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PUBLIC ADMINISTRATION AND FINANCE

Report of the Secretary-General

SUMMARY

The report presents the principal observations and recommendations, together with comments by the Secretary-General, of the Ninth Meeting of Experts on the United Nations Programme in Public Administration and Finance, held at United Nations Headquarters from 14 to 23 March 1989 in accordance with Economic and Social Council decision 1988/115. The Meeting reviewed (a) major current issues in public administration and finance in developing countries, (b) United Nations activities in public administration and finance, including the regular programme of work, technical co-operation activities and the proposed medium-term plan for 1992-1997, and (c) the Special Action Programme in Public Administration and Management for Africa. The Meeting made appropriate recommendations for action at both national and international levels.

The Meeting reviewed major current issues facing public administration and finance systems in developing countries and identified a number of policy and programme actions to be undertaken at the national level to improve the effectiveness of public sector management in the national development process. Action was recommended in the areas of policy analysis and development of policy alternatives; human resources development and management development; management of public money; issues in government financial management; public enterprises; and development and management of government information systems. The Meeting proposed that the report of the Ninth Meeting be commended to the attention of the Governments of all Member States for review and appropriate action.

* E/1989/30.

The Meeting also recommended several specific activities to be undertaken at the international level, particularly under the United Nations central programme in public administration and finance. The Secretary-General suggests that, within the framework of available resources, these recommendations should be reflected in the medium-term plan for the period 1992-1997.

The Meeting recognized the usefulness of the United Nations programme of work to developing countries and noted with satisfaction the continuous growth of technical co-operation activities in public administration and finance. It made several specific suggestions to make research and technical co-operation activities more useful and relevant for improving the public management systems of developing countries. With regard to the medium-term plan for the period 1992-1997, the Meeting examined five subprogramme areas proposed by the Secretary-General and suggested two additions: ethics in public services and the relationship between citizens and administration. It suggested that the Secretary-General devise appropriate subprogramme titles that were broad and flexible enough to reflect current issues and accommodate new challenges that might emerge in the 1990s. The Meeting found the new structure of the proposed medium-term plan an improvement but observed that the programme combining development planning, public administration, finance and management was very broad. The Meeting suggested that it might be useful to separate programmes in development planning and in public administration and finance.

The meeting stressed the need for the United Nations Development Programme (UNDP) to mobilize adequate funds for the Special Action Programme in Public Administration and Management for Africa (SAPAM). It recommended that SAPAM receive assistance from the newly instituted Management Development Programme of UNDP.

The Meeting noted that the declaration on local self-government stressed the importance of local government in national development. It stated that a comprehensive review of the declaration was not possible since only 11 Governments had submitted comments to the Secretary-General on the declaration. The Meeting therefore recommended that the Secretary-General request those Governments that had not yet done so to submit comments as soon as possible.

It was recommended that the Tenth Meeting of Experts be convened in 1991. In addition to reviewing the United Nations programme in public administration and finance, that Meeting should review the progress made in the implementation of various recommendations made at the Ninth Meeting and discuss, *inter alia*, the following specific issues: (a) capacities for policy analysis and development of policy alternatives in developing countries; (b) contribution of financial management to improving efficiency and effectiveness in government operations and the role of technical co-operation among developing countries in this area; and (c) SAPAM and the UNDP Management Development Programme. The Secretary-General commends this recommendation to the Council for its approval.

Subject to the approval of the Economic and Social Council, the Secretary-General has included a proposal for the next review of the programme in the budget proposals for the biennium 1990-1991.

INTRODUCTION

1. The Ninth Meeting of Experts on the United Nations Programme in Public Administration and Finance was convened at the United Nations Headquarters from 14 to 23 March 1989 in accordance with Economic and Social Council decision 1988/115. Twenty-two experts from different regions of the world representing different systems and experiences in public administration and finance were invited to attend the Meeting. In addition, the Meeting was attended by the representatives of United Nations bodies, specialized agencies, interregional and regional institutions, and non-governmental and other organizations.
2. The Meeting reviewed the United Nations regular programme of work in public administration and finance, including the preparation of the medium-term plan for the period 1992-1997, the technical co-operation activities of the United Nations, including, in particular, the identification of new ways and means to strengthen technical co-operation among developing countries in public administration and finance, and the progress made in the Special Action Programme in Public Administration and Management for Africa. In reviewing major current issues in public administration and finance in developing countries, the Meeting also accorded special attention to enhancing the role of public administration in developing countries in the promotion and management of development alternatives so as to facilitate a balanced and accelerated process of development.
3. The Meeting made several recommendations for action at national and international levels. The report of the Meeting is being submitted to the Council as an addendum to the present report.

