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REPORT OF ECAFE'S WORKING PARTY ON ECONOMIC  
DEVELOPMENT AND PLANNING \*

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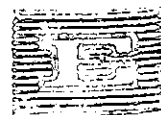
1. The first part of the paper discusses the importance of the study of the history of the United States. It is argued that the study of history is essential for a full understanding of the present and for the development of a sense of national identity. The author also discusses the role of the historian in society and the importance of the study of the history of the United States in the context of the world.

2. The second part of the paper discusses the importance of the study of the history of the United States in the context of the world. It is argued that the study of history is essential for a full understanding of the present and for the development of a sense of national identity.

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ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST

Twenty-third session  
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Tokyo, Japan

REPORT OF THE WORKING PARTY ON ECONOMIC DEVELOPMENT  
AND PLANNING (TENTH SESSION)

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### PREFACE

1. The tenth session of the Working Party on Economic Development and Planning for Asia and the Far East was held at ECAFE headquarters, Bangkok from 3 to 10 October 1966. The Working Party, which was sponsored by ECAFE in co-operation with the United Nations Public Administration Branch, considered the administrative aspects of economic development planning in the ECAFE region.<sup>1/</sup>
2. The Working Party was attended by thirty-nine participants from Ceylon, China, France, India, Indonesia, Iran, Japan, the Republic of Korea, Malaysia, the Netherlands, Pakistan, the Philippines, the Republic of Viet-Nam, Thailand, the Union of Soviet Socialist Republics, and the United States of America. Representatives and observers were present from the Federal Republic of Germany, United Nations Development Programme (UNDP), United Nations Children's Fund (UNICEF), the International Labour Organisation (ILO), Food and Agriculture Organization of the United Nations (FAO), United Nations Educational, Scientific and Cultural Organization (UNESCO), World Health Organization (WHO), International Monetary Fund (IMF), International Chamber of Commerce (ICC), International Confederation of Free Trade Unions (ICFTU), and Eastern Regional Organization for Public Administration (EROPA). The list of participants is given in annex A.
3. The working papers for discussion included documents on administrative aspects of planning prepared under the auspices of the United Nations Public Administration Branch at headquarters and the Research and Planning Division of the ECAFE, and twelve country reports submitted by Governments and delegations of member countries. These documents are listed in annex B.

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<sup>1/</sup> The subjects considered in the previous Working Party meetings were as follows: Problems and Techniques of Planning and Programming Economic Development (1955); Development Policies and the Means of Implementing Development Programmes (1956); The Agricultural Sector (1957); Industrialization in Relation to Economic Development (1958); Social and Economic Development (1959); Transport Development in Economic Development and Planning (1960); Domestic and Foreign Financing of Economic Development (1962); Foreign Trade in Relation to Economic Development Planning (1963); Planning for Energy Development (1965).

4. His Excellency Mr. Thawee Raenkham, Deputy Minister of the Ministry of Interior of the Royal Government of Thailand, in inaugurating the session, pointed to the need for administrative reforms for the successful formulation and implementation of development plans. He advised caution, however, in introducing such reforms so as to ensure that the moral and cultural values held in high esteem in the ECAFE countries would not be destroyed.
5. U Nyun, Executive Secretary, welcomed the delegates on behalf of the Secretary-General of the United Nations and on his own behalf and expressed his deep gratitude to the Royal Government of Thailand for its warm hospitality and for the excellent arrangements made for convening the session in Bangkok.
6. He went on to say that the Governments had been requested to nominate for the Working Party experts who were specifically responsible for formulating policies relating to administrative reforms and improvement. He hoped, therefore, that the dialogue established between the planners and administrators at the session would contribute to better formulation, implementation, follow-up and evaluation of development plans in the countries, and would thus help to accelerate the rates of economic growth in the region.
7. He expressed concern at the slowing down of the rate of economic growth in the countries of the region. In view of the seriousness of the situation, he could not feel very optimistic about the realization even of the modest objectives of the Development Decade.
8. Attempts had been made by the countries and the Commission to analyse the causes which had contributed to this decline in the rate of growth and it had been found that poor implementation of national development plans was one of the major factors responsible for that decline. The Committee for Development Planning set up recently by the United Nations confirmed the view that poor implementation was a major impediment to achievement of planned rates of growth in most of the developing countries. The Conference

of Asian Economic Planners had at its first session in 1961 and also at its second session in 1964 drawn attention to the needs for administrative reforms. As planning efforts grew in intensity and earnestness in the region, the national administrative structures, as a heritage of the past, had been found far from adequate. They had become too rigid, too insistent upon bureaucratic and cumbrous procedural rules, too much wedded to tradition, all of which discouraged initiative and favoured the status quo. In most countries of the region, the needs for administrative changes were met on an ad hoc basis; it was by no means certain whether the new orientation and the new outlook had taken sufficiently deep roots in the administrative systems.

9. Planning had not only led to a conflict with the old, but had given rise to many new problems of its own. While the need for reform in the traditional administrative structure was recognized, the precise form of the required changes had become a subject of experimentation in most of the countries. The time had come to take stock of those experiments in planning administration in various countries, to compare the results so far achieved, and to share the experience in that area for mutual benefit. In addition to its efforts to organize such forums as the current one, the ECAFE would be very happy to be of service to the countries of the region in improving public administration.

10. A vote of thanks to His Excellency Mr. Thawee Raenkham and the Royal Government of Thailand was carried unanimously.

11. Dr. Malai Huvanandana of Thailand was unanimously elected Chairman of the Working Party. Mr. M. Fazil Khan of Pakistan and Mr. Alfonso B. Castro of the Philippines were elected First and Second Vice-Chairman respectively.

12. The provisional agenda submitted by the secretariat was adopted by the Working Party with the proviso that items 4 and 5 be considered together instead of in succession. The agenda and the annotated agenda are reproduced as annex C.

13. A technical committee consisting of one representative from each of the member countries was appointed by the Working Party to examine technical points arising out of discussion at the plenary session and to prepare the draft report of the Working Party. Mr. M. Fazil Khan was elected Chairman of the technical committee, and Mr. R.G. Gomez of Ceylon was elected rapporteur.

14. On the conclusion of its work, the Working Party passed a vote of thanks to the Chairman and the Vice-Chairmen of the session, the Chairman and members of the drafting committee, the secretariat, and the Royal Government of Thailand for their co-operation and assistance in the successful conduct of its tenth session.

