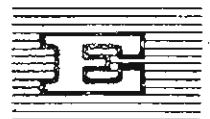


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MID-TERM REVIEW AND APPRAISAL OF THE INTERNATIONAL DEVELOPMENT STRATEGY  
FOR THE SECOND UNITED NATIONS DEVELOPMENT DECADE AND THE IMPLEMENTATION  
OF THE DECLARATION AND THE PROGRAMME OF ACTION ON THE ESTABLISHMENT OF  
A NEW INTERNATIONAL ECONOMIC ORDER

Third Meeting of Experts on the United Nations Programme  
in Public Administration

Report of the Secretary-General

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## INTRODUCTION

The Economic and Social Council, in resolution 1567 (L) of 6 May 1971, invited the Secretary-General to undertake preparations for the Third Meeting of Experts in 1975 to review the United Nations Programme in Public Administration and to contribute to the mid-term review of progress in implementing the relevant provisions of the International Development Strategy (IDS) for the Second United Nations Development Decade. Accordingly, the Third Meeting was held at United Nations Headquarters from 10 to 18 March 1975. As a result of the reorganization of the Department of Economic and Social Affairs in 1973-1974, three components of public finance (government budgeting and financial management, tax administration and development of financial institutions), which hitherto had been the responsibility of the Public Finance and Financial Institutions Division, and the Public Administration Programme, were grouped together in one Division, the Division of Public Administration and Finance. Accordingly, the substantive scope of the Meeting was extended to cover the entire work programme of the reconstituted Division.

2. The Meeting was attended by 18 high-level experts from as many countries in Africa, Asia, Latin America, Eastern and Western Europe, North America and West Asia. The nineteenth expert, from Algeria, was unable to attend. Out of the 18, six were invited to attend the Meeting primarily as experts in public finance.

3. The Secretary-General herewith transmits to the Council the report of the Meeting (E/5640). The report pertains to three agenda items of business before the fifty-eighth session of the Council, as discussed below.

### Agenda item 3. Programme budget for 1976-1977 and medium-term plan for 1976-1979 - Public administration and finance

4. The Meeting reviewed the proposed work programme of the Division for 1976-1977 and the medium-term plan for 1976-1979, as set out in the Secretary-General's report (ST/SG/AC.6/L.15), and also included in the Department's proposed programme budget for the biennium 1976-1977, submitted to the Committee for Programme and Co-ordination (CPC) in March 1975. The Meeting noted with satisfaction that the Division sought to concentrate on fewer activities of direct and greater relevance to administration and financial management of development plans and programmes as had been recommended by CPC and the Council in 1973 (resolution 1567 (L)). The Meeting recommended approval of the Division's proposed work programme and the medium-term plan, with the following major observations and additions:

(a) Further steps should be taken to integrate substantively as many projects in the public administration and public finance subprogrammes as possible;

(b) The Division's work programme should also include development of policy proposals for consideration by legislative bodies on subjects such as (i) specific measures in public administration and finance for achieving the objectives of the

revised IDS; (ii) measures in this field required to implement the Programme of Action for the New International Economic Order; and (iii) the feasibility of forecasting pertinent requirements for the decade of the 1980s and preparing necessary groundwork for formulating appropriate plans and programmes;

(c) The Secretary-General should be requested to convene the next Meeting of Experts in 1977.

5. In the past, the Division's work programme was mainly concerned with providing substantive support to technical co-operation projects in public administration and finance. The acceptance of the recommendations made by the Meeting would add a highly desirable new dimension to the work of the Division. This should enable the Division to provide better services to the legislative bodies in the context of changing international concerns, such as the Declaration and Programme of Action on the Establishment of a New International Economic Order. In the process, it will also improve the Division's capabilities for supporting technical co-operation activities in the framework of such major concerns in economic and social development.

Agenda item 4. Rationalization of the work of the Council and its subsidiary bodies - capacity of the Department of Economic and Social Affairs to discharge its responsibilities in the field of public finance and financial institutions

6. The Meeting was pleased to note that the recommendations made by the First and Second Meetings of Experts to bring together the public administration and public finance activities of the Department under one Division had been implemented. The Meeting commended the Secretary-General for this reorganization measure which, it believed, would increase the effectiveness of the efforts of the United Nations to assist the developing countries in improving their administrative capabilities for implementation of development plans and programmes. According to the Meeting, financial administration and public administration are an integral part of administration for development. In fact, budgeting, expenditure control, accounting and auditing, to mention only a few subjects in financial administration, are indispensable tools for managing development plans and programmes. Similarly, budgetary processes are frequently the most important vehicles for administrative improvements.

7. For all these reasons, the Meeting strongly recommended the substantive integration of the two subprogrammes of the Division of Public Administration and Finance to implement fully the reorganization measure. It further stated that, in future, every effort should be made to develop multifaceted and comprehensive research and development projects in public administration and finance. Similarly, future projects of technical co-operation, whenever feasible, should cover both these aspects to increase the effect of assistance. The Meeting also wanted the Division to inquire, from developing countries having parallel technical co-operation projects in these two aspects of public administration for development, about the desirability of bringing them together in appropriate cases.

Agenda item 10. Mid-term review and appraisal of the International Development Strategy for the Second United Nations Development Decade and the implementation of the Declaration and the Programme of Action on the Establishment of a New International Economic Order - public administration and finance provisions in the Strategy

8. Having reviewed the recent changes and trends in developing countries, the Meeting concluded that the degree of adequacy and effectiveness of public administration and finance systems remained a limiting factor in the achievement of national objectives under the Strategy. The Meeting recognized that the implementation of the revised objectives of the Strategy and carrying out of the Programme of Action for the New International Economic Order required further strengthening of public administration and finance systems in developing countries.

9. The Meeting believed that the public administration objectives for the Second United Nations Development Decade approved by Council resolution 1567 (L) and the provisions on public administration and finance contained in General Assembly resolution 2626 (XXV) remained valid as general guidelines for action but needed to be rendered more explicit. Accordingly, the Meeting recommended to the Review and Appraisal Committee, the Economic and Social Council and the General Assembly that the revision of the International Development Strategy include a request to developing countries to take specific measures as formulated by the Meeting or similar measures more suitable to their economic and social conditions, so as to improve their public administration and finance systems for development. The Meeting urged the international organizations to make far greater efforts to help the developing countries in this task.

10. The Meeting also recommended certain changes in the orientation of the United Nations programme in public administration and finance and additions to the work programme of the Division of Public Administration and Finance in order to increase their focus on the revised objectives of the International Development Strategy and the New International Economic Order. These were briefly explained in the earlier section of the report dealing with the work programme of the Division.

#### I. PURPOSE AND COVERAGE

11. Pursuant to Council resolution 1567 (L), the Third Meeting of Experts on the United Nations Programme in Public Administration was to review the United Nations Public Administration Programme, taking into account the programmes of other organizations of the United Nations system in this field, and to contribute to the mid-term review of progress in implementing the relevant provisions of the International Development Strategy for the Second United Nations Development Decade. However, to take into account certain developments since 1971, the Secretary-General proposed and the Third Meeting decided to modify the substantive scope and emphasis of its review as explained below.

12. As a result of the reorganization and realignment of certain functions in the Department of Economic and Social Affairs during 1973 and 1974, the programme of

public administration and some components of the public finance programme, which hitherto had been the responsibility of separate divisions, were grouped together in the newly constituted Division of Public Administration and Finance. The new Division was made responsible for all the components of the public administration programme, and the following components of public finance: government budget and financial management; tax administration; development of financial institutions. Accordingly, the substantive scope of the Meeting was extended to cover both public administration and financial management and institutions.

13. The Meeting was pleased to note the integration of these two aspects of public administration which had been recommended both by the First and Second Meeting of Experts on the United Nations Programme in Public Administration, held in 1967 and 1971, respectively. The Meeting endorsed the action taken by the Secretary-General in bringing these two components of public administration together and believed that it would improve the effectiveness of United Nations efforts to assist the developing countries in increasing their administrative capabilities for economic and social development.

