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PUBLIC ADMINISTRATION AND FINANCE

Report of the Secretary-General

Addendum

Programme in Public Administration and Finance

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INTRODUCTION


2. The Meeting had the following terms of reference, which were derived from Council resolution 1985/10:

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

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

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

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

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

3. Prior to the commencement of the Meeting, the United Nations had convened a meeting of an informal inter-agency working group comprising representatives of the regional commissions, and other United Nations bodies and the specialized agencies. The working group met on 9 and 10 March 1987. Its main objectives were to identify current and long-term issues of major concern in the respective public administration and finance programmes and to consider common issues that the working group as a whole could recommend to the Meeting for priority consideration.

4. The meetings of the working group were attended by representatives of the Department of International Economic and Social Affairs, the Department of Technical Co-operation for Development of the United Nations Secretariat, the United Nations Conference for Trade and Development (UNCTAD), the United Nations Development Programme (UNDP), the Economic Commission for Africa (ECA), the Economic and Social Commission for Asia and the Pacific (ESCAP), the International Labour Organisation (ILO), the Food and Agriculture Organization of the United Nations (FAO), the World Bank, the International Monetary Fund (IMF) and the United Nations Industrial Development Organization (UNIDO).

5. The Meeting was opened by the Under-Secretary-General of the Department of Technical Co-operation for development. He urged the Meeting to review the critical questions regarding the role and scope of public administration that confronted many developing countries and to suggest appropriate measures to improve the productivity, efficiency and effectiveness of development administration. In
environment, such as how best to cope with fewer resources, how to identify vital sectors of the economy and top priority projects, how to achieve "value for money" from existing resources, how to regulate the economic behaviour of private sector companies and how to co-ordinate public and private sector activities for the achievement of national objectives.

15. There are significant differences among countries in their national evolution, resource endowments, development problems and possibilities for change in the institutions and practices of public administration. These differences emanate not only from different systems of economic organization, but also from other social, political and economic factors prevailing in those countries. Therefore, a differentiated approach has to be adopted to deal with the problems and issues of development administration in individual countries or groups of countries. In this context, questions may be raised about the suitability, especially their impact on the public administration, of a set of uniform approaches and guidelines prescribed by some international financial institutions in dealing with current economic issues in developing countries, without always taking into account the specific circumstances of the countries concerned.

16. Against the background of this diversity, it is not possible to generalize about privatization as a policy or adoption of any one model. While in some countries it may not be an appropriate policy, privatization may be encouraged in others where certain conditions exist. These are countries with (a) public enterprises operating in sectors not vital to national sovereignty; (b) a diversified industrial structure; (c) a private sector capable of absorbing state enterprises; and (d) viable public enterprises suitable for transfer to the private sector and those for whom such a policy is politically attractive. However, even under appropriate conditions, a cautious approach may be favoured because privatization raises problems of regulation (particularly when the privatized entities are monopolistic in nature), may cause a drain of skilled staff from the public to the private sector and may leave the Government with inadequate control over key sectors of the economy.

17. In some environments where public enterprise performance has been poor but privatization is not favoured, the commercialization of public enterprises may provide a more appropriate solution. One approach is to apply the market principle, mainly profit criteria, to a range of public enterprises and where possible to promote a competitive environment. This entails enterprise management raising investment capital from financial markets and making their own decisions on resource allocation and prices and costs in relation to market conditions, rather than setting allocation and pricing policies by administrative fiat.

18. In conclusion, it may be observed that in mixed-economy countries development is always achieved through co-operation between public and private sectors. The question is not one of conflict but of suitable interface between the sectors at a particular time in a specific country and the kind of policy instruments and administrative arrangements that should be made to deal with the interface in order to promote development. As noted above, for the public sector as a whole, a pragmatic and differentiated approach is strongly recommended. The future of public administration may be seen in terms of greater professionalism and
productivity, improved skills and motivation, increased perception of environmental and social issues, greater clarity of laws and rules, and increased transparency and accountability for public decisions. There is also a need for a greater sense of personal commitment to the public interest and for higher moral values among public officials. An important factor governing public administration is political stability and instability, as it affects not only the environment but also the continuity of public policy, programmes and senior management personnel.

19. Given these dynamics, it is necessary to emphasize that the role of public administration should be reviewed periodically in the light of the changing internal and external conditions of development. This is essential to create and maintain the changing mix of administrative and managerial capabilities required at a given time.

II. PRODUCTIVITY IN PUBLIC ADMINISTRATION

20. Given the challenges and constraints discussed in the preceding section, one of the current priorities for public administration in developing countries is to focus on its productivity as understood in broad terms. The current concerns of Governments for performance improvement, "value for money", achieving economy, efficiency and effectiveness, improved accountability and other similar goals can be understood as different variations of productivity improvement in development administration. There are obstacles in realizing these concerns at various levels.

21. At the broad governmental level, the main obstacles are weaknesses of planning and budgetary systems and poor integration between them, project planning and implementation gaps, severe limitations on capacities of public organizations and limited training and manpower development programmes. At the management level, there appear to be significant gaps in understanding management performance problems, their underlying causes and how to overcome them in public service organizations. One of the main problems seems to be the public service environment, which engenders three major constraints, namely, political priorities in the management process (e.g., national unity and regional development), prevalence of many administrative and procedural constraints and disincentives in achieving productive management. At the programme level, a critical question is the Government's understanding of the key dimensions of performance, productivity and accountability. At the minimum, each of these concepts involves three key dimensions: political (e.g., development priorities, political interest and support), administrative (e.g., appropriate institutions, mechanisms and trained staff) and technical (e.g., appropriate criteria and standards). An integrated approach, therefore, is essential to devising solutions as the three dimensions cannot be isolated in real life.

22. Notwithstanding these problems, it must be emphasized that initiating appropriate productivity improvement programmes and their measurement in the public sector is an important but difficult task and Governments need not shy away from it. Indeed, a number of countries have made deliberate efforts to improve and measure productivity in their public sector and have achieved successful results. While these experiences may not be easily transferrable owing to their uniqueness...
in administrative environments and other socio-cultural situations, developing countries may initiate productivity measures with simple common-sense approaches and make refinements as they gain experience. These countries need to improve the productivity of their development administration in order to meet effectively the current challenges facing the public sector.

A. Appropriate criteria and standards for the public sector

23. The accepted criteria and standards for appraising performance and productivity in the private sector cannot be used per se in the public sector owing to conceptual and practical difficulties. One problem in developing appropriate criteria and standards has been that most of the end products of government activity (e.g., health care, education, development and security) are often distinguished by their complexity, heterogeneity and uncertainty. Various groups of people often ascribe different meanings to the same activities and events. This leads to considerable disagreement about the objectives of various government agencies and programmes, the criteria to be used to measure their performance and the meaning of the information that is available.

24. Performance appraisal in the public sector may deal with individual staff, categories of staff, an equipment agency, an entire department, a policy, a programme and the entire Government. Except for individual staff performance, appraisal of other elements in the public sector has been slow owing to various difficulties. These can be overcome by paying serious attention to such questions as the objectives of performance sought; the criteria of effectiveness and efficiency; measures of output; and other indicators that might be developed, applied and assessed. Even the application of appraisal systems may face difficulties. Complex and time-consuming systems run the risk of delay, generating opposition and becoming irrelevant. The systems may require information that is not readily available.

25. These constraints on the development of appropriate criteria and standards for the measurement of productivity in the public sector should not discourage government efforts in this area. It is necessary to adopt a common-sense approach to productivity and to bear in mind that its goal is to assess the effectiveness of work. To do that, judgements about quantitative as well as qualitative performance will be necessary. Productivity may be viewed as a ratio of desirable outcomes to expenditure of resources, and rigorous specification of outcomes and resources will be necessary to avoid conflict between economic and social measurement.