#### 1. INTERDEPENDENCE OF PLANNING AND ADMINISTRATION

15. The Working Party considered the relationship between planning and administration in the entire process of development planning, taking into account, among other things, the administrative structure for planning, the role of administration generally in the development planning process, and the administrative arrangements for plan implementation. The analysis presented in secretariat paper E/CN.11/DPWP.10/L.4 was reviewed. It was generally accepted that planning and administration were indeed crucially dependent upon each other for their success, and that no plans, however well prepared, could succeed unless efficient administrative arrangements were available for their implementation. The Working Party agreed that many factors other than administrative (e.g. weather fluctuations, delays or shortfalls in availability of foreign aid, and the like) also exercised a vital influence on the success or failure of plans of developing countries. It recognized, nevertheless, that administrative deficiencies were also an important contributory factor. Furthermore, while the countries concerned had little or no control over factors such as weather and foreign aid availabilities, the removal of administrative deficiencies was something which could be

overcome through conscious efforts directed towards that end. Accordingly, the Working Party felt that, by concentrating upon effective administrative reform, the countries concerned could greatly improve the chances for the success of their economic development plans.

16. The Working Party noted that internal inconsistencies in the development plans, lack of a pragmatic approach in the phasing of projects and programmes, and similar defects in plan formulation could seriously jeopardize their effective implementation. Other pertinent factors, such as the establishment of national goals on a basis inconsistent with the priority rating of national aspirations, the stage and degree of political socialization attained in a particular country, and so on, could also account for the relatively slow progress achieved in national development efforts. Nevertheless, the frequency with which references were made during the deliberations of the Working Party to such administrative problems as the lack of co-ordination between the central planning agency and other governmental agencies, the inadequacy of communication, both vertical and horizontal, the weakness of personnel administration, the unsatisfactory arrangements for the collection, compilation, and analysis of statistical data, and so on, highlighted the fact that administrative inadequacies were, by and large, a serious impediment to plan implementation in most countries of the region.

17. The Working Party noted that a variety of steps had been or were being taken in most of the countries embarked upon development planning to effect improvements in the administrative machinery with a view to securing better implementation of their plans. Although in many cases, the remedial measures taken were purely of an ad hoc nature, there was no doubt that the questions of strengthening the administrative machinery in its fundamental aspects and of gearing that machinery to development needs were receiving careful attention. For example, India had recently established a high-powered commission known as the Administrative Reforms Commission to carry out a comprehensive review of the country's administrative machinery and to recommend measures that would, in scope and depth, adequately



remedy the defects observed. In Ceylon, administrative reforms recommended by a Committee of Permanent Secretaries, which had reported recently, were now being carried out with a view, particularly, to improving the machinery for planning and implementation. In Pakistan, extensive administrative reforms had been put into effect during the first and second five-year plan periods and, under the Third Plan, an effort was being made to evolve a concept of 'administrative development' with the object of continuously gearing the administrative machinery to developmental needs. Malaysia had established a unit called the Development Administrative Unit which was responsible for formulating and implementing a national plan for improving the administrative machinery. Measures of administrative reform with similar objectives were being taken in several other countries as well.

18. The Working Party attached importance to a view expressed by some participants that development plans should be formulated with due regard to the administrative capacity of the country concerned, and that over-ambitious planning should, as far as possible, be avoided. The plans might, however, be kept flexible enough to permit an enlargement in their scope proportionate to the improvements that might occur in the administrative capacity during their implementation.

19. The Working Party recognized that improvement in many of the important areas of administration was a slow and time-consuming process. For example, any improvement in the situation with regard to the availabilities of qualified and competent personnel, such as engineers, scientists, economists, and administrators would require long-term manpower planning in relation to the educational systems, the terms and conditions of employment, training to be provided, and so on. Personnel systems might have to be examined afresh and suitably revised to check the drain on competent specialists which resulted from better remuneration and career prospects in the private sector or even outside the country. The Working Party felt, therefore, that while short-term measures should continue to be taken for improving administration, studies should at the same time be undertaken of those deep-seated problems pertaining to administration which called for permanent and long-term remedial measures.

20. The Working Party was impressed by the consensus of opinion that administrative improvement would be meaningful and would make its proper contribution to development planning only if it was conceived in the light of the cultural, social, and economic conditions prevailing in the respective countries of the region. Rigid adherence to orthodox methods or transplantation of methods merely because they had proved successful in developed countries was likely to create more problems than it would solve, and should, therefore, be resorted to with considerable caution. For example, although recourse to the merit system in the recruitment of public service personnel was desirable, the prevalence of particular attitudes (for example, the emphasis of seniority) in each country would have to be given due weight in introducing such a system, so that the need for reforming the method of recruitment could be reconciled with established social customs.

21. The Working Party noted with particular interest some of the problems mentioned during the course of its deliberations concerning planning as related to specific fields of activity, since they brought into sharp focus the interrelated nature of planning and administration. The ineffectiveness of the land reform programmes resulting from the failure of the administrative machinery to implement them properly; the problem of establishing cross-sectoral integration in planning for children, youth and women in the context of overall planning; the scarcity of management skills which would necessitate close integration of activities in the fields of education, health, labour, finance and monetary policy; and a number of other instances served as pointers to the importance of administrative aspects in the functional fields of government and underlined the need for greater attention to be paid to them.

## II. ADMINISTRATIVE MACHINERY FOR PLANNING

22. For the consideration of this subject, which constituted by far the most basic as well as the broadest in scope among the items on its agenda, the Working Party had at its disposal a comprehensive working paper prepared by the Secretariat (E/CN.11/DPWP.10/L.5). It also had the benefit of country papers submitted by the Republic of China, France, Japan, Malaysia, Pakistan and the Philippines.

23. In order to facilitate concentrated consideration of the basic and major issues arising in the field of administrative machinery for planning, the subject was subdivided for the purpose of the Working Party's deliberations under ten specific sub-heads. The results of the discussion on this item are summarized in the succeeding paragraphs accordingly.

Review of recent changes in planning administration in the region

24. The Working Party reviewed the general trends in the field of economic development planning in the ECAFE countries during the current decade. It noted that development plans in many countries had tended gradually to become more comprehensive in character and coverage. In most cases, the plans now encompassed not only the public sector but also the private sector. Some ECAFE countries had prepared their successive medium-term plans within a well-conceived long-term perspective. Many of them had come to realize that medium-term plans, which are necessarily broad and general in scope, must be broken up into annual plans representing action programmes composed of concrete, acceptable projects, which should be reflected fully in the annual national budget in order to ensure their proper implementation.

25. The Working Party noted that considerable attention was now being paid in the ECAFE countries to the administrative aspects of planning. This indicated an increasing awareness of the decisive influence which administration wielded upon the success of development plans. Substantial changes in administrative structure had been undertaken in many countries, and the planning process had tended to become institutionalized with the object of adapting the governmental machinery to the needs of planned development. The Governments of some ECAFE countries had established special arrangements for continuously examining and appraising the existing administrative machinery and for making changes and reforms in order to ensure that that machinery was strengthened in response to requirements imposed by a rapidly expanding development effort.