14. One of the major tasks before the Meeting, in accordance with Council resolution 1567 (L) was to contribute to the mid-term review of progress in implementing the relevant provisions of the International Development Strategy for the Second United Nations Development Decade. Although the Strategy called upon developing countries to pay special attention to the orientation and organization of their public administration at all levels for both the effective formulation and implementation of their development plans, it did not recommend any specific measures. Subsequently, the Second Meeting of Experts recommended and the Council approved certain objectives for public administration in the Second United Nations Development Decade. These included:

(a) Establishing or strengthening key agencies and institutions for the improvement of national, regional (subnational) and local administration;

(b) Effecting basic administrative reforms, fostering administrative rationalization and innovation, and increasing administrative capabilities according to the requirements of sound development planning;

(c) Improving personnel administration and management, systematizing manpower planning in the public services, and expanding opportunities for education and training to increase the supply of personnel with requisite administrative and managerial skills and motivation to achieve development goals;

(d) Strengthening the management component to increase the effectiveness of administration and management of major development functions, projects, and programmes;

(e) Promoting research, exchange of information and other activities necessary to accelerate improvements in administration for development.

15. The provisions in the Strategy on public financial management combined with other resolutions passed by the General Assembly and the Council on the subject

yielded the following objectives for this area for the Second United Nations Development Decade:

(a) Modernizing the reorienting systems of government budgeting and financial management for effective plan implementation and efficient management and evaluation of government programmes, projects and activities;

(b) Rationalizing and strengthening systems of tax administration with a view to obtaining the full revenue potential of the existing taxes;

(c) Improving financial management and over-all performance of public enterprises in order to enable them to increase their contribution to further investment and growth; and

(d) Establishing, strengthening and effectively managing institutions for the mobilization of financial resources for development.

16. While generally relevant to improving public and financial management in developing countries, the above objectives were not specifically geared to the International Development Strategy or to subsequent General Assembly resolutions on the New International Economic Order. For this reason, the Meeting considered it appropriate to review the recent changes, trends and problems in public administration and finance for development in developing countries with a view to recommending more specific measures for inclusion in the revised Strategy for the balance of the Second United Nations Development Decade.

17. The work of the Meeting was facilitated by the document entitled "Public administration and finance for development; report by the Secretary-General" (ST/SG/AC.6/L.15). It summarized recent changes and trends in public administration and finance for development, identified major issues and areas which merit urgent action by developing countries and international organizations, reported on the progress of the United Nations programme in this area during the past four years, and described the work programme of the Division for the next biennium (1976-1977) and programme objectives for the medium-term plan for 1976-1979. The Meeting decided to keep its report to the Committee on Review and Appraisal and the Council confined to major substantive and policy problems for public administration and finance, with the understanding that its views on other technical and substantive issues would be taken into account in revising the Secretary-General's report as appropriate, and that the said report would be published as an annex to the report of the Meeting for wider circulation.

#### Part One. RECENT CHANGES AND TRENDS IN PUBLIC ADMINISTRATION AND FINANCE FOR DEVELOPMENT

#### II. PUBLIC ADMINISTRATION AND FINANCE FOR NATIONAL DEVELOPMENT

18. The nature of public administration and finance systems, and the demands upon them, vary among countries depending upon their economic and political systems. None the less, there is convergence of experience about the increasing role of the

State in guiding and managing national development. This puts public administration, defined as the process of achieving national goals through public organizations, in a pivotal role. It is through public organizations and their proper management that nations can translate their political will into concrete policy measures and carry them out for the realization of national goals. The quality of public organizations at national and subnational levels and the effectiveness of their administrative management processes (planning, policy analysis and development, budgeting, personnel, to mention a few illustrations) have, therefore, come to be recognized as key factors in national efforts for economic and social development.

19. Developing countries have gained considerable experience in building and strengthening their public administration systems. The first priority in most cases was naturally given to the establishment or strengthening of those elements of public administration and finance infrastructures which were required to consolidate their existence as independent States. Reorientation of public administration and finance away from their colonial and historical legacies and creation of necessary capabilities for correcting inherited problems and promoting economic and social development came to receive attention later. The task of building administration for development was further complicated by the rapidity with which they were confronted by new crises. During the past four years, for example, many developing countries have been beset by problems of food and energy while all of them have been affected by inflation and monetary disturbances. Perforce they had to resort to administrative improvisations.

20. The implementation of the Declaration on the Establishment of a New International Economic Order contained in General Assembly resolution 3201 (S-VI) of 1 May 1974, will further increase demands on the public administration and finance systems of developing countries. A major principle contained in the New International Economic Order is "full permanent sovereignty of every State over its natural resources and all economic activities". An expression of this principle includes entitlement of every State to exercise effective control over its natural resources and economic activities, as well as their exploitation with means suitable to its own situation, including the right to nationalization or transfer of ownership to its nationals. A related principle provides for "regulation and supervision of the activities of transnational corporations by taking measures in the interest of the national economies of the countries where such transnational corporations operate". Effective application of these and other principles will require establishment of new or strengthening of existing organizations, introduction and improvement of management systems and practices, strengthening of planning and regulatory mechanisms, and streamlining of financial administration.

21. Historically, evolution of public administration and financial systems followed or, in some cases, accompanied economic and social development. However, the goals set for themselves by developing countries and the concept of planned development make public administration and finance key instruments of national development. It therefore becomes imperative that developing countries take prompt and purposive action to build their administrative and financial capabilities for development.



22. As public administration systems are a part of the large web of social and political organizations of their nations, only the countries concerned can take purposive action for their reform and improvement. The initiative for such action may come from political or administrative leadership or both, depending upon the nature of reforms involved and the political system of the country concerned. It is, however, important to have the co-operation of all concerned in reform measures. The United Nations can greatly help developing countries in this field because of its ability to draw upon the experience of countries in various regions having different political, economic and administrative systems.

23. To create public administration and finance systems which are commensurate with the needs of development and adaptable to changing requirements, experience suggests that it is important to give higher priority to improvement of administration and finance than has been the case in the past. Moreover, it is necessary to pay increased attention to methodological and technical aspects of administrative improvement. Frequently, it is inevitable to use different time frames for administrative improvement measures. There is need for programmes and measures for public administration reform with a long-range view of its role, which seek to introduce qualitative changes, define broad goals and orientations and anticipate future requirements. For more immediate purposes, a medium time frame is essential under which improvement measures are specifically related to requirements of development plans and programmes.

### III. STRATEGIES AND PROCESSES FOR IMPROVING PUBLIC ADMINISTRATION AND FINANCE

#### Major administrative reform programmes

24. One way to foster administration for development is to organize major administrative reform programmes. Major administrative reform programmes are defined as specially designed efforts to induce fundamental changes in public administration and finance through system-wide transformations or at least through measures for improvement of one or more of its key elements, such as administrative structure, territorial organization, budget management, planning processes, personnel practices and other administrative processes, in response to significant changes, actual or anticipated, in the environment and role of public administration.

25. A large number of developing countries organized programmes of major administrative reform in the past, but did not always clearly stipulate the specific objectives to be achieved through such programmes or spell out the time frames for various actions. Consequently, in such cases, the reform programmes had only limited effect on public administration for development. Enunciation of reform objectives is also important to provide the basis for evaluation of results. Moreover, reform objectives should not be confined to formal and structural changes but should also include attitudinal changes on the part of personnel in public administration systems to make them conform to changing social objectives, on the one hand, and requirements of managing development, on the other. Among other factors bearing on the effectiveness of administrative reform programmes to a

varying degree may be mentioned the degree of political support for such measures, competence and composition of commissions and organizations entrusted with the task, quality of technical and research support, degree of acceptance or resistance to change, extent to which programmatic requirements are taken into consideration, and availability of resources for implementation of accepted reform measures. Many countries would benefit in their future reform efforts by taking stock of their past activities in this regard and bringing out pertinent lessons of experience.

26. The effectiveness of some of the administrative reform programmes may have been impaired by the dichotomy between their categorization of administrative deficiencies and remedial measures in purely technical terms, on the one hand, and the political realities and prevailing social conditions and institutions, on the other. Public administration and finance systems are integral parts of their larger economic and political environments, and cannot, therefore, be improved by applying purely technical, patent or imported remedies. For this reason, it is necessary for developing countries to evolve public administration systems and philosophies which are compatible with their political and social realities, on the one hand, and make optimum use of public administration knowledge and methodologies, on the other.