26. A balance between a quantitative and a qualitative approach is necessary to effective productivity measurement in which an understanding of trends is as important as analysis of percentages. Methodological difficulties should not deter government efforts. Instead, they should encourage adoption of practical approaches and their improvement by trial and error. What is critical is that Governments should measure what is measurable and avoid measuring what is not. Some activities cannot be measured, such as the performance of the highest policy organs. Activities that can be measured may be divided into three groups: merit goods (e.g., police), social goods (e.g., health care) and economic goods (e.g., utilities). Productivity measurement utilizing qualitative and quantitative
criteria can be applied to these categories in different proportions. While qualitative criteria will mostly apply to merit goods and quantitative criteria to economic goods, both criteria will be equally necessary in measuring social goods. The important point is that there can be no single criterion and standard for activities across the board and that suitable approaches and criteria should be developed for different groups of activities.

**B. Conditions and strategies for productivity measurement in the public sector**

27. It is possible to identify several key conditions that are essential in initiating a productivity programme. First, there should be strong political support from the highest authority. If the political commitment of the Government or the party is not strong, it becomes difficult for a programme of raising productivity to succeed. Second, there should be a strong linkage between productivity, motivation and incentives. A system in which workers, either individually or collectively, are rewarded financially for productivity gains is important for making them aware of the importance of better results. Third, the measurements or criteria for determining productivity should not be imposed from outside but should evolve from within. Individual agencies would have to be studied in order to develop suitable criteria to judge their activities. Fourth, accuracy and collection of data should be improved to strengthen a reporting system that would provide the basis for comparative measurements in spatial as well as time perspectives.

28. From a review of the experience of some countries that have undertaken successful productivity measures, it is possible to identify some important lessons on strategies. As noted earlier, it should be stressed that though successful, these models may not be duplicated in other countries. First, involvement in decisions on productivity programmes and their measurement by agency officials and government leaders through negotiation provides a good basis for success. Discussions should include at least the objectives of an agency, the resources it will have to achieve them and the parameters by which the results of the agency will be judged. Thus, the agency will be aware of what is expected of it, what funds it has to carry out assigned tasks and the parameters by which the final outcome will be judged. Second, the difficulty of measuring productivity increases dramatically as the unit of analysis becomes larger and more complex, because it becomes increasingly difficult to isolate particular costs and link them to discrete services. Consequently, the smaller the unit of analysis, the more manageable the effort and the better are the results of productivity measurement. Third, no single criterion is applicable to all government agencies. Individual agencies would have to be studied in order to develop suitable criteria to judge their activities. Fourth, as noted earlier, the development of quantitative indicators, while useful in measuring productivity, could remain a statistical exercise if not supplemented by qualitative indicators. The notion of productivity increase or decrease is meaningless without concurrent examination of the quality of service offered. Finally, in situations where the use of sophisticated criteria is not possible, a common sense approach to the question of productivity may be important.
III. ADMINISTRATIVE STRUCTURES AND NETWORKS

29. Formal administrative arrangements exist in most developing countries for performance of State functions. However, the capabilities of these structures vary greatly among countries, as well as among different organizations in the same country. The need to strengthen institutions to administer law and order in its broadest sense, as well as the development functions of the State, is well recognized. A number of Governments carry out periodic reviews to rationalize and streamline their administrative structures or to strengthen institutions concerned with specific functions.

30. Within this broad picture, a number of issues have emerged that demand new attention. These include the relevance of administrative structures to the changing conditions of public administration, the capacities of central guidance networks, field administration and central administrative reform agencies, and co-operation among countries in administrative reform.

A. Administrative structures for changing circumstances

31. The changing conditions of public administration frequently increase the dissonance between State objectives and policy pronouncements, on the one hand, and administrative structures on the other. For example, the changing role of the State in allocative, regulatory, managerial or entrepreneurial functions has not always led to corresponding changes in administrative institutions and processes. Similarly, retrenchment in public administration has rarely been accompanied by fundamental decisions about programme priorities and the administrative institutions to realize them. Measures for achieving economies have been applied routinely across the board and have frequently included a complete ban on the creation of new institutions.

32. One serious result of this approach has been to diminish the capabilities of vital entities while maintaining peripheral or marginal organizations and to discount future needs and capabilities. At another level, the application of the market principle or privatization of government activities has not led to changes in public organizations and procedures to meet the new situations. In many instances, as existing development problems have become more acute under prevailing economic conditions and advancing technological requirements, the capability of administrative structures has weakened still further.

33. A major task confronting many countries, therefore, is to review their administrative structures and processes with a view to conforming them to the new and changing realities. Even when comprehensive reforms are not possible, such reviews should at least provide the framework and parameters for administrative changes. There is generally a tendency towards organizational imperatives providing the momentum for the direction and scope of administrative reforms. In democratic systems, it is important that the benefit of the people at large and target groups are taken as points of reference for administrative reform and management practices.
B. Central guidance networks

34. Another area that shows weakness in some developing countries, particularly in the least developed among them, is that of institutional capabilities for developing policy options based on national conditions. The problem has been aggravated by the economic crisis and many countries have come under pressure from external sources to adopt particular policies and programmes. The countries themselves do not always have the institutional capabilities needed to develop policy options that can then become the basis for internal and external negotiations.

35. The policy analysis and guidance function involves a number of institutions. Of paramount importance are political institutions and among the supporting institutions, those dealing with planning, economic and fiscal management, budgeting and human resources play key roles. While such institutions now exist in most countries, some common limitations on their capabilities are failure to keep abreast of changing circumstances, shortages of qualified human resources and weak linkages among the key institutions.

36. In today's administration, most functions cannot be performed by single organizations and demand collaboration among a number of central institutions. Such collaboration is frequently weak, either because of the missing links in the cluster or competition among them or different policy views projected by each of them in the absence of clearly articulated national objectives. Similarly, the linkages between organizations and processes dealing with input for public organizations are divorced from those responsible for output.

37. A major question, therefore, in many developing countries is how to strengthen their central guidance institutions and to build missing links to promote collaboration and co-operation among them in terms of policies and processes. The need for institutionalized and effective measures of co-operation exists at various levels to resolve technical issues; to ensure operational consistency; and, at the highest level, to arrive at co-ordinated policy decisions. Such co-operation must take place not only among the cluster of central guidance institutions, but also between central and peripheral administration.

38. In some countries, discussions are currently under way to explore the possibilities of creating smaller central guidance institutions with more emphasis on policy formulation and co-ordination, while delegating more operational functions to other bodies. In any event, flexibility must be sought to enable the establishment of different types of structures, as needed to take account of the specific regional characteristics of administration within a given country.

39. A concomitant issue in strengthening the role of central guidance institutions is the need to enhance the capabilities of their personnel by providing opportunities for training. In all cases, extreme care is needed to ensure that central guidance institutions do not become a force for centralization and a new operational level over line departments. These can also generate tendencies towards development and imposition of general management systems that may not be suitable for the specific sectoral problems or for organizational effectiveness.
C. Field administration

40. Many countries have at least a minimal administrative infrastructure in the capitals and for the central ministries. The picture is, however, different when it comes to field administration and/or peripheral organizations irrespective of their importance in economic and social development. In fact, some of the inherited systems have deteriorated because of the exodus of trained manpower and the decline in resources and responsibilities allocated to them.

41. The building of field structures based on clear principles is imperative to reducing the phenomenon that has come to be known as the implementation gap. The problem has been somewhat complicated by political and resource factors. In many developing countries, the tendency has been towards centralization, thereby further creating bottle-necks and difficulties in implementation of development programmes and projects.

D. Administrative reform structure

42. One important arm of the central guidance network is that which deals with agencies devoted to administrative reform. By the 1970s, practically every country had created an organization for administrative reform, variously known as an O and M (organization and methods) agency, a management improvement office, a public administration ministry or by a similar name.

43. In other cases, institutes of public administration were expected to include such functions in their mandates. These agencies were expected to review and propose administrative changes to keep public administration systems current and effective. Some such agencies played a key role in the streamlining and rationalization of government structures and the simplification of government procedures. Over the course of time, however, they seem to have become peripheral to the administrative reform procedures or preoccupied with less important issues.