26. The Working Party felt that, ideally, the creation and building up of planning machinery should proceed at all governmental levels. It noted, however, that practical limitations usually prevented such simultaneous action, and that certain priorities had therefore to be determined and corrective efforts concentrated at relatively strategic and critical levels of planning. In most of the ECAFE countries, central planning agencies had already been created, but the process of building them up had by no means been completed. Consequently, further development and strengthening of the central planning agencies was needed in many cases. At the same time, it appeared that there were important bottlenecks in planning machinery related to the sectoral and local levels which required most urgent attention. With the planning machinery becoming progressively larger and consequently more complex, the problem of distributing functions within this machinery, the need for a clear delineation of the responsibilities entrusted to different components of the planning apparatus, and the necessity to strengthen co-ordinating arrangements at all levels had gained in importance. It was suggested to the Working Party that it might be useful to have some institutional arrangements for the study of new methods and techniques and for their co-ordination for planning purposes.

27. In many countries, a marked trend was observable towards decentralization, both in plan formulation and plan implementation. The degree of centralization and decentralization of planning functions had an important bearing upon the effectiveness of the entire process of economic development. While excessive centralization could, in many ways, act as a brake on the development process, too much decentralization could, on the other hand, result in a diffusion of the development effort and an avoidable wastage of scarce human and material resources.

28. In regard to the implementation of plans, the consensus was that responsibility should be delegated away from the centre as much as possible. It was thought that the implementation of programmes in the public sector could best be done by the respective government departments or by the autonomous public or semi-public agencies under their control.

29. The Working Party was of the view that the need for decentralization arose not only in relation to the implementation of plans, but also to the process of plan formulation. Ideally, plans should be prepared at all levels by the respective planning units. Bodies at lower levels could hardly be expected to become enthusiastic about the fulfilment of plans which they did not help actively to formulate. Their participation in plan formulation was therefore essential for their vigorous implementation and, unless the delegation of responsibility for implementation to the sectoral levels was combined with wider participation by those levels in plan formulation as well, attempts to improve implementation were not likely to prove greatly successful.

#### Differences and similarities in regional administrative structures for planning

30. The Working Party took note of substantial differences in the planning structure of various countries of the region. It noted that the type of planning mechanism adopted by a country was determined largely by political, social, economic and other conditions that differed widely among the regional countries. However, while the need for an individual approach by each country, geared particularly to its own socio-economic structures and goals and its administrative environment, was recognized, it was pointed out that there were several important and basic problems pertaining to planning administration (e.g. shortages of human and material resources, the primary law and order orientation that the administrative structures had inherited from the past, and the like), which were common to most of the countries. The Working Party agreed that the countries of the region could benefit substantially from one another's experience in seeking solutions to such problems.

#### Functions of the central planning agency

31. It was generally accepted that the central planning agency should assume responsibility for: (i) formulation and revision of long-term, medium-term and short-term (usually annual) development plans at the national level; (ii) recommendation of policies and measures calculated to ensure successful plan execution; and (iii) review and evaluation of plan implementation. In

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addition, it was considered that the central planning agency could usefully be associated closely with, although not necessarily made directly responsible for co-ordination of foreign aid, including foreign technical assistance.

32. The Working Party discussed at length the extent to which the central planning agency should be involved in the process of plan implementation. It was of the opinion that the central planning agency should not directly implement the plan. However, it should not be completely divorced from the implementation process, as that would very likely result in a kind of academic planning with little relevance to the actual realities. It was felt that there would be considerable advantage in making the central planning agency responsible for following up and carefully watching the implementation of the plan as a whole, although the follow-up in regard to individual projects and programmes could be left to the relevant planning levels. That was necessary not only for the successful implementation of the plan, but also for improving future plan formulation. It was noted that, in some countries, association of the central planning agency with the implementation process through its representation at staff level on policy making and executive bodies had proved useful. In some, the central planning agencies were also actively associated with the examination of individual projects or programmes and their approval by the government as a preliminary to their implementation.

33. The Working Party felt, however, that the involvement of the central planning agency in programme implementation should not be excessive as that was likely to affect adversely the performance by the planning agency of its substantive planning functions, and to lead to friction between the planning agency and the executive agencies.

#### Location, status and composition of the central planning agency

34. The Working Party stressed that the effective functioning of the central planning agency was greatly dependent upon its status and location within the framework of the total administrative structure. The consensus, which was

backed up by the actual development planning experience of many countries of the region, was that the central planning agency should be located as close as possible to the centre of political power. That would enable the planning agency to secure more easily the co-operation of the other administrative agencies in performing its planning task. The Working Party nevertheless felt that even such an arrangement was unlikely to be successful unless there was a positive commitment at the top levels of the government to the cause of development planning and unless those levels were prepared to extend solid support to the planning agency in the proper discharge of its planning function. The Working Party also concluded that, although during the period when development planning was a relatively new experience and activity, it was necessary to lend support to the central planning agency through formal institutional arrangements such as the one proposed above, an endeavour should be made to work towards creating a situation in which the prestige of the central planning agency and its effectiveness stemmed primarily from the inherent quality of the plans it formulated rather than from the extraneous support available to it.

35. With regard to the composition of the central planning agency, the Working Party noted that such an agency represented only a part, although admittedly the most important part, of the usually rather diversified and complex planning structure. Generally planning at the Centre took place at two levels: political and technical. At the political level, decisions were made concerning the economic and social goals of the development plan and the ways and means of realizing them. The actual formulation of the plan on the basis of the approved goals was then carried out by a body of qualified professional planners from a technical angle. However, although the central planning agency was not called upon to take decisions with regard to overall policies itself, it was nevertheless required to provide the necessary factual and analytical basis for decision-making. Because of

those considerations, the Working Party believed that the central planning agency should primarily be composed of professional experts in various fields in order that it would be able to fulfil its dual functions of planning and providing economic advice.

Relationship between the central planning agency, the ministry of finance, and the functional ministries with regard to plan formulation

36. The Working Party discussed the problem of relationship between the central planning agency and the administrative ministries and departments, and especially the ministry of finance, in the sphere of plan formulation. It agreed that the relationship must be as close as possible, considering that responsibility for performing certain essential prerequisites to the formulation of the plan (e.g., the formulation of sectoral programmes and projects, the provision of basic data and information pertaining to particular fields) rested primarily with the sectoral administrative agencies. Such a relationship could be strengthened considerably if, in addition to formal institutional collaborative arrangements, both the central planning agency and the functional departments were to consciously encourage constant staff-level collaboration and exchange of views. With regard to the relationship with the ministry of finance, the Working Party agreed that it was of utmost importance in view of the fact that, in most countries, the primary control of national financial resources, which were a decisive determinant of the total plan outlay, vested in that ministry. The relationship was of particular importance with regard to the formulation of the annual plans. For them to be properly implemented, the plans must be incorporated as an integral part of the annual national budget, which consisted of both developmental and non-developmental components. In some countries of the region, the schedule for the preparation of the annual budget - revenue, capital, and loans - by the ministry of finance and by the state or provincial governments (as the case might be), and the schedule for the preparation of the annual development plan by the central planning agency had been by and large integrated.



