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CONTROL OF OPERATIVE PLANS, PROGRAMMES AND PROJECTS

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CONTROL OF OPERATIVE PLANS, PROGRAMMES AND PROJECTS *

1. Introduction

Public administration has always been concerned, among other matters, with the ascertainment of the regularity of operations carried out pursuant to decisions taken earlier. That is, it has always been concerned with control of action. In recent times the concept of control has been expanded in consequence of the expansion of the public activities from the traditional law-and-order function. The new interest shown by governments in wider and more diversified fields of national interest, such as planned economic and social development, has led to substantial modifications in the characteristics of the operations they undertake and in the administrative machinery utilized. As a result, a new system of control, particularly designed for the administration of development plans and to be considered more as a tool for management than a means of routine financial verification, has been felt necessary.

In accordance with the Agenda of the Seminar, the present paper will deal exclusively with control of plan implementation. Analysis of national experiences in this aspect shows a wide variety of situations and a wide variety in the solutions applied to them.

To assist in a meaningful interpretation of these experiences, an effort will be made to set out a comprehensive scheme indicating the various stages of control of plan implementation and the different administrative and operative levels at which it may be executed.

To this end the paper will first discuss some administrative implications of the modern concept of control. It will then set out in broad outline the essentials of a system to ensure control of plan implementation in accordance with currently accepted principles of

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administrative efficiency and the requirements of the planning process. In doing so attention will be drawn to the salient features of such a system, particularly from the point of view of time and of co-ordination of control at different levels.

In setting out such a scheme, it is emphasized that it aims only at supplying a conceptual framework for the discussion of the problems of control as they manifest themselves in various countries. It does not seek to supply or suggest a general solution to them.

The paper will conclude with a brief account of the experiences of a number of countries of Latin America, considered within the framework set out in the scheme.

2. Control of plan implementation as a stage of administration of development plans

National development planning is essentially concerned with the transformation of the economic and social structure of the state in accordance with established medium- and long-term objectives. The sum of the actions to be taken by the government to achieve national development plan goals constitutes what has been called administration for development.

An essential stage of development planning is plan formulation. "The purpose of formulating a plan is to identify and define the policies best calculated to achieve economic and social objectives. A plan provides guidelines for policy through the translation of these general objectives into physical targets and specific tasks for particular economic and social activities."

Plan formulation, however, represents only the first stage of the process of development planning. Long, medium- and short-term plans may be considered from the point of view of administration, as sets of decisions about future goals, policies and basic means of implementation. The degree of specificity of these means frequently increases as we shift from the long-term plans to the medium- and short-term plans, to such an extent that

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1/ Planning for Economic Development, United Nations Publication: Sales No 64.II.B.3 - 1963.
short-term plans, in the nature of annual operative plans and budgets, are frequently instruments of definition of the various direct and indirect means of implementation. They develop, in addition, an organizational function of providing a bridge between the macro-economic considerations and general orientation of the long and medium-term plans and the programming of concrete policies and of utilization of resources.

The stages which logically follow plan formulation are those of implementation and control. During the implementation stage, policies are put into effect, programmes carried out and means utilized with the view to attaining the objectives, goals and targets established in the plan. Government departments and other agencies take on the responsibility of executing the part of the plan related to the public sector. At the same time, they make use of the indirect means of implementation (of which examples are given later in this section) to influence and motivate activity in the private sector.

Control is the last stage of the process of administration of development plans and can be defined as the set of activities undertaken to measure and review the results of the period, evaluate them and decide about necessary corrective measures. Although control is described as the "last" stage of the process of administration of development plans, it does not follow that it is chronologically concentrated in a period subsequent to the period of implementation. Control is an operation which proceeds parallel with implementation but with some time lag between the operation controlled and the action of control.

Control is itself a process, composed of a series of activities. These will be examined at a later stage of this paper.

