in terms of both formulation and implementation. Auditing is still limited to financial and compliance audits.

The public sector employees in the financial management categories of budgeting, accounting, and auditing are poorly paid, relative to the private sector, and the positions are held in low esteem. Thus, the Government has a great deal of difficulty in attracting and retaining qualified employees in these jobs. Also Government salaries have not kept pace with inflation. In contrast, there are a number of public enterprises that are jointly-owned with other Arab countries where employees' pay is much higher than in the Kuwaiti public sector. It was indicated that there was a recent 20 per cent increase in salaries retroactive to February 1979, and that this may have an impact in attracting people to the public sector.

Present and future public sector personnel requirements

It was stated that Government planning encompasses relatively short terms and future personnel needs have not been projected.

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As of 1 July 1979, the Government began a continuing study of Government employee job descriptions, salaries, etc., and the project is to continue over the ensuing five years.

It was indicated by the Civil Service Commission that data on the government's personnel requirements in the financial management areas are not readily available. Such data would have to be obtained by analyzing the various ministry and departmental reports. Such a statistical analysis for all Government employee positions is to be made in the near future but it will not be available for at least several months. The last time such an analysis was made was about six years ago. At the present time, specific personnel requirements data in budgeting, accounting and auditing positions could only be obtained from each Ministry and Department.

The Audit Bureau has about 200 employees including 176 auditors. The Bureau needs about 60 to 70 more to do an adequate job of carrying out its mandated financial and compliance audits. It would need more auditors if it engages in management, performance, and operational auditing.

The Ministry of Finance Accounting Department currently has about 125 employees. About 15 of these are top managers and supervisors who are college graduates with expertise in accounting, management, and economics (10 are Kuwaitis). The rest of the staff are low-level clerical personnel with secondary school education and no prior training in accounting.

The accounting system was recently computerized and paralleled computer and manual systems will be operated for about two years. Computerization is expected to significantly reduce accounting per-

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sonnel requirements but the extent of this reduction is not known. Along with the reduction in clerical accounting staff, the expectations should probably include an increase in requirements for technical and managerial skills in more critical computer-oriented areas. For example, systems analysis, operations research methods and programming, utilizing the computer data banks, may become feasible. The use of such methods will require highly-skilled personnel and hence the need for training in all these computer related operations.

The Accounting Department employs about nine people for its computer terminal operation (the central processing unit is located in the Ministry of Planning) including programmers and key punch operators. The system requires input operations in all Government ministries which send key punch or magnetic tape input data to the Ministry of Finance for processing through its computer terminal. Before computerization, these Ministries maintained their own manual accounting records, but personnel requirements for these manual systems are not known by the Ministry of Finance.

Moreover, the accounting systems referred to above involve only expenditure accounting. Revenue accounting is performed in the Investment Department of the Ministry of Finance.

The Budget Department of the Ministry of Finance currently employs about 30 budget "researchers". All are graduates of Commerce Departments of universities and some were educated in other countries. Expatriate employees (mostly Egyptians) are the principal source of advisory services.

For the past three years, the Government has had a programme budgeting system--i.e., budgeting for all activities in each Ministry and Department. Budget "researchers" are employed in each of the Ministries to prepare

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their respective budgets which are then reviewed and consolidated by the Budget Department of the Ministry of Finance.

The Ministry of Planning has 12 budget researchers who work on the development budget with the assistance of the Ministry of Finance's Budget Department. There is only one budget but it has three distinct elements: (1) the development section; (2) the personnel section developed by the Civil Service Commission; and (3) the operating budgets of all ministries prepared under the supervision of the Ministry of Finance (including those of municipalities and public enterprises). In the future, the Budget Department of the Ministry of Finance expects that all three sections will be prepared centrally in the Department.

Although the foregoing is not a comprehensive description of the Government's present and future personnel requirements in financial management areas, it would seem that in most of these areas the need for qualified personnel is greater than the available supply and that this trend will continue if additional training and competitive salaries are not provided.

National and regional facilities providing training and advisory services to the government

The Arab Planning Institute was established in 1966 as the Kuwait Planning Institute under the joint sponsorship of the Government of Kuwait and the UNDP. It was intended to benefit all Arab countries. It was changed to a regional institute in 1972, to provide training, research, and advisory services to its eleven member countries. Today all Arab countries are members except Egypt, Lebanon, Morocco, Algeria, Djibouti and Saudi Arabia.

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The Institute does not provide much training in financial management areas. A small department conducts short courses and seminars of one to three weeks duration, and these are not considered to be sufficient for the training needs of the Government (about 50 to 100 participants receive financial management training each year). The training is geared to responding to specific ministry requests rather than comprehensively dealing with budgeting, accounting, or auditing in the public sector.

The Arab Organization for Administrative Sciences

The AOAS is not used to any appreciable extent for training the Government of Kuwait personnel in financial management fields. About 70 to 80 candidates are sent each year by Kuwait ministries for training in various subjects, with some in financial management fields.

Other Regional and International Facilities

A few Government employees have been sent to the IMF's courses in Washington, D.C. for training in financial analysis. Also, personnel are sometimes sent to other countries for training. The Government does hire experts from other countries to come to Kuwait to train and advise its Government personnel involved in financial management operations.

The University of Kuwait's College of Commerce has an academic programme leading to bachelor degrees in public and business administration. Graduates are a source of government employees who are brought in at its 4th grade level (Government grades range from 1 to 10 with grade 1 at the top of the career ladder). The University also conducts non-degree evening courses in computer sciences and accounting.

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There are two accounting institutes (one for males and one for females) serving as secondary schools with four years of training after eight years of elementary school. These institutes train many of the Government's lower level employees in the accounting and budgeting areas.

The Banking Studies Centre is involved in banking training only in the fields of economics, finance and law. It is used by the Central Bank and the commercial banks.

The Commercial Institute is a post-secondary school facility which trains low-level bookkeepers and financial management personnel. It has a two-year programme.

The CSC conducts entry-level orientation and indoctrination courses of one or two weeks duration in the field of administration including a course for low-level personnel working in accounting functions.

The Ministry of Finance conducts an in-house training programme in accounting. This training is also available to accounting personnel working in other ministries and departments. About 150-175 people receive training each year. The training periods range from 1 to 3 months.

The Budget Department of the Ministry of Finance conducts on-the-job training. However, it holds meetings, conferences, etc., and visits other ministries for training purposes.

The audit Bureau has an indoctrination course for its entry level employees. However, virtually all training is on-the-job.

Needs for training and advisory services

The job description study now in progress and the soon-to-be-under-taken analysis of personnel requirements should provide sufficient data on the Government's personnel training needs. These should include information on training to be provided at national facilities and those that will require regional institution involvement.

The various arrangements described in the preceding section are geared to meeting, on a somewhat ad hoc basis, important training needs of the public sector, particularly at lower and middle management levels.

