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GUYANA'S CABINET SUB-COMMITTEE ON ECONOMIC MATTERS

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INTRODUCTION

1. This short paper seeks to explain the functioning of that Sub-Committee of Cabinet which deals with economic matters. Henceforth the term "Cabinet Sub-Committee on Economic Matters" or its shortened form, "the Sub-Committee" will be used instead of the longer form when reference is made to this organ, which is a vital link in the planning process in Guyana.

BACKGROUND

2. It will be useful to describe the background which led to the realization that such a Sub-Committee would serve as an important tool in the efforts of the Government to make planning effective.

3. It was in 1965, at the time when the intensive examination of projects and policies, which forms part of the 1966-72 Development Programme, was taking place that an ad-hoc Ministerial Committee was set up to screen the submissions of ministries and corporations. This Ministerial Sub-Committee was found to be of great value in quickly establishing the importance and priority of projects and in defining policy for the later scrutiny of the Cabinet. Both Ministers of the Government and special technical advisers (economist, engineers, administrators, etc.) served on the Committee which was chaired by the Prime Minister. The Ministerial Sub-Committee worked smoothly and when it was disbanded after the task of drafting the 1966-72 Development Programme was completed, the problems of implementation of the proposals and projects in the programme were soon so apparent that the need for a reconstituted Ministerial Sub-Committee was clear. Many of the problems which arose stemmed from the uninformed acts and decisions of the Cabinet itself, for as Sir Arthur Lewis pointed out in a short note to the disbanded Ministerial Sub-Committee "the main obstacle to economic planning is the undisciplined behaviour of the Cabinet itself". He further went on to recommend that, "it is useful for a Cabinet to have a special Sub-Committee for Economic Affairs, just as there are special sub-committees for Security or External Affairs or other /technical subjects.

technical subjects. There is enough economic business to keep an Economic Sub-Committee fully occupied for one morning every two weeks. The rule is then made that nothing economic goes to the full Cabinet without having first been taken on this Sub-Committee. This Sub-Committee has permanently in attendance the two or three Permanent Secretaries concerned with economic affairs. Its secretary is not the Cabinet Secretary, but the Financial Secretary or the Permanent Secretary for Economic Affairs. Nowadays the Prime Minister usually takes the chair, because economic affairs have become so important".

4. It was out of this background that on March 4, 1966, the Minister of Economic Development proposed by memorandum to the Council of Ministers (later called Cabinet) the "Establishment of Cabinet Sub-Committee on Economic Matters...". In this memorandum the type of organization to ensure that the proper consideration was given to both the general economic problems of the country as a whole and the specific problems of the government in respect of the management of the Development Programme of the public sector was considered and it was felt that it should act as a body to examine requests etc. before these are submitted to the full Cabinet.

5. The memorandum recommended that:

- "(a) before any matter involving a charge on the capital funds is submitted to the Committee, the Ministry concerned should first of all, secure the support of the Ministry of Economic Development on the general question of conformity with the programme of capital expenditure;
- (b) the Ministry of Economic Development should prepare quarterly a Progress Report on the Development Programme;
- (c) The Ministry of Finance should prepare quarterly, a statement of total receipts and expenditure on both the capital and current estimates over the last quarter, and a forecast of likely trends in the ensuing quarter;
- (d) where matters of a general economic nature are concerned, the views of the related ministries should first be sought."

/These recommendations

These recommendations were accepted by the Council of Ministers, which also agreed that the Sub-Committee should meet fortnightly and "that the Permanent Secretary, Ministry of Economic Development, should be its Secretary with the Permanent Secretary of the Office of the Prime Minister as a joint secretary and that the First Deputy Prime Minister should be sent copies of all minutes and reports in addition to formal reports to the Council of Ministers". Thus the formal and close relationship between the Sub-Committee and the Council of Ministers was established. But another even stronger but more informal contact was assured by the composition of the Sub-Committee.

6. The Ministerial members of the Sub-Committee were:

The Prime Minister, (Chairman)

The Minister of Finance,

The Minister of Trade,

The Minister of Agriculture and Natural Resources, and

The Minister of Economic Development;

and the advisers to the Sub-Committee were:

The Secretary to the Treasury,

The Permanent Secretary, Ministry of Works and Hydraulics,

The Permanent Secretary, Ministry of Agriculture and

Natural Resources, and

The Chief Planning Officer;

while secretarial duties were performed jointly by:

The Permanent Secretary, Ministry of Economic Development, and

The Permanent Secretary, Office of the Prime Minister.

7. To this original membership were added:

The Minister of Works and Hydraulics,

The Economic Adviser to the Prime Minister,

The Economic Adviser to the Ministry of Economic Development, and

The Technical Adviser (Engineering) to the Ministry of Economic Development.

