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ADMINISTRATIVE CAPABILITY FOR DEVELOPMENT IN LATIN AMERICA:
A GENERAL DIAGNOSIS AND MEASURES TO STRENGTHEN IT

by the

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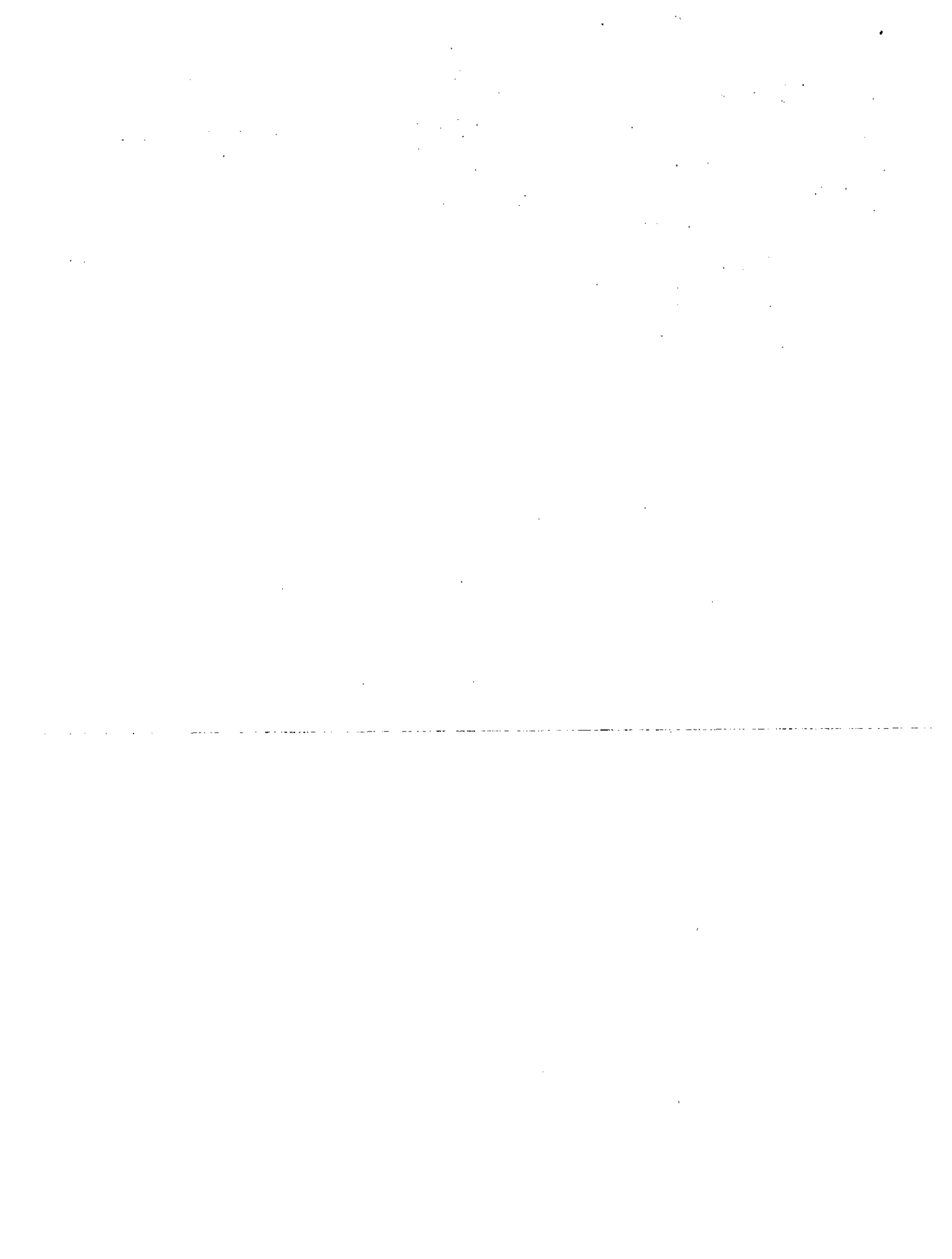
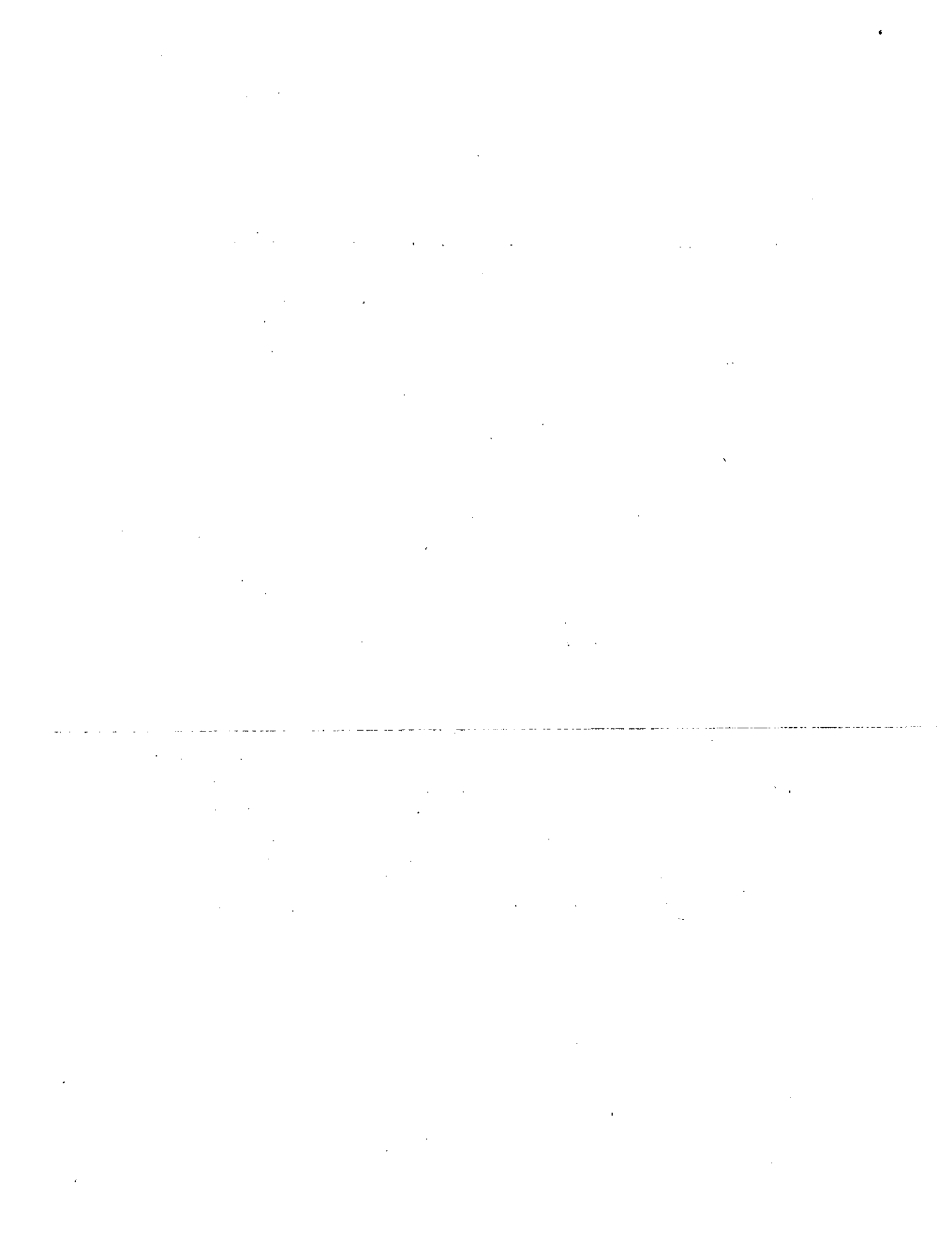