44. The reform impulse has increasingly come from outside public administrations, especially from political bodies and politically appointed commissions, committees and outside expert advisers. In most developing countries, whatever particular configuration of reform measures has existed thus far, much remains to be accomplished to enable national administrations to meet the challenge of administrative adequacy in the 1990s.

45. The growing scarcity of resources, on the one hand, and the introduction of new technologies, especially the information technologies, on the other hand, require a new approach to the whole process of administrative rationalization. It is becoming increasingly recognized that administrative rationalization and reform can best take place using a combination of in-house reform capabilities and ad hoc expertise in accordance with the dictates of particular circumstances. In such cases, it is important to distinguish the role that permanent central administrative reform agencies should play from that of ad hoc administrative reform bodies.
46. On the one hand, the need for permanent central administrative reform organs is widely accepted. Such agencies provide institutionalized support to the political leaders in monitoring, co-ordination and control of administrative functions. They can provide important managerial consultancy services to the Government. They can serve as the permanent machinery for reviewing various reform proposals, and even provide the support and linkage needed between government institutions and outside reform expertise when such is deemed necessary. They help to ensure the continuity of administrative improvement on an ongoing basis. In order to fulfil these functions most effectively, it is generally necessary that such agencies be located at the highest levels of government and that the professionalism of their staff be recognized and safeguarded.

47. On the other hand, at certain intervals in a country's development, it may be more effective to rely on special ad hoc reform structures in the form of special commissions, "think-tanks" and the like which can bring new perspectives to bear on attempts at major administrative reform. Such bodies should have a clearly limited time-frame in which to accomplish their objectives and can be especially useful where proposals for reform of a whole system are needed, involving large amounts of resources and a number of interest groups.

48. Experience has shown that attempts at major administrative reform often have been less than successful. This is partly due to the fact that concrete plans and objectives at the micro-level are seldom developed and follow-up action to ensure implementation of reforms proposals is lacking. These are activities in which central administrative reform agencies can play an important role.

49. In the final analysis, it is important to find an appropriate balance between permanent and ad hoc reform structures to ensure that change occurs in the most effective way. There are a number of other factors that influence the effectiveness of the reform, critical among which is political will and commitment on the part of those expected to carry out the reforms.

E. Co-operation among countries in administrative reform

50. Administrative reform systems are exclusive attributes of every national Government that is solely responsible for determining the administrative structures and reorganization best suited to its needs. Sometimes, reforms for efficiency can be promoted by national Governments sharing among themselves common administrative reform experiences. There are instances where national Governments have identified common problems in public administration whose solutions can be facilitated by sharing common advantages and experiences (e.g., the former East African Community involving Kenya, the United Republic of Tanzania and Uganda; the Caribbean Community (CARICOM); Caribbean and Latin American countries, etc.).

51. Agreement among national Governments to share common advantages to achieve increased administrative efficiency and greater economies is a recognition that no one nation is an island unto itself and that nations are interdependent.
52. In the traditional public administration framework, various national Governments have attempted to promote co-operation among themselves in a number of functional areas: customs administration resulting from customs unions; tariff organizations arising from the establishment of common tariffs on free trade areas; intercountry co-ordination of national budget mechanisms; training systems and management development.

53. For a variety of reasons, some Governments do not have in place adequate machinery for sustaining international co-operation in administrative reform and development. The reasons may include institutional weaknesses within national administrations. It may be due to the sheer absence of necessary institutions or administrative mechanisms for co-operation.

54. The role of international organizations in promoting technical co-operation among countries in public administration is well recognized. It is important, that in exercising this role, external agencies avoid postures that might be seen by national Governments as external interference with their inherent responsibility for developing their own administrative reform system.

55. Recognizing the importance of international co-operation in administrative development, national Governments may strengthen or re-examine their plans in providing suitable structures for this purpose. Such plans may include technical co-operation assistance from international aid agencies.

IV. DECENTRALIZATION AND LOCAL GOVERNMENT

56. Local government and decentralization remain important policy concerns. Several Latin American Governments have been giving attention to the decentralization of planning and development. The question of local government is also discussed as part of the debureaucratization programmes and the promotion of popular participation in public affairs in many other parts of the world. The rapid growth of urban populations in developing countries and the need to deal with the problems of rural areas affect the discussions on local government and decentralization. A substantial number of countries have endorsed the concept of decentralization in formal development plans and official policies, development programme documents and other legal instruments.

57. The actual reforms along proclaimed lines have been unevenly instituted by different countries. For one thing, many countries have been preoccupied with macro-issues of economic management, leaving little time or few resources for the problems of local government. For another, political and administrative factors have intervened to make it difficult to implement meaningful programmes of decentralization. Overall, the situation of local government in developing countries remains more or less static, with the same issues predominating in the debates. In some cases, there has been further deterioration in the capacity of local governments to perform even their conventional functions.

58. Despite a generally weak record thus far in achieving effective decentralization systems, many countries continue to promote the concepts of local/...
government and decentralization as a means of fostering democratization, delivering services at the local level and ensuring popular participation in the decision-making process. Current concerns for raising productivity in the public sector are also linked to the issue of decentralization, since well functioning local government units could provide an avenue for reducing the administrative and financial burden of central administration.

59. Local governments also provide an important mechanism for self-help and for greater mobilization of the individual role of national development. Local government units also have a distinct advantage in training and developing the talents of local personnel to undertake development activity within the local communities, as well as in preparing leaders for the national arena.

A. Local government functions

60. The mere advocacy of the principle of decentralization is not sufficient, however, to ensure that its potential advantages will be realized. The demarcation of functions between national and local governments in fact has tended to become blurred. As the problems assume new dimensions and urgency, national Governments try to deal with them directly or through the establishment of specialized entities. Examples of these include national programmes for dealing with urban problems of water supply, transport, education and housing, to mention only a few conventional concerns of local government, as well as national programmes for rural development.

61. The hallmark of such programmes is central direction and direct administrative management. If development is to take place evenly and where it is most desirable, real authority must be placed in the hands of the local population. Thus, policies aimed at deconcentrating central administrative authority to the local level must be harmonized with those directed towards actual devolution of authority to locally constituted bodies.

62. While it is difficult to clearly demarcate functions of different levels of Government, it is important to try to have a clear understanding of their respective roles, both to enable the local governments to function meaningfully and also to enforce accountability. The functions may change over time and partnerships may need to be built between levels of government to provide public services effectively. The tendency to suspend or bypass local governments is hardly conducive to popular participation or the strengthening of local bodies. Co-operation among local authorities is also highly desirable because it enables them to undertake functions beyond the scope or competence of individual units.

B. Local government finance

63. No local government reform can succeed without corresponding financial reforms. While local governments may resort to self-help programmes for local communities and perhaps do more to exploit their financial possibilities, the basic problem of equal finance cannot be solved without a national consensus. The
national Governments generally claim the more remunerative sources of revenue. This leaves local governments devoid of the resources needed to perform even their most elementary functions. Furthermore, the magnitude of problems, especially in urban areas, takes them beyond the financial capabilities of local government. In most cases, they have to rely on grants and revenue-sharing from the central authorities, which have tended to decrease because of financial crises.

64. In a few cases, legislation has given local governments considerable scope for action on local issues. Such legislation has not always been followed by the allocation of commensurate resources and local government possibilities have remained an academic subject. More efficacious systems must be sought, therefore, for providing adequate funding to local authorities. These might include more equitable division of revenue sources between levels of governments, national credit institutions for local government finance, financial powers of local authorities and measures for the mobilization of self-help programmes.

65. The local government problem assumes special dimensions in federal systems. In a few such States, constituent units of the federation became a bottle-neck or stone wall in the flow of resources from national authorities to local units. The establishment of local government finance commissions may help resolve these and similar other problems.