Planning at sectoral, i.e., departmental levels and project content of plans

37. The Working Party took note of the fact that institutional arrangements for the preparation of sound projects to back up the physical content of national development plans constituted one of the weaker, though exceedingly important, areas of development administration in most countries of the region. Project formulation was a specialized job and required knowledge of special techniques which was generally in short supply in the developing countries. Facilities were not generally available within the countries for performing such important tasks as pre-investment surveys, feasibility studies, standardization of costs, and the like. Since those tasks were important for the formulation of sound projects, particularly those to be financed from foreign aid, most of the countries of the region were compelled to rely upon imported technical talent for drawing up their projects of major importance. Efforts were being made by several of the countries to launch programmes for the appropriate training of indigenous personnel in the techniques of project formulation. In some countries, seminars had been or were being organized on the subject of project formulation, and the subject had also been included as a specific, important item in the curricula of administrative as well as technical training institutions established in those countries. In the light of those considerations, the Working Party was of the view that project formulation was a field requiring the most urgent attention of the countries of the region.

38. The Working Party noted that, in some countries, special units known as 'planning cells' had been set up in the various ministries, departments, and autonomous agencies; they were responsible for co-ordinating the departmental programmes and for vetting them from an economic angle before forwarding the programmes to the central planning agency; and they also served as the main channel of communication between the central planning agency and the operating organizations concerned. The planning cells were staffed by economists as well as by technical experts belonging to the relevant specialties. Their importance for improving the quality of sectoral

planning on which the quality of overall plans ultimately depended was generally recognized.

39. In that context, the attention of the Working Party was drawn to the fact that, in the agricultural sector which continued to be the largest and most important sector in the developing countries of the region, there was a particularly pressing need for improving administrative efficiency. It was considered that the ministries and departments of agriculture, both at the central and regional levels, should be strengthened and adequately equipped to assume full responsibility for formulating the agricultural development plans, for organizing their implementation, and for exercising co-ordinating functions in relation to all agencies active in the agricultural field. Emphasis was also given to the need for strengthening the agricultural extension services, and of ensuring proper vertical-horizontal co-ordination so that the services could function efficiently. Equally important was the need for a similar strengthening of the administrative arrangements in some other individual fields, such as health, programmes for youth, children and women, and labour welfare.

Administrative arrangements for the collection, compilation, dissemination and analysis of statistical data

40. The Working Party agreed that reliable statistical data were the backbone of sound and realistic planning. It noted, however, that the efforts being made in many of the countries to improve and strengthen the administrative arrangements for the collection of statistics were, with some exceptions, still at an elementary stage. It was recognized that the collection, compilation, dissemination and regular maintenance of statistical data relating to particular fields was primarily the responsibility of the respective administrative agencies and units. In isolated cases, the central planning agency might find it necessary to collect statistics itself for its immediate purposes. It could hardly do so, however, on a continuing basis and would have to rely for a regular supply of statistics upon the administrative agencies

concerned. Hence those agencies needed to be properly organized and equipped for carrying out the task of collecting basic statistical data and for making them available to the central as well as state (or provincial) planning agencies. That would entail the creation of statistical units in individual administrative agencies and also of a centralized agency to collect the data from those agencies, compile them in a form appropriate for planning purposes and disseminate them to the planning agency as well as to other agencies which needed them.

41. In this context, the Working Party noted the need for the installation of an efficient and properly integrated reporting system which would not only ensure the reliability of the data collected but also make it possible for those data to be furnished to the central planning agency with the minimum delay.

#### Machinery for progress reporting and evaluation of plans

42. The Working Party recognized that, in order to ensure the implementation of planned programmes in accordance with schedules laid down in the plan, satisfactory administrative arrangements were necessary for the reporting of progress on implementation. Furthermore, completed projects would have to be evaluated with a view to finding out whether they were operating as intended and yielding the economic and other benefits expected of them. The Working Party noted that, in most of the countries, arrangements for the reporting of progress left much room for improvement. In some cases, the multiplicity and frequency of progress reports tended to place too great a burden upon executing personnel (who alone were in a position to prepare and submit such reports), and to divert their attention from the substantive task of implementing the projects. Proformas for the submission of progress reports were in some cases too elaborate. What was more, they did not provide for a continuous and qualitative assessment of performance, failed to bring out current weaknesses and did not anticipate problems requiring action at different levels. Nor were there satisfactory arrangements for dealing with hindrances to implementation promptly and effectively.

43. The Working Party was of the view that improvements could be made in many areas of progress reporting. For example, the progress report forms could be made much simpler, and their frequency reduced with advantage. Elaborate progress reporting might be applied to major projects but need not be insisted upon in the case of smaller ones. The arrangements for removing obstacles to implementation might be made more effective. In this context, the Working Party noted with considerable interest the progress reporting arrangements introduced by the Governments of Malaysia, Thailand and the Philippines, where national operations rooms had been set up for the centralized collection of information about the progress of project implementation, and where periodic briefing sessions, bringing together the heads of different operating departments, were held under high level supervision to provide them with first-hand information about the implementation of projects. The Working Party considered that those arrangements could be usefully studied by other countries of the region.

#### Planning for the private sector

44. The Working Party recognized that the private sector represented a very large segment in the economies of the ECAFE countries. Private sector activities had therefore to be integrated into national development plans so that the plans would become more realistic. Already most of the plans in the region did in fact comprise both public and private sector programmes, but the desired integration was still rather elementary, with the result that, although in the case of organized industry adequate administrative arrangements did exist in some countries for assessing and co-ordinating the requirements of the private sector, planning in other fields (such as agriculture, construction, transportation) was confined to the indication of broad directions only. To rectify that situation, suitable administrative arrangements would have to be devised. The experience of some countries within and outside the region has shown that, at the formulation stage, the administrative apparatus (consultative committees, sectoral committees

or councils comprising representatives of the private sector) must ensure a two-way consultation and flow of information between the government (central planning agency) and the private sector. Participation of the private sector in the formulation of the total plan was essential to the achievement of its basic goals and key targets. Hence it would be useful to set up, within the central planning agency, a separate unit for dealing with matters pertaining to the private sector.

45. Furthermore, it was considered necessary to develop effective machinery for plan implementation in the private sector. That would entail extensive research regarding methods and instruments for influencing and guiding the behaviour of private entrepreneurs. Recent experience had shown that in that area of economic planning, indirect controls on a selected basis, supported by measures of a stimulative rather than restrictive character, were likely, in the long run, to be more effective for achieving growth of production and other objectives.

#### Problems of personnel and staffing of planning agencies

46. The Working Party noted that the current shortages of properly qualified and trained personnel affected all stages of the development process. Moreover, in many of the countries of the region, there was the added need for a proper re-orientation of the administrative personnel to development as distinct from a law and order orientation. The salary scales prevailing in the public services in general, and particularly the salaries and service conditions of specialized personnel required so urgently for planning and implementation of development programmes, were so inadequate that it was becoming increasingly difficult for the planning and implementation agencies in the public sector to attract and retain the services of really competent personnel. Such personnel were being attracted instead to the private sector, and there was also a substantial flight of talent abroad. The practical remedial measures suggested were: (a) the creation of administrative, technical and vocational training institutions within

each country; (b) a reorientation of personnel administration techniques and practices to provide more emphasis on development than hitherto; (c) improvement in salaries and service conditions of public sector personnel, particularly of the specialist personnel.