27. Major administrative reform programmes may have profound long-range effects, but usually entail high initial costs. They take a long time to prepare, and still longer to implement. For these reasons, major administrative reform programmes are particularly suitable for bringing about fundamental and system-wide changes, providing the frame of reference for continuing adjustments and incremental improvements, meeting emerging administrative requirements and for creating built-in capacity for administrative systems to remain effective in the face of changing demands on them. Furthermore, it is important to recognize the need for improving public administration and finance on a continuing basis, and this should be the responsibility of management at all levels.

28. To ensure effectiveness of major administrative reform programmes, it is also necessary to pay special attention to their preparation and implementation phases. To the extent possible, it is desirable to involve all concerned in the reform process, and to minimize uncertainties, tensions, and resistance among affected organizations and functionaries, which are frequently found to accompany major changes. The implementation of reforms should also include training and briefing in new measures, provisions for feedback and corrective action, and assistance in installing new systems and methods.

Administrative planning: strengthening and mobilizing public and  
finance administration for plan implementation

29. A related approach to reforming public administration and finance for development is directly to relate pertinent measures to national plan objectives, strategies, sectors and programmes in the plan itself. Described as "administrative planning", it calls for spelling out and providing for specific administrative and finance requirements for implementing development plans concurrently with preparation of their economic, social and technical analyses and components.

30. The General Assembly, in its resolution 2845 (XXVI) of 20 December 1971, drew the attention of Member States to the importance of measures to increase administrative capability for economic and social development, the desirability of making such measures an integral part of development plans at all levels, as appropriate, and the need for such measures to be adequate to enable Governments, individually and collectively, to achieve the aims of the Second United Nations Development Decade. Progress in implementing the provisions of the General Assembly resolution has been rather slow. The Meeting expressed the hope that Member States would take necessary measures, as appropriate, to implement the resolution during the late 1970s to improve achievement of the aims of the Second United Nations Development Decade.

31. By now, most developing countries have established central planning agencies and procedures for the formulation of national development plans. However, building and strengthening the capacity of public administration systems to participate in the plan formulation processes and also to carry them out effectively has proceeded only slowly. The creation and strengthening of government-wide planning networks and linkages, policy-making institutions, information-gathering and processing arrangements, and co-ordination mechanisms, remain a major need in many developing countries. Similarly, making planning processes compatible with administrative processes for decision-making, budgeting and reporting remains to be achieved in many instances. Another area which deserves special study is the organization of public administration and finance for development under federal systems of government.

32. Formulation of administrative and financial management components of major development programmes and projects has also received some attention. This has been particularly the case in programmes and projects enjoying the highest national priority at a given time or receiving assistance from aid-giving agencies. The need is to spread further the practice and to spell out administrative feasibility and requirements of major development programmes and projects to assure their effective implementation.

33. Planning for administrative development in mixed economies also needs to include within its purview measures to regulate and facilitate, which are required to gear private sector activities to the goals of national development plans. This has remained one of the neglected areas of study in development administration.

34. A number of countries included public administration as a distinct component in their development plans. The scope of such coverage, however, varied from provision of capital outlays for government buildings and facilities to diagnosis of administrative short-comings and proposals for remedial action. What is needed in the opinion of the Meeting is to include in such a component a comprehensive statement of public administration and financial management requirements for implementing national plans, and their constituent programmes and projects.

Institution-building for improvement of public and financial  
administration

35. To effectively formulate and implement administrative reform programmes and provide for administrative and financial management improvement on a continuing basis, developing countries need to build and strengthen necessary institutions at various levels and sectors. The network of such institutions has to include not only central agencies for administrative improvement, but also appropriate arrangements for similar activities in major governmental organizations and agencies, as well as in enterprises in the public sector.

36. A large number of developing countries have established central organization and methods offices under one name or another. In many cases, the role of such agencies remained peripheral to significant changes in public administration and finance systems. In some instances, this resulted from lack of a clear definition of the role of such offices, their professional and technical weaknesses, ambiguities in relationships with planning, budgeting and personnel processes, problems of political confidence, resistance from operating departments and proliferation of agencies concerned with improvement of the administration. There has also been a growing feeling in some developing countries that such central agencies have been more concerned with intra-administrative problems (for example, organization and methods), than with programmatic considerations, including programme outcomes and consequences.

37. The measures to increase the effectiveness of central agencies for improvement of public administration and finance systems in different countries have included one or more of the following:

- (a) Raising the status and technical competence of such agencies;
- (b) Better defining their role in administrative improvement and policy development;
- (c) Converting such agencies into management units/consultancy services;
- (d) Concentrating their role on certain well-defined functions and creating supplementary administrative improvement agencies in large organizations and units;
- (e) Promoting willingness on the part of responsible officials to make greater use of their services.

38. Many developing countries need to pay greater attention to institution-building for administrative and financial improvement at various levels. There is also a strong case for using the services of such institutions, wherever possible, in preference to private consulting firms. Further, it is highly desirable to develop local capabilities for better defining the need for outside consulting services and for effectively using them when employed. Central administrative improvement agencies can be strengthened to perform these functions. Their involvement in such activities will also give these agencies the know-how to carry out similar assignments in the future on their own.

#### IV. CRITICAL AREAS FOR IMPROVEMENT: PUBLIC ADMINISTRATION

##### Personnel administration

39. The number of educated and trained people for the public services in developing countries has generally grown over the past few years, although with significant variations among nations. Many developing countries have been able to staff their public services by their own nationals, or considerably reduce their reliance on expatriate officials, at least in non-technical fields. The major task in many countries remains the training of the requisite number of persons in the professions and skills needed for the public services and society generally.

40. A number of issues have emerged or become more visible in the public services of developing countries during the past four years. While varying in their importance and degree of application to various countries, such issues include:

(a) Political fealty versus political neutrality of civil servants, and respective roles of politically appointed and career members of public services in making and implementing policies;

(b) Civil service status of large numbers of industrial and other workers employed in public sector enterprises, mobility between civil service and public sector enterprises, on the one hand, and between them and the private sector, on the other, and induction of businessmen in top echelons of administration;

(c) Availability of highly trained manpower including effect of the "brain drain";

(d) Implications of unemployment for public services;

(e) Equality of opportunity and treatment for women in public services; and

(f) Productivity and effectiveness of public services.

41. Salary and wage administration is another area of concern. The Meeting recommended that there should be harmonization of salaries between the public and the private sectors so that each sector could recruit and retain its fair share of available scarce manpower. Wage adjustments should be done on a continuing rather than ad hoc basis. It is also important in developing countries to pay special attention to incentives in relation to the geographical location of jobs so that a nationally desirable balance is maintained in staffing central and local agencies.

42. In the area of personnel administration, there has been a trend towards centralization of the function in central personnel agencies. This has been accompanied by attempts at the systematic introduction of job analysis and evaluation, both to provide the basis for the establishment of posts and classes in public services and to determine measures for improvement of staff performance including staff and career development. The application of job analysis needs to be extended to all levels and ranks of public services to improve the basis for personnel administration.

43. In countries with problems of severe unemployment, consideration should be given to the use of labour-intensive methods in administrative processes. Attention should also be given in the public service to the organization of appropriate systems to manage labour-intensive work programmes launched by the Government.

44. Another area of personnel administration that deserves more attention is the development of proper attitudes towards work and the need for high ethical standards in the public service. It was suggested that legislative action could be taken to provide effective measures of control to render corruption difficult.

#### Public administration training and management development

45. Training activities in public administration and management have shown considerable expansion in developing countries. Such training activities are of different types, namely, pre-service, post-entry, or in-service. Usually, these are designed for the formation of new entrants in administrative and managerial cadres or upgrading of middle-level personnel already in the service. Management development opportunities for senior administrators and scientific and technical personnel occupying administrative jobs remain limited and should therefore be expanded. In that respect, there is a dissatisfaction with the short programmes of the seminar type. These are useful for exchange of information and of experiences, but development of top management skills requires longer and more systematic training programmes. Training of staff at junior levels deserves simultaneous attention to improve organizational performance and staff motivation. There is also a need to extend training programmes to meet the needs of decentralized agencies and jurisdictions.