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Ideally, an effective training programme carried out by a national training facility is the more efficient and economical method for meeting those needs. Systematic training for upper and middle management concerned with policy formulation and decision-making apparently is not available in Kuwait.

Most of the officials interviewed believe that there is a need for additional sources of training and advisory services. Training is needed in all of the financial management areas of budgeting, accounting, and auditing and resource mobilization at all levels. The most important need is at the top and middle management levels. This is particularly important because of the Government's Kuwaitization goals.

The recent reforms in Kuwait's budgeting and accounting systems gives rise to new training needs. The establishment of programme budgeting and the computerization of the Government's accounting system, as well as future aspirations to establish performance budgeting and management, and performance and operational auditing, will involve extensive training in different budget practices, computer sciences and accounting data processing, and new auditing methods and techniques. Training in these modernized methods is virtually non-existent in Kuwait, and the resultant shortages of personnel skilled in their application may be contributing to the difficulties being encountered in their implementation.

Other comments concerning the needs for training and advisory services were:

- Expatriate trainers should be capable of conducting courses in the Arabic language.
- Training should be geared to practical application and should not be merely academic exercises.

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- Development planning and banking are among the most important areas with needs for training.
- There is a need to develop some capabilities within the Budget Department for budget review--i.e., audits of budget implementation--a process not now employed.

Services Best Provided by Regional Technical Assistance Facilities

There seems to be an almost unanimous opinion among those interviewed that regional or international facilities should be used to provide training to top management officials and for training of trainers. All other needs can and should be fulfilled at national facilities.

Advantages cited concerning the preferences to use regional facilities were (1) lower cost (because there would be many fund contributors) than establishing or expanding facilities in Kuwait; and (2) beneficial exposure to methods and practices of other countries, especially in advanced techniques and methodologies.

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ANNEX VI. LEBANON

Government commitment to improvement of development administration and financial management

The financial management systems in the public sector have become virtually ineffective and are in dire need of improvement and reform. This state of affairs has evolved since the advent of the violent internal civil strife and political hostilities which erupted in 1975 and still continue to plague the country.

There seems to be a recognition of the importance of re-establishing administrative control and effective financial management by all of the high-level officials interviewed. Indeed, it is difficult to perceive how the country can hope to achieve any measure of stability and reconstruction without giving these matters priority consideration.

At the present time, systems improvement efforts and training of personnel in the fields of budgeting, accounting, auditing, and taxation are virtually at a standstill. Policy-making bodies and top management officials are active in developing proposals and plans but progress toward their implementation has been exceedingly slow.

The needs of Lebanon in the fields of public sector financial management are enormous. Most top level decision-makers seem to be convinced of the importance of effective and modernized systems, but the problem is one of re-orienting the attitudes of the entire public sector toward the financial management practices employed in existing systems.

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Budgeting is generally considered to be merely a process for keeping public sector financial accounts, rather than as a system designed to serve the economic objectives of the country. The present input-oriented budget is not satisfactory in the view of top level officials and it is in need of reform.

The Council for Reconstruction and Development (C.R.D.), the organization established within the Office of the President to succeed the Ministry of Planning which was abolished in 1976, is trying to improve the financial management systems. However, it has not been able to make progress in its efforts to develop and establish functional and economic classifications for the budget system. A Committee composed of representatives from the Ministry of Finance, the Central Bank, and the Council for Reconstruction and Development has been formed to examine the improvements needed in budget preparation and related functions. The CRD believes that Lebanon's development problems are enormous. Accordingly, it wants to identify priority areas and to move ahead with improvements on a segment-by-segment basis.

The accounting system is a traditional cash-basis system employing integrated fund control accounts and processes. However, it is viewed as a "necessary evil" that is useful only to reflect stewardship of resources made available to government ministries and departments. It is not considered as a potentially important management tool for improving efficiency, economy, and effectiveness of government operations.

Auditing in the public sector is limited to traditional "pre-audit" and "post-audit" of the financial transactions of government ministries and

departments to determine compliance with legal requirements. Moreover, the Court of Accounts has not functioned since beginning of the hostilities. The auditing function in both the public and private sectors needs to be upgraded to a professional level in Lebanon.

Tax structure and administration is seriously in need of improvement and reform. The Customs Service is unable to provide coverage at all points of entry and smuggling is at a high level. Customs collections comprise almost half of the Government's revenues. All other taxes are not being assessed or collected to any appreciable extent.

The private sector also needs to improve and modernize its accounting and auditing systems. This is particularly important to the Government because such improvements are a necessary condition-precendent to an effective tax system. Moreover, the Government intends to establish needed systems of regulation in certain sectors such as banking and insurance. There is an important need for establishing effective unified accounting systems in these sectors and for training public and private sector accountants and auditors in their implementation, operation, and review.

As discussed in subsequent pages, the Ministry of Finance's priorities for training and systems improvement are in (1) accounting, (2) public debt management, (3) budgeting, and (4) revenue assessment, collection, and control.

In the training area, the Civil Service Commission's National Institute for Administration and Development has suspended its operations since 1978. While the Institute hopes to resume its training activities in about two or three months, its programmes are not considered to be satisfactory and must be reformed and reorganized. Apart from a limited

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Ministry of Finance training programme in taxation, there are no viable government training programmes operating in Lebanon today.

Another problem is the high turnover rate for skilled employees in the financial management fields. Because of the low Government salaries, these people seek employment in the higher paying private sector both in and outside Lebanon.

Present and future public sector personnel requirements

A study made in November 1977 contains the most recent data available on public sector personnel requirements for all government ministries and departments. It does not include public enterprises; these are not numerous and most are only partially owned by the Government. Relevant extracts from the study, which contains no information on the education or training backgrounds of employees, are set forth in the exhibits below (Tables 1 and 2).

Interviews with officials at the Civil Service Commission, as well as other high level government officials, revealed that, at present, there are serious shortages of qualified middle management personnel in all of the fields of financial management. As shown by tables 1 and 2 below, nearly 40% of the permanent employee posts in the public administration and public enterprises sector (including almost 17% of the posts in the Ministry of Finance) are vacant. Efforts are needed to fill these posts and to provide training programmes for those now employed in order to upgrade their capabilities.

The entire administration structure in Lebanon is somewhat inflexible at middle management levels. The current political situation makes it difficult to put well-qualified people in many of these positions.

