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PRIORITY SYSTEMS FOR DEVELOPMENT ADMINISTRATION

paper submitted by

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## PRIORITY SYSTEMS FOR DEVELOPMENT ADMINISTRATION \*

### 1. The "system" concept for the priority processes in the administration for development.

The word "system" is understood as a group of organs, principles, and standards on a given matter, bound together or so closely coordinated among themselves that they constitute an indivisible whole, in spite of the operational and functional independence of its components. Those parts act with the same orientation and satisfy a common objective.

Thus the system is an organized and articulated whole, not accumulated, the growth of which comes from within, making each one of its parts stronger and more adequate for its individual and collective purposes, without altering the proportion that each one has within the whole.

Systems do not have isolated units: there is a "central body", the activities of which are important to standardize its operation; but there must also exist other components which are known as "sectors".

This concept is found in the circulatory, respiratory, digestive, reproductive, bone and muscular systems, etc. of the human body and even in the planetary system of the universe, all of which have the characteristics mentioned above. It can also be applied to the public administration systems such as education,

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health, economy, social security, etc. and those that are analyzed in this document as "priority systems for development administration".

Those priority systems are of great importance in the achievement of integral development because they create a series of stimuli or encouragements; they set forth general standards of decentralized and coordinated application; they rationalize administrative structures and procedures; they inter-relate the work of several of them and also the policy with the administration; they permit the best possible use of the scarce qualified human, financial and material resources available, achieving greater efficiency; personnel participation and activities are better motivated, etc.

Unfortunately this "systems" idea has not been understood and utilized in many countries; on the other hand, they have organized central offices for planning personnel, budget, administrative modernization, accounting, statistics, purchasing, storage and supplies, etc., as part of the traditional organization of the government.

Other times sectorial units have been created for some of them in their respective fields, but since they cannot act within the criteria of systems, but rather in an isolated form which is more related with the objectives of the ministry itself, of one of its parts or the public enterprise to which the parts belong, deny the advantages which are inherent to a system.

In other cases, the establishment of super bodies has been effected, usually as a technical or administrative secretariat to the Presidency of the Republic, to organize all these functions.

It is to this latter form of organization and to the experiences of several countries that is authoritatively mentioned by Lic. José María Jácome, Public Administration Advisor of the Economic Commission for Latin America of the United Nations, in the document entitled "Administrative planning in the

process of planning for economic and social development".

It is timely to point out that what he qualifies as an advanced system of institutionalization for administrative planning, through the constitution of a top level body to care for advisory services and other auxiliary services with a "... multidisciplinary nature of great ductibility, that could be a dynamic promotion center for economic development". <sup>1/</sup> In the same document he says:

" The integration of the functions of economic planning, administrative planning, personnel planning, budgetary and statistical administration could give to the highest national executive the most important institutional tools to prepare plans, programs and projects, to implement them, to control them and to evaluate them. Undoubtedly this is a concept of functional coordination that deserves to be analyzed in detail.

... the advantages of such an organization are theoretically obvious... In spite of its theoretical attraction this form of institutionalization of administrative planning must face very difficult practical problems of political and operational nature. The involvement of a technical body of great influence in the governmental policy decisions, capable of measuring the progress of the state programs in all areas is resented by the traditional structures of the public sector, heretofore accustomed to a certain independence of decision and operation... The coordination that we are trying to introduce is frequently a moderating factor on the prior freedom of action. The organization that tries to apply co-ordination often finds a resistance and lack of confidence from the traditional administrative bodies.

The concentration of the top level functions in a single body and the great influence that these functions have upon the decision making process on high public policy, also bring about fears that these Technical Secretariats may become superministerial bodies

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<sup>1/</sup> Lic. José María Jácome, Administrative Plannification in the Process of Planning for Economic and Social Development, CEPAL. Draft for comments, October, 1967. Santiago, Chile, p. 16.

hierarchically speaking. There is no clear notion that the authority is advisory and auxiliary, and there is a fear that it will become an executive and decision making authority.

The integration of these functions into a single body would also facilitate the concentration of fire in the forces which oppose those new functions. In case of conflict it is easier to attack a single body, blaming it for all the existing or imaginary problems, than it is to attack many different bodies". 2/

In addition to what has been said before by Lic. Jácome, it is timely and necessary to consider the following aspects:

1. The centralization in a single body of the different activities of planning, budgeting, and personnel implies to have a very numerous and heterogeneous staff and furthermore, with sizeable economic resources. A centralized organization of this nature makes difficult the satisfaction of the objectives which are inherent to each one of the units since these activities are subordinated and not interrelated, thus losing the necessary and relative functional independence that they should have, regardless of how they may be coordinated hierarchically speaking.

The previous situation becomes even more critical when the modernization of administrative work is added, work which, from the operational viewpoint, is quite different in nature from the administrative planning task and which must be related to all the other activities, as also should be the other priority functions of accounting, information, statistics and purchasing, storage and supply.

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2/ Lic. José María Jácome, op. cit., pp. 17 and 18.