46. There has been a growing concern on the part of some Governments about purposes, quality and effectiveness of training programmes. In other instances, questions have been raised about the substantive content, orientation, methodologies and techniques of training. Frequently, training activities were general in nature and not directly related to improvement measures, political realities and development priorities. A concern should now be to promote the effectiveness of training rather than just the efficiency of training programmes.

47. To improve the quality of training programmes and their effect on management improvement, it is urgently necessary for developing countries to enunciate governmental training policies, rationalize training structures and provide the means for their co-ordination, encourage development of training materials which are relevant to national economic and political realities, relate training activities directly to administrative improvement measures and national development priorities. In some cases, it might even be necessary to take measures to make training mandatory. The use of practitioners for instructional purposes should be considered as this helps to make training less academic and more practical. Attention should also be given to the training of trainers and upgrading of training jobs to attract qualified persons. The use of correspondence courses should also be considered for dealing with certain categories of training needs.

### Manpower planning for the public service

48. Urgent measures are needed in many countries to ensure the adequate supply of manpower for public organizations which would meet quantitative, qualitative and time requirements of national development plans and programmes. It is therefore necessary to anticipate changes in manpower and skill requirements likely to occur as a result of national development plans and to initiate timely actions to meet them. Manpower planning, as part of the broader planning process, is a useful tool in this respect to deal with the problem in a systematic rather than haphazard manner. It will also provide the basis for planning educational and training activities at various levels. In many developing countries, manpower planning could at least be started for the public sector and eventually extended to include other sectors of the socio-economic system.

### Management techniques

49. Management techniques represent a significant resource for strengthening public administration for development. These techniques are meant to increase rationality and effectiveness of administration and otherwise facilitate management of large-scale and complex organizations. Some of these techniques are particularly important as aids in planning and implementation of development plans.

50. The use of quantitative techniques has been growing in developing countries in planning agencies, statistical and census organizations and a few public sector enterprises, particularly those dealing with physical and industrial projects. Techniques derived from behavioural sciences have had some limited applications in public administration and management training programmes.

51. The introduction of management techniques frequently requires rationalization of organization and procedures, realignment of functions and redistribution of managerial responsibilities. Normally, they involve use of a considerable amount of data and, in some cases, their use is dependent on the computation power of computers.

52. Though the use of computers has been growing in developing countries, their introduction, in most cases, was unplanned and unco-ordinated in terms of the overall computer needs of the countries concerned. There has often been a lack of proper assessment of the real need for such tools and, in fact, only recently have some Governments initiated national policies in their acquisition and utilization. Developing countries have also to weigh the costs involved in using such technologies, including their implications for employment. Effective monitoring by national bodies of the use of such computers often helps to guarantee against under-utilization. Time-sharing procedures, both between agencies within one country and between countries is another way in which maximum economies can be derived. These and other similar questions about the potentials and pitfalls in using computers as a tool of management are becoming part of managerial awareness. Their resolution would go a long way in promoting the effective and responsible use of computers.

53. Developing countries need to strengthen their capabilities for selecting, adapting and evolving appropriate management techniques for application in administration for development. Central administrative improvement agencies, management units and training programmes can play a major role in facilitating this process.

#### Administration of major development sectors, programmes and projects

54. As its contribution to the global appraisal of progress in development sectors proposed in the International Development Strategy, the Meeting noted that developing countries show great concern about their over-all public administration capabilities as well as capabilities for sectoral and programme administration. Frequently, the problem has been the absence of simultaneous and concerted measures to improve administration for both aspects. Sometimes measures for over-all public administration reform, on the one hand, and sectoral and programme administration, on the other, followed different frames of reference and strategies. To improve administration for development, it is important to ensure their mutuality and compatibility. Within this context, programme budgeting can also serve as an effective device for control of development sectors, programmes and projects.

55. In operational terms, sectors, programmes and projects are the focal points in public administration. These building blocks of development plans lend themselves better to formulation of specific developmental policies and their implementation. These are also the points at which their policy, technical, financial and management aspects can be integrated more significantly. It is, therefore, important that developing countries give greater attention to orienting public administration processes towards effective integration of sectors and programmes and strengthening management capabilities at these operational levels.

### V. CRITICAL AREAS FOR IMPROVEMENT: PUBLIC FINANCE

#### General comments

56. The goal, objectives, and measures concerning the financing of development in the developing countries were stated in paragraph 41 of the International Development Strategy (General Assembly resolution 2626 (XXV)). As stated in the Strategy, the developing countries do and must bear the main responsibility for the financing of their development and, therefore, they have to take appropriate measures for a fuller mobilization of their domestic and financial resources and effective use of all available financial resources.

57. In the Strategy, the mobilization effort is expressed in terms of the ratio of gross domestic savings to gross domestic product and, further, in terms of the annual rate of increase in this ratio. While this is a traditional aggregative measure of the performance, the important question is not the gross domestic savings per se but one of gross savings actually available for development. For selective appraisal of implementation, it would be useful to develop further



indicators at the sectoral levels and for specific groups of savers. Such disaggregation is particularly helpful for reviewing progress in the fields of tax administration and financial institutions and of performance of public enterprises. Some of the important indicators in this respect are global tax effort and contribution of different sectors to such an effort, surpluses generated by public enterprises and ratio of financial assets to gross domestic product.

58. In most aspects of public finance, it is difficult to formulate an aggregative measure of the concept of efficiency of performance. Neither the monetary measure of costs and benefits nor the rates of change over time are necessarily an adequate measure of efficiency. For this reason, the analysis of efficiency is more meaningful when done at desegregated levels. More important, the concept of efficiency has to be viewed in the broader context of programme effectiveness.

59. The spectrum of measures included in the Strategy for the achievement of the financial objectives were stated in rather general terms. Although the attributes of "sound" and "appropriate" are not amenable to objective interpretation, they nevertheless provide much needed flexibility to Governments in choosing from a variety of measures especially suited to national environment and needs. International appraisal is, therefore, to be conducted within this framework of national choice and corrective measures are to be tailored to national priorities, preferences and problems.

(a) Government budgeting

60. There has been a growing recognition of the central role of a budgetary system in the development process. But the pace and substance of changes in budgetary systems still leave considerable scope for improvement. A budgetary system rests at the centre of plan implementation. While it is the principal instrument for implementing public sector activities, it is also used extensively to regulate and influence economic and social activities in the private sector of mixed economies. It is, therefore, important to consider planning and budgeting as complementary activities. Long-term or medium-term development plans, however comprehensive and consistent they may be, will probably suffer in implementation without a good system of budgeting.

61. A major explanation of the inadequate progress in the development of concepts, methods and strategies of budgeting, comparable to that in the field of planning, is the absence of strong linkages between budgeting and planning processes and activities in a majority of developing countries. This tends sometimes to diminish the role of planning to an advisory function and alienates budgeting from the central concerns of planning. What is essential to remedy this is to ensure a close functional relationship between them so as to facilitate an integrated and harmonious process of plan formulation, implementation and appraisal of progress. This will provide necessary linkages among goals, objectives, specific measures and performance.

62. The interdependence of planning and budgeting requires that planning provide an adequate base for efficient budgeting. Elaboration of annual financial and other policies and programmes and costing of individual projects are to be done during the planning process. It is with respect to the costing of major projects that the record of planning has been usually poor. Development plans normally provide only a rough and broad magnitude of costs of major projects as a result of which detailed cost calculations, timing and phasing of such projects has to be worked out during the budgetary process. There is probably sufficient reason to believe that some of the major deviations in actual expenditures, compared with the original budget estimates, may be due to the inadequate preparation of major projects.

63. A factor which sometimes caused a divergence between the priorities embodied in national development plans and the projects included in a budget was the conditions of financing of projects suggested by some donor countries. In this connexion, the example of international aid-giving agencies, which generally extend financial assistance within the framework of national priorities, deserves serious consideration by all concerned to eliminate or reduce such divergencies.