The need for control of plan implementation derives partly from the desire to apply stimulants to the agencies responsible for executing the plan, partly from a need to secure accountability and partly from the

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2/ Instituto Latinoamericano de Planificación Económica y Social (ILPES), Seminario de Planes Anuales Operativos - Santiago, Chile, 1966. See also Part III (a) of this document.
likelihood of a divergence between the evolution of the country, as
anticipated at the time of the formulation of the plan, and the reality,
as it may develop subsequently. This divergence may derive from:

(a) the imperfection of the plan, as an instrument of prediction
and decision making;

(b) distortions that develop in the interpretation of the objectives
and goals established in the plan and imperfections of the implementing
mechanism;

(c) the intrinsic uncertainty of the external circumstances
influencing the behaviour both of the public and private sector.

Many of the imperfections in the plan revealed during the process
of implementation appear as consequences of the limited, or wrong,
information available at the time of formulation. The plan, in fact,
results from a process of successive approximations, based upon a set
of data on the economic, social, political, cultural and psychological
elements believed likely to influence, either positively or negatively,
the execution of the plan. These data are often incomplete and unable
to describe adequately the dynamic character of the factors studied.

The imperfections of the implementing mechanism are a consequence
of the complexity of the mechanism itself and of the situation in which
most developing countries are operating. Plan implementation, in fact,
calls for participation of the public and private sectors, which means
the involvement of the whole nation. This requires a multiform and
co-ordinated action on the part of the various government agencies in
order to effectively orientate the national economy and timely evaluate
its performance. A part of the programmes included in the plan is
usually executed directly by the state, and in countries with mixed
economies a share of the plan is also reserved to the private sector.
In these cases the private sector is influenced and motivated through
the so-called indirect means of implementation, such as incentives and
disincentives, established by the government. Examples of indirect
means of implementation are policies of fiscal, monetary, labour and
export-import nature, which establish or modify existing taxes, tariffs,
subsidies, etc.

/Lastly, the
Lastly, the external circumstances in which the country actually operates may have considerable effect on the performance of the system. The behaviour of foreign markets as well as political and natural events of an exceptional character, may alter the pattern of environmental conditions anticipated in the plan and modify substantially the basic assumptions of its formulators.

All these elements may create the divergence indicated previously between the plan and reality, and necessitate a periodic review and evaluation of the performance of the national system and, if necessary, for a revision of the basic strategies and assumptions established in the plan, or of the tactics, the programming and character of individual projects.

3. Inter-relationships between planning and control of plan implementation

From what has been said previously, it is clear that administration of development plans requires continuous attention designed to secure at all times a balance between the objectives established in the plan, the means of implementation as they become available, and relevant internal and external influences which influence the capacity to attain the objectives.

Planning and control are the two basic tools which may permit attainment of the balance. The adaptations required to secure the balance at any time may be accomplished through either a revision of the objectives of the plan or adjustment of the means of implementation. These two measures have basically different characters. "As distinguished from adjustments, which are effected through adaptation of implementation measures, revision of the plan involves the modification of its objectives. It may be realized in the course of implementation that the objectives set out in the plan are too ambitious in relation to the means available for their realization. The revision of the plan obtained through the modification of its objectives is a political decision once the administration has submitted to the Government a report of evaluation factors indicating the need for such revision." This distinction between the two types

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of corrective measures is of basic importance from the view point of establishing which part of the decisions taken in the over-all process of administration of development plans should be considered elements of control and which of planning. Even if it may be difficult to draw a sharp line between the two processes, we may accept as a rational arrangement a subdivision based on the classification given above of adjustments and revision. For the purpose of this paper, the decision-making of control will be considered as confined to the corrective measures affecting the means of implementation yielding only short-term effects, and as excluding corrective measures requiring revision of the plan.

The objectives of the plan are generally cast in terms of a desired medium and long-term impact on the performance of the country. The original definition or subsequent revision of objectives must, therefore, be based on observations of the evolution of the national system over a sufficiently long period of time to provide a valid basis of judgement. Adjustments of the means of implementation, on the contrary, are usually required as a result of a combination of circumstances usually based on observations of the evolution over a shorter period.