### III. RELATIONSHIP BETWEEN CENTRAL, REGIONAL, AND LOCAL LEVELS IN PLANNING

47. In considering the question of relationship between central, regional, and local levels of planning, the Working Party had at its disposal a discussion guide prepared by the secretariat, as well as papers submitted by several participating countries, including Pakistan, the Philippines, and the Netherlands. It was noted that while the spatial dimension of administration of economic development planning could be distinguished from the functional dimension for discussion purposes, any full consideration of the spatial problem must also take into account the problem of co-ordination of functions within the spatial context. Administrative aspects of the spatial arrangement of the development effort included not only plan formulation but also plan implementation, both of which occurred at all levels of the administrative structure.

48. It was noted by the Working Party that co-ordination of the functional and administrative aspects of planning was a particularly complex and critical area in development. Decentralization along the spatial axis (that is, delegation of authority and responsibility away from the centre) could not be successful without strengthening the central organization to enable it to assist the decentralized system. However, provincial or regional administrations of particular functions (e.g. education, power supply) must be co-ordinated at their level of the vertical structure as well as linked directly with the higher levels at the centre. It was remarked that co-ordination of development tasks was taking place at different levels of the administrative structure in different ECAFE countries.

49. The Working Party paid particular attention to the kinds of federalism encountered in the ECAFE region in the countries of India, Pakistan, and Malaysia. In India and Pakistan, it was pointed out, separate state (or provincial) planning agencies exercised authority over wide areas of the development effort. In Malaysia, on the other hand, although the national development plan was broken down on a state and district basis, state governments were not able to carry out large development projects without the concurrence of the central Government which provided the necessary finance for the purpose. It was noted that an important potential problem in federal systems was that of political party differences from state to state and between the states and the central Government, since political parties differed in their views concerning economic development planning. On the other hand, planning had gradually come to be so widely appreciated that it tended to cut across political party barriers and factional interests, thus serving as a unifying agent in federal systems. Though fiscal relations varied from country to country, it was apparent that, in federal structures of government, the central control of public revenues and the system of providing central grants and loans to state governments for developmental purposes served as a useful device for co-ordinating state planning activities.

50. The Working Party observed that regional planning and, in federal systems, state (or provincial) planning, was hampered by the difficulty of measuring the spatial distribution of income within the country because of the constant inter-regional flow of activity and the tight interrelationship of the economic system across state boundaries. In India, it was stated, much work had been done in estimating state income from commodity producing sectors (on an income originating basis) in accordance with comparable norms and definitions. Despite such recent efforts, however, the Working Party recognized the need for further research so that sound statistics along state and regional lines could be made available as a basis for improved sub-national planning.

51. It was noted by the Working Party that not all countries of the region had given due attention to the administrative problems pertaining to the formulation and implementation of plans at sub-national levels. Effort at provincial and regional levels had been particularly insufficient in the smaller countries. At the local level, some countries had as yet absolutely no organized effort in force. This lack of effort at sub-national levels had been largely due to severe limitations in financial resources and trained personnel. Another cause had been the traditions of centralism obtaining in those countries, and the relative ease with which they could be controlled from the centre because of their small size.

52. Some attention was paid by the Working Party to the usefulness of the concept of 'planning from below'. It was noted that, for decisions to be realistic, they must be made at the lower administrative levels as well as at the centre. It was suggested that, while the central planning body should formulate broad guidelines and targets, the lower levels of the administrative structure should be left to select particular projects and decide their composition and location. This was especially important for those sectors and projects whose impact did not reach beyond the area over which the lower authority had responsibility. The impact area of a project could in general be determined on the basis of the mobility of its products. For such a procedure to be workable, a certain autonomy must be retained by the lower levels. For sectors and projects with a wider impact, however, such autonomy should be limited to the scope of planning guidelines, set at a level of authority where all the interests of the impact area could be accounted for.

53. What was required, then, was a continuous dialogue between lower and higher administrative units and among units pursuing different functions at the same level, so that the plan and the local decisions based on felt needs might be adjusted to one another. The Working Party stressed the need to maintain open channels of communication so that maximum flexibility would be assured while at the same time maintaining an integrated planning effort. The implementation of projects could be delegated



to a level lower than the agency by which the projects were or should be planned - provided, however, that the interests of the lower authorities coincided with the general purpose of the projects and that the necessary expertise was available. Supervision from above remained, of course, necessary.

54. A suggestion was made that, in order to preserve local autonomy and flexibility in adapting the formal plan to local circumstances, the central government grants-in-aid and other financial allocations should not be tied too closely to individual items of local expenditure. On the other hand, central control could be maintained down to the local level by restricting financial allocations within specified areas of utilization.

55. It was considered that, to maintain open channels of communication, reporting must be kept simple as much time had to be expended on filling forms and deciphering them. Reporting should be organized to tell the questioning agency what it wanted to know, so that proper decisions could be made. Of course, different questions must be asked by different levels of the administrative structure, since decisions at different levels vary in their scope and detail. Single reports could be drawn up to satisfy the needs of several such questioners, thus simplifying procedures. Frequency of reporting, which varied in importance with the types of question asked, should also be controlled. The important point, the Working Party believed, was that vertical communication within the administrative structure should not become tied down in red tape resulting from redundant and superfluous reporting.

56. The problem of stimulating mass participation in the economic development planning effort was discussed by the Working Party. It was stated that it would be useful to associate such organizations and institutions as universities, chambers of commerce, trade associations,

and labour unions with the formulation as well as implementation of the plan. At the local level, it would be well worth-while to make efforts to use local labour and materials, either at a subsistence rate of wages particularly during the slack seasons, or on a voluntary basis, for the implementation of projects. Development councils, composed of representatives of the government, industry, labour and the universities, as well as special consultants and technicians, could be effective at various levels to direct the attention of the people to the importance and advantages of co-operating with the public planning effort. In that connexion, labour unions could play a vital role in many ECAFE countries. It was also considered that it would be useful to inform the local communities, well ahead, of the location of new projects in their respective areas and their significance.

57. It was noted that the degree of dependence of countries of foreign trade had strong significance for their planning requirements, because smaller countries with a relatively high ratio of foreign trade in relation to their GNP needed to watch developments abroad much more closely than larger countries which, on their part, would have to strive more for internal consistency.

58. In conclusion, it was noted that central-regional relationships extended not only to the sub-national level but also to the international level. In the ECAFE region, it was stated, little progress had been made in harmonizing national planning efforts. With the development of international economic co-operation, however, greater attention should be devoted to such harmonization and the subject of appropriate administrative arrangements should be given further attention.