64. A common weakness of budgets at various levels of Government is their lack of comprehensiveness and unity. There are generally two reasons for this state of affairs. Sometimes the implementation process is fragmented by the existence of earmarked funds. Some budgets do not reflect the relevant transactions of autonomous agencies or entities that are financially related to them. In either case, the unity of budget is impaired and the implementation process is somewhat constrained. To remove these weaknesses, budget formulation needs to be improved and budgets of different public authorities should, to the extent possible, include all transactions of a general government nature and, at least, over-all balances and investment expenditures of independent entities falling under their jurisdiction.

65. For a better co-ordination of planning and budgeting, the Governments of developing countries may consider the possibility of formulating multi-year, specifically biennial, budgets. To facilitate the preparation of sound budgets the feasibility of formulating annual or biennial plans also needs to be examined.

66. Improving budget management is another objective to which greater attention needs to be paid. The system of programme and performance budgeting and the use of appropriate systems of budget classification are useful aids in this respect. Programme budgeting has been introduced in several developing countries. In many of them, however, it has not been fully linked to the requirements of planning. A programme budget should identify goals, objectives and specific actions and attempts to express these in quantitative terms as far as possible. Difficulties are sometimes encountered in the establishment of workload data and units of measurement but in respect of development outlay, conceptual and practical difficulties are not insurmountable. The link between programme budgeting and planning is strengthened when organizational and programme structures are in harmony. The Governments desiring to introduce programme budgeting have, therefore, to consider the needed organizational changes and also undertake appropriate measures for the development of the necessary skills and other administrative requirements.

67. The orientation of budget management to specific goals, objectives, programmes and projects evidently requires that financial management concepts and methods in accounting and auditing be tailored to programme needs. Accounting and auditing budget structure should be harmonized and appraisal of efficiency should receive greater emphasis in accounting and auditing than before. They should serve as tools of financial management and generate as much information on aspects of management as possible.

68. During the last decade, developing countries made significant efforts in raising financial resources through taxation. A large part of this gain in revenue was, however, absorbed by the rapid increase in current expenditures. As a result of this and the effect of inflation, levels of government savings have not displayed a buoyant growth. A scrutiny of increases in current expenditures has, therefore, attracted considerable attention in a majority of developing countries. The demand for public services evidently continues to increase and unit prices of providing services are also influenced by the rise in the general level of prices. There are also recurrent implications of completed capital facilities.

69. There are many difficulties in sharply distinguishing current and capital expenditures from each other. In developing countries, the criteria of asset formation cannot alone be taken as an adequate guide to make a neat and tidy distribution between current and capital expenditures. The developmental nature of certain expenditures, which are not commonly regarded as investments, such as on agricultural extension services, family planning, adult education etc., is now clearly recognized. There are also capital expenditures which are not necessarily of a developmental nature. Therefore, in an appraisal of "domestic effort" the difference between current revenue and "current" expenditure needs to be cautiously interpreted while awarding due priority to current expenditures of a developmental nature. There is thus a case for a scrutiny of increases in current expenditures and of some capital expenditures. This can best be done, first, within a comprehensive macro framework of analysis, and, secondly, at the micro level in respect of individual projects and activities.

70. Developing countries need to improve the quality and quantity of statistical data related to government budgeting. For example, full information is needed on government transactions and their impact on consumption, investment, income distribution and savings. There are several schemes of classifying government transactions, such as object classification, programme classification and economic and functional classification, on which international organizations have done considerable work. Developing countries could examine these schemes and develop appropriate models suited to local conditions.

(b) Tax administration

71. Appropriate measures for improving productivity of the sources of tax revenue in the financing of development need to be taken within the framework of national objectives. It is also desirable to relate reforms in tax administration to different economic and social conditions prevailing in developing countries.

72. The first consideration is the organization for tax administration. The reorganization of national tax offices, decentralization of operational functions and creation of new units for specific tasks are some of the important issues to be examined in this respect. Functional form of organization, as compared to separate branches for separate taxes, has the advantage of ensuring a built-in co-ordination and an integrated approach in the administration of various taxes. Decentralization of certain operations can aid significantly in mobilizing support of local authorities, thereby developing their capacity in the administration of taxes. Urgent major problems will require special and prompt attention and it may be advisable to establish special units to deal with such issues. It is equally essential to ensure timely preparation, processing and analysis of tax data. For this purpose, developing countries may wish to examine the feasibility of computer application for the processing of tax data.

73. Ability to collect taxes is largely influenced by the structure of an economy and the stage of its development. Given the economic and social conditions in developing countries, the task of collecting current taxes and tax arrears is rendered more complex and difficult than in developed countries. There are numerous ways in which collection effort can be improved. Examples include reducing unessential and/or unproductive workload for the tax authorities, placing payment of taxes on an automatic basis, encouraging voluntary tax compliance, introducing a system of self-assessment, "pay as you earn" (PAYE), estimated tax payment plans and, where feasible, collecting taxes through the banking system. The relevance of these or similar other measures needs to be examined in relation to the national conditions. International organizations can provide technical assistance to developing countries in this field in accordance with national needs and conditions.

74. The problems of tax avoidance and evasion are quite serious in many developing countries and, in fact, have assumed alarming proportions in some of them. Apart from the popular use of the amnesty device, Governments have enacted a variety of other measures, but many of these with unpromising effects. In part, the dramatic size of the problem is due to the inadequate strength of the political will in some countries to deal firmly with these issues. The situation is obviously compounded by the shortage of trained personnel, defective tax legislation, and weak tax administration. In some countries, certain economic policies to regulate particular economic activities might add to evasion and avoidance of taxes.

75. It is important to develop an integrated approach to reforms in tax policy, tax structure, and tax administration. There is a significant capacity for feedback among them which needs to be constantly encouraged and developed. Tax administration should not be oblivious to the economic and social objectives and effects of taxes levied, but should continuously undertake an evaluation of revenue and economic effects of tax rates, allowances, reductions, exemptions, and tax incentives and monitor changes in tax bases.

(c) Financial institutions

76. There is a wide range of financial institutions which exist in developing countries. These include commercial banks; government financial agencies; pension,

provident and social security funds; post-office savings banks; co-operative societies; insurance companies; unit trusts; national development banks; agricultural finance institutions; mortgage banks etc. At the regional level, there are regional development banks and at the international level, a number of international financial institutions. The Meeting noted with appreciation the accelerating efforts of developing countries to increase economic co-operation among them and the measures contemplated in this context to establish special financial institutions.

77. Financial institutions have a major role to play in the mobilization and allocation of financial resources. They will also have to assume new tasks as developing countries take measures to implement the New International Economic Order. For these reasons, there is an urgent need to create new and appropriate financial institutions, both of a general and specialized nature. The management and the over-all performance of the financial institutions has to be improved by taking suitable measures including a revision of relevant financial legislation where this is deemed necessary. Finally, monetary and credit policies, when they act as constraints on the working of financial institutions, should be suitably modified.

78. Relatively speaking, the allocative task of financial institutions merits greater attention than their mobilization effort. In addition to creating new specialized institutions in harmony with a national pattern of resource allocation, developing countries need to pay special attention to their interest rate policies which have a particular relevance to canalizing the resources of financial institutions into priority areas of investment.

79. Although Governments in developing countries have set up a number of financial institutions, these institutions have not always been successful in mobilizing domestic financial resources. They have relied substantially for their financial support on the Governments and on the external sector. Governments should undertake appropriate measures to encourage these institutions to improve their performance. For example, they could be authorized in appropriate cases to issue their own deposit obligations and to fashion suitable financial instruments which would reflect the preferences of various groups of savers. In the mobilization effort, particular emphasis needs to be placed on increasing the supply of available resources.

(d) Concluding remarks

80. The critical problems identified in the preceding paragraphs require research and action both at the national and international levels arriving at practical solutions for urgent problems in developing countries. Among the major subjects in this connexion may be mentioned the following:

- (i) Models and methodologies for multi-year budgeting to improve development planning;

- (ii) Measures for improving accounting and auditing systems for managerial accountability and economic analysis purposes;
- (iii) Issues in taxation for development, such as tax incentives for investment and employment, economic controls and tax avoidance and evasion, indicators for tax assessment, and "price-elasticity" of taxation;
- (iv) Use of financial institutions' resources by income classes of recipients and by economic activities in relation to economic and social targets;
- (v) Effects of interest rates and other financial policies on allocation of resources of financial institutions.