2. It is necessary for each one of those activities to be organized into "systems", according to their own nature.

Within each one of those systems there is a central body that is responsible for the coordination of all the component parts within its own system. This is done through technical standards and relationships that will be analyzed later on.

Furthermore, each one of the systems is composed by the sectorial units located in the different ministries, offices, autonomous institutions, regional bodies and local governments that so deserve.

The sectorial units located in the central government operate within the formal structure of this government, and its relationships with the central unit are through regular hierarchic channels; that is to say, from the top man of the organization who, at the same time, goes through the same relationships upwards and receives from his superiors the technical standards for action of the respective sectorial units. In this manner duplication of commands is avoided, that is frequently present in the functional organizations, of a subjective or a specialized command nature, when a single hierarchy channel for formal relationships is established.

3. Each one of the priority systems for development administration must act with relative independence in regards to the others, but also in an inter-related manner.

Economic and social planning in itself should not be and should not act as a process that restricts or involves it in any other activities such as budgetary, personnel, administrative modernization, statistics, etc. It establishes the global aims of development based on its own elements of judgement and those furnished by other systems and thus sets forth a framework of operation which is as realistic as possible, within which they must

develop in accordance with their own ideas and initiative.

Likewise, through a performance budget, the implementation of short range plans is financed, establishing also the operational basis of the middle range and long range plans; it is subject to periodic evaluations to find out if the aims of the first plans have been reached and if the other aims need any readjustment. This budget does not become an obstacle for planning or for the application of personnel standards, etc., but it is rather a process that channels them towards action through the financing that is granted through them.

The central standards for personnel, accounting, statistics, purchasing, supplies and storage and administrative modernization cannot act rationally and effectively in an isolated manner.

All of them must be thought of and applied as inter-dependent administrative processes within systems, as it is difficult to be successful, for example, with a process of structural and administrative modernization when it does not have the financial support granted by budgeting. This is not achieved either when the personnel that is going to condition the change is not sufficiently motivated by coordinated modernization and merit systems plans.

4. Because of the nature of the functions and objectives of each one of these priority systems, its central units can be grouped in two different categories, which determine their better location, hierarchic relationship and coordination status.

a) The central planning units of administrative modernization, budget and personnel are "staff services" and as such they must be at the orders of and in direct hierarchic relationship with the Presidency of the Republic. They have several functions: a) advisory; b) information; c) supervision as delegated by the Chief Executive Power; d) infiltration of

ideas because of their technical authority and for the convincing capacity that they must develop on the sectorial units which compose the entire system.

Formally they do not have any hierarchic relationships with any other members of the Executive Power; they neither receive nor give orders, but they always act directly upwards through advice, reports, recommendations, etc. In this manner the dual command is avoided, that many times is present when those central standardizing units of advisory services assume auxiliary staff functions.

With the direct relationship with the Chief of the Executive Power, and not through any ministry or top level executive or council, the transference of authority from the President is avoided. On the other hand, there is a very close relationship between policy and technical administration, joining both at the Presidential level in a single decision center.

In order to facilitate the exchange of ideas, the sense of participation, the achievement of a "Sprit du Corp" (team spirit) and united criteria on action for planning and administrative modernization, it is advisable to organize other two advisory bodies to the Presidency, for administrative planning and modernization; their technical secretariat work would be in the respective central offices.

Those advisory bodies are pluripersonal and in them one can have the participation of several ministers and executives of the centralized bodies. The cooperation of professional and representatives of the private sectors as well as international advisors can also be considered. The commissions are chaired by the President himself and the conclusions arrived at in their deliberations and studies have become recommendations to him; as such, he can either accept or reject them.

Some of the positive experiences that have been achieved in Latin America make recommendable the existence of such central advisory bodies. In accordance with some of the available data, twelve of the eighteen central planning units existing at the present time have some kind of board, council or commission; and fourteen of those planning units are within the framework of the Presidency of the Republic.

b) The central units of the statistical, accounting and purchasing, supplies and storage systems are the functions of "auxiliary services", and not of advisory services.

The coordination of these three central auxiliary units must be made by a top level administrative or political executive, who must be in close direct relationship with the President of the Republic and who will be part of his Office, making it thus possible for the standards to have application throughout the rest of the state administration, central and decentralized.

c) Operational standards for each one of those systems must be technically and legally regulated, making their application compulsory. Such is the case of standards to be followed in the case of investigations, collection, registration and publication of accounts and statistics; for the requisition of materials; for the contracting of services; for calls for bids and the allocation of bids; for storage, etc.

Likewise, the activities of the planning, budgeting, personnel and administrative modernization systems must have legal support; therefore it is recommendable to set forth general laws in this regard and, if it is possible, constitutional regulations as well.

5. In each one of the ministries, offices or decentralized bodies, either functional or geographic, that may so merit we should have sectorial offices for planning, budgeting, administrative modernization, personnel,

statistics, accounting, and purchasing, supplies and storage. They are part of their respective ministries, offices or bodies and as such, their formal relationships are only with the top position within their own organization, because it is upon this latter one that the regulations of the Chief of the Executive Power fall, through administrative orders or institutional coordination.