#### IV. ADMINISTRATION OF PUBLIC ENTERPRISES

59. In considering the administrative aspects of public enterprises in relation to economic development and planning, the Working Party had before it secretariat paper E/CN.11/DPWP.10/L.3 and a paper summarizing the findings of a United Nations seminar<sup>1/</sup> on organization and administration of public enterprises held recently at Geneva. In addition, the delegations of China, Thailand and the Republic of Viet-Nam, also submitted country papers on public enterprises in their respective territories.

##### Extent and role of public enterprise

60. The Working Party was in general agreement with regard to the role that public enterprises could play in the economic development of developing countries. The extent to which governments in the region relied upon public enterprises for the implementation of development programmes depended partly on their political orientation and partly on economic and other pragmatic considerations. As a result, the extent and significance of public enterprises in the region varied from country to country, and from time to time within each country. Thus, while Burma had embarked on a policy of wholesale nationalization of industry and commerce in 1963, the share of public enterprises in total industrial output in China (Taiwan) had declined from 57 per cent in 1952 to 39 per cent in 1965. In most countries of the region, however, a mixed economy was preferred, irrespective of political differences, because private enterprise was often reluctant to undertake ventures which either required large investment (as with many basic industries) or where the pioneering nature of the enterprise made investment a risky proposition.

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<sup>1/</sup> The Report of the United Nations Seminar on Organization and Administration of Public Enterprises, which was held in Geneva from 26 September to 4 October 1966, will be issued as United Nations document ST/TAO/M/35.

61. It was noted that, in general, strategic industries, public utilities and infrastructural industries came under the purview of public enterprise. In addition, Thailand reported certain areas to be under public enterprise where the possibilities of tax evasion were great. In a number of countries, public enterprises were undertaken with the intention of transferring them to private interests once the projects had become economically viable. In some countries such as China (Taiwan), however, although such a policy had been adopted, the actual transfer of public enterprises could not sometimes be effected owing to various difficulties.

#### Creation of public enterprise

62. It was noted that a proposal for organizing a public enterprise could be initiated by the central planning agency or the functional ministries or the regional planning authorities or local governments, depending on the scope and nature of the undertaking. Irrespective of the source of the proposal, however, it was necessary for the planning authorities to examine each proposal carefully in terms of its implications for supply and demand, and of the availability of scarce resources, particularly of foreign exchange. Moreover, it was necessary to examine the feasibility of the proposal from the points of view of both resource availability and administrative capability. Detailed cost-benefit analyses, taking into consideration both long-term and short-term effects, were also important to prevent the growth potential of the project and the resources invested in it from being wasted in unjustifiable public undertakings.

#### Legal status and forms of public enterprises

63. In considering the question of the legal status of public enterprises, the attention of the Working Party was drawn to the findings of the Geneva Seminar at which it had been stated that the legal rights and obligations of a public enterprise did not show any discoverable correlation with the quality of its performance. While the legal structure of a public enterprise could provide it with certain advantages vis a vis private enterprise, legal restrictions imposed upon it could at the same time be crippling in certain respects.

64. With regard to the form of organization of public enterprises, it was noted that the boundaries of traditional classification into three types, namely, government departmental organization, public corporations and mixed-ownership corporations, had become somewhat blurred by recent changes in company law on the one hand and by some relaxation of departmental control over public enterprises on the other. It was suggested to the Working Party that an alternative form of classification of public enterprises into two categories - namely, (a) self-financing enterprises and (b) enterprises dependent on government subsidy - might provide a more satisfactory basis for defining their structure, functions and their relations to higher supervising authorities and others.

#### Problems of management

65. The Working Party noted that the nature of the relationship between the Government and the top management of a public enterprise varied in different countries of the region and, in some cases, even from one type of public enterprise to another within a country. The Working Party was, however, in general agreement as to the need for granting autonomy to the management in day-to-day administration of the enterprise. Financial and operational flexibility and autonomy of management were of vital importance to the success of public enterprises. Nevertheless, public accountability and conformity to public policy were necessary, not only because the capital was provided from public funds, but also because a good public image was necessary for successful operation. The conflicting objectives of achieving operational efficiency through autonomy and ensuring public accountability presented difficult problems which could not always be satisfactorily resolved. The Working Party noted, however, that the area of conflict could be narrowed, especially by organizing government and administrative action properly, and by setting up conventions regarding limitations on governmental intervention.

66. It was considered that, since public enterprises were generally financed by loan capital, considerations of profitability could not be altogether ignored. Even in cases where public enterprises were made to incur losses in pursuing social objectives, the losses should be covered by subsidy, so that the business efficiency of the enterprise could be realistically assessed and evaluated.

#### Personnel policy

67. The chief executive and the board of management of public enterprises are generally appointed by the functional ministries. The Working Party noted that these appointments were not always made with the objective of ensuring the highest degree of efficiency. In many instances, a defeated party candidate or a retired civil servant was appointed. Civil servants might sometimes be biased towards bureaucratic ways of working and might not always be concerned with profitability or efficiency. The Working Party thought therefore that although, in view of the present shortages of managerial ability, civil servants might have to be employed as chief executives of public enterprises, the ultimate aim of policy should be to work towards a situation in which only persons with managerial experience in the industrial and other fields and entrepreneurial aptitude would be appointed to public enterprises. In that context, the Working Party also considered that frequent transfers of executive personnel from one enterprise to another should be avoided, since they adversely affected the operational efficiency of a public enterprise.

68. One of the reasons why appropriate talent had not been attracted to public enterprises was the low pay scales compared to those prevalent in private business. It was considered that it would sometimes be necessary to attract talented executives by paying them higher salaries. In such cases, their appointments could be for a fixed tenure and the lower cadres could be trained during that period so as to be able to take over the senior positions when required.

69. The principle of paying higher salaries in exceptional cases should be accepted especially when rapid and extensive industrial development was desired. In that connexion, the attention of the Working Party was drawn to the qualitative change in the growth situation that could be brought about by developing a related constellation of industries by utilizing their linkage effects. When a country adopted such a wide scale of investment, managerial bottlenecks might be created which could be broken by paying high salaries to draw managerial talent. The higher cost of management in such a situation might be more than recompensed by a rapid rise in industrial productivity.

70. The Working Party expressed its appreciation of the work of the United Nations, UNESCO, the ILO, EROPA and the member countries in the field of training, to meet the shortages of managerial skill by creating or promoting the establishment of management training institutions and organizing seminars for administrators. The Working Party emphasized the need for co-ordinated and concerted effort in that area.

#### Financial control and audit

71. For efficient operation, it was necessary for public enterprises to be freed from the traditional government departmental types of audit and financial control. A system of commercial auditing, however, was indispensable for achieving managerial efficiency. Systems of efficiency audit, though new and unfamiliar in the region, might also be gradually introduced.

#### Relationship with the planning agencies

72. It was necessary for a public enterprise to have an intimate relationship with the planning agency concerned without infringing the principle of administrative departmental responsibility. Such a relationship was needed to help the public enterprise to determine its production targets, and to plan its investment and expansion programme. Similarly, progress reporting to the planning agency, as well as to the ministry was needed, not only to keep the management operating efficiently, but also to ensure constant co-ordination between the parties concerned.