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INTRODUCTION

"In its simplest terms, administrative capability is the capacity to get results through organization. The capacity to do this nationally depends to a large degree on administrative capability in single organizations, and in various sectors, networks and geographical areas of a country ... The results that affect the lives of most people directly are the performance - ongoing activities - of organization. But performance is vitally affected by their internal structure and the environment in which they operate ... Administrative capability ... enters into the entire process of formulating, activating, evaluating and readjusting development plans, both national and local, whether public, mixed or private." ^{1/}

With this concept in mind, the first part of the present document is devoted to an over-all appraisal of administrative capability for development in Latin America.

A more scientific approach would perhaps have been to determine to what extent public administration had failed to live up to the requirements of the development process and what caused such a situation. This however presents a number of difficulties arising from the fact that many of the aspects involved cannot be measured, especially since the idea was to examine the situation of the largest possible number of Latin American countries. For practical considerations, therefore, it was decided to base the appraisal on a description of the obstacles, problems or defects surrounding public administration in the region, in the hope that the light shed on these deficiencies might point the way towards improving state administrative capability once they have been studied at this Meeting.

^{1/} Public Administration Division, Appraising administrative capability for development, (United Nations Publication, Sales No. E.69.II.H.2), page 67.

/There are

There are two kinds of problems, those that are connected with the tradition and past evolution of the public sector and those that stem from the preparation and implementation of development plans. Each of these headings has been further subdivided according to type of problem.

It should however be pointed out that this classification is purely arbitrary in so far as the problems, their causes and their consequences are closely interwoven.

The second part of the document deals with the attempts that Latin American countries have made to improve the administrative apparatus of the public sector. Here too an arbitrary distinction has been made between administrative reforms that preceded the planning efforts and those that followed them.

On the basis of the information compiled in the first and second parts of this document, the third part outlines a number of measures designed to strengthen administrative capability for development in Latin America, without however attempting to provide the kind of final conclusions that would demand a more extensive and more detailed analysis of the conditions prevailing in each country.

I. GENERAL DIAGNOSIS OF ADMINISTRATIVE CAPABILITY FOR DEVELOPMENT IN LATIN AMERICA

Since the Latin American nations obtained their political independence, one of the aspects of their institutional life which has changed most is the public sector's participation in the economy. Although the importance which the public sector has assumed in general differs from country to country, its role and the economic and social environment of the Latin American countries have evolved along parallel lines.

The administrative machinery has failed to keep pace with the heavier and more complex commitments assumed by the State. It has tended to grow haphazardly, new institutions being established or existing ones expanded to meet urgent needs, without a really comprehensive view of the present or of the future.

/This defect

This defect has been aggravated by the need for the public sector to absorb unemployment, owing largely to the insufficient economic development of the Latin American countries. Today, in attempting to raise their levels of economic and social development, these countries are in serious difficulties, which include their public administration's lack of capacity to undertake development tasks.

1. Administrative shortcomings related to traditional practices and the past evolution of the public sector

(a) Obstacles of a structural and operational nature

There are many problems in this category and their importance varies widely in the different countries.

First, a salient defect of the public sector often found in these countries is over-centralization. The feeling in this respect is that "... the effectiveness of a modern public administration depends not only on policies and methods developed at the centre but also on the extent and manner in which government services are brought to every area, locality and citizen of the country".^{2/}

The attempts to centralize government powers and functions may take the form either of delegation by the central government of powers and authority to its regional and local offices serving clearly defined geographical areas or the transfer of powers and functions to legally established state or other local authorities.

It is not easy to draw the line between centralization and decentralization, since the distribution of powers among the various government strata has politico-constitutional, economic and social as well as purely administrative repercussions.