6. The administrative structure of each one of the systems must be complemented with adequate procedures to loosen up and make their operation a more dynamic one.

## II. Objectives and characteristics of priority systems in development administration

### -1. The executive decision process

One of the main purposes of the priority systems that has been mentioned repeatedly before in this document, is to efficiently cooperate in the executive decision process so that the decisions will be taken through:

- i) The knowledge of the facts (statistics and accounting);
- ii) Their adequate channeling through determinations, criteria and financing (policy, plans, programs and budget);
- iii) Their assignment to institutions and persons within a dynamic framework related to the objectives, in order for the administrative procedures and structures to permit compliance with the program plan policies (administrative modernization);
- iv) Full participation of all personnel in the public sector as a consequence of adequate standards for recruitment, selection, classification, evaluation, in-service training, remunerations, rewards and sanctions, retirement, etc. and of good human relations, team spirit, discipline, morals, equity, loyalty, sense of achievement, initiative and stability (personnel administration with a human approach, not only instrumental); and
- v) Rationalization of investments or expenses made for fixed assets, equipment, materials, conservation, storage, etc. (purchasing, storage and supply).

## 2. The nature of the decisions

Decisions are either strategical or tactical. Among the decisions of strategic nature and those of a tactical nature that have to be taken into account within the large framework of administration in the public sector, the former are reserved for the higher levels of political decision, within the scope of the Executive Power and the Legislative Power. Those strategic decisions should, in final instance, belong to the Chief of the Executive Power in matters which, in accordance with the constitutional legislation of each country, are part of his own attributes.

Because of the complementarity of the concepts mentioned and their close, practical inter-relationship; and also taking into consideration the nature of the functions and prerogatives of those powers, it must be pointed out that those who are responsible for the use of those powers must frequently take decisions of a tactical nature also. However, this does not imply a variation or a denial of their basic responsibility, which is taking decisions of a strategic nature.

In the priority systems, the central units have a direct and most important participation in the preparation of the issues, orientations and aims that will become the subject of those strategic decisions, through the technical advice which they must offer to the authorities with responsibilities for making political decisions. Therefore, it can be considered that the work done in this sense, oriented towards the establishment of a strategy, is in itself a task of strategic nature. However, the decision that may transform its issues into a definite and given strategy belongs only in the other higher levels already mentioned.

Strictly from the institutional and functional areas, each one of those central units defines, establishes and implements the tactical procedures and

the strategy which are pertinent to its own task, as well as to the actions of other sectorial units of the system that come under the process.

It must be emphasized that the strategies and tactics established in the central units, in the sectorial units and in all the line units of the organization of the public sector, through coordination and the formal channels of authority, will be subjected to and closely tied with the implementation of the strategy and the tactical procedures, according to higher political decisions and should be channeled towards the achievements and aims defined by the latter. Were it not so, one cannot talk about a system.

Tactics to be utilized or established will also have to be expressed through the operation of the system in the different ministries or public administrative bodies before the circumstances that may arise, and will always tend to bring together the basic national objectives and policies, contemplated in the strategic decisions taken at the previously mentioned levels, within a broader framework of activities, powers and decisions.

### III. Priority systems for development administration

The analysis of the most important characteristics of each one of the seven systems defined as priority systems of public administration action for development, confirms the need of the institutional organization and the inter-relationship they must enjoy.

Following is a brief presentation of the most outstanding characteristics of each one:

#### A. The Central advisory systems

##### 1. The planning system

Planning is a rationalization process, absolutely necessary for development actions. It is one of the best tools at the disposal of the State to

foresee, promote and instrumentally channel the cultural, political, economic and social improvement as goals of integral development. It is a manifestation of an implicit will to change, within the development process.

Planning has been a clear necessity during a good many years in the public sector, and this is reflected with full authority by an outstanding politician of the XVI and XVII centuries, as follows:

"The nature of the State businesses requires that those who dedicate themselves to public affairs frequently meditate and foresee what will happen, and then make plans that will permit the union of the present and the future without detriment to either". 3/

Planning must have a practical and real orientation, and not one of an academic or theoretical nature, if it is to activate in a deliberate, rational and sustained manner all the action processes for development, originated within and outside of the public sector.

Experience in many countries reveals the need of closely tying the preparation of diagnosis and the determination and preparation of development plans, with the administrative planning of the activities that will permit their implementation, and the need to look for more adequate means in order to permit more active participation of executives and public employees, as well as of the main sector of private enterprise in the planning process, all within their respective spheres of activity.

There are development plans for most of the Latin American countries,

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3/ Luis Du Plessis, Cardenal Richelieu, quoted by Pierre Massé, "Planning and Administration", Vol. II, Institute for Economic Development, IBRD, Washington, D. C., p. 107.

the characteristics and nature of which varies, as well as their degree of implementation. In many cases those plans have not been implemented adequately because, among other reasons, they are not compatible with the general policies and, since they do not have the structural and administrative means for its implementation, remain then as simple documents or unimplemented projects.