I. CURRENT ISSUES IN PUBLIC ADMINISTRATION AND FINANCE IN DEVELOPING COUNTRIES

4. The Meeting discussed current issues in public sector management under five major areas and made several recommendations for their improvement. The areas were: policy analysis and development of policy alternatives; human resource development and management development; management of public money; issues in public financial management; public enterprises; and development and management of government information systems.
5. The Meeting held the view that the improvement of policy-making, especially the development of policy options by central guidance clusters, was of the utmost importance in developing countries even in normal conditions, but required more serious attention in view of the severe social and economic hardships threatening growth and development in many countries. The Meeting observed that in some cases the issue was not how to advance but rather how to prevent further decline. In many situations, Governments had lost the policy initiative and were primarily reacting to internal and external demands and pressures.
6. The Meeting observed that the improvement of policy-making required support and adequate institutional and technical facilities for policy analysis and the development of policy options. It noted, however, that pressures on time and

resources, exogenous factors, unexpected obstacles, or political and security considerations sometimes made it difficult to analyse policy predicaments and identify alternatives. Nevertheless, the Meeting concluded that there was great scope for improving policy-making through adequate analytical support.

7. The Meeting reviewed several problems that beset policy formulation and implementation in many countries. These included the following: difficulties in incorporating political considerations and/or values into policy advice; the weakness of the institutions providing support to policy-making functions, such as planning, budgeting and economic and financial management; differences in policy views among various departments and agencies and lack of a framework of articulated national objectives that could be used to resolve such differences; the absence of collaborative linkages between agencies facing multisectoral problems; and difficulties in making output priorities compatible with input or process regulations. The Meeting also reviewed some of the common approaches (e.g. denial of problems, formal but ineffective action) followed in dealing with these problems and found them inadequate.

8. The Meeting noted that there were no solutions that were generally valid for the wide variety of countries and situations, but it suggested that in almost every situation it was important to create and develop mechanisms that would increase the availability of policy alternatives. The Meeting suggested some guidelines to improve the transparency and openness of the policy-making process, increase the involvement of institutions that could produce and suggest policy alternatives and improve co-ordination among key agencies involved in policy-making.

9. The Meeting emphasized the need for studying the issue and recommended that the Development Administration Division of the Department of Technical Co-operation for Development of the United Nations Secretariat sponsor, support and steer comparative studies to clarify the nature of the policy-formulating process, the characteristics of policy analysis inputs, the role of the civil servants therein and the institutions, instruments and strategies currently in use. The Meeting believed that such studies could usefully be undertaken at the sectoral level and suggested several specific sectors for study and analysis.

10. The Meeting identified several key issues concerning the development of human resources and management, including the need for appropriate policies and programmes. The Meeting recognized that the quality and quantity of human resources was critical to the level of quality of public organizations and that human resource development was a long-term commitment that would require a comprehensive strategy covering a broad range of measures. The Meeting also noted the significance of adequate management development in improving public management and suggested appropriate approaches and guidelines for improving public personnel systems and effective training of management personnel at all levels, particularly for senior management. The Meeting also requested the United Nations to assist the developing countries in:

(a) Helping to establish a statistical base for civil service personnel; a basic purpose of such a public service data base would be to determine the existing number of public service employees and the distribution pattern among different

cadres so as to determine personnel needs in terms of number of staff, quality, levels and training;

(b) Securing financial support to promote human resource development in public administration and assist in organizing pilot management training programmes and enhancing the capacities of national management development institutions.