The process of plan formulation including plan revision draws upon a periodic assessment of the behaviour of the economic and social system and of the external situation. Control of plan implementation represents an important source of information on past performance for the purpose of preparing a new, or revising an existing plan. It may detect inadequacies in the plan, ineffectiveness in the machinery for plan implementation and, in general, isolate the main problems and obstacles to achievement of plan objectives.

It is a source of information. It should be underscored, however, that it must not be the sole source of information. There is a clear need of having the plan including any revision based not only on considerations having a basically short-term character derived from the processes of control, but also on considerations of broader perspective about the future, and especially on the long-term situation of the national system.

/Control therefore,
Control therefore, cannot be considered the sole source of information for plan formulation, and plan formulation requires an autonomous and specific collection of data and analysis for the definition or revision of long and medium-term objectives.

Control, in its turn, should find its roots in the plan itself. The development of a national system of control requires first of all a set of terms of reference. These terms are primarily represented by the goals and targets of the plan in relation to which the evaluation can be made. The plan, in short, should supply the necessary criteria for judgements of results. In addition, it should set out the administrative machinery for review and evaluation of plan implementation, and for feedback of the related information to all appropriate levels of administration and to the planning organs.

Finally, the plan should be flexible enough to permit revisions and adjustments whenever necessary, and should anticipate procedures for the approval and of issue of corrective measures.

4. The stages of control of plan implementation

The process of control of plan implementation can be considered from viewpoints:

(a) the sequence of activities or stages of its accomplishment;
(b) the portion of the national system subject to control (global system, sectors, regions, local governments, projects).

This section will examine the sequence of activities referred to in point (a). As indicated previously, to ensure an efficient plan implementation, a continuous review and evaluation of the results achieved is necessary. Communication to decision-making bodies, of any deviation from the plan is necessary to provide them with a basis for decisions. In addition, communication of data on actual performance and of corrective measures must go to all interested sectors of government if necessary in order to keep them informed. Consequently, the stages through which the process of control is carried out are the following:

(i) measurement of results achieved;
(ii) review of results, through their comparison with targets established in the plan;

/(iii) analysis
(iii) analysis of variances and specification of their causes;
(iv) definition of corrective measures, and
(v) issue and feedback (into the system) of corrective measures.

Stage (i) of the process of control, namely measurement of results, should be treated in a broad perspective. The information necessary to evaluate the past activity should describe not only the internal performance of the system but also significant changes that had occurred in the environment in which the single department or even the national system operates. This also helps verify the validity of the objectives and targets established in the plan and provides indication of the nature of possible revisions. The relative importance of external environment varies according to the level of activity and usually increases from the performing department level to the global or national level.

A variety of organs may participate in the stage of measurement. Statistical accounting and budgeting units are the most common. In addition, measurement can be accomplished on an ad hoc basis, through inspections, surveys and questionnaires, by other organs interested directly or indirectly in the activity. If, for instance, the operations of an operating department are the object of measurement, a number of organs may take the initiative for special collection of data. These organs may range from the Ministry responsible for coordination at the sectoral level, to the Central Planning Agency, the Ministry of Finance, the Central Budget Division, etc.

The functions of accounting and budgeting play a role of fundamental importance in stages (i), (ii) and (iii). Accounting is a basic tool for the measurement of activity in an administration. Its participation in the process of control and its relation with budgeting and planning have been often stated. "Accounting should provide information on work done at every stage with reference to the resources used and costs incurred in doing it. It should provide promptly accurate and complete data for administrative control over the execution of the budget plan." Thus the establishment
of an analytical accounting system designed to permit an easy and accurate evaluation of performance is important. This system should aim not solely at checking regularity, but at providing the basis for a control of performance which requires "the definition of units of work or performance, both organizationally and in an accounting sense, which permits measurement of unit costs over a number of fiscal periods".5/

Thus, a suitable accounting system can provide a means of measurement of the actual performance of the organization in physical and financial terms. In order to develop an analysis of variances and determine adequate corrections in the input of the systems, it is necessary to have a pattern of standard values with which to compare the values measured. This point of reference for current operations is given by the annual plan and the budget. "A budget should ensure a physical correspondence between a plan and its financial forecasts and in the meantime supply enough elements for work measurement and evaluation of plan implementation."6/

The information which it is possible to gather from the accounting and budgeting system is frequently restricted to the activities of the government and sometimes of the central government. To acquire a complete knowledge of the over-all situation of the national system it is necessary, to supplement this information with information on the activity of decentralized agencies and public enterprises as well as of the private sector.