Furthermore, in several countries there is a resistance to planning from some important sources of power; the meaning and advantages of planning, in general, are not well known.

It has been recognized that "... the single individual initiative and the simple situation of competition would not be sufficient to assure success for development... Programs are needed 'to encourage, stimulate, coordinate, supply and integrate' \* the action of individuals and of the intermediate bodies. It is up to the public powers to choose and find out the way to establish the objectives that will be proposed, the aims that must be set, the means to achieve them, encouraging at the same time all the forces, grouped together, in this common action". 4/

The lack of adequate institutionalization in the planning effort of several countries has been another limiting factor. It is not sufficient to have a central office and some sectorial units, but as a system with the characteristics mentioned above should be established if planning is to be an activation process, and to avoid the neutralization of its actions by interest and pressure groups.

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4/ Encyclical Letter from His Holiness Pope Paul VI, "On the Development of the Peoples". The Vatican, March 26, 1967, No. 33, p. 24. \*Mater e Magistra. AAS 53 (1961), p. 414.

In their content and nature, planning and administrative modernization are two different processes. But both must work together for development purposes because the former is, at the same time, a principle and a process for the latter; and administrative modernization offers the institutional and human tool through which planning becomes operational.

In this sense planning and administrative modernization are complementary, and practice has shown that in:

"... the last few years, the introduction of new ideas in planning and in the preparation of plans has brought about an updating of studies on administrative problems. The first and more serious difficulties encountered in the operation of the Latin American planning systems and in the implementation of development programs have been the present deficiencies in public administration regarding concepts, traditions, structure and operation which, in many cases, are incompatible with the economic and social change process. For this reason, development planning and administrative reform are considered, at the present time, as complementary and inter-dependent. Planning circles have clearly expressed the need for the administrative machinery to become an element of outstanding importance in the achievements of the economic and social objectives.

... It can be said that, in Latin America, development planning was a decisive factor in the initiation of great administrative changes. In recent years, important administrative modernization programs were inspired at the national planning offices, and in some isolated cases, they became an important part of the overall development plan". <sup>5/</sup>

As an important part in the institutionalization of the planning process one should seek the means which will permit the establishment of a close relationship between the technical planning bodies and those that must become responsible for the implementation of those plans.

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<sup>5/</sup> Lic. José María Jácome, Public Administration Problems in the Latin American Countries, United Nations, Doc. ST/SG/AC 6 LT. 1966, pp. 2 and 8.

Global and sectorial planning must become specific operational projects; this does not happen often enough at the present time and has been one of the limiting factors in the implementation of plans.

Another problem is the lack of utilization, in the implementation of plans, in a sufficient and convenient manner, of economic policy tools such as monetary, credit, and tax mechanisms, etc. It is convenient to make a greater effort to overcome such limitations.

Plans must be disseminated as broadly as possible, in order to commit the participation of all the sectors which, directly or indirectly, are affected by planning.

When planning does not have the necessary and close cooperation with the policy forming process, it has been isolated from those who have the power to make major decisions, thus limiting planning to aspects of an economic nature and those of a highly technical and theoretical nature and restricting the relationship between the policy making people and the executives responsible for the implementation.

This has a great influence in situations where the necessary relationship between administrative planning and the determination and preparation of development plans does not exist; they frequently remain as unfulfilled programs or unachieved aims.

Institutionalization also requires a well prepared and well motivated public personnel.

Without trained personnel it is very difficult to satisfy the requirements of a highly technical rationalization process, which demands professionalization in different scientific endeavors, since planning is not the responsibility of a single professional group be it called economists, administrators, lawyers, engineers, etc.,

but rather of all of them acting within an interdisciplinary and interprofessional team approach, which should also involve the participation of all public employees and executives, regardless of their training, experience or position and the scope of their work, be it either of a sectorial or central nature.

There must be a very close and harmonious relationship between the available human resources for planning and the professional formation and technical in-service training programs, in addition to other instrumental aspects provided within the framework of a good public personnel administration policy.

It is obvious that a well prepared public personnel force is better qualified in soul and mind for full participation in that process. A well prepared public personnel will also have greater receptivity to accept and believe the great aims of the integral development process, in which the personnel force is not only an isolated factor, but is rather the actor and the purpose of the program itself. The man working for the State is the main element that will condition the transformation process, which must begin internally, in minds and feelings of each one, and later can be shared with other participants in those activities and with users who may be foreign to the public sector.

Therefore, the planning process -understood not as an end but rather as an integral development tool- must be promoted with a sense of participation and achievement in each and every one of those executives and employees who have direct or indirect participation in the planning process.

A good planning system must permit the ebb and flow of information from the central unit to the sectorial units, and onward to the lowest operational levels in each of the public officers or institutions. Its organization must be thought of a communicating system which will prevent isolation of some units and will also prevent the central office from becoming a command centre;

on the contrary, the latter must be, as a service instrument, the strategic centre where the different work of the entire public sector is coordinated.