#### VI. CRITICAL AREAS FOR IMPROVEMENT: PUBLIC ENTERPRISES

81. Public sector enterprises show a great variety in their organization and activities. Developing countries use them to manage many kinds of development programmes and projects, particularly those involving public utilities, transport, manufacturing and resources development. Public enterprises may be organized as corporations, authorities, joint ventures or co-operatives. These differences notwithstanding, in many cases, the public sector enterprises constitute a major channel for implementation of development plans. The use of public sector enterprises is likely to pick up more momentum as the Programme of Action on the Establishment of a New International Economic Order gets under way.

82. The International Development Strategy calls upon the developing countries to improve the efficiency of public enterprises so that they make an increasing contribution to the achievement of social and economic objectives and to the production of surpluses for purposes of investment. At the present time, only scanty data are available on the contribution of public sector enterprises to investment resources. The information on productivity and efficiency of public sector enterprises is also negligible. The contribution that public enterprises can make to the financing of development is valuable and ought to be increased. The Meeting suggested that the efficiency and effectiveness of the public enterprises be enhanced so that, while fulfilling their socio-economical role, they make optimum use of the resources placed at their disposal. It is important in that respect for Governments to make explicit the contribution expected of public sector enterprises to national goals. Major relevant issues can then be considered within this framework. Some of the important issues are determination of financial policies and targets, capital structure, cost reduction devices including audits, marketing, management, and optimization of capacity.

83. It is imperative to ensure that the activities of public enterprises as they spread, do so in the mainstream of national planning and development and in the framework of public accountability. This is facilitated, in the first place, by programming their activities in the preparation of development plans and, secondly, by instituting arrangements for central co-ordination and monitoring of their implementation. In the latter case, it is evident that several options are available and, in fact, are used by the Governments. The choice of any particular

arrangement or of a judicious combination of them can only be determined at the national level in the light of local conditions. The evaluation of various national arrangements would also provide useful guidance in this respect.

84. However, the major responsibility for taking appropriate actions for internal management must rest with the enterprises themselves. They should make further and vigorous efforts to improve their decision-making processes and structures, modernize their financial management methods and procedures, increase the supply of trained manpower, extend the application of modern techniques of management, and establish arrangements for comprehensive evaluation of their performance. Attention also needs to be given to participatory management in enterprises. In this connexion it would be useful to undertake co-operative or cross-cultural research on different models of participation of workers in management.

85. The issues mentioned above and others like them offer opportunities for international exchange of experience and formulation of new and innovative approaches to public organizational means to achieve economic and social goals. For this purpose, consideration should be given to strengthening research on public sector enterprises.

## VII. RESEARCH IN PUBLIC ADMINISTRATION AND FINANCE

86. During the 1950s and 1960s, the emphasis in the developing countries was on building and strengthening public administration and financial infrastructures and training of administrative and managerial personnel. Although there was a growing recognition of the importance of research in public administration and finance, it was not possible in many countries to allocate the necessary resources, including qualified personnel, to carry out the task. Institutions for carrying out research were also either non-existent or weak.

87. More and more developing countries are showing interest in developing public administration and financial doctrines and practices which are squarely based in their social and political realities. They want their educational and training programmes to use materials which are relevant to the same realities. Administrative reform programmes are also creating a demand for research in public administration. The countries are particularly keen for promoting research that is practical and oriented to solving specific problems.

88. To meet these needs, developing countries must give greater attention to measures for activating research in public administration and finance. Institutes of public administration, professional associations (national as well as transnational) and academic institutions should be encouraged and equipped to undertake research and disseminate their findings. Research should best be undertaken by people who are familiar with the socio-economic realities of the countries concerned. For this reason, developing countries need to give greater attention to the training of researchers. In order to improve further the quality of research, it is important to involve practitioners in such activities.

89. A major problem in the field of public administration research has been access to information in government files and records. There is no systematic information available on policies pursued by different Governments in this regard. While it is not feasible for it to lay down general guidelines on the subject, the Meeting felt it desirable for all concerned to make available information necessary for the promotion of meaningful research in public administration. There is also a need to generate or systematize empirical information on certain aspects of public administration. Examples include census of public service employees, cost of public administration, and productivity of public services. Availability of such information is indispensable for realistic improvements in public administration, and eventually, perhaps for developing criteria for appraisal of administrative systems.

90. Regional centres in public administration and finance have an important role to play as a base for documentation and clearing-house activities. Such regional centres could also promote research that is more comparative in nature. It was also desirable in that area to promote consultation and communication so that duplication of work would be avoided and so that research results could be more widely shared and disseminated. As a further enrichment, cross-cultural research should also be encouraged.

91. Professional associations of practitioners and scholars in public administration and finance provide another avenue for collection, analysis and dissemination of useful information. Such associations are now in existence in many countries. There are regional and international professional associations which can play a particularly important role in promoting regional and cross-cultural exchange of information on public administration and finance.

92. A lot of information has been generated by technical assistance projects and programmes which should be used for purposes of research and should therefore be made available to researchers. This should also be the case for information generated by government review commissions. The Meeting recommended that technical assistance projects should have a research component. As many sources of information as possible should be tapped for research.

#### VIII. PROPOSED PROGRAMME OF ACTION UNDER THE INTERNATIONAL DEVELOPMENT STRATEGY

93. Many developing countries were able to achieve only partial fulfilment of their economic and social objectives during the first half of the Second United Nations Development Decade. One of the limiting factors in this regard was the degree of adequacy and effectiveness of their public administration and finance systems for development as revealed by the present review.

94. In order to accelerate economic and social development in the second half of the current Development Decade and to fulfil further responsibilities under the Programme of Action for the Establishment of the New International Economic Order, developing countries need to take purposive and prompt action to improve their



public administration and finance capabilities for development. International organizations should make far greater efforts to help them in this task. In both cases, activities for improving public administration and finance capabilities should include concrete measures which are directly related to requirements of development generally and of the International Development Strategy for the Second United Nations Development Decade and the Programme of Action for the New International Economic Order specifically.

95. The public administration objectives for the Second United Nations Development Decade approved by the Economic and Social Council in its resolution 1567 (L) and the provisions on public administration and finance contained in General Assembly resolution 2626 (XXV) remain valid as guidelines for action but need to be rendered more explicit. Accordingly, the Meeting recommended the following measures for consideration by developing countries and international organizations.

96. To ensure timely action for formulating and implementing development plans, developing countries are requested, among other things, to give special attention to increasing the managerial capabilities of their public administration and finance systems so as to improve the effectiveness, efficiency and accountability of these systems. For this purpose, they are requested to consider specific steps such as:

(a) Relating public administration and finance improvement measures directly to requirements of national development plans and programmes, as well as to social objectives;

(b) Ensuring adequate supply of trained personnel, especially managerial, scientific and technical for the administration of development by formulating and implementing government-wide policies for manpower planning, education, training and research in public administration and finance;

(c) Ensuring that effective performance of public enterprises contributes to policy objectives of the Government, including mobilization of resources.

(d) Developing budgetary and financial systems and internal and external auditing for effective plan implementation and evaluation;

(e) Rationalizing and adjusting tax administration to changes in tax policy and tax structures and reorienting it to the needs of national objectives;

(f) Establishing new financial institutions as required and taking appropriate measures to increase their contribution to national goals and objectives;

(g) Forecasting public administration and finance requirements for the next 10-15 years and formulating necessary measures for their realization.

97. Pertinent United Nations research activities should be further oriented towards the public administration and finance requirements of the International

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Development Strategy and the New International Economic Order. Consideration should also be given to increasing the quantum and substantive scope of technical assistance to developing countries which should be encouraged to relate requests for such assistance to their national development plans specifically and to the International Development Strategy and the New International Economic Order generally. The Meeting recommended that the revision of the Strategy for the second half of the Second Development Decade should incorporate in it measures along the lines proposed above to assist the developing countries to carry these or similar measures more appropriate to national requirements and situations, and to promote greater support by the international community.