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TABLE 1
NUMBER OF EMPLOYEES IN THE PUBLIC ADMINISTRATION AND
PUBLIC ENTERPRISES SECTOR IN LEBANON, 1977 ^{c/}

| CATEGORY | PERMANENT EMPLOYEES | | | TEMPORARY EMPLOYEES | WAGE MANNER (PERM & TEMP) | EMPLOYEES ON CONTRACT |
|-------------------|-------------------------------------|--------|--------|------------------------|------------------------------|-----------------------------|
| | TOTAL No. OF POSTS ^{b/} | POSTS | | | | |
| | | FILLED | VACANT | | | |
| | 17,106 | 11,313 | 5,805 | 996 | 13,614 | 1,640 |
| I | 123 | 89 | 34 | - | - | - |
| II ^{c/} | 394 | 224 | 172 | - | - | - |
| III ^{c/} | 2,189 | 1,370 | 823 | - | - | - |
| IV | 12,010 | 8,171 | 3,842 | - | - | - |
| V | 2,390 | 1,459 | 934 | - | - | - |

Category V : No special educational qualifications are required.

IV : Certificate of secondary or intermediate education is required (depending on the rate).

III : University degree is required.

I,II : Filled from within the system by order of seniority.

a/ The figures are approximations.

b/ Excluding 257 employees in the Ministry of Public Health, 2990 in the Railways Authority, 70 employees in the Litani River Authority, and 301 in the Agricultural Scientific Research Institute which are classified under different categories not covered by the five main categories.

c/ There are (9) posts in either the 1st or 2nd category, and (96) posts in either the 2nd or 3rd category of which (7) and (61) are filled, respectively.

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TABLE 2

NUMBER OF EMPLOYEES IN THE MINISTRY OF FINANCE AND HIGHER COUNCIL
FOR CUSTOMS IN LEBANON. 1977

| CATEGORY | PERMANENT EMPLOYEES | | TEMPORARY EMPLOYEES | WAGE EARNERS | EMPLOYEES ON CONTRACT |
|-------------------------------------|--------------------------|-----------------|------------------------|-----------------|-----------------------------|
| | TOTAL NUMBER OF POSTS | FILLED POSTS | | | |
| <u>Directorate General of</u> | | | | | |
| <u>Finance</u> | 1,071 | 937 | 2 | 62 | - |
| I | 2 | 2 | | | |
| II | 11 | 11 | | | |
| III | 130 | 118 | | | |
| IV | 886 | 766 | | | |
| V | 42 | 40 | | | |
| <u>Higher Council for Customs</u> | 535 | 462 | - | 33 | 1 |
| I | 4 | 4 | | | |
| II | 50 | 40 | | | |
| III | 164 | 159 | | | |
| IV | 285 | 231 | | | |
| V | 32 | 28 | | | |
| <u>Directorate of Real Estate</u> | | | | | |
| <u>and Cadastre</u> | 413 | 283 | 6 | 465 | 5 |
| I | - | - | | | |
| II | 6 | 5 | | | |
| III | 33 | 18 | | | |
| IV | 342 | 242 | | | |
| V | 32 | 18 | | | |
| <u>National Lottery Directorate</u> | 31 | 25 | - | 2 | 1 |
| I | - | - | | | |
| II | 1 | 1 | | | |
| III | 5 | 3 | | | |
| IV | 20 | 17 | | | |
| V | 5 | 4 | | | |

Government-wide data on future personnel requirements are not readily available. However, interviews with officials of the High Council for Customs indicated that there are plans to increase the force of customs police from its present number of about 800 to 2000 or 2500 over the next five years. There are no plans for increasing the technical staff which now consists of about 400 employees. Also the Ministry of National Economy and Commerce is operating with severe limitations in qualified personnel in its efforts to regulate and monitor activities in the economy and in the business community--e.g., the insurance industry.

National and Regional Facilities Providing Training and Advisory Services Currently to the Government

The National Institute for Administration and Developments of the Civil Service Commission was established in 1959. Before it suspended its operations in 1978 because of the hostilities, it provided two kinds of training: (a) Pre-service training for entry-level university graduates, and, (b) in-service training. The training is described as consisting of general administrative studies and does not focus specifically on budgeting, accounting, auditing, or tax policy and administration. Pre-service training is a 12-15 month programme, and on completion, participants are placed in category III middle management positions. The subsequent in-service 4-6 month programme qualifies them for promotion to category II, after such employees have been in grade for five or six years.

The original concept for the Institute included other activities such as consultancies and research services, but these have not been implemented.

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Before suspending its operations, the Institute enrolled about 40 to 45 new recruits out of about 900 applicants each year. The Institute has also conducted a limited number of short-term courses in specific operations of the government ministries and departments.

The Institute hopes to resume its operations in the near future. However, substantive revisions in its programmes and organization will need to be made in response to many criticisms that have been made by the ministries. These problem areas are outlined in the following section.

France takes four or five of the best financial management personnel in the Lebanese public sector each year for 9 months of training in its national institutions. These include accountants and auditors from the Ministry of Finance and the Court of Accounts. The Ministry of Education and the universities in Lebanon send some professors abroad for training. The Central Bank also sends selected employees to other countries for training. Many of the technical staff members of the Customs Service have received training in customs schools in France and in the United States.

There are four universities in Lebanon. The American and French universities have academic programmes leading to bachelor and masters degrees in business and public administration, and the Lebanese University also has studies in public administration. The French University (St. Joseph's) is organizing training programmes for accountants and

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auditors for the insurance sector which is being brought under regulatory supervision of the Ministry of Economy and Commerce (see page 13). Also from 5 to 20 government middle management employees in the fields of financial management attend short-term courses in specific technical subjects each year at the American University.

Lebanon has received no training or advisory services from the AOAS. The National Institute for Administration and Development has assisted the AOAS by organizing some of its training programmes and by sending Lebanese experts to lecture in AOAS courses.

The Ministry of Finance has a small programme for training tax administration personnel, but this programme is in need of improvement.

The Central Bank conducts a training programme for employees of the Lebanese banking sector. The Bank has also developed an audit manual which it makes available to accounting firms and internal, audit groups that conduct audits of banking activities. The Bank also conducts short-term courses on specific topics which are carried out in conjunction with such organizations as the IMF and Citibank Corporation.

The Customs Service had an in-house training programme for a short period of time in 1951-52. It wants to re-establish the programme, but political conditions will have to improve in Lebanon before this can be undertaken.

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Needs for training and advisory services

A top priority need for assistance by the Ministry of Finance is to improve the operation of its accounting system which has suffered from serious deficiencies apparently caused by the failure of personnel to carry out prescribed procedures. This may be attributable, in major part, to a lack of sufficient numbers of trained and skilled personnel at all levels and in all ministries and departments. Also, this traditional, cash-basis system is in need of reform and modernization. The Central Bank also needs improvements in its accounting and auditing functions.

The Ministry of Finance also needs assistance in the field of public debt management. Research, advisory services, and training are required to develop an appropriate scheme and to permit the Ministry to manage an effective programme. This area is increasing in magnitude because of the Government's resource limitations, and the Government is in urgent need of the technical assistance.

The budget system is also in need of reform, including the functions of budget preparation, implementation, and control. The existing budget is a traditional input-oriented document (object cum organization classifications) and assistance may be needed in revising classifications and in training personnel in their use to develop budget data in terms of programmes projects of the Government ministries and departments.