In some countries it has been considered necessary to eliminate centralization long before this situation should come to a head. In article 107 of the Political Constitution of Chile it was laid down as early as 1925 that in order to decentralize the administrative system,

^{2/} A Handbook of Public Administration (United Nations publication, Sales No.: 61.II.H.2), p. 63.

legislation would gradually transfer to provincial or local bodies the administrative powers or faculties then being exercised by other authorities. Far from this being put into effect, however, centralization was intensified as the public sector assumed new functions, which were generally allotted to central government bodies located in the capital city.

In July 1968 the President of Chile, in his statement on the Government's public administration policy, said that through the constitutional reforms sent to Congress in 1964 the basic norms and principles for the organization of the public administration had been incorporated in the Constitution. A clear distinction was made between the services that should make up the national, regional and local administration; the dividing line between centralized and decentralized services and their essential characteristics were also established, and guidelines were laid down for the decentralization of decision-making powers so that the regional authorities could operate efficiently.^{3/}

The Central American countries have shown similar concern. In 1960, E.P. Laberge, Director of the Advanced School of Public Administration for Central America (ESAPAC), stated that administrative centralization in Central America was an established fact which directly or indirectly affected all branches of government activity. He added that it was often the case in Central America that the activities of central government organizations were excessively centralized since authority and powers could not be delegated for want of local units.^{4/}

It was stated in a subsequent report that in order to reduce the excessive centralization it was necessary to make an intensive joint national effort to provide peripheral communities with a life of their

3/ President Eduardo Frei, part of his speech published under the headline "No podrá haber un buen Gobierno sin adecuado aparato administrativo" (There cannot be a good Government without proper administrative machinery), in the newspaper La Nación, Santiago, Chile, 12 July 1968.

4/ E.P. Laberge, "El desarrollo de la administración pública en América Central desde la 2a. guerra mundial", Revista Internacional de Ciencias Administrativas, International Institute of Administrative Sciences, Brussels, p. 171.

own, so that there might be a wider range of balanced economic, social, political and cultural activities that would help towards over-all development.^{5/}

The enhanced responsibilities and the fact that the traditional State bodies were incapable of effectively fulfilling them gradually resulted in the establishment of decentralized institutions enjoying a certain freedom of action under complicated legal, administrative and financial systems.

Today, economic and social development requires the concerted efforts of every unit in each country; thus, those who are responsible for directing or guiding the process - politicians, planners and administrators - must find the means of unifying criteria, harmonizing objectives and co-ordinating action with a view to achieving major development goals.

The greater the degree of independence, the more difficult it is to undertake this task. Therefore, as in the case of geographical decentralization, before any decision is adopted, it is essential to consider the advantages and disadvantages which, in the light of clear-cut objectives, functional decentralization would bring in its train.

Another widely recognized problem is the overlapping of functions resulting from a process of growth through additions to the administrative apparatus. Such overlapping, a common defect of public administration in the Latin American countries, is often considered together with the gaps in the administrative machinery - i.e., essential functions or activities that are not performed - which is logical since they are both serious obstacles to any action for establishing co-ordination between public institutions.

Other factors also tend to obstruct the efforts to co-ordinate or guide the action of all public bodies. Undoubtedly, one is the existence of the "feudalist criterion" or power structures in public administration. The term "feudalist criterion" describes an attitude

5/ ESAPAC, Diagnóstico y macro análisis administrativos del sector público del Istmo Centroamericano, San José, Costa Rica, April 1964, p. 51.

of executives of public agencies who tend to ignore or disparage the existence of the whole to which they belong and in which the agency they direct should be integrated. They generally reject all measures not emanating from their own institutions which may in any way affect them.

One reason for the administrative rigidity of public offices in fulfilling their functions is the excessive formalism or legalism which rules them and has become entrenched in the administrative machinery of all countries in the region. There is a tendency to pass a great many laws, to the point where they relate to unnecessary details and give rise to the establishment of a multitude of institutions which in practice fulfil no effective functions while attracting resources away from other purposes. This excessive legislation creates complex systems of laws, decrees, jurisprudence, provisions, etc. which sometimes lead to real contradictions.

The hypertrophy of agencies responsible for the legality of public revenue and expenditure is the result of this legalistic criterion, but also of other factors such as the attempt to forestall any possible lack of probity on the part of public officials, and the traditional form of budget which has been a means of financial control rather than an instrument for ensuring execution as the performance budget is today.

An example in Uruguay illustrates this defect:^{6/}

A slow financial administration involving too many documents, a great deal of previous intervention by controller agencies, complicated formalities in connexion with liquidations, no facilities for the use of permanent funds and habitual payment arrears, culminating in statements of account which are not reported on by the Office of the Controller.

Repetitive analytical accounting in Accounting Offices and in the National Accounting Office, which delays the preparation of balance sheets and statements of account.

Repetitive and dilatory internal and external controls, which preclude an evaluation of efficiency in terms of performance and costs.

^{6/} Ernesto Lamas, "La reforma administrativa", Administración Nacional de Combustibles, Alcohol y Portland (ANCAP), Montevideo, May 1966, pp. 7 and 8.

No precise rendering of annual accounts, so that the Executive and Departmental Councils can only present balance sheets showing the implementation of the various budgets.

Other specific cases may be cited which lead to the same conclusion: the existence of a huge apparatus for controlling public revenue and expenditure, without constituting a means of control that would clearly and definitely further development.

Another important problem in the organization and functioning of public administration in the Latin American countries is the lack of prestige or absence of structures that could help to improve decisions. Although planning is considered to be an important method of perfecting decisions in Latin America today, some planning structures are inadequate or incomplete and the prestige of planning has been undermined by its performance and results. An interesting analysis of this situation is made by Ricardo Cibotti and Oscar J. Bardeci in the document entitled "A critical approach to planning in Latin America" (ST/ECLA/Conf.38/L.1) presented at this meeting.