One can thus avoid the preparation of global plans without consultation, without the necessary participation of the sectorial units or ignorance of the implementation possibilities at the operational levels. On the other hand, those with executive responsibility at the operational level or in the sectorial units do not always carry out their activities in accordance with the approved global plans or, what is even more serious, they work without any plans whatsoever, and, whenever they follow some kind of plan, they do it mechanically and without consultation.

The information referred to above must be complemented with the development of procedures that will permit a periodic and timely evaluation of the manner in which the plans are being implemented.

Parallel, and in addition to the preparation of global and sectorial plans, all the measures needed for their implementation must be foreseen and defined, such as the use of governmental policy mechanisms, clear definitions, projects and programs, the adequacy of the legal and administrative framework, etc.

## 2. The budget system

In the preparation of public budgets there is a new budgetary technique - Program Budgeting. The technique "... pays particular attention to the things the government does rather than the things it acquires..."<sup>6/</sup>.

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<sup>6/</sup> United Nations "Budgeting for Programs and Activities Implementation", Doc. ECN/12BRW.1-L-1959, quoted by Gonzalo Martner in "Budget and Activities Programming", ESAPAC/EXT/1005/64. No. 413.

Such an approach transforms the budget into a short term operational plan for the implementation of the public sector functions, presupposing an effective integration to the planning process. Thus unity of action in the entire sector is facilitated, since the budget becomes a tool tending to discipline activities in public administration.

In its structure, the budgetary document shows the different functions, programs, activities and projects being implemented through the different government offices, as well as other public institutions; during its implementation the system seeks a greater administrative efficiency through a better combination of human, material and financial resources assigned to each program unit.

In overcoming the traditional budgetary limitations with this technique -since the traditional form is basically a list of expenses, with special attention devoted to its legal control- most of the Latin American countries have introduced it as a complementary and necessary tool for the planning process.

For an efficient development of this system, it is necessary to institutionalize it through a pyramidal budgetary organization, at the top of which lies the central budget office, and the broad basis of which are the sectorial budgetary units of the ministries and decentralized units of the functional and geographically decentralized institutions. The central budget office is responsible for compliance with the organic budgetary standards throughout the entire public sector -which are set by the relevant laws and regulations- through the complete budgetary cycle, from programming to completion and evaluation of program achievements.

The centralized direction of the budgetary process becomes the standard authority which the central budget office must have. Making use of this authority, the central office can send out technical instructions about the entire budgetary

organization of the public sector regarding the preparation, programming, implementation, etc. of the budgetary cycle. Thus, the attitudes, practices and failings of the bodies responsible for budgetary administration will gradually be modified.

In order to reach those objectives, substantial changes must also be made in the organizations that discharge certain duties closely related to budgetary duties, such as the offices of the fiscal and auditing controllers, accounting, revenue or public revenue offices and other financial bodies, in order to adapt their systems to the nature and needs that arise from a program budget. All these organizations within the budgetary process must cooperate to comply with policies and programs, since the budget is one of the principal planning tools for the attainment of development objectives, as far as the public sector is concerned.

The central budget office has the responsibility to prepare the entire budget for all the public sector, based on the proposed budgets prepared and presented by each one of the budgetary units from the ministries and the functional and geographically decentralized organizations. Those proposals are prepared taking into account the guidelines issued by the central office on the uniform preparation and presentation of programs and, at the activity levels, taking the middle and long range development plans as a point of reference.

### 3. The administrative modernization system

Laureano López Rodó has said that it is better to use the word "modernization" and not the word "reform" when applied to the process of perfection, which must orient the updating tasks which will make the administrative structures and procedures compatible with the development objectives and plans.

In the words of López Rodó: "... our task is of a constructive rather than revisory nature. We are less interested in the past than in the future. What interests us most is the establishment of a new approach to our administration, one that will make it more flexible and more efficient. Our task is markedly positive: it seeks the improvement in administration in all its different aspects and the improvement of the position of the officials in the first place". <sup>7/</sup>

This process of administrative modernization tends to introduce in the traditional (and not always technical) criteria of organization of the public sector, the concept of scientific administration. Thus theory harmonizes with its practical application, and by this means renovates the basis of the formal organization and the procedures which give it flexibility, enabling it to adjust its structures and methods to the changing needs of development.

Furthermore, the administrative modernization process avoids peremptory changes and improvised transformations; within its framework it establishes the different stages which will permit a sequence which is logical and timeous for the requirements and needs of other plans, of the budgetary resources and of the personnel available.

"The analysis of the administrative situation and the determination of objectives, aims and resources must be done with the same methodology that is used in the establishment of economic and social development plans. It must begin with the preparation of a diagnosis on the general administrative situation of each country, and go on immediately to a more detailed diagnosis, by sectors; it finally reaches a third stage with the institutional diagnosis. This will permit a knowledge and deep analysis of the general administrative problems of each country; of those that belong to each sector and, in detail, of those of each unit participating in the national development planning process.