8. In addition to this permanent membership, the meetings of Sub-Committee, which after a while were summoned weekly instead of fortnightly, were attended by those Ministers (and technical advisers) of the Ministries whose matters were from time to time being discussed.

THE VALUE OF THE SUB-COMMITTEE

9. A careful examination of the personnel of the Sub-Committee shows that:

- (a) On the Sub-Committee were representatives of all the economic ministries of the Government;
- (b) The presence of so strong a ministerial representation made it easy for agreement at the level of Sub-Committee to be followed by agreement at the level of the full Cabinet;
- (c) The fact that the chairman of the Sub-Committee was the Prime Minister or the Deputy Prime Minister who also presided over the meetings of the full Cabinet gave added continuity to process of decision-making;
- (d) The strong cross-sectional representation provided the decision-makers with various and informed views on which decisions could be based;
- (e) The prior examination by the Ministry of Economic Development and the Ministry of Finance of requests by the claimant ministries provided the ministers with ample information in order for them to understand all the implications;
- (f) The attendance at meetings of the Sub-Committee by the Ministries whose requests were discussed provided the opportunity for the centrally-oriented ministries (Economic Development, Finance and Works and Hydraulics) and the claimant ministries to bring to the Sub-Committee's attention all the relevant considerations.

In addition to the advantage which this careful choice of personnel conferred, there was the added advantage which stemmed from the regular and constant contact with other ministries which the meetings of the Sub-Committee provided.

THE WORK OF THE SUB-COMMITTEE

10. Paragraph (5) above has defined very broadly the matters which are considered by the Sub-Committee, but it will be very valuable to observe in some detail the individual items of a typical agenda; and this can best be done by first outlining the agenda of the first meeting of the Sub-Committee, which took place on May 9, 1966 and the agenda of the meeting held on May 15, 1967 one year after. In Appendix I, these two agendas are reproduced.

11. The early agenda shows the heavy preoccupation of the Sub-Committee with the organization of the planning process. At that stage, when the 1966-1972 Development Programme was being launched, the non-existence of adequate data, the insufficiency of the machinery of government for effective plan implementation, and the absence of effective means of inter-ministerial co-ordination were clearly matters which demanded immediate and urgent attention; but once some approach to a solution of these problems was delineated, and as claimant ministries began to implement projects under their control, the task of adjusting the annual and even the total plan-allocation, in the light of added information, changing factor costs and readjustment of priorities led to the agenda items being primarily taken up by requests for changes in the project allocations.

12. This does not mean that all the institutional and organizational problems have been solved and only the problem of financial resource-allocation remains. This will be far from the truth for as the agenda for the meeting of May 15 shows the Sub-Committee considered the question of improvement of the organization of planning within the ministries, the institution required for providing credit to very small farmers and the participation of Guyana in the proposed Caribbean Development Bank. But the accent has shifted to plan implementation and the speedy of funds for projects.

/THE SUB-COMMITTEE

THE SUB-COMMITTEE AND THE PLANNING PROCESS

13. The Sub-Committee has developed into a vital link in the national planning process. In addition to the functions already outlined, it is the one institution in which the administrative, the technical and the political forces meet and from their several vantage-points thrash out the pros and cons of planning and plan implementation. The simple chart at Appendix II attempts to fit the Sub-Committee into the planning process.

14. The office responsible for planning is the Development Secretariat under the Prime Minister, and the Chief Planning Officer who heads the Development Secretariat is an adviser to the Sub-Committee as are the Technical Adviser and the Economic Adviser to the Ministry of Economic Development of which the Development Secretariat is part; the Permanent Secretary of the Ministry is also an adviser to the Sub-Committee and carries out duties of joint-secretary. The Ministry with responsibility for planning is thus strongly represented on the Sub-Committee and its views are adequately presented. Also on the Sub-Committee are the officers responsible for ministerial planning in the Ministries of Works and Hydraulics and Agriculture and Natural Resources, while the Ministry of Finance with responsibility for providing financial resources for plan implementation is also represented; thus all the ministries which have central responsibility for planning and/or plan implementation are represented on the Sub-Committee. The less-central ministries are at all times free to request permission to attend meetings of the Sub-Committee to present their points of view on matters affecting them and such permission is usually granted; even the central bank and other autonomous bodies have been allowed to send representatives to meetings of the Sub-Committee, and thus to articulate their views on matters under discussion and examination.

15. It will be instructive to outline how the sub-committee works and how its operations facilitate planning and plan implementation. Agenda item (v) of Appendix I: B reads thus:

/Probation and

Probation and Welfare Services - Provision under Capital Expenditure for 1967 (Paper N° 27/1967).