Lastly, mention should be made of the inefficient procedures used in carrying out public activities, owing largely to the shortcomings referred to above. Although procedures and methods have in the past received careful attention in any action to improve the public administration, and many organization and methods (O and M) offices have been established in the Latin American countries, the problem persists since these offices have concerned themselves with studying a specific sector or special institutions and activities.

(b) Obstacles connected with staff

Competence, probity, motivation and sound management seem to be the elements required for efficient performance by the staff. In all these respects public administration in Latin America presents serious deficiencies.

As regards competence, in the first place a large proportion of the persons employed in the public sector lack adequate training. There are usually far too many civil servants, either because of the shortage of
/employment opportunities

employment opportunities in other sectors, because the real requirements for taking on new staff are not clearly defined, or because a political criterion is generally applied in recruitment and even promotions. This lack of competent personnel is also apparent at the higher levels, because the public sector has not succeeded in attracting qualified persons, who prefer to work in the private sector or abroad. This may be due to the low pay in the public sector. The lack of qualified personnel is also an obstacle to proper plan formulation and implementation.^{7/}

These defects give rise to others - e.g., a lack of rational machinery for selecting and training staff - which have often resulted in low morale or lack of probity among public sector personnel.

Another important factor is the paternalistic attitude which is widespread in the management of public personnel; this has curbed the initiative and participation which broad strata of public officials might have had in carrying out many activities.

As a result of some of these defects and the traditional practices of a large part of the public administration, the public sector tends to stick closely to routine and many officials lack flexibility vis-à-vis the changes proposed in order to improve the public administration in the service of development.

(c) Obstacles connected with financing

Within the present concept of the public sector as a motive force of development, or of the State as a producer of goods and services, the distribution of public financial resources takes on a special significance.

Although there is no doubt that the distribution of financial resources depends on the economic policy measures adopted, some factors limit flexibility in handling these resources for economic policy purposes, such as the steady rise in wages and salaries because of the constant increase in public personnel and the effects of inflation.

^{7/} See Victor Williams, "Planning techniques and organization in Trinidad and Tobago", Administrative Aspects of Planning: Papers of a Seminar (United Nations publication, Sales No.: E.69.II.G.2), p. 165.

These and other circumstances mean that in most countries of the region current expenditure accounts for a high proportion of total public expenditure. Consequently, the possibilities of investment, particularly in infrastructure, are limited and there are many cases of inflationary financing.

Another problem is that resources tend to be reserved for specific uses. This public revenue includes taxes earmarked for pre-established purposes; internal and external credit which is usually obtained to finance specific activities, projects or institutions; part or the whole of the resources of public enterprises, which are legally bound to use them to defray their operational costs as well as for investment; and donations, which are usually intended for special purposes. Added to this is the proportion of the public sector's total resources which is allocated by law to particular activities.^{8/}

In addition, public enterprises often show deficits in their periodical balance sheets, because the prices of the goods and services they produce, which are established in line with a social or political criterion (consumption subsidy), do not permit them to cover their costs. To prevent a loss of investment, revenue from other sources is channelled into these enterprises, which affects the allocation of resources and action by the public sector. All this, combined with the heavy tax burden existing in many cases, makes it impossible to be sufficiently flexible in allocating resources for putting into effect the changes advocated in the plans, which adds to the relative rigidity of public income vis-à-vis the sector's heavier expenditure in its capacity as the driving force of development.

To sum up, the public sector's present breadth of action has resulted in a huge and complex administrative structure suffering from a number of shortcomings which in their turn are aggravated by financial problems.

8/ Ricardo Cibotti and Enrique Sierra, El sector público en la planificación del desarrollo (in the press), p. 122. According to the authors, this is a "factor of rigidity" in the new guiding principles for the public sector.

2. Administrative defects originating or acquiring importance in the preparation and implementation of national development plans

In spite of the close relationship existing between planning and the public administration, in practice there is a cleavage between them.

Since planning is an instrument of change in developing countries, plans should provide for the necessary modifications that need to be made in the structure and action of the administration. It has happened, however, that the plan contains no provisions concerning the public administration; or that the separately formulated administrative reform takes no account of the guiding principles of the plan. This is no longer the general rule and at present administrative reform guidelines usually form part of the general plan; this happens, for example, in Costa Rica, Ecuador and Peru.

(a) Scant administrative feasibility of plans

It is often said that the objectives of a development plan cannot be attained because the public administration is incapable of overcoming its own limitations. Proper care has not been taken, however, in the stage of diagnosis - where the feasibility of a plan must be determined - to evaluate conditions in the public administration, which would have revealed the obstacles that ought to be removed or that are insurmountable from the administrative standpoint. A more thorough diagnosis is useful in preparing more realistic plans which, according to the economic, social and political system in force, would not place excessive demands on the administrative machinery nor ascribe to it a misplaced responsibility.

(b) Ignorance of plans

It also happens frequently in Latin America that plans fail to provide a sufficiently accurate definition of the public administration's responsibilities. Although from the technical point of view it may not be strictly necessary to publish the plan, there may be a failure to communicate its guidelines and relevant objectives to the different levels of implementation.

/In many

In many cases only the Central Planning Office and, to some extent, the sectoral offices are familiar with and direct the plans. Suitable mechanisms should be set up in which all sectors and levels can take part in plan formulation and implementation, or planning may become inoperative or purely a theoretical exercise.^{9/}

(c) Inadequate criteria for improving the public administration

The essential link between plans and the public administration is formed by economic policy objectives, goals and guidelines, in terms of which the public administration must consider possible courses of action and select the most suitable among them. This could result in administrative reforms that would fit into the system of priorities established by planning.

In planning, however, strategies for improving the public administration have not taken due account of the priority sectors or institutions established in the plans. Among the reasons for this state of affairs, apart from the above-mentioned lack of liaison, is the fact that excessive attention has been paid to rationalization with a view to improving the efficiency, performance or productivity of services or agencies without due regard to how useful they really are in the economic and social environment. In addition, a reform of the whole public administration is sometimes attempted at an accelerated pace without taking the real conditions or possibilities into consideration.