Labour-management relationship

73. The Working Party believed that there was much room for improvement in the labour-management relationship in public enterprises in the countries of the region. Since public enterprises were looked upon as model employers, the initiative in that area could be expected to come from them. However, the weakness of the trade union movement in most countries of the region, and the multiplicity of trade unions, made progress rather slow and difficult. The Working Party emphasized the need for identifying the workers with the managerial decision-making process in order to obtain their enthusiastic participation in the fulfilment of the production targets. It was suggested that, by providing some social benefits to its employees, a public enterprise could transform itself into a nucleus for the cultural and social interests of the workers and could enhance their sense of belonging to, and identification with, the enterprises and its objectives.

V. RECOMMENDATIONS

74. The Working Party adopted the following recommendations regarding ECAFE's activities in the area of public administration in relation to planning: <sup>1/</sup>

(a) The Working Party requests the Executive Secretary of ECAFE to consider the preparation of the following studies:

1. Study of administrative aspects of planning with a view to identifying strategic areas which hinder plan implementation.
2. Case studies, in depth, of selected public enterprises and developmental projects in the countries of the region.
3. Study of the role of local government institutions in plan formulation and implementation.

/(b)

<sup>1/</sup> The Working Party suggested that, in implementing these recommendations, the ECAFE secretariat should seek the co-operation of the appropriate specialized agency of the United Nations when necessary.



(b) The Working Party also requests the ECAFE secretariat to undertake studies of factors influencing the flow of skills crucial to economic development planning from the public to the private sector and from the countries of the region to outside countries.

(c) Considering the serious shortage of managerial skills in the region, the Working Party requests the ECAFE secretariat to take, inter alia, the following measures for increasing the training facilities available in the region:

1. Arrangements might be made at the initiative of ECAFE to reserve seats in training institutions located in various countries of the region for students from other regional countries, where such institutions do not exist, and to initiate a scholarship programme to this end.
2. The ECAFE secretariat might, in co-operation with the United Nations Public Administration Branch, the International Labour Organisation, and the International Institute of Administrative Sciences, consider the publication of a handbook of training facilities available in the region and outside.

(d) The Working Party requests the ECAFE secretariat to organize seminars for senior administrators in the countries of the region in co-operation with other agencies with a view to exchanging experiences regarding problems of administration in plan formulation and implementation. Seminars on strategic areas of administrative deficiency such as, problems and techniques of project formulation and project evaluation, might also be organized.

(e) With a view to facilitating exchanges of information on problems of administration in the region, the Working Party requests the ECAFE secretariat to organize on a continuing basis the exchange of basic documents related to development plans, administrative reforms and public enterprises. Reports on progress and problems in specific fields of development might also be exchanged.

(f) In view of the increase of the ECAFE secretariat's workload that will result if the above recommendations are put into effect, the Working Party strongly urges the Executive Secretary to take the necessary step to obtain the required additional staff support.

75. In order to strengthen the administrative structure and its effectiveness in formulation, implementation and evaluation of development plans, the Working Party made the following recommendations to the governments of the member countries:

(1) That the need for an exhaustive investigation of the administrative arrangements for successful plan formulation and plan implementation be carefully examined in those countries where such enquiries have not already been undertaken.

(2) That the flow of statistical information to the planning agencies be improved, and that the central statistical offices, wherever they exist, should be made to function in close collaboration with the central planning agency.

(3) That adequate administrative arrangements be made for regular progress reporting on plan implementation from the project level to the functional ministries or departments and also to the central planning agency, in countries where such reporting systems have not yet been introduced.

(4) That arrangements be made for evaluating selected projects under the plan by an evaluating agency not directly under a functional ministry.

(5) That proper institutional arrangements be made for co-ordinating the activities of the private sector in plan formulation and plan implementation, and for conducting the necessary research and studies towards that end.

(6) That the adequacy of administrative arrangements for securing mass participation in plan formulation and plan implementation be studied, and that, wherever necessary and feasible, these arrangements be strengthened.

(7) That research wings, to conduct the necessary studies connected with planning, be established in the central planning agencies in those countries where they do not exist at present, and strengthened in those in which they have already been set up.

(8) That planning cells be established in the functional ministries and departments in countries where they do not exist, and strengthened where they do.

(9) That suitable administrative arrangements be made for examining the sectoral development plans in order to ensure that adequate provisions are made in those plans for areas which cut across the normal sectoral boundaries, for example, the welfare of children, youth, and women.

76. The Working Party drew the attention of the Governments of the member countries to the facilities that are now available in the ECAFE secretariat for obtaining advisory services in economic development planning and public administration. It suggested to the Governments that they make fuller use of these services for strengthening their development and planning administration.

/ANNEXES

**ANNEXES**

**Annex A**

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<sup>1/</sup> The Federal Republic of Germany, participating in a consultative capacity under ECOSOC resolution 617(XXII) of 27 July 1956.



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Annex B

LIST OF DOCUMENTS

A. Working papers submitted by the secretariat

REVISED PROVISIONAL AGENDA

E/CN.11/DPWP.10/L.1 Rev.1

ANNOTATED PROVISIONAL AGENDA

E/CN.11/DPWP.10/L.2

ORGANIZATION AND ADMINISTRATION OF PUBLIC  
ENTERPRISES

E/CN.11/DPWP.10/L.3

(Working paper for revised provisional  
agenda item 7)

INTERDEPENDENCE OF PLANNING AND ADMINISTRATION  
(Working paper for revised provisional  
agenda item 4)

E/CN.11/DPWP.10/L.4

ADMINISTRATIVE MACHINERY FOR PLANNING IN  
THE ECAFE REGION

E/CN.11/DPWP.10/L.5

(Working paper for revised provisional  
agenda item 5)

B. Background papers submitted by the secretariat

THE ADMINISTRATION OF ECONOMIC DEVELOPMENT PLANNING:  
PRINCIPLES AND FALLACIES

DPWP.10/1

(Background paper for revised provisional  
agenda items 4, 5 and 6)

DISCUSSION GUIDE FOR AGENDA ITEM 6 - RELATIONSHIP  
BETWEEN CENTRAL, REGIONAL AND LOCAL LEVELS IN  
PLANNING

DPWP.10/3

(Background paper for revised provisional  
agenda item 6)

LIST OF DOCUMENTS

DPWP.10/4

/C. Country

C. Country papers submitted by government delegations

INFORMATION SUBMITTED BY THE GOVERNMENT OF JAPAN ON  
ADMINISTRATIVE MACHINERY FOR ECONOMIC (Information  
paper submitted by the Japanese Delegation) DPWP.10/2

RELATIONSHIP BETWEEN CENTRAL, REGIONAL  
AND LOCAL LEVELS IN PLANNING DPWP.10/5  
(Paper submitted to by Pakistani Delegation)