98. The Meeting further urged the United Nations to pay special attention to the public administration and finance requirements of the developing countries in the light of the decisions of the forthcoming special session of the General Assembly on implementation of the Programme of Action for the New International Economic Order. It also recommended preparations for anticipating the public administration and finance requirements of developing countries over the next 10 or 15 years so that timely action could be taken to meet them. Such requirements should be determined in consultation with developing countries. The requirements should be formulated in specific terms, as far as possible, to provide the basis for concrete action by the countries concerned and supporting measures by the international community.

## Part Two. UNITED NATIONS PROGRAMME IN PUBLIC ADMINISTRATION AND FINANCE

### IX. UNITED NATIONS PROGRAMME

#### Programme organization

99. The Meeting was informed, as noted earlier, that the current responsibilities of the Division of Public Administration and Finance of the Department of Economic and Social Affairs covered two closely related subprogrammes. These were (a) public administration; and (b) government budgeting and financial institutions. These subprogrammes had been assigned to two separate divisions in the Secretariat before 1974. The Programme in Public Administration had been the responsibility of the Public Administration Division. Activities relating to Government Budgeting and Financial Institutions had been part of another Programme looked after by the Division of Public Finance and Financial Institutions.

100. The Meeting noted that the reorganization of the Department of Economic and Social Affairs in 1973-1974 organizationally joined these two clusters of activities in one division, the Division of Public Administration and Finance. However, within this enlarged and integrated programme, two separate subprogrammes were to be retained for the time being - one for public administration and the other for public finance - for purposes of the programme budget of the Organization.

101. The Meeting commended the Secretary-General for these reorganization measures, viewing them as desirable steps towards increasing the effectiveness of the United Nations efforts to assist the developing countries in increasing their

administrative capabilities for implementation of development plans and programmes. Financial administration and public administration are an integral part of administration for development. In fact, budgeting, expenditure control, accounts and audit, to mention only a few subjects in financial administration, are indispensable management tools for administration of development plans and programmes. Similarly, budgetary processes are frequently the most important vehicles for administrative improvement. For all these reasons, the Meeting strongly recommended the substantive integration of the two subprogrammes to implement fully the reorganization measures.

102. The Meeting was further informed that a number of measures had been taken to improve the management of the programme as recommended by the Administrative Management Service. As a result of these measures, the programme was now divided into five major substantive components:

- (a) Personnel administration and training;
- (b) Organization and management services;
- (c) Management of development programmes;
- (d) Government budget and financial management; and
- (e) Development of financial institutions.

The Meeting strongly endorsed these measures, which would help the Division to improve both its substantive support of technical co-operation projects and research and development activities. The Meeting was pleased to note the increasing recourse to the task-force approach within the Division in implementing its Programme.

#### Technical co-operation

103. A major part of the work of the Programme in Public Administration and Finance is the provision, upon request, of technical assistance to developing countries. The Meeting noted with satisfaction that the technical co-operation programme had continued to grow during the period under review. The substantive scope of the programme had also grown as a result of varying needs of developing countries for assistance from the United Nations.

104. Now that the public administration and financial management activities at Headquarters have been organizationally joined in the Division of Public Administration and Finance, the Meeting recommended that future country projects of technical co-operation, whenever feasible, should cover both these aspects to increase the effect of assistance. Also, the Division should inquire from developing countries having parallel technical co-operation programmes in these two aspects of public administration about the desirability of bringing them together in appropriate cases.

105. The Meeting took note of certain emerging trends in technical co-operation and urged their reinforcement. These included:

- (a) The growing number of requests for institution-building projects which required a longer period for their gestation and maturity;
- (b) The higher rate of growth of multifaceted comprehensive projects than of single-faceted projects;
- (c) Greater interest on the part of developing countries in developing public administration systems and practices especially suited to their milieux; and
- (d) Acceptance of the concept of continuing education and training in public services and consequent request for assistance in developing high-level institutions to meet the management development needs of senior administrators.

106. The country programming procedures extant for UNDP assistance, under the system of indicative planning figures, should be used by developing countries to plan their technical assistance requests in public administration and finance more systematically and to relate these to national needs for planning and plan implementation. In this context, it is also desirable to include public administration and financial management components in technical co-operation activities concerned with major development sectors, programmes and projects. This can be achieved through better co-ordination between technical co-operation projects in public administration and finance, where in existence, and technical co-operation projects in sectoral and programme areas. In other cases, consideration should be given to inclusion of public administration and financial management experts in technical co-operation projects in major sectoral and programme areas.

107. A critical factor in the success of technical co-operation programmes is the quality of experts assigned to them. It is, therefore, important to recruit the most qualified experts available. Moreover, as the number of qualified persons who could be considered for expert posts is growing in developing countries, every effort should be made to increase their percentage in technical co-operation projects. Whenever possible, recruitment of experts from within the region should be encouraged.

108. Developing countries have also shown a keen interest in the establishment of regional or subregional institutions of development administration. The African Centre for Training and Research (CAFTRAD) and the Central American Institute for Public Administration (ICAP) have been in existence for several years. The Asian Centre for Development Administration (ACDA) started operations in 1973. The East African Community Management Development Institute came into existence in 1974. The Latin American Centre for Development Administration was organized in 1972 and applied for UNDP assistance in the same year. There have been proposals for the establishment of a similar centre for the Middle East. Also noteworthy is the International Centre for Public Enterprises in Developing Countries recently inaugurated in Yugoslavia; and many developing countries have expressed interest in sharing responsibility for maintaining the Centre and participating in its

activities. These institutions represent a major breakthrough for regional co-operation among developing countries. The Meeting strongly supported the establishment of such institutions and requested UNDP to extend the necessary technical and financial support to them as provided for in General Assembly resolution 2845 (XXVI).

109. These institutions have a major role to play in supplementing the public administration and finance training, research and consulting facilities available nationally. They have a particularly important role in providing opportunities to senior administrators to acquaint themselves with the latest developments in public administration and to exchange experiences of common interest. They could also undertake research on administrative arrangements relating to problems in regional and interregional co-operation.

110. It was noted that public administration programmes in regional commissions had remained small or had even declined, in spite of recommendations of the Second Meeting to the contrary. While some of the activities previously carried out by them can now be undertaken by regional or subregional institutions, the Meeting believed that there was a continuing need for building and strengthening public administration and finance programmes in regional commissions. The nature and scope of these programmes should be determined by taking into account regional needs and the role of regional centres mentioned in preceding paragraphs, and the activities of the two should be properly co-ordinated. The Meeting further recommended strengthening of the staff resources for public administration and finance programmes in regional commissions.

111. The Meeting expressed concern that the number of interregional seminars in public administration and finance had declined in spite of the recommendations of the Second Meeting that they be continued and intensified. The interregional seminars are an important vehicle of technical co-operation as they enable senior national officials to obtain and exchange information and experiences as a basis for formulating national policies on key administrative problems. They are also most useful in promoting international co-operation for development. The Meeting strongly urged the United Nations Secretariat and UNDP to give sympathetic consideration to proposals for the holding of interregional seminars.

112. Another area which deserves special mention is that of interregional advisory services. They serve a critical need in many developing countries which may not need long-range technical assistance, but require highly specialized or immediate short-term assistance. It is therefore important to continue and strengthen the programme of interregional advisory services in major substantive components of public administration and finance.

113. In addition to interregional activities, it is important to organize seminars and advisory services at the regional and subregional levels for focusing on problems and experiences uniquely pertinent to those levels, and for promoting regional co-operation. The Meeting recommended intensification and augmentation of regional and subregional activities in public administration and finance, and allocation of necessary resources for the purpose. It further recommended promoting

a co-operative network of relevant institutions at various levels - national, subregional, regional and interregional - to carry out training, research and advisory activities most suitable and economical for that level and collaborating with other levels in programmes which could best be implemented at those levels.

114. The Meeting noted that while the Division had done a creditable job in providing substantive support to technical co-operation projects at various levels, its resources were being strained and spread thinly. As the magnitude and substantive spread of technical co-operation projects grow further, there will be additional demands for substantive support services. The Meeting emphasized the need for keeping the substantive support services adequate and commensurate with the growing size and complexity of the technical co-operation programme.