Measures for reforming or improving the administration should stem from the existing conditions and the exigencies of the plan.^{10/} This problem will have to be gradually solved as planning progresses and there is more consistency and continuity in plan formulation, which in turn hinges on political stability.

^{9/} See Roque G. Carranza, "Technical and organizational requirements for effective planning", a paper submitted to the Third Inter-regional Seminar on Development Planning, United Nations, Santiago, Chile, 18-29 March 1968, para. 61 (ISDP.3/A/R.3).

^{10/} See Administrative Aspects of Planning: Papers of a Seminar (United Nations publication, Sales No.: E.69.II.G.2), p. 43.

II. ADMINISTRATIVE REFORM AND DEVELOPMENT PLANNING IN LATIN AMERICA

There have been many administrative reforms in the countries of the region and recently concern about the administrative aspects of the public sector, has been growing especially as regards evaluating the content and effectiveness of the reforms.

The advent of development planning as a formal instrument marks the dividing line between two stages in the recent history of administrative reform. The first stage can arbitrarily be assigned to the 1950s, while the second can be considered to have begun around 1960 with the formal approval of the first national development plans, which later spread to virtually all countries of the region. As noted in the first part of the present document, the administrative shortcomings stemming from traditional practices are different from those that arise out of the preparation and implementation of national development plans. This distinction is still valid when considering administrative reforms and other similar measures or strategies adopted in the region.

1. Administrative reforms prior to the advent of planning

Although administrative reform has a long history in Latin America, the reforms instituted prior to the advent of planning are generally considered to have been characterized by limited objectives not directly related to economic and social development, and by their use for party political motives by long- and short-lived governments, both de facto and elected. Administrative reform was often hailed by presidents and would-be presidents as the panacea for all the national ills whenever for electoral or other reasons this was convenient, only to be forgotten or watered down very shortly afterwards, either because of political expediency or because it was impossible to implement the reform in practice. What happened was that each new government promised a better administrative reform than the last, requiring a great deal of time to prepare - that is, if it ever actually was enacted. In some cases, promises were made to cut down on the excessive number of public officials, but it was not uncommon for the reform to have the effect of actually enlarging the bureaucracy considerably, or of replacing one political party's followers with another's.

/Some writers

Some writers have with good reason ascribed principal responsibility for the failure of measures to modernize the administration in Latin America to economic, social and historical factors. Others consider that the administrative reforms initiated before planning entered the scene endeavoured to follow the pattern of countries that had already reached a high level of economic development, i.e. those that were affected by the Second World War and were concerned virtually exclusively with decentralizing the administration and improving personnel policies.

The ineffectiveness of administrative reform prior to planning can be illustrated by what happened with the national statistical offices from 1950 onwards. This was the year in which energetic efforts were first made to modernize the services responsible for taking, processing and publishing the national censuses of population, housing, agriculture and other sectors of the economy, and the services permanently engaged in collecting statistical data on demographic, economic and social variables. These efforts met with the firm support of international agencies, chiefly the United Nations, FAO and the Inter-American Statistical Institute in Latin America, through the organization of conferences, the formulation of international recommendations, the preparation of handbooks and the holding of courses. It was expected that national censuses would become institutionalized, i.e. that they would be taken at regular intervals and the data would be processed, published and used in a professional way. It was also expected that the central and sectoral statistical offices would be strengthened so that they could study the economic and social situation of the countries of the region in conjunction with the census system. These expectations were gradually dashed as it was found that the national statistical services in a number of countries in the region were unable to maintain a reasonable level of efficiency.

Brazil, the largest country in the region and a country with a long history of administrative reform, has been one of the most studied as regards the effectiveness of the strategies adopted for implementing reforms. Kleber Nascimento argues that the Brazilian model has not worked because its ideological components (beliefs, preferences, attitudes) assume

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behaviour on the part of officials of a kind that is not evident in practice. This has led the bureaucracy to reject those aspects of the reform that conflict with their basic approaches (the functional aspects) and to accept those aspects that are compatible with their approaches (the disfunctional aspects). To the extent that this occurs, the reform tends to lose effectiveness as an instrument of change and becomes rather an instrument for the preservation and strengthening of the status quo. The substantive components (content) of the reform were not satisfactory either, because the reform was all-embracing and immediatist (reform in depth of the entire administration over a relatively short period) and because of its diagnostic approach (cognitivism), i.e. the assumption that the administration does not change because it does not know how to change - and not because it does not want to. The operational components (method of operation of the agents of the reform) have not worked effectively because efforts have been concentrated on the formal aspects (functional structures, standard procedures, etc.), because the reform has been imposed from the outside, and because the élite implementing the reform were isolated. Gilbert Siegel points to the arbitrariness of the Brazilian administrative reform and the isolation of its prime movers as the main causes for its failure. Garcia-Zamor, after reviewing such relevant aspects as the uncontrolled growth of the civil service, low salaries, the strength of tradition and 'red tape', educational weaknesses, the growth of the urban population, the inflexibility of the social structure, the redundant public labour force, etc., considers that environmental factors are at the root of the lack of effectiveness of the Brazilian administrative reform rather than factors relating to staff training or the strategy chosen.

Several studies reach equally pessimistic conclusions regarding the effectiveness of administrative reforms in other Latin American countries during the decade preceding the introduction in a fairly formal way of economic and social planning.

2. Subsequent administrative reforms

The preceding section has shown that administrative reform prior to the advent of planning was basically not linked to objectives of economic and social development, and that it was not effective enough, despite the exaggerated and perpetually renewed hopes placed in it in the countries of the region.