C. Local government personnel

66. Local government capabilities will remain limited unless they are able to attract and retain qualified personnel. The general trend of exodus from rural to urban areas and metropolitan cities has remained strong. These demographics have distorted the availability of skilled manpower to different parts and levels of the Government. The prestige and power associated with national cadres also deprives the local government of its share of competent personnel. Furthermore, the lack of amenities and facilities outside metropolitan areas in many countries serves as a disincentive for people to move out of the capital cities.

67. A particular advantage of local government schemes is that they can provide opportunities to train locally selected personnel and build up the degree of administrative skills and self-confidence for self-development. Such locally selected representatives may be either popularly elected or chosen by consensus or other traditional means, as is most fitting to the particular circumstances of that local community.

68. Some Governments have set up national training centres for local government officials, but their impact has been rather limited because of more fundamental problems. Another alternative for improving training at the local level is through co-operative efforts among different units of the local government. Such co-operation among local authorities may be useful not only in the area of training, but also for providing other common services to a larger area. A critical issue is to come up with strategies and programmes to ensure the optimal distribution of functions and resources for different levels of the Government and to allocate skilled manpower resources accordingly.

/...
D. Environment for decentralization

69. In any case, it will be difficult to strengthen decentralization for development unless there is genuine and committed support from both the legislative and bureaucratic authorities within a given society. Finally, decentralization cannot be considered a universal panacea for the ills of under-development. In fact, in some smaller developing countries, the trend is towards elimination of dual levels of administrative authority since it is considered that the population is small enough to be ensured of direct access to the decision-making apparatus. Moreover, when reviewing decentralization measures, consideration must also be given to differences in needs between metropolitan and rural government needs.

70. Therefore, it is important to maintain an open and flexible approach in deciding the role of decentralization in the development process. In view of the gap between policy and implementation with respect to decentralization, it is recommended that a new look be taken at the role and potential of local authorities in the development process by both national Governments and the international system.

V. HUMAN RESOURCE DEVELOPMENT AND PUBLIC SERVICE MANAGEMENT

71. The quality of public service is mainly dependent on the level of development of a country and the quality of education and training provided. There is room for improvement both within the broad context of human resource development in public service management and by the adaptation of appropriate policies and practices in the latter.

A. Policies and approaches in human resource development

72. Human resource development is viewed as a point of reference for all development, with appropriate policies and programmes in support of this overriding objective. The quality of human resources is a critical factor in the level of capability of public organizations, as has been shown through the experience of several developing countries. It has been noted that the establishment of formal organizations without qualified and trained personnel does not help in the achievement of the objectives of a programme. The public sector has a special role in applying the concept of human resource development. There is a need to articulate the goals and implications of human resource development with specific reference to education and technical skills. Workable policies are required in the light of declining resources to meet multifarious demands. Appropriate human resource policies are important to set the norm for national practices at large. Developing countries, in particular the least developed countries, will require innovative measures to use their scarce human and material resources and to accelerate the process of education and training programmes to support national development.

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B. Major issues in personnel management

73. The issue of the size, composition and cost of public service continues to engage the attention of certain countries. The questions being debated in order to find solutions to the problem include what should be the most desirable ratio and proportion of the public service to the population; the total cost of public service vis-à-vis the gross national product; how "better value for money" should be achieved; and methods for defining the optimal use of public service. A number of practices have been introduced for cutting the size of the public service, such as recruitment freezes, redeployment, retrenchment, attrition and retraining for alternative employment. In economic terms, it may be possible to cut the size of the public bureaucracy. At the same time, Governments have to bear in mind the continuing problem of unemployment. Public administrations in developing countries encompass a multiplicity of social purposes through development and further cutbacks may not be easy. There is, however, a growing consensus that unemployment should be dealt with through means other than redundant employment in public administration.

74. In some cases there has been overstaffing at the lower levels and at the same time a shortage of managerial, technical and scientific personnel. Overstaffing at the higher levels does not appear to be a problem. Equally significant is the proper placement of personnel. Placement of officials who are not fully qualified and trained must be avoided so as to save staff resources. While the shortage of trained public service personnel is a problem in some of the least developed countries, personnel management issues in other countries also need to be addressed, such as the question of open and closed systems of public service. An open system of lateral entry has provided some developing countries with greater flexibility than a closed system, which does not allow the same advantages. The pros and cons need to be weighed in relation to specific situations in each country. The use of personnel planning by indicating broad categories of managerial, technical and scientific personnel has been successfully used in several countries.

75. A central personnel organization is a major instrument for improving public service management systems. A key need is to provide autonomy to the civil service commission so that its role in managing the public service is strengthened. The central personnel organization could also assist in preserving and fostering career service based on merit in recruitment, promotion and career development. In order to avoid the tendency towards plurality in personnel organizations, the public service commission should act as a standard-setting agency on major matters of personnel management.

76. The question of relationship between political executives and career officials is to be viewed within a framework of each contributing its best to national development. The career service must be responsive to political leadership. The political executive's responsibility is to provide policy leadership. Career officials are implementors of policies and these officials must owe allegiance to the State and the political order they represent. Once policies have been approved, political interference in implementing policies and programmes is to be avoided.
77. A system of career development, to be effective, should include job mobility, transfer, exchange between field and headquarters positions and promotions. Such action should be deliberately planned and implemented. Several developing countries have gained by using the process of career development in identifying management skills and designing training programmes in accordance with specific requirements.

78. An issue on which attention has again been focused is that of appropriate pay and remuneration policies for the public service. However, in several developing countries there have been demands for payroll reduction. At the same time it is important to provide adequate compensation for senior managerial and technical personnel, as close as possible to prevailing market rates. The pay policy should allow for adequate adjustment for any erosion of real income by inflation. Performance-related pay systems may also be experimented with so that emphasis on financial incentives, targeted to the success of public service development programmes, could be encouraged.

79. Public service officials must know their rights and responsibilities. The trend towards unionization has extended in some cases to management levels. This has led to participation in decision-making matters affecting the rights of officials, including the right to career development plans and management training.

80. The problem of the "brain drain" continues to exist in many developing countries. They have experienced the emigration of scientific, technical and medical personnel, which has adversely affected their societies as a whole, including their public services. Among the causes of the "brain drain" are the inadequate pay and remuneration structure, conditions of service, the working environment, a lower appreciation of specialized knowledge and skills in certain fields and degree of job satisfaction. There are also external causes, which may include better material rewards and standard of living, greater job satisfaction and incentives. In order to review the situation, a dialogue between developed and developing countries might be useful with a view to developing appropriate guidelines for follow-up by the countries concerned.

81. The role of women in the public service and their contribution to national development have emerged as important issues affecting the society as a whole in economic, social and educational matters. The specific problems within the public service need to be addressed in a more concerted manner. There is a need for the enunciation of a statement of principles and guidelines to ensure that all female public service employees are provided with equal opportunities for pay, promotion, career development and training in management and scientific and technical areas. Civil service rules and procedures may need to be reviewed to ensure that parity between male and female employees is maintained on these matters. The programme and policies of development should be such that they provide for a full share of benefits to women.
C. Personnel training

82. The concept of continuing education for public officials is widely recognized. Such continuing education has to include both management development and upgrading of technical knowledge and skills. Furthermore, in the functional fields, the rate of change is significant enough to make it imperative for officials to pursue continuing education at frequent intervals. These principles apply to public officials at all levels. Given the nature of the document, only management training issues are covered.

83. In-service training is considered crucial for personnel development in the public service. Apart from setting up institutions, some countries have developed an "apex institution" for higher levels in the public service. While the benefit of training is recognized, the real impact of training on the performance of public service officers continues to remain a critical issue on the agenda of all public services in the developing countries. Some developing countries are attempting to redefine the entire system of training in terms of levels, needs and priorities of development. Other issues that continue to engage their attention include the nature of post-entry, supervisory and in-service training programmes. Entry-level training needs to be intensified and the courses offered at these levels require in-depth coverage of subjects pertinent to the functions of officials. Training must be viewed as a continuing effort and offered at various stages of public service careers. In order to avoid the haphazard development of personnel, several countries have formulated training policies at the national level. Such policies include elements of the overall strategy and the differentiated role of training institutions. However, it is important that training policies should adopt a long-term perspective on management needs in the public service and link that to the overall personnel policies. The responsibility of monitoring and implementing training needs should be assigned to a central agency.