The fourth priority area for advisory services and training is in the field of revenue assessment, collection, and control, including those revenues that are the responsibility of ministries and departments other than the Ministry of Finance. For example, visa fees are collected

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by the Ministry of Foreign Affairs and Lebanese immigrants overseas and airport taxes are handled by the Customs Service. In addition, the Ministry of Finance needs help in its efforts to improve the cadre and materials employed in its in-house tax administration school.

The National Institute of Administration and Development has been found to be inadequate as a training facility in the fields of taxation, accounting, auditing and budgeting. The Institute has identified five major problem areas and probably needs technical (expert) and financial assistance in all of these areas:

- The pre-service and in-service programmes are too theoretical and need to be re-oriented toward practical applications related to trainee job responsibilities. Changes in subject matter, use of permanent cadre trainers rather than educators hired on an ad hoc basis, and establishment of specialized sections for accountants, tax assessors, etc. are probably needed.
- Financial assistance is needed in funding the costs of the full-time permanent cadre.
- The Institute wants to establish relationships with institutions of non-Arab countries in order to get a broader exposure to new training methods and techniques and a greater potential for placing government employees in training programmes in more countries.

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- The Institute needs to be reorganized and reformed in order for it to be more responsive to the specific needs of the Government ministries and departments. Also, longer-term training programmes of one to two years are probably needed for middle management trainees of the Institute, and its capacity may need to be increased to include provision for training lower level personnel.
- The Institute needs financial assistance from outside sources to enable it to develop its capabilities to meet the increasing demands of government organizations for training and advisory services.

Concerning the Government's budget and accounting system, consideration should be given to the development of a unified system which will permit the preparation of consolidated financial statements on government-wide operations. This proposal would require advisory services and the establishment of new training programmes.

Advisory services are probably needed with respect to the need for improving the operations of the Government's audit functions - particularly the Court of Accounts which has not functioned well since the hostilities.

Other areas which require specific attention are the planning functions of project evaluation, cost-benefit analysis, and project feasibility studies. Both advisory services and training of planning personnel are probably needed in these areas.

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Because many systems improvements and modifications are apparently needed and will be further identified through advisory services, there is a need to provide short-term seminars and meetings directed toward conceptual exposure and orientation for top management policy and decision-makers.

The Customs Service needs assistance in training its supervisory level technical staff members, and officers and non-commissioned officers of the Customs police. The President of the Council believes this training should be in other countries. He also believes the High Council for Customs needs the services of a full-time adviser for one or two years to assist in modernization of the Service activities, including the organization of training programmes and preparation of teaching materials.

The Ministry of Economy and Commerce programmes for establishing a unified accounting system in the insurance industry is now receiving local advisory services from an association of insurance companies. Steps are also being taken to provide training programmes in the operation of the new systems. However, the Ministry may be in need of additional advisory services and assistance in establishing training programmes in the future in other industries where regulation by the Government is necessary. The training needs in these areas encompasses auditing as well as accounting.

Services best provided by regional technical assistance facilities

There is a need for experts to come to Lebanon to study and identify the improvements and reorganization needs of the National Institute for Administration and Development. Such services should be provided

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by an international or regional technical assistance organization.

In addition, such an organization should also provide the advisory services needed (as indicated in the preceding section) by:

- The Ministry of Finance in the fields of accounting, auditing, budgeting and tax policy and administration;
- The National Council for Reconstruction and Development in the field of financial planning and project evaluation;
- The Court of Accounts in the field of auditing;
- The Customs Service in modernizing its activities and in organizing training programmes; and,
- The Ministry of Economy and Commerce in establishing accounting systems and related training programmes for sectors subject to government regulation.

A regional or international technical assistance facility should also provide the short-term seminars and meetings needed to provide top management policy and decision-makers with conceptual exposure and orientation in improved and modernized financial management systems.

Trainers that will be needed for the National Institute of Administration and Development's proposed permanent cadre can best be trained at a regional facility. Course and teaching materials development is another service that that facility should provide. Development of training capabilities (trainers and materials) for present and anticipated future training programmes within the Ministry of Finance, the Court of Accounts, the Customs Service, and the Ministry of Economy and Commerce would also be a likely service to be provided by a regional facility.

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Some officials interviewed indicated that a regional technical facility would have less difficulty with funding problems and therefore would be more effective than national facilities for providing training and advisory services. However, they believe that the location of such a facility would have to be attractive to training participants. They also stated that, while regional facility for training top and middle management personnel would be economically feasible, the large numbers of lower level personnel should be trained at national facilities.

During the course of the meetings with high level officials in Lebanon, there was discussion of the need for ECWA to provide assistance in several areas. These include training and advisory services in such priority areas as taxation and customs in the Ministry of Finance and the Customs Service. The Director-General of the Ministry of Finance and the President of the High Council for Customs stated that they would take time to carefully consider their respective needs and then to provide ECWA with detailed information on those needs.

ANNEX VII. OMAN

Government commitment to improvement of development administration and financial management

Modern history of the Sultanate of Oman goes back only to 1970. Prior to that date the Sultanate had hardly any of the fundamental structures of a modern public administration system.

A number of political and social reforms were effected at the beginning of the new era followed by a series of administrative reform measures. In November 1974, a major Government reorganization was brought about which resulted in the establishment of new Government ministries with new responsibilities and duties. Three councils, designed to take charge of the important and pressing issues in the Sultanate, were also established. These were the Development Council, the Financial Affairs Council, and the Council for Hydrocarbon, Natural Gas and Petroleum. At the same time, the Banking Law was promulgated. In February 1975, the "Law of Economic Development" was issued. This Law specifies the authorities of the "Development Council" concerning development activities, current and the development budgets and the development plan. In mid 1975, a law organizing the state's administrative organs was promulgated. It was a decisive step in establishing the basis for Public Administration in the Sultanate.

Following the creation of the administrative foundation, the first Five Year Plan (1976-1980) was launched in August 1976. The Government commitments to the improvement of development administration can be found in the following objectives stipulated in the Plan concerning human resources and the government's personnel cadre: (a) To develop local human resources so as to enable them to rightly

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perform their role in the national economy - teaching and training programmes have, in this connection, to be initiated or expanded; and, (b) To raise the efficiency of the state administrative organs ^{1/}

Responsible officials interviewed, emphasized the importance of developing an adequate and qualified local cadre in the field of development administration and financial management.