It is somewhat surprising, then, that once fears about planning had been dispelled and Governments accepted the idea of planning, it was implicitly decided at Punta del Este in 1961 that the formulation and implementation of the first national development plans would be entrusted to the state administrative apparatus, which had already proved its ineffectiveness in varying degrees in the various countries. It is difficult to believe that Governments and planners alike thought that this shortcoming could be overcome through the valiant efforts of a few national officials and foreign technical advice. A number of different appraisals of planning experience in Latin America show that Governments clearly over-estimated their administrative capability for development.

Among all that has been written on the subject of planning in Latin America, it may be appropriate to pick out the relatively few references to the links during the 1960s between administrative capability and development planning. Some of the points of concern during this period were taken up on a regional basis in the reports of two meetings organized under the auspices of ECLA.^{11/}

With respect to the formulation of development plans and their links with administrative matters, it is interesting to recall what Raúl Prebisch said when he stepped down as Executive Secretary of ECLA in 1963:

^{11/} ILPES, Discusiones sobre planificación (Report of a Seminar, Santiago, Chile, 6-14 July 1965). Textos del Instituto Latinoamericano de Planificación Económica y Social (México D.F., Siglo XXI, 1966); and United Nations, Administrative aspects of planning, op. cit.

"... as a result of the pressure of circumstances, plans have often tended to be drawn up by a small group of people who have been unable to make use of the piecemeal experience of a host of government departments - the experience of the vast number of people who will have to execute the plan without having had the opportunity of co-operating in the determination of its aims. In other words, the body responsible for formulating the plan is often superimposed on the existing administrative organization without in any way becoming a part of it. There must be an effort to achieve integration, following one basic principle: the plan must not be created only from above; it must come from below, travelling up through all the responsible levels of the administration ... All these weaknesses are easy to understand, and in no way detract from the admirable achievement of those Governments who have undertaken the formulation of plans; if they had not done so the weaknesses in question would not have appeared. The next step is to carry out the far from easy task of making the administrative machinery capable of responding to the needs of planning. The unremitting labour it involves can only be successfully undertaken if a firm decision at the top has the backing of the senior officials in the administration, since they must all take an active part in the work of planning".^{12/}

The opinions of persons of recognized prestige and experience, such as the one just quoted, confirm the statements made earlier in the first part of this document.

Further proof of this, taken from experience in the countries of the region, can be found in more recent ECLA documents which state more explicitly the lack of links between planning and administrative reform:

"The opposition which is bound to arise from the traditional policy-making organs, both among the political authorities and in the national administration as a whole, would seem to necessitate some sort of "strategy" for introducing planning machinery, which would obviate such

^{12/} Raúl Prebisch, Towards a dynamic development policy for Latin America (United Nations publication, Sales No.: 64.II.G.4) p. 58.

friction as far as possible so that planning could be progressively built into the administrative structure and procedures ... In this respect, planning in Latin America has manifested serious shortcomings ... the plan which has been drawn up has not been discussed in sufficient detail by the various government policy-making and executive organs, and therefore creates resistance in the Ministries and decentralized agencies ... the general rule (is) that planning organs have been superimposed on an administrative structure which has not been adapted to the demands of planned development policy ... In recent years, some countries have established central organization and methods offices, which have assumed responsibility for administrative reform. In many cases, these central offices have had no connexion with the agencies of the planning system, or with those in charge of staff and budget administration. Action taken to promote the reform has nothing whatever to do with national development activities. Thus, although general planning efforts have indirectly served to focus attention on administrative streamlining, this task has usually been undertaken independently of economic development policies".^{13/}

This brief review shows that, probably because of lack of rapport between planners and the officials responsible for modernizing the public administration, there have not been enough links between development plans and administrative reform.

The considerable amount of optimism regarding the feasibility and effectiveness of planning began to dispel in the early 1960s. There were many different and substantial obstacles to the formulation and execution of development plans. Experts in economics and public administration agreed - each still in their separate camps - that as early as 1965 there was what was known as a "planning crisis". Their concern led to the appearance of two collections of papers by various authors edited by the Chilean scholar Claudio Veliz: Obstacles to change in Latin America and The politics of conformity in Latin America, published under the auspices

^{13/} ECLA, Development Problems in Latin America (Austin and London, University of Texas Press, 1970), pp. 85-88.

of the Royal Institute of International Affairs by the Oxford University Press in 1965 and 1967 respectively. These and other subsequent publications,^{14/} are both an attempt to find the reasons for the persistence of underdevelopment in Latin America and an expression of a certain sense of frustration, especially among professional people in the region.

ILPES, which since its establishment in 1962 under ECLA auspices has been publicizing planning through its research, training courses and advisory services to the Governments of the region, has made and is still making valuable appraisals of the planning experience in Latin America.

Planning has encountered serious difficulties which in large measure could have been foreseen and which in no sense can be considered insuperable. Planning had to face strong resistance for a number of years; it was introduced into countries that had not properly diagnosed and quantified their problems. Because of its novelty and complexity, it had to be manipulated by very small groups of planners - national and foreign - who in many cases came face to face for the first time with the harsh realities of Latin America. In most countries, both the formulation and implementation of plans did not secure the necessary support from those in government nor the unwavering participation of the public administration and other sectors of the community. In some cases, plans contained technical lacunae, for example failing to specify the operational measures required for their implementation or leaving out projects. And even when plans were technically and politically viable, domestic or foreign financial resources were inadequate or not timely enough.

All this poses several serious questions regarding the viability and effectiveness of administrative reform and development planning in Latin America in the coming years. Some may think that the difficulties

^{14/} For example, Marcos Kaplan and Raúl O. Basaldúa, Problemas estructurales y planificación para el desarrollo (Buenos Aires, Bibliografía OMEBA, 1968); Osvaldo Sunkel and Pedro Paz, El subdesarrollo latinoamericano y la teoría del desarrollo (México D.F., Editorial Siglo XXI, 1970); Ricardo Cibotti and Enrique Sierra, op. cit.

encountered by planning in Latin America justify forgetting about planning altogether. This would mean that the solution of Latin America's serious economic and social problems would depend on short-term decisions, or that only the problems of the moment would be dealt with, with the result that the underdevelopment of the countries of the region would continue and even worsen. But it would seem that the seriousness and complexity of the problems themselves will not permit this to happen and it will therefore be necessary to recognize the role of the State and planning as active promoters of economic and social development. To the extent that this happens, administrative reform and development planning on a rational basis will become increasingly useful and influential.