D. Management training for middle management

84. Middle managers in the public service in all developing countries are responsible for carrying out specific programmes. It is important to assess clearly the needs, objectives and policies in order to make training more relevant to the responsibilities of middle managers. Several developing countries have made significant attempts to improve the curriculum of management training. This has been achieved in the specific functional skills of financial management, project analysis and monitoring, management information systems and other quantitative techniques. Several developing countries have attached priority to building up a cadre of management consultants through in-house training in management improvement and analysis. In this connection there is clearly a need to organize practically oriented training programmes on ethics in public management, rules and regulations in administration and negotiation skills for economic management.

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E. Management training for senior administrators

85. The significance of management training for senior administrators on a planned and systematic basis to improve their skills in policy analysis, development processes and management is being emphasized by all developing countries. While a few countries have established staff colleges or "apex-level" institutions, others have continued to rely on ad hoc training arrangements through national institutes and overseas programmes. It is difficult to develop a generally applicable formula for management training at the higher levels. However, there are good principles that could be applied in designing programmes to make managers more productivity-oriented and cost-conscious and to enable them to mobilize resources in order to maximize output.

86. Experience in senior management training is evolving. Such efforts need to be formulated with the greatest care to avoid any negative influence on the motivation of senior managers to attend such programmes. Questions related to the stages at which management training activities should be organized, approaches for such programmes and their content are the subject of considerable discussion at various levels. There are several experiments under way but their focus tends to be different because of unique national realities, varied intellectual approaches and the broad range of competencies required at the senior level.

F. Revitalizing the role of training institutions

87. Management training is essentially a national responsibility. National management development centres are organizing training for officials at all levels based on the requirements of each country. There is a concern that some of these institutions are not being fully utilized because of an inadequate faculty, a traditional approach to training and a lack of other resources. The developing countries need to utilize fully existing resources before initiating new ones. It is necessary to modernize and diversify the training programmes within the existing institutions with a clear indication of target groups. The need to review the training networks to assess their adequacy and relevance to the total needs of management development is justified. There is room for active collaboration and co-operation among the existing institutions, including an exchange of staff and faculty, training material and packages, such as case studies, in order mutually to enrich ongoing programmes. The assistance of university faculties in respective fields of specialization in planning and conducting training programmes by the management development centres and staff colleges may need to be obtained. To reach the large number of managers at different levels, institutes must develop crash programmes to train trainers.

88. Training institutions should devote greater attention to preparing indigenously based training packages, for which comprehensive evaluation studies of training programmes are required. Some training institutions in the developing countries have introduced innovations on training curricula for middle and senior management, especially in regard to themes, subjects and methods applicable at various levels of public service. An important issue facing the institutions is the identification of new areas of training for special emphasis.

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89. Despite the wide acceptance of management training at all levels, most institutions do not receive the level of financial resources commensurate with their responsibility. National Governments should therefore give serious attention to the question of allocating adequate resources to the training function.

G. International co-operation in training

90. Human resource development through training is a fertile field for international co-operation. Several bilateral and multilateral agencies have promoted training opportunities at the national, regional and international levels. However, since training is required on a continuing basis at all levels, major efforts are required at the national level. The issue is not so much that of starting a new institution as of utilizing existing facilities. Support to augment national centres in their diversified efforts does not always follow after international assistance is withdrawn. Regional training institutions have to have a balance between the common courses and particularized courses in development management and policies. At the national level, most institutions that have received international assistance have been fully integrated and institutionalized in terms of their administrative milieu. However, the institutes of public administration have not always attracted quality teaching staff in the required specialized fields and some have suffered from a shortage of staff. There has been discussion on the merits of long-term and short-term courses and on the problem of the " routinization" of courses. Continuing demand exists for strengthening the substance of the courses. Management training has not been dovetailed with practice. There is a great deal of rhetoric on replacing the course material in the developed countries but very little effort has been made to develop indigenous training material and case studies.

91. Experience would indicate that the institutions at the national level should be given more political support and assisted by the adequate provision of funds to attract and retain trained staff. Apart from traditional bilateral assistance, more efforts need to be directed to encourage South-South co-operation by national training institutions.

92. The regional institutions should respond more directly to the management development needs of countries in the region. It is necessary that Governments actively strengthen the regional institutions.

93. International co-operation for training could be designed particularly for participation by mid-career officials and instructional staff through specialized courses in management. Technical assistance is required to improve the resource capacity of the institutes. Training in management consultancy also deserves priority attention. Selection of students for these courses should be undertaken on the basis of qualifications and experience and the ability to utilize training opportunities effectively. There is a need for more effective co-ordination and harmonization to avoid duplication and overlap of efforts. The possibility of organizing an information clearing-house on training and research should be explored.
VI. RESOURCE GENERATION AND MANAGEMENT

94. In many developing countries, development has to be financed by a mix of resources from internal and external sources. In recent years, the reduction in net capital flows to developing countries has intensified the need to increase self-reliance and the level of domestic savings for investment. Although considerable efforts have been made to mobilize domestic resources, the results achieved so far have been uneven and frequently below expectations. Consequently, in many countries, public expenditure has come under pressure.

95. Contractions of the tax base owing to domestic recession, a decline in customs revenues as a result of a fall in imports, a fall in exports and a reduction of revenue resulting from the depression of commodity taxes are some of the factors that have reduced the capacity of Governments. While sound domestic policies are necessary to generate additional domestic resources, they are not in themselves sufficient unless backed by changes in the way resources are utilized and managed and changes in the external environment. Therefore, a continuing issue for many developing countries is the need to strengthen efforts and policies to ensure that domestic resources are effectively mobilized for development and that their utilization is designed to maximize their impact. This requires the adoption of measures on a broad front, including resource mobilization, financial management, public enterprise performance and debt management.

A. Resource mobilisation

96. The strengthening of tax administration provides an important source of domestic finance for the public sector. Additional revenues can be achieved through the following measures: improving the methods of assessment and collection of taxes from small businesses and self-employed professionals; effective penalties for tax evasion; better taxpayer relations through education and dissemination of information; strengthening the tax audit; and simplifying and rationalizing procedures, including tax forms.

97. In many countries, an improvement in tax administration is urgently needed to generate additional revenues for growth and investment. Moreover, better tax administration may be very effective in increasing tax revenues in countries where, because of evasion, actual collections are only a proportion of the potential available. In these circumstances, the uncertainty and unpopularity arising from a change in the tax structure can be avoided, while the credibility of the Government is increased. Nevertheless, some caveats are necessary for countries contemplating increasing tax revenues. First, if the domestic economy is already depressed, a steep increase in taxation may exacerbate the situation. Second, the principle of ability to pay should operate, so that the very poor are not subjected to heavy taxes, and the more affluent are obliged to pay a fair share. Third, tax policy should be designed to encourage or at least not to penalize excessively emerging industries and activities of significance to the future development of the economy. Fourth, where domestic savings can be mobilized by voluntary means, the circumstances favouring this result should be promoted.
98. Domestic savings contribute one of the two main ways whereby resources can be effectively mobilized for development. The household sector can contribute significantly to domestic savings given the necessary institutional arrangements and the adoption of appropriate policies to provide incentives to save. Financial institutions, including commercial banks, post office savings banks, development finance agencies, and rural and co-operative banks, with the central bank at the apex, provide the institutional base for the mobilization and harnessing of domestic resources from this source.