National and regional facilities providing training and advisory services to the Government

The national facility providing administrative training in the Sultanate of Oman is "The Public Administration Institute". The Institute conducts training programmes designed mainly for Government employees at the supervisory and lower levels. The programmes cover: secretarial work, principles of public administration, library science and documentation, personnel affairs, English language, and financial management. Courses in financial management cover: government budgeting, government accounting, business accounting, auditing and government purchases and stores management. Duration of the programmes varies from 25 days to 4 months depending on the nature of the programme and the level of participants. The programmes are offered mainly at the Institute headquarters in Muscat, but special programmes are also offered in Salalah, the main city in the south

During interviews with the responsible officials in the Institute, it was made clear that the Institute is still in the process of completing its staff and technical equipments, and that it has

^{1/} The Five Year Development Plan 1960-1980, the Development Council, the Sultanate of Oman. PP. 22-23.

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still a long way to go before meeting all the requirements of comprehensive training programmes.

The Directorate General of Finance, responsible for all the finance of the State, conducts its own in-house training programmes. These programmes cover secretarial work, English language, accounting and budgeting. They are organized and supervised by a special section within one of the Directorates.

As for the regional facilities, the sub-regional Programme in Public Finance and Administration (PROPFAD), has offered training programmes to middle and lower level officials in various aspects of financial management, organized both in Muscat and in Beirut and Damascus. Following the phasing out of the Programme in 1979, ECWA has been offering the services of its Regional Advisors in Development Finance and Customs Administration, as and when requested.

The Arab Organization for Administrative Sciences has also offered some advisory services. The International Monetary Fund, on its part, has rendered assistance in the drafting of some financial laws and regulations.

The Needs of the public sector

The concensus of opinion among responsible officials in the Financial and Monetary fields is that the public sector is in dire need of skilled employees. The fact that a large number of officials in the higher and supervisory levels do not have higher education at the university level and that a high percentage of emplo-

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yees at the lower levels only have primary school education, makes training a very important requirement for the public administration in order to cope-up with the growing requirements of development programmes. The Public Administration Institute cannot meet but a fraction of what is needed in this connection.

It should be mentioned, however, that unlike some other Arab countries, the public sector in Oman has not yet expanded to exert its pressing demand for qualified personnel in various aspects of financial management. Nevertheless, the rapidly expanding public administration necessitates developing an adequate cadre of personnel with qualifications in all fields of financial management namely accounting, budgeting, auditing, banking, taxation, tariffs and customs administration and others.

Services best provided by regional technical assistance facilities

All officials interviewed agreed that a regional facility would best provide training for top and middle management levels. National facilities should concentrate on programmes designed to upgrade the qualification of employees at the supervisory operational and lower levels. The regional facilities should, however, develop appropriate programmes for the training of trainers operating in local facilities. Moreover, organisers of the in-house training programmes need the advisory services of both national and regional facilities in reassessing and reorganizing their training programmes.

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Advisory services are specifically needed from regional and international sources to:

- (1) study the existing budgetary system and submit necessary proposals for its reform;
- (2) study the ways and means of co-ordinating budgeting and planning processes;
- (3) study the existing accounting and auditing systems and procedures and prepare unified systems of accounting and auditing; and,
- (4) assist in formulating the national training programmes in various fields of financial management.

ANNEX VIII. SYRIAN ARAB REPUBLIC, the

Government commitment to improvement of development administration
and financial management

The Syrian Government is very much interested in developing and improving the quality of its development administration and financial management. A recent action which evidences this interest is a presidential decree requiring the establishment, within the University of Damascus, of a "Higher Institute of Administration". Work on that project was to begin in the Fall of 1980. It is expected to be a facility providing advanced training programmes of about one or two years duration in the various aspects of administration for government employees. Participants will be university graduates employed by the Government and new recruits who are university graduates.

Several years ago, the Government also established a number of "intermediate institutes of administration" at the Universities of Damascus and Aleppo. These have two year training programmes in banking, accounting, and taxation, and participants are secondary school graduates employed by government and the banking and commercial sectors. The institutes train personnel who fill middle management positions.

The Syrian Government like other governments in the region also suffers from a "brain"drain" problem. Low Government wages makes it difficult to attract and retain university graduates in the financial management and administrative positions in the Government ministries and departments. Most graduates and many qualified employees seek employment in the private sector and in the Gulf

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countries where the pay is much higher. Of the graduates that do go to the public sector, most go to the public enterprises which also pay salaries that are higher than those offered by Government ministries and departments. The Government increased the salaries of its employees in February 1980, but the competitive private sector mitigated the effect of that increase by also raising the wages of its employees by equal or higher amounts.

Budgeting in Syria is carried out in two parts. The development budget is prepared by the State Planning Commission and it is essentially a programme or project-oriented budget. This budget as well as budgets for public enterprises is included in the Investment Budget compiled by the Ministry of Finance. This budget is financed by allocation of the revenues from public enterprises (mainly from oil industry) and by grants and loans from other countries and domestic sources. The other budget provides for expenditures of the Government ministries and departments. This is a traditional, input-oriented budget. It is financed by revenues from various taxes and other sources, including grants and loans from other countries and the Central Bank.

The accounting system for the Investment Sector uses an account structure that conforms to the budget classifications for the development programmes and public enterprise projects. The accounting system for the Government ministries and departments is essentially a single-entry cash-basis system, whereas the public enterprises follow generally accepted accounting principles in their accrual-basis commercial accounting systems. Accounting for development expenditures is also on the accrual basis and it produces project and programme cost data.

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There are two Government audit organizations. The Central Body for Financial Control performs financial and compliance audits of all ministries, departments, and public enterprises, and reports to the Ministry of Finance. There is also a Management Inspection Organization which carries out management performance reviews, and it reports directly to the Prime Minister.

Present and future public sector personnel requirements

A survey was made in mid 1978 to assess the manpower needs in the public sector through 1980. The survey was made for planning purposes and the results are expressed in terms of new recruit estimates for the 2 1/2 year period. It did not collect data on personnel employed in the public sector as of any point in time. Such data is also not otherwise available in the Manpower Planning Department of the State Planning Commission.

The State Planning Commission employs about 300 employees who perform economic analyses and studies and prepare socio-economic development plans. These same employees formulate the development budget and are active in its implementation. About 100 of these employees are in the 14 Muhafaza directorates. (These are administrative groups responsible for local services to the regions that comprise the Syrian Arab Republic). The other 200 work in the Central Government ministries which are responsible for sectoral services. These include the four or five directorates involving public enterprises. These 300 employees are mostly graduates with degrees from the four universities in the Syrian Arab Republic. They also received training from the Planning Institute or through fellowships in other countries.

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The Central Body for Financial Control has a staff of about 200 auditors. Most of these are accountants with university degrees. The Management Inspection Organization is staffed with about 150 university graduate accountants, lawyers, and economists.

The Ministry of Finance has about 300 employees who formulate the ordinary budget, operate the accounting system, and administer the tax laws. Another 150 employees are in the computer department (computerization began about two or three years ago). The 300 other employees include about 130 accountants, 35 budget specialists, 50 tax assessors, 75 cashiers and 10 administrators. Not included are the large numbers of financial management personnel working in the public enterprises. About 40 per cent of the Ministry of Finance accounting personnel are university graduates and these are generally in the top and middle management positions. About 30 per cent of the budget personnel are university graduates.