III. MEASURES TO STRENGTHEN ADMINISTRATIVE CAPABILITY FOR DEVELOPMENT IN LATIN AMERICA

1. Formulation and implementation of the administrative reform

(a) General points to be borne in mind

Just as planning is considered to be a continuous process, administrative reform - irrespective of whether the approach is all-embracing or gradualist - must be thought of as a permanent process, especially if it is considered that it should be included in the preparation and implementation of national development plans.

An investigation of existing realities should yield a diagnosis of the public administration within the social, cultural, economic and political context of the country concerned. And this will reveal the role currently played by the public administration and the role it should have in the future, and also the changes required to meet the needs of reform.

Reformers must be aware of the difficulties they are likely to encounter in their work. These will include resistance - especially at the implementation stage - from many officials and executives in the public administration, some because the proposed changes affect their routine work, and others because the adoption of plans or administrative reforms means that they will have to share responsibility, and possibly

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decision-making, within their agency. In other words, plans and administrative reforms are not compatible with the almost feudal powers exercised by many executives in the administration of their agencies.

Similarly, administrative reform is a relatively long process, since quite a lot of time passes between formulation of the reform and its implementation, and even more until it is operating at peak efficiency. The delays may be caused by political processes or difficulties in securing approval for the draft reform, by lack of financing or delays in the receipt of resources, by the need to provide suitable training for human resources, etc. Another difficulty can be caused by the need to work in inter-disciplinary teams, not only because the operation of the public administration has economic, social and political implications, but also because through its links with the planning process it is basically dependent on the studies, projections and policy options developed by economists and on the decisions of politicians.

Reformers must also not neglect their links with the executive level or what is termed the "line". It is not advisable to usurp or encroach upon executive functions, for this causes friction that often increases resistance. It should be borne in mind that the line has to conduct its activities in accordance with the decisions of the political authorities; furthermore, the top executives of the public administration are often the repositories of the trust of the political forces in charge of the country. This problem can be avoided if representatives of the line are given a suitable role to play in the administrative reform.

One aspect which is of very great importance is support from the Chief Executive for the administrative reform, either directly or through the high-level officials of the executive branch. This support must consist of more than mere acquiescence or expression of intent by the government; it must take the form of orders or instructions for the allocation of the financial, material and human resources required and for ensuring the most effective co-operation from the various agencies of the public sector; it must also be reflected in the enactment or

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promotion of legislation, standards and regulations that will provide a legal framework consonant with the importance ascribed to the reform in the development of the country.

Experience shows that any reform that is not backed by the highest political authority will result in a dissipation of effort and a waste of resources. Nevertheless, Governments must not wave the banner of administrative reform unless a genuine desire and the minimum conditions exist for implementing it, for the developing countries have too few resources and too many needs to engage in projects that are expected in advance to be short-lived and unsuccessful.

The above in no sense is to say that if certain obstacles exist then administrative reform should just be discarded; it is a commonplace that all activities to promote change or development are inherently difficult. But it is meant to stress the pointlessness of experimenting with reform or reforming simply in order to adopt a reformist approach.

(b) Organization for administrative reform

The prevailing conception of the public administration as an instrument of development and a promoter and executor of the necessary changes requires the establishment of an organization to deal with modernizing the structure and operation of the administrative apparatus of the public sector. It has been emphasized that the measures to be taken to bring about improvements in the administration must be worked out in the light of each country's particular situation. It is, however, possible to draw a number of generally applicable criteria from past experience in organization for administrative reform.

Administrative reform offices rather resemble planning offices as regards the physical location and situation in the hierarchy of the central office, the structure of the system and its links or co-ordination with other activities such as the budget, statistical services, etc. The implementation stage, just as in the planning process, has been especially weak, owing to the lack of suitable instruments. The main reason for this has been the lack of authority and support for the recommendations made by the central reform office because it has been

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located at an unsuitable level, and this has even had repercussions on the co-ordination required at the preparation stage.

It is thus clearly necessary to enlist the decided support of the political branch of government, and for this to happen support must come from the highest level of decision-making.^{15/} The Central office responsible for the administrative reform must then be situated as an advisory body to the agency representing the highest political authority, which in virtually all Latin American countries is the Office of the President of the Republic. This same recommendation has been made with respect to the central planning office. If both offices were at the same level, there would be greater possibilities for co-ordination between them and also with the budget office, which is responsible for translating long- and medium-term objectives into specific short-term or annual targets and activities.

A close relationship, with agreement on the common purposes, between the planning, administrative reform and budget offices, and with substantial representation of the political authorities, has the following advantages:

(a) It makes the formulation of development plans more realistic since their political, economic and administrative feasibility is guaranteed by political direction and support, awareness of the financial resources available and of the sources, timing and amount of possible new resources, and knowledge of the possibilities of developing existing administrative capability.

(b) From the point of view of the budget, it is possible to allocate resources and formulate programmes with medium-term objectives and short-term targets that are in line with the major priorities and the long- and medium-term objectives established in the plans;

(c) It makes it possible to apply measures to improve the public administration, not only in order to increase the efficiency of each body or agency but also with a view to the administrative execution of plans.

^{15/} See ILPES, Discusiones sobre planificación, op. cit., p. 38.