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<sup>7/</sup> Laureano López Rodó, Office of the General Technical Secretariat. Presidency of the Government. First week of studies on Administrative Reform. Madrid, 1958.

On the basis of this diagnosis and detailed analysis of the true administrative situation, the global administrative planning for the public sector as well as the sectorial administrative planning and the institutional administrative reform must be started, always in tune with the economic and social planning needs for each country.

If a method similar to the one described above is not used in the analysis of the administration, there is a risk of continuing with isolated reforms which will not bring about satisfactory results, based on the magnitude of the remaining problems". 8/

Just as there are plans to diversify and increase exports, or for cultural improvement through massive literacy efforts, we must also plan with great care any administrative modernization effort which is more than a reform and more than the so-called "organization and methods" studies, which tend to small technical improvements.

The experience of several countries shows that global modernization must be implemented in stages, choosing institutions, procedures or systems on a priority basis, based on their position as key elements for development. Priority can also be granted to administrative modernization tasks which, without being closely tied to the development plans being implemented in a given country, will have positive or negative projections at middle or long range. Such is the case of the establishments of a merit system and the administrative career for the public sector, the organization of a modern tax system, etc.

It is important that the administrative modernization efforts not be oriented towards the solution of particular problems which are not contemplated

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8/ Lic. José María Jácome. United Nations Economic Commission for Latin America. Public Administration Problems in the developing countries of Latin America. (ICAP/EXT/023/4000/67). p. 15.

in the plans. Doing so could imply the initiation of a labyrinthian task.

However, within a given plan, the work of improvement from the particular to the general or vice versa, or in both senses, can be started from units and offices to ministries or institutions; from sectors to systems; from small organizations to large bodies; from tasks to institutional activities or to functions of a similar nature such as, for example, those carried out by the different components of the national education program, or of the social security programs, etc.

Administrative modernization demands professionals and technical experts of different background and experience; it is absolutely necessary to program within such plans of action -which will be under the operational responsibility of a personnel system- in-service training courses and complementary and professional formation courses.

"Personnel trained in development administration is extremely scarce in Latin America. When it exists, it is trained to make microadministrative analysis and to solve systems and procedure problems. There is very little preparation and experience in general or sectorial microadministrative analysis; only a few technicians have some experience in the preparation of policies for integral administrative modernization in the public sector. This shortage will be remedied as the administrative machinery adopts the function of planning and a national budget, complying with the general development plans". <sup>9/</sup>

Since there are very few Latin American countries that have a merit and career system, there is little security of tenure for top level personnel (nor for intermediate and technical personnel). Accordingly,

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<sup>9/</sup> Public Administration Problems in the developing countries of Latin America. Report from the Secretariat of the Economic Commission for Latin America. op. cit. p. 9.

the decision process does not encompass the necessary qualities of maturity, experience and flexibility. This lack of security in the higher posts is aggravated by the absence of personnel policies fostering just recognition, and related to the professional salary market, which might motivate and encourage people to work for the government. As a consequence of this, administrative modernization is frequently checked or paralysed and, in some cases, there is a return to administrative methods and structures earlier abandoned, mainly when there are changes at the higher levels.

Training for administrative modernization and for all the other priority systems subject to study, as well as for the other public sectors (especially governmental) must give preference to those occupying lower or intermediate directing positions, since these are the persons with greatest possibilities of stability (more so than those at higher levels). Once they have been well trained and motivated, they will cooperate better; furthermore, they constitute a multiplying factor both in an upward and a downward direction.

On a par with the work of the administrative general and analytical administrators it will be necessary to have the modernization teams composed, in each case, of substantive experts who in addition to their own profession or technique, have a knowledge of administration.

In some Latin American countries administrative modernization must be started right in the office of the Chief of the Executive Power, extending from there to the other policy making levels and then to the directing and operational levels. When the process is reversed (in other words from down to up), there is a risk either that the necessary political understanding and support will be missing or the rationalization process will be embarked upon with purposes which are not defined, not up to date, or simply unjustified.

"... it is important to create the consciousness that administration is a means to achieve economic and social goals; otherwise, it would be difficult to arouse interest in the adoption of effective measures tending to improve administrative performance. This change in attitude and this awareness must begin from the higher levels of government, because administration is fundamentally a projection and a tool of the political processes... and it is not possible to achieve important progress in administrative reform matters without the support of those who have effective political powers. Truly, the impulse for administrative progress must come from the real leaders of the country". 10/

Experience also shows the imperative need for a legal framework and a system of legal procedures capable of a quick response to the demands presented by administrative modernization and development.

The central office for the modernization system must investigate and prepare integral programs, issuing technical standards for the sectorial units which, thus oriented, will have to do likewise within their own areas.