99. Over the past few decades most developing countries have established such financial institutions to aid their development efforts. Further strengthening and deepening of the intermediation activities of financial institutions are essential for enhancing the role of these institutions in development. The recent trend towards reducing the dependence of public enterprises on government funds, the move towards privatization or greater commercialization of their operations and the establishment of joint ventures necessitate the development of institutional arrangements and instruments for facilitating the process. The establishment of stock exchanges, equity banks, mutual trust institutions and other forms of capital market structures could provide a strong base not only for domestic savings but also for broadening the ownership of productive resources and enhancing the involvement of large groups of the population, including those in rural areas, in the development process. This institutional expansion and strengthening should be buttressed by the adoption of realistic interest rates and tax policies, as well as measures directed towards improving the efficiency and responsiveness of the financial and related sectors.

100. Another method is to encourage voluntary contributions via co-operative endeavours at the community level. Here, the community pools its resources, either in funds or direct labour, or both, to achieve community objectives. This approach involves self-management and is suitable for a range of local projects ranging from infrastructure (e.g., rural electrification and the provision of water supplies) to social facilities (e.g., schools, day care centres, clinics and housing). In some countries it may also be possible to encourage the employees of public enterprises to make available their savings as a source of public enterprise finance.

101. In many developing countries, government expenditure has been growing at a faster rate than that of national income during the past decades. This can be attributed to growing administrative and economic functions and increased urbanization and to rising cultural and welfare expenditures during the course of industrialization. The demand for these services is considered income-elastic, that is, the rate of growth of demand is higher than that of income.

102. Controlling the growth of public expenditures, particularly current expenditures, is also a source of potential savings for most developing countries. This would require the establishment of adequate mechanisms for monitoring and evaluating public expenditures, and the design of information systems to evaluate and review government activities. In short, what is needed is a fully integrated financial management system that takes into account the processes of planning, budgeting, financial decision-making, and review and remedial actions.
B. Financial management

103. A powerful way of achieving more effective financial management is to integrate the processes of financial management and decision-making and to establish linkages between them. In some countries, a fully integrated approach is favoured covering the processes of planning, programming, budget formulation, accounting, auditing and programme evaluation. Other countries have seen the need for closer integration of plans and budgets. This may be achieved at the institutional level by merging the relevant institutions, or it may be done by creating or strengthening co-ordinating committees. It may also be done at the technical level by utilizing consistently defined project classification schemes for both planning and budgeting, and by evolving a common price basis for plans and budgets. This may be achieved at the institutional level by merging the relevant institutions, or it may be done by creating or strengthening co-ordinating committees. It may also be done at the technical level by utilizing consistently defined project classification schemes for both planning and budgeting, and by evolving a common price basis for plans and budgets. There is also a common perception that much remains to be done in monitoring the implementation of planned projects. A system that gives timely warning of delays, adverse variances and problems would also permit timely and appropriate remedial action. As it is, in many cases, evaluation is undertaken only after a project is completed. By this time the findings from evaluation can only be applied to future projects, and current rates of implementation remain inadequate.

104. Many developing countries have attempted a closer integration of budgeting, accounting and decision-making by programme and performance budgeting. At the same time, some countries have evolved value-for-money auditing, which creates a closer link between auditing, reviewing and planning. There has also been some dissatisfaction with government accounting systems based on the cash or obligation bases and consequently some experimentation is occurring with accrual accounting.

105. Despite such developments, progress in the implementation of integrated financial management has been slow. The advantages of integration (between budgets and plans, between costs and output, between various accounting systems of public sector entities and between financial management and other aspects of management) are very clear in principle. In practice, constraints prevent their full realization.

106. In developing countries, these constraints are aggravated by a lack of resources. Within the sphere of financial management, lack of resources typically implies lack of skilled staff in accounting, financial management, information technology and management; difficulty of training, recruiting and adequately remunerating such staff; cumbersome ways of recording and processing information; old-fashioned financial procedures and regulations; and the impossibility of escaping from this situation through the large investment of resources implied by schemes of integrated financial management.

107. Finally, there is clearly a very basic need for control in government financial management systems. While excessive controls can be clumsy, duplicative and disruptive of the even flow of work, some level of control is obviously a necessity. If designed properly and reviewed regularly, internal control systems provide many of the assurances management needs concerning the efficient conduct of public business.
C. Public enterprise performance

108. Public enterprises will continue to play a major role in the development of many developing countries. However, in view of the losses incurred by many of them and the consequent burden on national treasuries, Governments may have to reconsider their policies towards this sector. Special measures may have to be taken to make them viable. Otherwise, hard choices may have to be made as to the level and coverage of intervention.

109. Different countries report different problems with respect to public enterprises. Some report a confusion of roles, with public enterprises saddled with heavy social responsibilities, and consequent tension between enterprise and social objectives. Some refer to political interference, or undue preference for civil servants in top management appointments, thus preventing the appointment of the most appropriate managers. Some find that the administration and financial regulations applied in the civil service are also applied to public enterprises, with predictable results for the efficient conduct of business. Others report high labour costs, low productivity and low rates of capacity utilization. In quite a few cases, financial results have been disappointing.

110. The relationships between the Government and its public enterprises are of particular importance. Where these are unclear in specifying the rights, obligations and objectives of public enterprises, and where public enterprises are allowed too little managerial autonomy, confusion of roles can result. The prime role of a public enterprise at the current juncture in time is an enterprise one, that is, to produce goods or services at reasonable cost. Clearly public enterprises may be allocated social objectives. In such cases, the social objectives should not dominate enterprise activities and the rules of the game should be clearly brought out. This can be done in contracts that clearly specify the activities of a social nature to be carried out, their costs and the manner in which the enterprise is to be reimbursed for incurring these costs. Such an approach attempts to avoid the very frequent practice of subsidizing public enterprises to cover past losses, where there is no rational basis for the payment of subsidies other than the need to maintain the enterprise.

111. Whatever the choice of Governments, improved performance of public enterprises will continue to be an important issue. Among measures Governments would have to undertake to achieve this goal are better motivation, greater transparency of operational financing and clearer identification of functions.

112. Recruitment of senior management staff should be guided by principles of professionalism rather than loyalty to a political régime as is the current practice in many countries. The main consideration in the appointment of managerial staff should be the ability and skills of the individuals.

113. There has to be a greater emphasis on motivation, incentive and performance. Managers should be encouraged to generate profits and to retain part of this profit for internal expansion and for the payment of bonuses to staff in order to provide incentives to increase performance.

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114. Full disclosure of the managerial and functional operations of public enterprises, except those excluded for reasons of national security, should be encouraged by Governments. Disclosure would not only keep the public informed of successful and unsuccessful enterprises, it would also ensure some element of accountability by managers. Related to full disclosure and accountability is the need to develop incentives that would reward managers for good performance.

115. Too often public enterprises are expected to perform economic, social and political functions, and in many cases there is confusion by the State as to which of these functions should be foremost in their operations. While in many cases it may be difficult to differentiate between these functions, a careful attempt should be made to do so in the interest of improved efficiency.

116. The application of market principles to the operation of public enterprises could also help improve efficiency. This would require that allocation of resources by public enterprises and their pricing policies be guided by market forces rather than by administrative action. This would also apply to the size of the wage fund and its distribution.

D. Management of external debt

117. Several of the crucial issues in this area are closely tied to international economic conditions and financial markets and can only be resolved in relevant international forums. The Meeting recognized that it was beyond its mandate to discuss those issues. However, it drew attention to the fact that the increasing indebtedness of developing countries had a serious impact on the capacity and resources of development administrations to discharge their responsibilities effectively.

118. One approach to the problem of debt management is a long-term one concerned with planning. This approach starts with a consideration of planned expenditures in relation to the prospective resources available through taxation and borrowing. The decision to incur external indebtedness is, therefore, part of a well thought out policy. Acceptable levels of external indebtedness are determined in advance.

119. Another approach is forced on countries that have either failed to adopt long-term policies on acceptable debt levels, or have experienced sudden, unexpected changes in the availability of foreign exchange. Here the emphasis must be on appropriate short-term macro-economic policies to deal with the situation. These are reflected in structural adjustment programmes that stress elements such as export promotion and domestic resource mobilization.