Stage (iii) (analysis of variances and specification of their causes) and stage (iv) (definition of corrective measures) are usually part of a broader activity called "evaluation". Evaluation may be defined as the critical analysis of the performance of the period, accomplished with the view of obtaining specification of the causes of variances and suggestions as to possible corrective measures.


/The Central
The Central Planning Agencies and the Sectoral and Regional Programming Units, are examples of organs usually responsible for review and evaluation of plan implementation, respectively at global, sectoral and regional level. In addition, there may be, within each performing department, special units for review and evaluation of their operations designed to provide adequate detailed information and to ensure adequate frequency of reporting. The review and evaluation of local plans may be done by local programming units or by other staff organs of a local government unit. The role of the Central Controller's Office is frequently confined to control of the operations executed from a juridical and accounting point of view. Accordingly, a problem frequently arises of ensuring that the nature of the data collected is related not solely to the needs of the Controller's Office, but to the purpose of control of plan implementation.

Stage (iv), namely definition of corrective measures, is the result of the analysis of variances and of specification of their causes. The main difficulty here is the capacity to forecast the response of the controlled systems to the corrective measures. This capacity requires appreciation of the socio-economic structure and performance of the national system and sub-systems (sectors and single organizations) subject to control, as well as of the functional relationships connecting the variables affected by the measure in exactly the same way as the original plan formulation does.

Stage (v), (issue and the feed-back of corrective measures) closes the loop of the process of control creating a new input to the system.

The issue and feed-back of corrective measures are distinct steps at this stage. The issue of corrective measures involves the process of decision-making, and consequently the delegation of authority to specific organs for the enforcement of the measures. The feed-back provides the necessary flow of information to all organs involved in the operation controlled.

Decision-making centres are usually scattered at different levels of the government and with diverse extent of authority. The Legislature is usually the top decision-making body. Other decision-making centres
can be: the President, the Cabinet, the Ministry of Finance, the various performing Ministries (Works, Industry, Agriculture, Health, etc.), specialized agencies (Central Bank, Development Corporations, Credit Institutions, etc.), and eventually the Administrations of the single performing departments responsible for the execution of projects. Obviously, as we proceed towards lower levels of the hierarchy the power to make decisions becomes reduced in scope and confined to short-term operative decisions.

The time aspect is a key element in the effectiveness of control. Control should be a process carried on parallel to implementation. The five stages of control should take place, as far as possible, concomitantly to plan implementation and in any case with the minimum delay between operation and the application of control to the operation. One main problem is therefore the determination of the "optimum" periodicity of data collection and feedback, for each possible level of activity. This is discussed in detail in Section 6 (page 30 et seq).

Figure 1 is a representation of a simple loop of control, which illustrates the five stages of control and their concomitance with the process of plan implementation. Information related to control flows by means of the loop from the output side back to the input side to allow an adequate modification either of the ongoing operations (the decision unit for this is shown in the figure) or even of the plan, (the decision unit for this is not shown in the figure).

The chart locates on the loop the hypothetical units responsible for the various activities, shown as the measurement (M) centre, the review and evaluation (RE) centre, and the decision-making (D) centre. The RE centre embraces three stages of control, comparison, analysis of variances and definition of corrective measures. It is not always easy to draw a sharp line between activities which should fall within an M and a RE centre. In fact, an M centre often performs activities of review or, even partially, of evaluation. This is the case with the accounting and budgeting procedures discussed previously. However, even if an M centre undertakes a partial review and evaluation, an RE centre may still be necessary to ensure a global view of the performance.