The 1978 survey did not provide data on future recruits in terms of specific vocations such as accountants, auditors or budget specialists and tax inspectors. These, together with statisticians, economists, and planners, are included in the "Commerce" group. The following summarizes the new recruits expected for that group in the 2 1/2 year period through 1980:

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| SOURCE | TO BE EMPLOYED IN | | | TOTAL |
|--|---|----------------------------|------------------------------------|-------|
| | GOVERNMENT MINISTRIES AND DEPARTMENTS | PUBLIC ENTER- PRISES | COMMERCIAL AND CENTRAL BANKS | |
| Universities of Damascus and Aleppc | 1,700 | 600 | | 2,300 |
| Intermediate Institutes: | | | | |
| Commercial | 155 | 45 | | 200 |
| Banking | | | 50 | 50 |
| Secondary Schools | 1,400 | 1,500 | | 2,900 |
| TOTAL | 3,255 | 2,145 | 50 | 5,950 |

The relatively large numbers of new recruits anticipated for the Government ministries and departments is probably due to the high turn-over rates resulting from lower wages. The greatest numbers that leave for this reason go to higher paying jobs in the private sector and the Gulf countries. Thus, there is a serious shortage in the number of accountants available to the public sector. Also many of the financial management personnel now employed by the Government ministries and departments are in need of upgrading of their skills and qualifications, at all levels and in all of the fields of financial management including taxation.

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National and regional facilities providing training and advisory services to the Government

The Planning Institute for Economic and Social Development which is associated with the State Planning Commission, includes sections for financial planning and cost accounting. The Financial Planning Section provides training in budget preparation, including the development, ordinary, and public enterprises budget. Training by the Cost Accounting Section relates to public enterprises only. The Institute trains about 30 to 40 people in these Sections each year, and all of the participants are university graduates from the various ministries and public enterprises. They are mainly from middle management ranks.

The Institute has also conducted short-term courses on an ad hoc basis in association with the Arab Planning Institute in Kuwait. These dealt with projects identification and preparation. Other short-term courses are planned in project evaluation, and these will be sponsored by the UNDP and the IBRD.

There are four universities, but only two of these--the Universities of Damascus and Aleppo--have Faculties of Commerce. They carry out formal academic programmes leading to bachelor degrees in economics, management, accounting, statistics, and planning. Damascus University has about 5,000 students in its commerce programme. About 20 per cent of that university's students come from Jordan and other countries.

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While formal academic programmes of universities and colleges contribute to the training of graduates subsequently employed by the government, they do not adequately satisfy the public sector's needs for training.

Two intermediate training institutes are located at the Universities of Damascus and Aleppo. One is the Commercial Banking Intermediate Institute which trains accountants and bankers employed in the banking sector. The other is the Commercial Intermediate Institute which trains general and commercial accountants and tax administrators for the public sector. Both Institutes provide two-year programmes for participants with university degrees. As indicated above, the Government will establish a "Higher Institute of Administration" in the near future.

There are three programmes for those who are seeking lower level employment in commercial fields such as bookkeeping, stenography, typing, etc. The schools administering these programmes are alternatives to secondary schools.

The in-house training programme of the Ministry of Finance trains accounting personnel of the Ministry, as well as some from other ministries and public enterprises. Courses are from 4 to 6 weeks in duration and there are from 10 to 20 participants enrolled in each course. These courses, are for all levels of accounting personnel and are conducted about 10 times a year.

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Over the past several years, there have been several short-term courses in management and administrative problem areas conducted by the AOAS in the Syrian Arab Republic. About 20 to 30 employees participated in each course, including those from other Arab countries.

Needs for training and advisory services

Some officials expressed the view that the training institutions and facilities in the Syrian Arab Republic will be able to train all manpower needs in the financial management and administration fields, provided the secondary schools increase their output.

The University of Damascus needs expert assistance in its efforts to establish the "Higher Institute of Administration", and such assistance is needed in all areas to be included in the Institute's programmes. The President of the University also believes that training and advisory services are needed in the computer sciences area. Computers were recently introduced in the operations of the Ministry of Finance and at the universities.

It is apparent that the Government's actions to establish the "Higher Institute of Administration", as well as develop the "Intermediate Institutes of Administration", are efforts to carry out a systematic comprehensive government training programme. When these national training institutions are fully operational, the somewhat ad hoc

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and fragmented training arrangements listed in the preceding section may be eliminated. However, public administrative personnel needs for both the government and public enterprises should be ascertained; and these data should form the basis for planning the activities of the national training institutes.

Services best provided by regional technical assistance facilities

Syrian officials believe that training needs should be fulfilled by ~~training~~ facilities at the national level. Therefore, they expressed the view that regional institutions should provide advisory services and other assistance to the Syrian Arab Republic in its efforts to establish the "Higher Institute of Administration".

ANNEX IX. YEMEN

Government commitment to improvement of development administration and financial management

Public Administration, in the modern sense, is relatively new in Yemen. It began in 1962 with the Revolution that established the Republic and subsequently attempted to establish the basis of a modern Government structure. However, the civil war that ensued and lasted until 1970, greatly hindered any real attempt to establish a modern administrative structure. Following the civil war, attempts in this connection were renewed, but the very rapid growth of government employees (from 4000 in 1962 to more than 33000 in 1976) confused the different priority options of the Government in its efforts to develop an adequate and efficient public administration system.

Nevertheless, Government's interest in developing adequate financial management and public administration systems is demonstrated in the following actions taken: As early as 1963, the Institute of Public Administration and Secretarial Services was established along with the Government's request for international technical and financial assistance to support the Institute. A team of experts, sponsored by the International Monetary Fund, started working in Yemen, early in 1973, on the modernization of the budgetary system and the reorganization of the Budget Office. The team has been operating in Yemen ever since with the scope of its work broadened to also cover accounting, taxation and customs. IMF has also provided experts in Central Banking. The Sub-regional Programme in Public Finance and Administration (PROPFAD) was also requested to provide the Government with advisory services in the

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field of public accounts and auditing. In fact, with PROPFAD's technical assistance, the "Central Organization for Control and Audit" was established in July 1974.

The formal commitment of the Yemeni Government to the development of the public administration and financial systems is clearly reflected in the first Five Year Plan (1976/1977-1980/1981) of the country. This plan puts strong emphasis on manpower development and training considering "the low standard of labour force as one of the bottlenecks hindering development process in the country". The solution envisaged is "to give priority to the educational and training sector".