120. Lack of sound and reliable information on external public indebtedness appears to be a common shortcoming in developing countries. Accounting and auditing systems have failed to record properly and to report on the status of indebtedness operations. Better planning, budgeting and accounting systems are essential to provide complete, accurate and timely information on debt, on the profiles of sources and maturities, and on the flow of interest payments over a period of time. Such system-wide reforms will not only improve debt management, they will...
also provide relevant information for renegotiation and rescheduling of debts when necessary.

121. Developing countries have made some efforts to improve the management of external debt, but many of these efforts have been piecemeal. In some cases, a simple recording of external obligations has been implemented, but it is limited to disclosing how the amounts of obligations have increased from one year to another. In fact, no analysis is performed regarding the payments made, payments in arrears, interest due, obligations by sectors, and the like; in addition, no information is available with regard to the way in which the resources were employed, or on the improvements or developments achieved as a consequence of their utilization.

122. In other cases, it is very common to find that information on external debt differs considerably from one agency to another. Data are inconsistent, and since no reliable basis is available for purposes of matching or reconciling figures, no actions are taken to determine the specific status of external debt. Governments may find it useful to have a central agency being responsible for all aspects of external debt recording and management, and for the use of appropriate information technology. In the latter respect, the United Nations Conference on Trade and Development (UNCTAD) has developed a debt monitoring and financial analysis system, which provides a comprehensive computerized system of data recording and reporting for external indebtedness.

VII. MANAGEMENT OF INFORMATION SYSTEMS

A. Policies, organizations and methodologies for information systems development

123. The proper management of information systems is an important element in improving the effectiveness of public administration and finance systems in the process of national development. In this area, computerization has been used to varying degrees in developing countries. While an appropriate mix of manual and mechanical processes in the management of information systems will depend on choices made by a country at a given time, it now seems that the benefits of the use of information systems in public administration in developing countries have already been well established. Such systems have been widely used in many government operations, including personnel, financial and other administrative functions of public sector management, in both developed and developing countries. By computerization, the communication between both horizontal and vertical elements of public administration has been tremendously improved. Productivity in documentation and paperwork, particularly in scientific and technical functions of government operations, have also been greatly enhanced by computerization. Repetitive functions of administration can be computerized for better efficiency. An effective computerized information system also provides an important infrastructure for social and economic development of the society.

124. The use of computers in developing countries is particularly important not only for improving the productivity and performance of public administration, but also for narrowing the "information gap" between the developed and the developing...
countries. More specifically, the Governments of developing countries, as recipients of information technology, should not shy away from computerization at a time when developing countries are heading towards significant improvements in communication.

125. While the benefits of computer use have been widely recorded, some caution is necessary with regard to various aspects of computerization, particularly, the mismanagement of computerized information systems, which hampers the enhancement of computerization. These drawbacks include abuse and misuse of information systems, lack of security safeguards (computer fraud), the breakdown of computers, costly back-up systems, systems and hardware maintenance problems and the proliferation of information systems without planning, etc.

126. Recently there has been a major revolution in the field of minicomputers and microcomputers. These open up the possibility for decentralized information systems. This may not, however, happen automatically or may not always be useful in terms of the output of different systems and the needs of the higher echelons of management. Integration of microcomputers and minicomputers in the information technology therefore constitutes both an opportunity and a challenge to maximize the managerial uses of information.

127. Experiences in developed countries have revealed problems that have had some negative impact on public administration. In some cases, computerization has brought more paperwork and too much unnecessary information for decision-making; it has also brought excessive centralization in administrative operations, even though the introduction of microcomputers in some cases has eased the centralization issue. However, recent proliferation of multi-user microsystems has involved the similar risk of centralization in administration.

128. These experiences call for emphasis on management of information systems. For the optimum use of information technologies, it is vital that public managers, including policy makers and line managers, manage the utilization of computerized information systems as scarce organization resources in public administration. Information resource management cannot be overemphasized in the light of the cost involved in information systems and the significant impact of their utilization on public administration.

129. In this context, Governments may consider establishing a long-term strategy for the development of information systems involving, among other things, a systematic methodology of computerization, information planning, priority setting and creating appropriate organization and/or co-ordination mechanisms. Such a strategy should also take into consideration overall direction, the prevention of waste, the sharing of resources and the timing and selection of the technology to use.

130. In government-wide information systems planning, not only lateral co-ordination among administrative agencies, but also vertical co-ordination, that is, between central and local governments, is extremely important. The importance of co-ordination between local and central governments should be accentuated in view of the possible impact on their relationships by the use of information...
technologies. The policy of procurement of information technologies should be seriously considered as the information technology purchase involves greater issues, higher costs and more dependence on vendors than for many other purchases.

131. Information systems planning should also include human resource development. Appropriate and adequate regulations and laws are necessary to govern the major aspects of management of information systems.

B. Regulatory aspects of information systems

132. While appropriate regulation is essential for the optimum utilization of information technology, protecting individuals' rights, facilitating data security, preventing fraud and ensuring access to government records and so on, overregulation should be avoided for the sake of effective use of technologies. It is also important to recognize that laws and regulations on government information systems have a significant impact on information systems developed in the private sector owing to the interface between government and private sector information systems. Some regulations on standardization involve international arrangements and become international issues that one single Government cannot control. For instance, national Governments alone cannot regulate the standardization of hardware, software, laser discs or telecommunications.

133. Enforcement of standardization poses efficiency problems in the design of information systems. The standardization of the structure of data might slow down the development of individual information systems. Public information laws (e.g., on citizens' access to government records) and data-base security laws could or might conflict with each other. Priorities among productivity, rights, security and control must be in order in regulating information systems.

134. Experience indicates that appropriate regulations, guidelines and procedures of computer procurement are essential in the management of information systems. Owing to the size of the costs involved in the acquisition of technology, including international purchase, a lack of knowledge of procurement regulations and procedures by management could lead to serious trouble in management or to huge amounts of money being wasted. In addition to technical knowledge, user-managers should be equipped with the knowledge of the series of steps in the procurement and contracting process to which local laws, regulations and conditions may apply. In many cases, political and strategic consideration may become important elements in the process of technological purchases.

C. Training for users of information technologies

135. The effective mobilization of information resources in public administration requires an emphasis on training in the various factors involved in the development and use of information systems. Training programmes should include computer professionals, users and trainers. Effective training requires that there be systematic and continuous training programmes and that senior government officials participate in formulating a realistic training policy on the use of information
technologies in public administration. To make such participation of senior officials meaningful, it may be useful to organize beforehand a sensitization programme for them on the development of government information systems.

136. As to training computer professionals, the emphasis should be on a core group of systems analysts, programmers, operators/data entry personnel and technical specialists. The training of computer professionals should also include sessions on organizational management and communications skills to improve interaction and dialogue between users and technical personnel. It is also important that professional training be periodically repeated to update knowledge and skills, as information technology is developing rapidly.

137. In many developing countries, training for users of information technologies is a relatively new requirement. While greater emphasis on user training is being increasingly accorded, in many cases, no specific institutions exist to train users. In some developing countries, the national computer centre is playing a key role and computer specialists are drawn from professional institutions and academic and training centres. For user training, in addition to the prerequisite sensitization programme to be given to senior civil servants, middle-level administrators should also be trained as users, particularly to create the right climate in organizations for information systems development. User training should include computer literacy and procurement, and laws and regulations regarding information systems. It should preferably be integrated with broad management training.

VIII. ADMINISTRATION AND THE CITIZEN

138. All administration activity must have as its aim and its result, in the final analysis, the service of the public. For that reason, great importance should be accorded, in the strengthening and improvement of the administrative system, to the social and cultural sector, particularly the most neglected assistance services, namely, employment, sanitation, job security, health and education. It is the quality of these services that best enables citizens to perceive the efforts undertaken for the improvement of administration in general and to derive direct benefit from it. Services must absolutely not be allowed to deteriorate as a result of credit restrictions or staff reduction policies.