/Figure 1
Fig. 1 - THE STAGES OF CONTROL OF PLAN IMPLEMENTATION

1. Plan objectives policies targets
2. Feed-back
3. Approval and issue of corrective measures
4. Decision Centre
5. Review and evaluation centre
   (iv) Definition of corrective measures
   (iii) Analysis of variances
   (ii) Comparison with targets

Measurement Centre

Input

Plan implementation

Output

Results

Measurement of results
The information supplied by an RE centre may sometimes go to a decision centre at a higher level:
(a) for decisions to be taken beyond the authority of the local D centre, or
(b) for information on results and variations.

5. The levels of control of plan implementation

An effective system of control, to fulfill the tasks described previously should have the following main features:
(i) be comprehensive in scope, that is cover the over-all national system of plan implementation;
(ii) be planning-oriented, that is be focused on the levels of execution for which terms of reference (plans, programmes, targets) are available, and
(iii) be integrated in nature, that is be composed of a set of procedures of control - for each level of execution designed (and co-ordinated) so as to provide an over-all information system.

These will now be developed separately.

To be comprehensive, a control system should inter alia cover (a) the activity of the public as well as the private sector, (b) implementation from a micro and a macro-economic point of view and consider variables of an economic, social, cultural and political nature. A control system should therefore extend from the project level to the global level and be able to describe in a complete way the behaviour of the national system making use also of macro-economic factors (growth, income, investment, consumption, etc.).

To be planning-oriented a control system should be focused on the various levels of planning and should use the plan and the programmes and targets derived therefrom, as terms of reference in the analysis of variances.

To be integrated a control system should combine the various procedures required at different levels in a functional unity. Such an integrated system will minimize overlappings and interference and ensure a regular vertical and horizontal flow of information. The integration may also lead to a concentration of the function unit of measurement in a single agency, resulting in a uniformity of data processing, removing multiplicity and duplication.
and duplication of data collection, minimizing the number of operations and forms and, lastly, co-ordinating the need of processing and analysis.

The planning system, as represented in figure 2, identifies the various levels of control. A general development plan may encompass global, sectoral and regional plans. Sectoral and Regional Plans may be considered as a result of two types of disaggregations one by the sector of the economy and the other by geographical area.

Projects and activities are the elementary subdivisions of a development programme, respectively of a capital and of an operating nature. Projects have, therefore the distinctive characteristic of being related to the formation of capital goods.  

The sequence of levels, (global), (sectoral-regional), (projects-activities) may be called "chain of control of plan implementation".

Local and urban plans may be considered a further disaggregation by geographical area. They are usually formulated for a city or a metropolitan area, primarily in relation to land utilization and organization of local services. Considering their special and limited scope shown in figure 2 branched out from the (sectoral-regional) level, outside the main sequence of control.

The global level of the chain corresponds to the aggregate programme included in the general plans of development. A global plan deals with the analysis and the definition of objectives for the over-all economy and it is drawn up making use of macro-economic tools such as national accounting and in relation to basic variables of the economy (income, employment, investment, consumption, etc.).

The sectoral level corresponds to the activity programmed for each sector of the economy, such as agriculture, industry, transport, health, education. The related programmes are drawn up on the basis of an analysis of the aggregate goals set out in the global plan and interpreting and translating the basic strategies of development in each sector into sectoral investments. A sectoral programme shows a summary of the activities to be accomplished by the public and private sector for each branch of the economy.

Fig. 2 - THE LEVELS OF CONTROL
The regional level relates to the activity programmed for established geographical subdivisions of the country, whether established from a political or an economic viewpoint. Regional planning may either (i) precede global planning or (ii) follow it. In the first case regional plans tend to cover the entire country and to supply a set of preliminary data to be utilized in the formulation of the global plan. In the second case regional plans are elaborated in accordance with the national plan and through an allocation of projects on a regional basis. In the latter case, regional plans aim at testing the spatial balance of the global plan.

Regional planning is increasingly recognized as an important level of planning. In spite of this, only a few countries have hitherto attempted to set up a network of planning organs at various levels of governments, "and an effective division of labour and co-ordination of efforts among these bodies has generally proved difficult to achieve. Moreover, owing to the scarcity of regional economic data and the shortage of qualified personnel, the scope and quality of regional plans has generally been inferior to that of the national plans. This has prevented an effective "regionalization" of national development plans."