In fact, under the Plan, training in all the fields is considered as one of the basic strategies in order to reach the development goals. The field of financial management is no exception. Training for Government employees at the top, middle and lower levels is envisaged in the strategy of the Plan and specified for each Ministry, Department, and Authority included in the Financial Sector. These are: The Ministry of Finance, the Tax Authority, the Customs Authority, the Authority for Real Estates, the Revenue Authority, the Yemen Central Bank, the Agricultural Credit Bank, the Industrial Bank, and the Yemen Bank for Reconstruction and Development. In the strategies referred to above "intensifying local training" as well as "expanding external training" are stipulated for each of these organizations.

Moreover, in the strategy set forth for the Ministry of Education and the University of Sana'a, it is stipulated that efforts will be made at strengthening technical, financial and administrative coordi-

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nation with different ministries and government institutions especially in connection with the execution and working of vocational training and teaching projects.

It is worth noting that several meetings with the Minister of Finance, the Minister of Labor and Civil Service, and other high officials in the two Ministries have reaffirmed the conviction that the Government of Yemen is very eager to develop a qualified cadre of public personnel in the field of financial management and development administration.

National and regional facilities training and advisory services to the Government

The main, and until recently, the only national facility to provide training in public administration and finance in Yemen was "The National Institute of Public Administration". Established in 1963, the Institute has passed since then through four developmental stages. The first phase covered 1963-1970 when it worked as "the Institute of Public Administration and Secretarial Services. The second phase covered the period 1970 till 1972 when the Institute was annexed to the Civil Service Department an effort intended to give it the necessary support. During this stage a special attempt was made to also benefit from the ad hoc support services of the United Nations. The third phase covered the period 1973-1974 when the United Nations started a Regular Project to assist the Institute while the Yemeni Government gave it additional manpower and financial support. The fourth stage in the development of the Institute started at the end of 1974 when the Institute was reorganized and renamed and called "The National Institute of Public Administration (NIPA)". It was attached to the Prime Minister's Office with high government representation on its Board and the Minister of Development serving as the Chairman of the Board. The aim of the Institute

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was restated, "To endeavour to develop all aspects of the National Administration System and to undertake all kinds of training for the civil servants and the employees of public and mixed enterprises".

The Institute has two branches in two major cities namely, Taiz and Hudeida, designed to help in distributing training facilities within the country.

The Institute provides training at three levels; i.e. top level (Deputy Ministers and General Directors), middle level (Directors and Chiefs) and lower levels (all other personnel). Duration of the training programmes varies from one to nine months depending on the level of the officials involved and the nature of the programme. Training programmes in financial management include : government accounting, budgeting, government purchases and stores management and tax administration. These programmes were organized mainly for Government employees at the lower levels except when sponsored by PROPFAD in cooperation with NIPA, in which case these programmes were for employees at the supervisory level only.

It should be noted here that the Institute, due mainly to reasons beyond its control, has not been able to fulfill the tasks entrusted to it. The inadequate manpower and material support, the lack of earnest cooperation by the different ministries and departments and the reluctance of high officials and even those at the supervisory level to undergo training as part of their work, all have contributed to the often unsuccessful attempts made by the Institute to live up to the goals set for it. It is estimated that, during the period 1974-1978, the Institute trained no more than 5.7% of the total public personnel. The enormity of the task, should not, however, be overlooked.

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Training institutes other than (NIPA) have lately emerged as a result of the lack of cooperation with NIPA and the non-reliance on it for solving training problems of different ministries and departments. "The Customs Cultural Institute" was established under "The Customs Authority" at the end of 1977 and "The Tax Institute" was established under "The Tax Authority" a year after. Both Institutes are required to offer in-house type of training for employees at the middle and lower levels.

The Central Organization for Control and Audit has also in-house training programmes of its own.

Interviews with responsible officials at Sana'a University, made it clear that the University had been trying to gear its various courses in financial management to the needs of the ministries concerned, in conformity with the economic and social development goals and targets set in the Development Plan. Yet, one fact is immediately mentioned namely that most of the graduates are attracted by the private sector whether in Yemen or in the oil-producing countries of the region.

Among the regional facilities, the United Nations Sub-Regional Programme in Public Finance and Administration (PROPFAD) offered the Government of Yemen training and advisory services throughout the period 1973-1979. Yemeni trainees selected from the high echelons in the Financial Sector participated in all the training programmes organized at the Headquarters of PROPFAD during the period 1973-1979. Trainees so selected from the middle and lower echelons participated during the same period in training programmes organized by PROPFAD in Sana'a in co-operation with the National Institute of Public Administration.

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The Needs of the public sector

It is estimated in the Development Plan that the demand for manpower in the Financial Sector during the Plan period is as follows:

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|-------|--|
| 130 | employees in the high echelons (Under secretaries and Directors General) |
| 168 | employees in the middle echelons (Directors and Supervisors) |
| 231 | employees in the lower echelons (All other personnel) |
| <hr/> | |
| 529 | Total |

The demand for manpower in the public administrative sector during the same period is estimated as follows:

| | |
|-------|----------------------------------|
| 948 | employees in the high echelons |
| 2611 | employees in the middle echelons |
| 22707 | employees in the lower echelons |
| <hr/> | |
| 26266 | Total |

Supply falls far short of meeting the required number of personnel. Moreover, when the supply of skilled employees is compared with the original demand one faces even a larger gap. It should be noted that qualified personnel tend to move to the private sector both within Yemen and in the oil-producing countries of the region, a situation which requires urgent remedy.

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There are, at present, twenty six economic enterprises in Yemen most of them established during the first half of the 1970's. Eighteen of these are totally owned by the Government and nine are only partially-owned. These enterprises are somewhat better provided with managerial and technical skills than the government ministries, departments and authorities. The salaries are higher - a fact that makes these enterprises recipients of some of the skills which leave the government.

Need for training and advisory services

All government officials contacted during missions to Yemen agreed that there is a serious and urgent need in the public sector for training in all areas of development finance and administration. In an interview with the Chief of "The Tax Authority", for example, it was revealed that the addition of a small number of accountants would double tax collection. Unfortunately, with the expansion of government duties and the rapid growth of public enterprises, the available skilled employees in budgeting, accounting, auditing, tax administration and monetary management will become even more scarce. Their outflow from the public sector to the private sector and to the oil-producing countries of the region makes this scarcity all the more serious.

National training, as has been witnessed, does not meet but a fraction of the public sector's requirements. The National Institute of Public Administration needs greater government commitment and support particularly in the provision of counterparts and of equipments. It needs the support of the different ministries and departments to cooperate much more in proposing and benefiting from

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the NIPA's training programmes. Moreover, officials in these ministries need to be persuaded and encouraged to participate in NIPA's training programmes.

Services best provided by regional technical assistance facilities

It is the consensus of opinion among officials contacted that a regional facility should be used to provide training to employees at the high echelons and to selected number of employees at the supervisory level in certain ministries, departments and public enterprises.

National facilities should concentrate on pre-entry and in-house training programmes designed for employees at the lower levels.