11. The Meeting noted that the proper management of information systems was an important factor in enhancing the effectiveness of public management in the process of national development. It discussed several key issues in the current use of information technologies in public administration, including reasons for misuse or underutilization and aspects of timeliness and quality assurance. The Meeting called attention to the guidelines on policies and strategies developed by the United Nations for effective management of information technologies in public sector organizations. The Meeting also noted that establishing standards and an appropriate legal framework for government information systems might require careful consideration in the future.

12. In the area of public financial management, the Meeting noted that the serious strains reflected in higher fiscal deficits and rising debts were leading to a fiscal crisis in terms of both policies and the operation of fiscal machinery in most developing countries. The Meeting examined major dimensions of the fiscal crisis and the attempts made to resolve it and suggested priority action in the following areas: (a) forging stronger links between strategic planning systems, budgeting and cash planning and control systems; (b) making adequate provisions in expenditure planning for uncertainties in the economy; (c) securing greater efficiency in the use of public resources; and (d) improving accounting systems to provide timely data and to contribute to an overall enhancement of accountability.

13. The Meeting recommended that in the field of public financial management, the United Nations, through its substantive and technical co-operation activities, should assist the developing countries in the following:

(a) Plan-budget harmonization relating to formulation, implementation and evaluation;

(b) Comparative studies of budgetary policies and process with respect to:

(i) Mobilization of resources;

(ii) Regulating the growth of non-plan current expenditures;

(iii) Mechanisms for adjustment to change and uncertainty;

(c) Promoting cost-effectiveness in Government;

(d) Improving accounting system to provide timely and accurate data and contribute to effective implementation and cost-effectiveness.

14. The Meeting reviewed the current reform efforts in the area of public enterprises, including privatization and rationalization of the whole sector to

reduce its dependence on government budgetary support. It noted the emergence of a growing consensus across political systems that public enterprises that were being retained should be exposed to the discipline of the market place or to similar competitive situations as a means of improving their efficiency.

II. UNITED NATIONS PROGRAMME IN PUBLIC ADMINISTRATION AND FINANCE AND MEDIUM-TERM PLAN FOR THE PERIOD 1992-1997

15. In reviewing the regular programme of work in public administration and finance, the Meeting noted that, in addition to the work carried out under the central programme, some regional commissions and specialized agencies also undertook work on regional and sectoral aspects of public administration and those activities were essentially complementary and supportive of each other. It believed that specific activities carried out under the Central Programme, as included in the biennial programme budgets, fully reflected the objectives and priorities of the current medium-term plan and would be useful to developing countries. The Meeting noted with satisfaction the continuous growth of technical co-operation activities in public administration and finance. Those activities, the Meeting believed, emphasized the importance of management in development and reflected the increasing priority attached by Governments to improving the efficiency and effectiveness of public sector management.

16. The Meeting suggested several specific topics of relevance and interest to developing countries on which the central programme of the United Nations could include research and analytical work and provide technical guidance to developing countries. Those topics included the relationship between productivity and decentralization; the nature, scope and effectiveness of a regulatory administration; ways and means of enhancing accountability in the public sector; and evaluation studies on the impact of administrative reform measures.

17. The Meeting noted that the main issues concerning technical co-operation activities were to improve quality, effectiveness and relevance to national needs and strategies. It stressed the importance of training in human resource development, the need to motivate personnel in reform efforts, the importance of institution building, the revitalization of institutions and the development of counterpart personnel. The Meeting suggested several modalities (e.g. case studies and handbooks) that could be used to improve the effectiveness of substantive and technical co-operation activities in public administration and finance. The Meeting recommended that greater efforts be made to use more experts from the regions, to sensitize external consultants to local conditions and culture and to adapt policies and techniques to local needs. The Meeting believed that there was considerable scope for technical co-operation among developing countries in public administration and finance. What was important was an exchange of experience concerning successful policies and strategies, which could best be done at the regional or subregional level by providing appropriate mechanisms for improved communication and dissemination of information.

18. The Meeting suggested that the objectives of the medium-term plan for the period 1992-1997 should also be harmonized with the international development strategy for the fourth United Nations development decade. For purposes of

discussion, the Meeting found useful the classification of various issues into five subprogramme areas under public administration and finance: management of priorities and policies in the public sector; structural and institutional management; resource mobilization and financial management; human resource development in public administration; and information management in public administration. But it recommended that the issues of ethics in public service and the relationship between citizens and administration should also be accorded high priority. The Meeting identified several specific additional issues to be included in various subprogrammes and suggested that the definition of objectives and modalities under each area could be further improved by greater elaboration.