The Ministry of Home Affairs with responsibility for Probation and Welfare Services is requesting an additional sum of money for capital (development) works for these services. The following steps would have been followed before this item appeared on the agenda of the Sub-Committee meeting:

- (a) The Ministry submits its request to the Ministry of Economic Development;
- (b) The Development Secretariat of the Ministry of Economic Development examines the request with special reference to what sum was originally provided and for what purpose, what portion of the original allocation had been spent, what work had been performed, why had not the need for a larger allocation been anticipated, can the whole amount be spent in the current financial year, how are other ministries and agencies affected, the foreign-exchange reserve effects, employment effects and so on;
- (c) A paper on the request is then prepared for the Sub-Committee by the Development Secretariat and support or non-support of the request is recommended;
- (d) Finally the request becomes an agenda item, and the analysis by the Development Secretariat together with the ministry's request is circulated to the members of the Sub-Committee.

16. In all of this, the other ministries affected have not yet been officially communicated with and the circulation of the paper to the members of the Sub-Committee provides the opportunity for these to study the request and the analysis by the Development Secretariat. The meeting of the Sub-Committee provides the opportunity for political, administrative and technical (economic, engineering, etc.) views to be blended and a decision reached.

17. The procedure outlined in the case of a request for additional financial allocations is the same as in the case of the detailing of the annual plan, which becomes the annual capital (development) budget. The differences are in the case of the latter.

/(a) That

- (a) That there is greater co-operation between Ministry of Finance (which has overall responsibility for the budget and especially of the current budget) and the Ministry of Economic Development (which is responsible for the capital budget);
- (b) That the examination by the Development Secretariat is more intense and far-reaching, and
- (c) That the effects of an allocation to a particular project on the work of other ministries are given greater consideration.

CONCLUSION

18. The work of the Sub-Committee has not been going on without those problems which seem to bedevil the organs in the planning process. Among these problems is the desire of some ministries (even the Prime Minister) and ministries to have their requests presented to the Sub-Committee even before the analysis and investigation by the Development Secretariat have been completed. This has been resisted to a large extent, but in some cases matters have been taken to the Sub-Committee without the investigation being completed; in these cases the Sub-Committee has been very quick to return the requests for the completion of the necessary examinations.

19. The regular and frequent meetings of the Sub-Committee and the variety of matters which have been presented to the Sub-Committee has made the Sub-Committee one of the more knowledgeable organs in the planning process. In addition, the widened scope of the matters referred to the Sub-Committee (and this has been illustrated in Appendix I) suggests that there are many other directions in which the expertise available on the Sub-Committee can turn its attention.

20. To conclude this paper, it will be useful to understand what happens after a request has been considered by the Sub-Committee and a decision reached. The Ministry making the request is communicated with and told of the decision; the Ministry of Finance is alerted in order to make the necessary funds available in anticipation of the concurrence of the Cabinet and the National Assembly; the request and the decision of the Sub-Committee

/are referred

are referred to the Cabinet for its approval of the decision; and where the decision is in the affirmative, the National Assembly is requested to approve of the allocation to cover the proposed expenditure. In these ways the decision of the Sub-Committee is carried out and planning and control of expenditure is assured.

21. The Cabinet Sub-Committee on Economic Matters is a relatively new organ in the planning process, but it has been a vital and invaluable link in the chain. It is still evolving and it is certainly true that its full dimension has not been clearly shown.

APPENDIX I

A. AGENDA OF MEETING OF MAY 9, 1966

- (i) Procedure for functioning of the Economic Sub-Committee of the Cabinet.
- (ii) Establishment of a National Economic Council - CP(65)643 previously circulated.
- (iii) Inter-Ministerial Committee on Marketing including the Marketing of produce from Land Settlements CP(66)244 previously circulated.
Comments of the Minister of Agriculture on the memorandum were also previously circulated.
- (iv) Trends in the Balance of Payments for British Guiana 1962-1965 - paper attached.
- (v) Economic Survey of British Guiana 1965 - previously circulated.
- (vi) Monthly financial statements.
- (vii) Progress Reporting on the Development Programme.

APPENDIX I

B. AGENDA OF MEETING OF MAY 15, 1967

- (i) Confirmation of the Minutes of the eighth and ninth (Special) Meetings held on May 3 and 8 respectively.
- (ii) Matters arising from the Minutes.
- (iii) Planning in Ministries II.
- (iv) Agricultural Credit (deferred from eighth meeting).
- (v) Probation and Welfare Services - Provision under Capital Expenditure for 1967. (Paper N° 27/1967).
- (vi) Application for Supplementary Provision under Division XVI. - Ministry of Education: Subhead 15 - University of Guyana. (Paper N° 26/1967.)
- (vii) Purchase of Property at Craig, East Bank Demerara as site for extension of the Craig Government All-Age School. (Paper N° 28/1967.)
- (viii) Answers to Questionnaire on the Proposed Regional Development Bank in the Caribbean. (Paper N° 29/1967.)

THE ORGANIZATION OF PLANNING