Once the planning and administrative reform offices have been placed at the highest possible level, thought then has to be given to their relations with the machinery of political decision-making which - in addition to providing the general framework for their activities - has to provide the substantive content that reflects the aspirations of the major national groups as regards economic and social development. One possibility in this respect is to have a decision-making committee comprising inter alia the Chief Executive or his representative, Ministers, the chiefs of the planning and administrative reform offices, and the budget director. The operation of such a committee would not mean extra work for the Chief Executive and Ministers since its meetings would virtually be expanded Cabinet meetings, perhaps using different methods and approaches, while the normal Cabinet meetings could continue in the usual way.

To ensure co-ordination and the effective participation of the different levels of the public administration in the formulation and execution of the administrative reform, it is necessary to have machinery linking the operational levels of the administration with this committee. Consequently, it will be necessary to consider the possibility of establishing sectoral or ministerial administrative reform offices covering sectors or ministries. In view of the fact that administrative reform will be a gradual process, the sectoral offices will have to fulfil different purposes, depending on whether the sector is a priority sector or not. In very general terms, these offices could study the administrative situation of the particular sector or ministry concerned and keep their executives and the central office informed about it; suggest or recommend measures for improving the situation; study, plan or organize activities to promote the changes or improvements contained in the administrative reform; and promote other activities to raise the general level of efficiency in the different departments serving the sector. The offices in non-priority sectors could concern themselves with analysing the situation of the administration and improving efficiency, and also with covering the needs arising out of changes occurring in the priority sectors.

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Although the foregoing is a collection of rather general ideas, it does point to the need for an analysis of the possibilities of organization for administrative reform contrasted with the forms already tried out which have generally not been effective enough because of the low level of participation and co-ordination in the formulation and execution of the administrative reform and the relative weakness of the public administration as an instrument for bringing about the changes contained in economic and social development plans.

Certain other aspects relating to organization for administrative reform help to facilitate the reform or make it more comprehensible or acceptable to the civil servant and the community. One is the continual dissemination of information on the content, purpose and significance of the reform throughout the process. The approach and form taken should be suited to the sector concerned: either the public at large or civil servants. The main objective, as regards the public, is to create a movement of public opinion favourable to the changes being made and an awareness of how the changes operate in those services that directly affect the community. With regard to civil servants, the objective is to ensure that each official is well disposed towards the reform and thus participates more effectively in the process, which can be reflected not only in better performance but also in efforts to improve performance.

In this connexion, it is necessary to train human resources for the public administration. A good training programme is an instrument for developing know-how, ability and forms of behaviour; these are necessary under normal conditions, but they are especially necessary to meet all the new needs arising out of the reform. Training programmes must be properly organized on a continuous basis, and they must also - always with an eye on the priorities - make provision for the needs of the different sectors of the administration and be supported by the highest authorities of the public administration.

Lastly, mention should be made of the possibility of using modern methods, including machines and computers, to facilitate the preparation of studies and planning, and to improve and expedite the decision-making /process, both

process, both means of making the direction of the public administration more effective.

In some countries of the region, modern methods have been introduced in connexion with programme budgeting and, to a lesser extent, the establishment of training schools and programmes; machines, and more recently, computers have also been introduced.

2. The need for improving the administration as a result of plans for economic integration

The economic integration of all the Latin American countries is an important, ambitious and difficult task, whose administrative implications have been studied to only a limited extent. For this reason, it is appropriate for this Meeting of Experts on Administrative Capability for Development, in view of its regional character, to devote some attention to the topic.

Viewed as a promoter of the development of each country of the region, Latin American integration offers the image and the possibilities of a vast regional market. The idea of integration, however, has its advocates and its opponents, depending on the theoretical approach and the practical attitude taken. Some place a great deal of hope in integration, as a means of solving the serious economic and social problems of Latin America. Others fear that the integration process may well end up by benefiting interests outside the region.

The first systems aiming at Latin American integration, which were established around 1960, were the Latin American Free Trade Association (ALALC) and the Central American Common Market (MCC). There is such a wealth of material describing, analysing and evaluating the activities of ALALC and the MCC that it is impossible to refer to it all in the present

document.^{16/} Without entering into a complicated technical analysis, suffice it to say that, although the ALALC and MCC have undoubtedly had their successes during the first ten years of their existence, they have also had their failures, due in many cases to the fact that national considerations have prevailed over regional or subregional interests. Virtually all the development plans formulated during the 1960s are based on a purely national approach that for the most part takes no account of the objectives of Latin American integration.

In recent years two other subregional systems have been established: the Andean Subregional Integration Agreement (better known as the Andean Group) and the Caribbean Free Trade Association (CARIFTA). The multinational institutions established by the Andean Group and CARIFTA, and also those of ALALC and the MCC, will eventually have to co-ordinate activities among themselves as part of the process of convergence that it is hoped will bring all these systems of integration together. In this connexion, it is particularly important to strengthen the administrative capability of the multinational institutions, both those already existing and those that are to be established, especially the development banks and corporations and public corporations in Latin America. The most urgent tasks would seem to include establishing more flexible and efficient structures and procedures and training technically qualified staff endowed with a multinational outlook.

^{16/} The following publications may be consulted in connexion with this topic: Instituto Interamericano de Estudios Jurídicos Internacionales, Instrumentos Relativos a la Integración Económica en América Latina (1964); INTAL-IDB, La Integración Latinoamericana. Situación y Perspectivas (1965); ECLA, Evaluation of economic integration in Central America (E/CN.12/762); Dusan Sidjanski, Dimensiones Institucionales de la Integración Latinoamericana (INTAL-IDB, 1967). Allan Randolph Brewer Carías, Los Problemas Constitucionales de la Integración Económica Latinoamericana (Caracas, 1968); INTAL-IDB, La Integración Económica de América Latina. Realizaciones, problemas y perspectivas (1968); Felipe Herrera, Nacionalismo, Regionalismo, Internacionalismo. América Latina en el contexto internacional (INTAL-IDB, 1970).