Programme of the Division of Public Administration and Finance  
in research and development

115. In addition to providing substantive support for technical co-operation projects, as discussed in the previous section, the Division is responsible for research and development activities in public administration and finance. As the two subprogrammes of public administration and finance were joined organizationally only in 1974, their present work programmes had evolved separately.

116. The Second Meeting of Experts on the United Nations Programme in Public Administration held in 1971 had recommended a much larger programme of research and development (E/4950) than was actually carried out by the Division. The Meeting was informed that the work programme proposed by the Second Meeting was reviewed by the Committee on Programme and Co-ordination and the Economic and Social Council in 1971 and again in 1973. In 1971, CPC proposed and the Council agreed that the Division should not undertake certain projects recommended by the Second Meeting (for example, legal and judicial administration; ethical standards in the public services). In reviewing the programme again in 1973, CPC believed that, given the limited resources at the disposal of the Division and the heavy requirements for providing supportive services to the operational field programme, it had over-extended itself. In drawing up the future programmes, the Committee recommended that efforts be made to concentrate on fewer activities of greater relevance and urgency. The Committee requested that these views should be drawn to the attention of the Third Meeting of Experts to be held in 1975. Subject to these observations, the Committee recommended approval of the proposed work programme of the Division for 1974-1975. Accordingly, the work programme implemented by the Division during 1971-1974 was smaller than that recommended by the Second Meeting.

117. The public finance subprogramme of the Division did not have a comparable expert group to propose and review its activities. Instead, the activities were derived from various resolutions of the General Assembly and the Economic and Social Council. The present Meeting, therefore, did not have the kind of yardstick for the public finance subprogramme as it had for application to the public administration subprogramme. None the less, it believes the above comments mutatis mutandis also apply to the Division's public finance subcomponent.

118. The Meeting fully shared the views of CPC and believed that the Division should concentrate on fewer activities of direct and greater relevance to development. In reviewing the past performance of the programme, the Meeting found that most of the Division's activities in this category were devoted to exchange of information and research in support of technical co-operation projects. These activities in the work programme are highly desirable and should be continued. In fact, these ought to be intensified, albeit with a changed focus, to publicize research findings widely and improve substantive support of technical co-operation projects. In addition, however, there is an urgent need for strengthening and reorienting the research and development programme of the Division for carrying out the mandates established by the legislative bodies and for developing policy proposals for their consideration. In the opinion of the Meeting, the Division should, for example, develop proposals for consideration by legislative bodies on subjects such as:

- (a) Specific measures in public administration and finance for achieving the objectives of the revised International Development Strategy for the Second United Nations Development Decade;
- (b) Public administration and finance measures to implement the Programme of Action for the New International Economic Order; and
- (c) Feasibility of forecasting public administration and finance requirements for the decade of the 1980s and of preparing necessary groundwork for formulating appropriate plans and programmes.

#### Medium-term plan, 1976-1979

119. The Meeting reviewed the medium-term plan for 1976-1979. It was informed that the Division had already submitted its biennial work programme and budget for 1976-1977 and the medium-term plan for 1976-1979 to the legislative bodies, as required by the new budget cycle and procedures of the Organization. It was further informed that in preparing these work programmes, proposals and medium-term plans, the Division took into account the recommendations of the Second Meeting of Experts on the United Nations Programme in Public Administration, pertinent resolutions on public financial management, directives of the legislative bodies concerning the programme and the resources available for its implementation. The Division was also required to give more concrete information on its activities and outputs. Under the prevailing budget system of the United Nations, the Division will be expected to prepare its biennial work programme and budget for 1978-1979 and medium-term plan for 1978-1981 some time in 1976 and the recommendations of the Meeting will be greatly useful to it in that connexion.

120. In reviewing the medium-term plan, the Meeting found that the proposed objectives were more directly oriented than before towards administration of development plans and programmes. The number of objectives was also kept limited and confined to issues of greater relevance and urgency for national development efforts. The Meeting commended the Secretariat for preparing the proposed medium-term plan and urged its approval by the legislative bodies concerned.

121. At the same time, the Meeting made certain observations on the current work programme and the medium-term plan which, in its opinion, deserved serious consideration. It found that, although public administration and public finance subprogrammes were now joined organizationally, current activities in the two were being carried out separately. The Meeting was informed that this had happened because the two subprogrammes had been assigned to different organizational units before 1974 and the work programmes for each one of them for the current biennium (1974-1975) had been formulated and approved separately in 1972.

122. The medium-term plan makes a start in proposing certain common objectives for the two subprogrammes (for example, country profiles and surveys of changes and developments in public administration and finance, public enterprises) but, in the opinion of the Meeting, this did not go far enough in integrating these aspects of public administration. The reasons for this were understandable but the Organization should substantively integrate as many projects in the forthcoming medium-term plan as possible. In future, every effort should be made to develop multifaceted and comprehensive research and development projects to maximize their effect for development plans, programmes and projects.

123. The medium-term plan also needs to be extended and appropriately modified for the Division to be able to develop policy proposals for consideration by legislative bodies as discussed in paragraph 118 above. This represented a significant departure in the Programme and deserved special consideration by the legislative bodies concerned.

Next review of the Programme of the Division of Public Administration  
and Finance

124. For the reasons explained below, the Meeting strongly recommended, after taking into account the financial implications of its recommendations, that the Secretary-General convene the next Meeting of Experts to review the United Nations Programme in Public Administration and Finance in 1977:

(a) The time available to the Secretariat had not been adequate to report fully to the present Meeting on the integrated work programme in public administration and finance. It should be able to do so by 1977 for consideration by the Meeting;

(b) The Meeting in 1977 should be able to consider the special measures proposed by the Secretariat for implementation of decisions taken by the special sessions of the General Assembly on the New International Economic Order;

(c) The Secretariat should obtain more specific information on public administration and finance problems involved in implementation of the International Development Strategy for the Second United Nations Development Decade in the light of its mid-term review, to provide the basis for initiating ideas and actions in this field for the decade of the 1980s.



## X. CONCLUDING REMARKS

### 125. The Meeting of Experts,

Having reviewed the recent changes and trends in public administration and finance in developing countries,

Concluding that public administration and finance systems remain a limiting factor to the achievement of national objectives under the International Development Strategy for the Second United Nations Development Decade,

Recognizing that the implementation of the Programme of Action for the Establishment of the New International Economic Order requires further strengthening of public administration and finance systems in developing countries,

Having in view especially the needs deriving from the ever-growing size and role of the public sector enterprises in the national economy of developing countries,

Recommends to the Committee on Review and Appraisal, the Economic and Social Council and the General Assembly:

(a) That the revision of the International Development Strategy include a request to developing countries to pay special attention to improving their public administration and finance systems along the lines indicated in the report generally, and to measures mentioned in chapter VII of the report specifically;

(b) That the Secretary-General be requested to formulate public administration and finance measures at national and international levels required to implement the Programme of Action for the Establishment of the New International Economic Order, and to consider the feasibility of measures for forecasting specific public administration and finance objectives for the 1980s and of initiating steps for formulating them:

(c) That the proposed work programme of the Division for 1976-1977 and the medium-term plan for 1976-1979, as set out in the Secretary-General's report, be approved in the context of observations of the meeting in the report, particularly the further substantive integration of public administration and finance components of the Programme and any new requirements as visualized in (a) and (b) above;

(d) That United Nations Development Programme be asked to give particularly sympathetic consideration to institution-building projects at national, regional and interregional levels, and to measures for development and dissemination of information on critical problems of public administration and finance in developing countries; and

(e) That the Secretary-General be requested to convene the next Meeting of Experts in 1977, inter alia, to (i) review progress in public administration and finance for implementing the revised objectives of the International Development

Strategy; (ii) recommend additional measures appropriate for implementing the New International Economic Order; (iii) review feasibility for the development of pertinent objectives for the 1980s; and (iv) in the light of the foregoing, to review the United Nations Integrated Programme in Public Administration and Finance.

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