INTERDEPENDENCE OF PLANNING AND ADMINISTRATION DPWP.10/6  
(Paper submitted by Pakistani Delegation)

ADMINISTRATION OF NATIONAL ENTERPRISES IN THE  
REPUBLIC OF CHINA DPWP.10/7  
(Paper submitted by Chinese Delegation)

ADMINISTRATIVE ASPECTS OF ECONOMIC DEVELOPMENT  
PLANNING IN THE PHILIPPINES DPWP.10/8  
(Paper submitted by Philippines Delegation)

ADMINISTRATIVE MACHINERY FOR PLANNING IN PAKISTAN DPWP.10/9  
(Paper submitted by the Pakistani Delegation)

THE IMPORTANCE OF CENTRAL GOVERNMENT IN THE  
ECONOMIC LIFE OF FRANCE DPWP.10/10  
(Paper submitted by French Delegation)

ADMINISTRATIVE ASPECTS OF AGRICULTURAL PLANNING  
IN TAIWAN PROVINCE OF THE REPUBLIC OF CHINA DPWP.10/11  
(Paper submitted by Chinese Delegation)

ADMINISTRATION OF PUBLIC ENTERPRISES IN THAILAND DPWP.10/12  
(Paper submitted by Thai Delegation)

ADMINISTRATION OF PUBLIC ENTERPRISES IN VIET-NAM DPWP.10/13  
(Paper submitted by Vietnamese Delegation)

SOME CONCEPTS WITH REGARD TO THE RELATIONSHIP BETWEEN  
CENTRAL REGIONAL AND LOCAL LEVELS IN PLANNING DPWP.10/14  
(Paper submitted by the Delegation of the Netherlands)

PROGRESS REPORTING SCHEME IN MALAYSIA DPWP.10/15  
(Paper submitted by Malaysian Delegation)

Annex C

AGENDA

1. Opening addresses.
2. Election of the chairman and vice-chairmen.
3. Adoption of the agenda.
4. Interdependence of planning and administration.
5. Administrative machinery for planning.
6. Relationship between central, regional and local levels in planning.
7. Administration of public enterprises.
8. Adoption of the report of the Working Party.

ANNOTATED AGENDA

1. Opening addresses.
2. Election of the chairman and vice-chairmen.
3. Adoption of the agenda.
4. Interdependence of planning and administration

This is in a sense an introductory item to the whole discussion at the present session. The participants may wish to take this opportunity to present general views on the interdependence of planning and administration, together with a review of the main changes in administrative structures undertaken in their countries in order to improve the performance of development and planning functions of the government.

Working paper DPWP.10/1 submitted to the meeting with the Public Administration Branch of the United Nations Department of Economic and Social Affairs can serve as a general background to the discussion. The secretariat's working paper E/CN.11/DPWP.10/L.4 emphasizes certain points relevant to the ECAFE region.

A major cause of the unsatisfactory rate of growth in the ECAFE region has been poor implementation of development plans. To improve implementation, it is essential to streamline administration and gear it to development planning needs. Most countries in the region inherited administrative systems designed for maintenance of law and order and collection of taxes but not for development planning and execution.

Though numerous attempts have been made to apply corrective measures to administrative inadequacy in handling the responsibilities of a modern state, the results have not so far been reflected in the implementation of development plans, and there is a greater need now than ever before to improve administration for better plan execution.

Both long-term and short-term improvement measures need to be considered, but in view of the pressing need to effect immediate improvements it may be wiser to adopt short-term measures. Administrative reforms currently being introduced are designed to promote efficiency, but, for purposes of planning, the rate of improvement must be accelerated and emphasis placed on aspects with maximum impact on the planning process.

Development planning itself accelerates administrative improvement and ensures that the improvement continues. It has also been said that good administration is a result of development itself and a concomitant of development planning, since planning cannot progress without leadership, group performance, decision-making, rationalization of managerial functions, and other qualities inherent in administrative improvement. Administration therefore benefits as much from planning as planning from administration, and it is this interdependence of planning and administration on which hopes for improvement and progress hinge.

#### 5. Administrative machinery for planning

Some general aspects of this problem are dealt with in working paper DPWP.10/1. The secretariat's working paper E/CN.11/DPWP.10/L.5 attempts review of the main changes in the planning machinery of ECAFE countries in the recent past.

Planning machinery in most countries in the ECAFE region tended to become more complex. In this connexion, the problem of distribution of functions within the planning machinery has gained in importance. The trend towards decentralization in both the formulation and implementation phases of planning observed in many countries has been accompanied by attempts to establish more effective central control over the strategic economic variables and trends. It would be interesting to have the views of participants on this central planning agency participation in plan implementation.

The important role of government departments (ministries) in both plan formulation and implementation has been generally recognized. It seems that at present this level of planning is the key component in the planning machinery, the ability to draw up sectoral programmes and formulate and implement projects being the main factor (and bottleneck) determining the success or failure of the overall plans.

#### 6. Relationship between central, regional and local levels in planning

To become an effective instrument for stimulating and accelerating socio-economic development, planning must not be confined to the central level only. Recognizing this, many countries in the ECAFE region have already taken steps to build up a rather comprehensive hierarchy of planning organs at different - national, state, regional, district, town, village, etc. - levels.

With the delegation of planning responsibilities - starting usually with responsibility for implementation and followed later with responsibility for formulation - to the lower levels, formidable problems

of responsibility demarcation and co-ordination arise. It would be useful here to share the experience of countries which have achieved some success in creating viable planning organs at lower levels and in integrating them with the whole planning apparatus.

For general background to the discussion under this item, the respective sections of working paper DPWP.10/1. might be referred to.

#### 7. Administration of public enterprises

It has been generally recognized that "the practical problem of constructing measures to implement plans has, in fact, proved to be far less easy of solution than the general issues which arise in plan formulation .....and ..... the task of devising more effective measures for implementation has become the most urgent problem for planned development".<sup>1/</sup>

As public investment and public sector activities usually constitute the core of a development plan, the creation and effective operation of public corporations or other kinds of state-owned and operated enterprises has become an important, if not the most important, part of the national machinery for plan implementation. It is interesting to note that the problems of effective administration and organization of public enterprises have been encountered by almost all countries. Solutions have differed widely, depending among other things on the country's approach to the role of the public sector in the process of economic development in general. However, even in countries that have clearly subscribed to the idea of the private sector being the basis of the economy, public enterprises have played a very prominent role in plan implementation.

/A comprehensive

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<sup>1/</sup> United Nations Development Decade, Interim Report prepared by the Secretary-General, United Nations E/4196, 5 May 1956, p.4.

A comprehensive analysis of the organization and administration of public enterprises based on the experience of countries with different socio-economic systems is presented in Professor A.H. Hanson's working paper E/CN.11/DPWP.10/L.3. In view of the rather limited coverage of the ECAFE region in this paper, participants will supplement information and analysis based on the experience of Asian countries in this field.

#### 8. Adoption of the report of the Working Party.