Another important service that was unanimously requested and emphasized is that trainers in the National Institutes should receive appropriate training in a regional facility. A regional facility is also looked upon by all those interviewed, as a convenient arrangement that fulfills the following requirements.

- 1) Giving the trainees the chance to devote their full time to the training programme instead of handling training in an ad hoc way along with their office work.
- 2) Allowing high officials to participate in a programme far away from those working under them who may not accept the idea of leaders needing "local training programmes".
- 3) Giving the trainees the chance to obtain first hand knowledge of developments in various conceptual and practical aspects of financial management.

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ANNEX X LIST OF OFFICIALS CONTACTED

1.

DEMOCRATIC YEMEN*

| | |
|---|-------------------------------|
| Minister of Finance | H.E. Mr. Mahmoud Said Mahdy |
| Deputy Minister of Finance | Mr. Jama'an Bin Sa'ad |
| Assistant Deputy for Planning Ministry of Finance | Mr. Abdel Aziz Tarnoun |
| Assistant Deputy for Revenues Ministry of Finance | Mr. Salen Shnos Basraih |
| Assistant Deputy for Public Enterprises Ministry of Finance | Mr. Ahmad Said Al-Sady |
| Accountant General, Ministry of Finance | Mr. Omar Saif |
| Central Organization for Ministry of Auditing | Director-General |
| Ministry of Labour and Civil Services | Director, Training Department |

* Officials contacted during several missions to Democratic Yemen undertaken by the Regional Advisor in Development Finance.

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2.

IRAQ

Financial Adviser, Ministry of Finance

Mr. Hanna Al Saigh

Director-General, Budget Department,
Ministry of Finance

Mr. Hayed Abd-Jafar

Acting Director, National Center for
Consultancy and Management Develop-
ment (NCCMD)

Mr. Hashim Al-Tajad

Chief Specialist in Consultancy Dept.
(NCCMD)

Mr. Faiz Mohammed Ali

Chairman, Department of Administration,
College of Administration and Economics,
University of Baghdad

Mr. Abdul Ameen

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3.

JORDAN

| | |
|--|-----------------------------|
| Acting Director, Jordan Institute of Public Administration | Mr. Abdallah Elayan |
| Director-General, Budget Department | Mr. Sami Kamnu |
| Under-Secretary, Ministry of Finance | Dr. Abdallah Housar |
| Assistant Director, Department of Training and Research, Civil Service Commission | Mr. Yusuf Abduyyeh |
| Director, Manpower Division, National Planning Council | Mr. Yaser Sara |
| Assistant Dean, Economics Department, University of Jordan | Professor Sulayman H. Atieh |
| Assistant Director-General, Arab Organiza- tion for Administrative Sciences | Mr. Abdul Karim Yacoub |
| Director, Jordan Institute of Management, Industrial Development Bank | Dr. Muhammed Halallah |
| President, Audit Bureau | Dr. Hashim Dabbas |

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4.

KUWAIT

| | |
|---|---|
| Department of Arab Economic Cooperation Ministry of Finance | H.E. Shaikh Jaber Yousef S. Al-Sabah |
| Economic Expert, Department of Technical Cooperation, Ministry of Planning | Mr. Mohammed Osman Hassam |
| Director of Accounting, Ministry of Finance | Mr. Yousef Al-Hote |
| Director, Budget Department, Ministry of Finance | Mr. Abdul Aziz Al-Roni |
| Manager, Job Banking and Budget Division Civil Service Commission | Mr. Mohammad Rashoud |
| Chief Accountant, Audit Bureau | Mr. Mohammad Riyadh Hashim |
| Executive Director, Office of the Under- Secretary, Audit Bureau | Mr. Mohammad M. Samarah |
| Manager, Research Department, Central Bank of Kuwait | Mr. Farouq Shalabi |
| Director, Arab Planning Institute | Mr. Abdul Mohsen Taqi Al-Muzzafar |

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5.

LEBANON

| | |
|---|--------------------|
| President, Civil Service Commission | Dr. George Salabi |
| Central Bank | Mr. Farid Solh |
| Member, Banking Control Commission, Central Bank | Mr. Massen Saliba |
| Vice-President, Council for Reconstruc- tion and Development | Dr. Sabah Hajj |
| Director, National Institute of Administ- ration and Development | Mr. Facuzr Houbash |
| Director-General, Ministry of National Economy and Commerce | Dr. A. Mousahi |
| President, High Council for Customs | Dr. Issan Maidar |
| Director-General, Ministry of Finance | Dr. Khattar Chebli |

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6.

SYRIAN ARAB REPUBLIC

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|---|------------------------|
| Director, Economic Technical Co-operation, State Planning Commission | Mr. Abdul Rader Hayyal |
| President, University of Damascus | Dr. Mustafa Mammad |
| Director, Public Debt Fund, Ministry of Finance | Mr. Khaled Babayni |
| Deputy Minister of Finance | Mr. Mowafak Tarabishy |
| Deputy Managers, General Services Section, State Planning Commission | Mr. Mohammad Karkosk |
| Dean, Planning Institute for Economic and Social Development | Dr. Issan Houry |
| Manpower Department, State Planning Commission | Mr. Bassam Al-Sibai |
| Manpower Department, State Planning Commission | Mr. Isam Sheikh Oghly |

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7.

OMAN*

Deputy Director-General for Financial
Affairs, Directorate-General of
Finance

Mr. Mohammad M. Musa

Director of General Budget, Directorate-
General of Finance

Mr. Mamud Hilal Al-Hobsy

Director of General Accounts, Directorate
General of Finance

Mr. Abdul Hussein Ja'afar

Director of Planning and Internal
Auditing, Directorate-General of Finance

Mr. Hussein Mohammad Hassan

Training Officer, Directorate,
General of Finance

Mr. Farouk Al-Sayyed

Acting Director, Public Administration
Institute

Mr. Mahdi Ahmad Ja'afar

* Official contacted during several missions undertaken to Oman by
the Regional Adviser in Development Finance.

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YEMEN*

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| Minister of Finance | H.E. Mr. Ahmad Abdul Rahman Samawy |
| Deputy Minister of Finance for General Budget | Mr. Alwy Saleh Assalany |
| Deputy Minister of Finance for General Revenues | Mr. Ahmad Hussein Al-Busha |
| Chief, Tax Department | Mr. Mohammad Y. Al-Addy |
| Deputy Chairman, Central Planning Organization | Mr. Ali Abdel Rahman Al-Bahr |
| Assistant Deputy Chairman (CPO) | Mr. Abd Mabbuh Jaraddah |
| Dean, Institute of Public Administration | Mr. Mohammed An'as Ghaleb |
| Assistant Dean (IPA) | Mr. Matahar . Al-kubsy |
| Chief, Training Section (IPA) | Mr. Abdul Wahab L. Al-Eryani |

* Officials contacted during several mission undertaken to Yemen by the Regional Advisers in Development Finance.

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