#### 4. The personnel system

To a high degree, development consists of a change of attitude that will permit not only reaching wider aims or horizons of an economic nature and a better distribution of the social benefits which follow, but also that "the people will open up towards the future". That is to say that the fundamental force of factor in development is man, each one of the men in any given country.

"The efficient operation of any human institution depends, in the final analysis, upon the quality of the people who compose it. The Government, which is above all a human institution reflecting a group of constant variation of the forces, failures, hopes, fears and expectations of men, is not an exception to this principle. The success or failure of the governmental enterprise depends upon the persons in charge of its implementation". 11/

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10/ Secretariat of the Economic Commission for Asia and the Far East. 1967.

11/ Currie Mission, Reorganization of the Executive Branch of the Colombian Government, National Printing Office, Bogotá, 1952. p. 69.

For such purposes, not only the Government but the State in the broad sense of the word (the public sector) must have a merit and career system for the administration of its personnel. A merit and career system guarantees the right of equal opportunities for any citizen to be a servant in the public sector, irrespective of his religion, political beliefs, race, etc. i.e., a practical recognition of the human rights.

This expectation should be conditioned only by a demonstration of ability, knowledge, experience, etc., through the application of technical methods of selection, recruitment, assignment to the position, job description, objective remunerations according to the functions and authority, promotions, transfers, career changes, training, pension and retirement benefits, etc. In order to achieve the establishment and adequate operation of a personnel system based on merit and career the following requirements, all of which are within the framework of a plan, must be satisfied:

a) Legal tools, according to legal and constitutional regulations, general guidelines for the entire public sector and specific guidelines for the ministries, offices, decentralized bodies and special careers in the public service such as teaching, judicial, diplomatic, military, etc.

b) Determination of a personnel policy in tune with the needs, resources, and expectations of the country, which will tend not to a paternalistic protection of public servants but rather to the promotion and full development of their personality, with due recognition of their rights and duties.

"... importance to the formulation of personnel policies oriented towards the solution of problems facing national development..." must be given. 12/

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12/ Lic. José María Jácome, Public Administration Problems in the developing countries of Latin America, op. cit., p. 10.

The personnel policy must also comprise other important aspects such as: the relationship of national educational programs to the selection and requirement needs; the relationship of the professional training programs to the in-service training and complementary training programs to provide the State with specialized labor and personnel; the relationship that must be enjoyed by the parity of public salary scales at different levels and areas with those for the private sector; etc.

c) Institutional tools which compose the public sector system as follows:

- i) The central office
- ii) The sectorial personnel units, located in all the different public branches; and
- iii) The judicial body of administrative law.

The central office for the system directly regulates all the sectorial units of the Executive Power and indirectly, through technical standards, it also regulates the personnel activities of the different sectorial units located in the other State Powers, and in the functional and geographically decentralized bodies.

These regulations should not be issued or operated as hierarchical command which may establish communications distinct from the formal relationships of the institutional ambit in which the sectorial units are located. They cut across the basic functions of staff, i. e. assistance, information, the review and control of standards at the command of the head of the Executive, and by the technical and legal authority which he possesses.

These regulations permit the central and decentralized application of technical methods through which the merit and career systems are set in operation, to the sectorial units which in turn act similarly within the same orientation and within the same public personnel policy; but each one of them

retains its own characteristics and the relative independence they must have.

The judicial body of administrative law studies and reaches decisions on individual and collective conflicts involving public administration affairs. Generally, it is organized with a pluripersonal criterion into a tribunal, board, committee or court that works within the scope of the Executive Power but with complete independence.

## B. The auxiliary central systems

### 5. The statistical system

Statistics provide information and figures on different aspects of population, production, distribution, climate, international trade transactions, price indices, etc. This is done through periodic research of a censal or survey type, or through the utilization of administrative reports and information which in themselves constitute a series of statistical reports.

The organization of periodic investigations requires a considerable financial and human effort because many persons have to participate in the process of collection; and this also requires a further and meticulous effort of clarification, codification, tabulation, analysis and publication of the data. This work is usually done by the central statistical office, but it requires the cooperation of many other offices and state bodies; thus census administration, because of its characteristics and its volume, becomes a challenge to the country.

The gathering of statistical series -which is done periodically, usually on a monthly basis (and is later tabulated on the same basis) but also quaterly, biannually and for each year- demands another type of organization. The source of data is found in the sectorial units of the system, each one of which frequently originates the statistics in its area and processes them, when the system is

"decentralized or semi-centralized"; all of this must follow standards issued by the central office or recommended and implemented by it. It is also responsible for the dissemination, throughout the entire system, of the recommendations or statistical agreements originated by international bodies which try to achieve international homogeneity in such matters as definitions, nomenclature, methodology, minimal tabulations, etc.

It is the responsibility of the central statistical office to ensure homogeneity with national, regional, interamerican and world purposes.

Continual and (especially) censal statistics, are a costly process, but their usefulness is justified. Therefore they must have a true sense of purpose and adequate planning throughout their processes. Experience in several Latin American countries shows that every frequently efforts are made and large sums of money are invested in the data collection stage, but not in the additional stages of manual and mechanical processing, analysis and publication of results.