139. The problem of citizen participation in development has an administrative dimension. Citizens must have an opportunity to participate in the exercise of responsibilities and the taking of decisions, directly or through their representatives; administrative decentralization and greater participation in the management of public enterprises are particularly important in this regard. The "transparency" of administration today also constitutes an essential factor of participation and control; it implies the possibility of broad access to the files and documents of the administration and to its information systems, a statement of the reasons for administrative decisions, the institution of public inquiries before the adoption of major projects, and public debates in representative organs. The touchstone of democratic governments is also the degree to which management systems are designed from the perspective of the citizen.
140. The "humanization" of public services is also important. Citizens should be treated correctly and courteously; reception services and easy-to-consult documents must facilitate their attempts at participation.

141. It is also necessary to ensure the effective protection of citizens against arbitrary action and abuses on the part of the administration and to ensure that its officials always respect the rights of the citizen. To that end, the supervisory and control institutions of the administration must be strengthened, as must the possibilities of recourse to the administration itself and to the courts.

IX. UNITED NATIONS PROGRAMME IN PUBLIC ADMINISTRATION AND FINANCE

142. In reviewing the United Nations central programme in public administration and finance, the Meeting had before it a document prepared by the Secretariat (ST/SG/AC.7/1987/L.3) and the report of the informal inter-agency working group (ST/SG/AC.7/1987/L.4) in which some of the specialized agencies and other organizations of the United Nations system had briefly described their related activities. The working group had also proposed five issues for special consideration by the Meeting: management development, human resources development, policy development and analysis, impact of technical co-operation and special attention to Africa.

A. Report of the informal inter-agency working group

143. The report of the working group received mixed reviews. The information was considered primarily descriptive of current activities and lacking in strategic thinking. In the opinion of the Meeting, the report created an impression of considerable duplication and overlap in the activities of the various specialized agencies. While recognizing that some of the co-ordination problems might be more apparent than real, the Meeting emphasized the need to improve co-ordination at the national and international levels. It further recognized that the co-ordination had to emanate from the national level. Accordingly, it recommended that Member States should institute measures to strengthen their arrangements for co-ordinating aid so that all external aid could be brought within the framework of their national priorities and programmes. That would also enable them to adapt the programmes and approaches of those agencies that tended to be too uniform and rigid in dealing with the specific needs and priorities of individual developing countries.

144. The topics proposed by the working group were considered generally relevant to public administration but too broad in scope. The Meeting commented that a sharper focus and rigorous specification of priority problems would have been of greater help.

145. The Meeting emphasized that in future the working group should be convened well before the Meeting of Experts and that its deliberations should be of a strategic nature. Furthermore, it should identify problems concerning the overlap and co-ordination of activities and make specific recommendations for their resolution.
B. Action Programme in Public Administration for Sub-Saharan Africa

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

C. United Nations programme in public administration and finance

147. The Meeting took note of the United Nations central programme in public administration and finance. It noted that the bulk of the activities of the programme were of an operational nature and comprised field projects in the developing countries to help them improve their administrative capabilities through institution-building and management development.

148. The other aspect of the central programme was to undertake research and training activities adapted to the specific needs of the developing countries or groups of countries. Such activities were generally of an experimental and pilot nature. The Meeting agreed with the focus, content, and issues pursued in the central programme. It further agreed to articulate guidelines for future activities.

D. Review of the structure and functions of the Meeting and agenda of the Ninth Meeting of Experts

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

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

(b) The forum provided an opportunity for experts from countries with different economic and social systems, as well as from donor and recipient countries, to exchange views;
The Meeting helped individual participants to gain a better understanding of changes and trends in development administration and relevant policy options at national levels.

150. The experts were of the view that in practice the usefulness of a specific Meeting depended on its agenda and the use made of its deliberations by member States. Accordingly, the experts recommended that the next Meeting be convened in 1989 as usual and consider its future course of action in the light of the following questions:

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

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

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

151. The Meeting unanimously endorsed the proposals and decided that the three questions raised above should be the main items of the agenda for the Ninth Meeting. The Secretariat was requested to prepare the relevant documentation and to circulate it ahead of time to the participants.

X. OTHER MATTERS

A. Declaration on local self-government

152. At its twenty-seventh World Congress, held in September 1985, the International Union of Local Authorities (IULA), a non-governmental organization in consultative status, category I, with the Economic and Social Council, adopted a Declaration on Local Self-Government, which stressed the role of local governments as an integral part of the national decision-making structure. The Declaration was referred to the Meeting of Experts for its views. The Meeting took note of the efforts to enhance local governments as instruments of economic and social development and recognized the desirability of having a statement on the subject. However, given the highly complex nature of the subject, the Meeting recommended that the proposed draft be referred to Member States for their views before any action was taken by the United Nations. The document, along with the comments from Member States, would be considered by the Ninth Meeting if the Economic and Social Council so decided.

B. Medium-term plan for the period 1990-1995

153. The Meeting suggested certain general guidelines to be used in the preparation of the plan. While recognizing the importance of mobilizing domestic resources in
the development process, the Meeting was of the view that the subject might be more appropriately handled by other international bodies with responsibilities in that field. The Meeting recognized the importance of public enterprises in the economies of developing countries and considered that the Department of Technical Co-operation for Development should continue to provide support to developing countries in that field. However, it was questionable whether the Department should be concerned with issues relating to public enterprises run on a completely commercial basis.

154. It was suggested that the following themes should form the core of the medium-term plan for the 1990s:

(i) Increased productivity and performance in the public sector

Policy objectives

1. Improving public-sector performance by relating output to objectives concerning integrated systems of planning, budgeting, accounting and auditing. Such systems should include measures and indicators of productivity and effectiveness.

2. Improving management systems to increase productivity and improve performance.

3. Simplification as a means of increasing productivity and performance.

(ii) Training/consultancy and human resources development in the public sector

Policy objectives

1. Helping national Governments in the developing countries in the co-ordination of technical co-operation activities in training and human resources development.

2. Redesigning systems in the public service to achieve better linkages between performance, motivation and incentives and to include, among other things, career development programmes.

3. Improving the performance of senior administrators and managers by means of career development integrated with formal training.

4. Providing professional training for middle management personnel.

5. Increasing co-operation between training institutions at national, regional and international levels.

/...
(iii) The use of information management in public administration

Policy objectives

1. Developing and formulating strategies for information management in public administration with reference to their relation to other sectors of the economy.

2. Increasing efficiency in the implementation of information technology strategies through standardization and procurement.

3. Developing comprehensive guidance covering the installation and maintenance of information systems in public administration.

4. Providing training programmes for senior management personnel, computer professionals and users.

(iv) Public participation

Policy objectives

1. Increasing the participation of the citizen in public administration and its transparency.

2. Increasing the role of local government and the decentralization of administration.

3. Protecting the rights of citizens against poor administration and developing institutional arrangements for monitoring and review.


155. The Meeting reviewed the report of the Secretary-General on the programme performance of the United Nations for the biennium 1984-1985 (A/41/318 and Add.1 and Add.1/Corr.1), together with the conclusions and recommendations of the Committee for Programme and Co-ordination thereon. Some concern was expressed regarding the large number of activities postponed during the period under review. However, it was noted that the quantitative tables in the report of the Secretary-General reflected certain distortions in reporting rather than low implementation. The Meeting recommended that a more appropriate reporting system be devised to convey a more realistic picture of the rate of implementation and the results achieved.
ANNEX I

AGENDA

1. Challenges and constraints of public administration and finance in developing countries, including the special problems of the least developed countries, computer-based management information systems and public enterprise performance.

2. Support and assistance by the United Nations system for technical co-operation among developing countries in the development of public administration and finance.

3. Review of the United Nations programme in public administration and finance, including preparations for the formulation of the next medium-term plan in this field.


5. Other matters:
   (a) Role of local self-government in development: a world-wide declaration on local self-government;
   (b) Medium-term plan for the period 1990-1995;

/...
Annex II

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