19. The Meeting suggested that public administration and finance programme in the medium-term plan should be cast in a broad and flexible way to reflect current concerns and to accommodate new challenges that might emerge in the 1990s. In that context, it was noted that although the Meeting discussed various programme areas in detail, it should be left to the Secretariat to organize those areas into appropriate subprogrammes, bearing in mind the need to ensure internal consistency among topics and to provide an effective guide for action. In that context it was pointed out that the existing titles of the subprogrammes under public administration and finance were inadequate and should be revised to reflect the new objectives and priorities.

20. The Meeting believed that the new structure of the proposed medium-term plan represented an improvement. The Meeting stressed the importance of the relationship among various major programme areas and the need for closer collaboration and joint activities between public administration programmes and other sectoral programmes. The Meeting noted that the programme in development planning, public administration, finance and management was very broad and that it might be more useful to separate programmes in development planning and in public administration and finance. The Meeting also suggested that the title of the programme should be "public administration and finance" and not "public administration, finance and management".

III. OTHER MATTERS

21. The Meeting noted the origin and objectives of the Special Action Programme in Public Administration and Management for Africa (SAPAM) and reviewed the progress made so far under the Programme. It expressed support for the purpose for which SAPAM was established and the need for UNDP to mobilize adequate funds to achieve that purpose. The Meeting recommended that SAPAM be implemented in close co-operation with the newly instituted Management Development Programme of UNDP and benefit substantially from the resources made available under that Programme.

22. As requested by the Economic and Social Council in decision 1987/135, the Meeting reviewed the declaration on local self-government contained in document E/C.2/1987/3, as well as the replies received from 11 Member States (ST/SG/AC.6/1989/L.5) in response to a note verbale of the Secretary-General dated 19 October 1987. It stated that a comprehensive review of the declaration was not possible since very few comments had been received. The Meeting therefore recommended that the Secretary-General request Governments that had not yet done so to submit comments on the declaration as soon as possible.

IV. COMMENTS ON RECOMMENDATIONS MADE BY THE NINTH MEETING OF EXPERTS

23. The discussions at the Meeting were quite extensive and the report of the Meeting provides a fairly good analysis of various issues.

24. The Meeting has made several recommendations for action at national and international levels. Actions at the national level are matters of responsibility of Member States and the Council might wish to call the attention of Member States to the recommendations.

25. The Secretary-General has reviewed carefully the recommendations addressed to the United Nations. They are sound and do indeed reflect the current interests and pressing needs of developing countries in public administration and finance. The implementation of the recommendations will significantly help to increase the efficiency and effectiveness of public administration and finance measures in developing countries.

26. Actions at the international level are to be implemented, at least in the immediate future, within the framework of the resources currently available for the United Nations programme in public administration and finance. The Secretary-General believes that every attempt should be made to incorporate recommendations of the Meeting for international action into a coherent and long-term programme of work in public administration and finance. This can best be done within the framework of the medium-term plan for the period 1992-1997.

27. With regard to the observations of the Meeting on the Special Action Programme in Public Administration and Management for Africa (SAPAM), UNDP is the lead agency for SAPAM and should take the comments of the Meeting into account in implementing the Programme. On the question of the declaration on local self-government, the Secretary-General will request those Member States that have not yet done so to submit replies to the note verbale of 19 October 1987.

28. The Meeting has recommended that the Tenth Meeting of Experts be convened in 1991 to review, *inter alia*, current issues and problems in public administration and finance in developing countries, to examine progress made in the implementation of various recommendations made by the Ninth Meeting and to review the United Nations regular programme of work in public administration and finance.

29. The Secretary-General suggests that future Meetings of Experts focus mainly on prevailing urgent issues in public administration and finance with a view to providing timely policy and technical guidance to developing countries.

30. Subject to the approval of the Economic and Social Council, the Secretary-General has included a proposal for the next review of the programme, to be organized in 1991, in the programme budget proposals for the biennium 1990-1991.