The central office for the system must be technically and administratively capable of furnishing advice to the different sectorial units in research, mechanical processing, publication of series in the statistical year book and for the periodic bulletins published by the system. The acquisition or rental of modern electronic data processing equipment and the great working capacity which it offers does not justify their proliferation throughout different sectorial units within the system. The central office should help in the tabulation process, whereas the punching of the results and the continuous statistics work could be done in the different sectorial units.

A modern statistical system should publish up-to-date data, and for this purpose the central office should lend its cooperation to the sectorial units;

this in itself constitutes an efficient means of coordination, since it is a good plan for tables to be regularly included in the year book and in the periodic bulletins, facilitating the integration of work from the initial phase.

The true sense of purpose that statistics must have should also be reflected in a close relationship with planning, in order to define the content of the investigation, the analysis work and the tables or charts to be published, etc. This is of special importance for the data required to determine aims, to evaluate planning results and to help the orientation of the other activities of the priority systems for development.

The organization of a national statistical council may serve well for an exchange of ideas, experiences, etc. so that the central office of the system may better conduct the national statistical work and may set forth the criteria for the whole system.

#### 6. The public accounting system

As it is well known, accounting is made up of a series of principles, standards and procedures that permit the systematic registration of the operations, transactions, status and financial consequences of the administration, in order to provide the directing bodies with the elements of analysis that will permit an adequate knowledge of the financial situation of the organization or enterprise, with the purpose of carrying on an adequately directed policy.

It is evident that the public sector could not be adequately administered in any country if public assets, if the real amount of their income and resources, if current expenses and capital and details of other financial transactions, are not known.

Public accounting deals with the standards, conventions and methods to register the financial and budgetary operations and statements of the public organizations or bodies administered by the different groups of the public sector,

and the enterprises in which the State may have special participation.

Integral planning of the economy has shown the need to establish a system with a central body and sectorial units of an operational nature. The first is responsible for issuing the accounting standards, and exercises a close supervision to make possible the consolidation of all financial operations for the entire public sector, of a general balance and of the financial and economic statements of the sectors that comprise it. The sectorial accounting units work within their own areas of responsibility in as great a detail as may be required.

In this manner the objectives of public accounting are better fulfilled, by training a central body to supply financial information, timely and true, to different sectors for many purposes. This need has been recognized at the different technical meetings on budgetary, accounting and fiscal problems held by the United Nations in several parts of the world, recommending that due to the changes which have occurred in the scope and content of public operations during the last few years, it is necessary to centralize and to introduce some reforms in public accounting functions in order to serve better the demand originated by planning and by program budgeting.

The central office for the system must regulate, through technical standards, the accounting activities of the sectorial units of the central government and of the decentralized organizations, all of them being subjected to the same plan of accounts and to the same methodology, centrally established. Likewise, the central office must render advisory services to all the units of the system; at the same time the sectorial units should furnish the central office with the periodic information required for the consolidation of accounting statements.

To operate efficiently the central accounting system must also act within its own scope, in perfect coordination with the other centralized systems, mainly with those of budgeting, and purchasing and supplies. Likewise, it should also work in close co-operation with Treasury and Control, the former being generally dependent on the Ministry of Economy, and the latter on the Legislative Power.

#### 7. The purchasing, supply and storage system

This is the last of the priority systems in development administration; however, the order in which it is treated does not imply a lesser importance than the other auxiliary or advisory systems already mentioned.

A purchasing, supply and storage system reduces the operational costs, increases the overall performance and improves the relations of the different state bodies with public and private suppliers and users. Experience has shown that it is not advisable, as sometimes happens, to centralize in a single office all the purchases, supplies and storage of the goods acquired. It is preferable that the central office, in a manner similar to that used by the other priority systems already mentioned, issues the standards and regulates the methods, procedures and practices, at the same time sponsoring the action to be taken at the respective levels of operation of each one of the sectorial units wherever they exist.

It may be more convenient sometimes for acquisitions to be made centrally, as in the purchase of generalized and common items; in doing so, a more uniform quality and more advantageous prices are assured. This further facilitates the filling of requisitions from the different interested organizations or bodies, since this allows requests to be satisfied direct from stock, without making new sales and small orders in every case.

This system also permits uniformity or standardization in the acquisition of articles such as office equipment, vehicles, furniture, etc. producing a less expensive maintenance program, as well as the establishment of a repair service program, since it has the possibility of relying on an inventory of spare parts that can be widely and readily used.

When purchases are systematized (although with flexible criteria which may possibly include a certain amount of decentralization) besides obtaining lower costs there is an increase in the performance and an improvement in the relations between the interested units and the suppliers.

As for the operation of the purchasing, supply and storage system, the same recommendations that were made for the other priority systems also apply; that is to say, the establishment of general central standards in order to achieve the coordination of the activities, and the greatest possible independence for the sectorial units of operation within such standards, so as to encourage their initiative.