The project-activity level corresponds to the execution of specific operations derived from a "subdivision of a development programme". The concept of project, as has been indicated above has hitherto been usually associated with the idea of capital investment, as distinct from being merely of an operative nature. A tendency has, however, emerged towards the expansion of the "interpretation of the project concept, covering every unit of activity capable of implementing a development plan". This expansion acknowledges the intrinsic importance of any part of the development plan, regardless of its operational or financial characteristics.

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9/ "Formulation and economic appraisal of development projects," Vol. I.
10/ Experience and problems in the implementation of development plans in Latin America (E/AC.54/L.13, 5 March 1967, page 28).
As a result of this, "project" will be used in this wider sense intending to include in it also developmental activities of a purely operative character (i.e. agriculture extension services).

The above discussion has concentrated on control as related to levels of operation. If we consider time as another dimension in the analysis of the planning system we obtain an additional series of levels of control in relation to the possible spans of the planning period, which are: long, medium and short-term. This classification according to time can be applied to plans, programmes and projects, although for projects, the span usually limits them within the medium and the short-term levels. "Long-term plans contain only the most general and aggregated targets and tasks. They have to be co-ordinated with medium-term plans which are of a more detailed and concrete nature. As demonstrated by the experience of some countries, it is in the preparation of annual plans that aims can be expressed more concretely in terms of planned activities for existing enterprises and for the construction of new projects."

Taking into consideration the prevailing importance of the annual plans from an operational point of view, and in accordance with the agenda established for the Seminar, the analysis which follows will be confined to a system of control for the short-term level. It should be underlined, however, that most of the elements that we shall examine will also be of relevant importance from the viewpoint of control at medium and long-term levels. The information gathered from control at short-term level usually represents the basis also for evaluation of medium and long-term plan implementation. This last evaluation will evidently require more emphasis on long-term effects of studied operations, and consequently additional analysis of trends and research.

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6. The chain of control of plan implementation

Figure 3 sets out an information system for the chain of control of plan implementation, drawn in accordance with the concept of control developed previously. The scheme is built parallel to the three basic levels of development planning (global, sector-region, project) and shows a series of three loops (marked IG Ls-r and Lp), one for each level. As has already been emphasized, the scheme is to be considered only as a framework to facilitate the examination of actual experience.

In the chart only one loop of control serves the sectoral and regional level. If a number of regional institutions were operating and responsible for sub-national planning, a separate control system for regional activities would be necessary. In that case, a functional link would also be needed to ensure the necessary exchange of information among sectoral, regional and global units.

Local plans have not been included in the chart. Overall control of local and urban plans is more often undertaken by local authorities, in which case, however, close relations with the central government needs be maintained in relation to development projects specifically assigned to the area (tourism projects, for instance). This need is, however, obviated where control of local plans is centralized in a central institution.

The three loops of control contain the basic units discussed in section 4, to wit:

(i) the measurement centre (M);
(ii) the review-evaluation centre (RE), and
(iii) the decision centre (D).

Each control loop provides (by the two routes emerging from the RE unit) (a) an adequate feedback of corrective measures for the operative system of its level and (b) an information on variances for the higher levels. This last flow is necessary when the corrective measures are beyond the authority of decision makers at that level.
Fig. 3 - INFORMATION SYSTEM FOR THE DIRECT CHAIN OP CONTROL

**Global level**

- D = Decision centre
- FB = Feedback
- M = Measurement centre
- R-E = Review and evaluation centre

**Sectoral-regional level**

Plan indications (indirect means)

**Project level**

- Economic forecasts
- National accounting
- Regional plans
- Budget
- Sectoral plans

- Private sector planning and budgeting
- Private sector operations
- Public sector projects

Long and medium term plans
Annual plans

Public sector projects
National accounting
Regional plans

Private sector planning and budgeting

External environment
National system
A measurement centre, also called in systems language "sensor", is the unit responsible for the periodic collection of data on the progress of the operations subject to control. Examples of organs which act as measurement centres have been mentioned in Section 4. For efficient measurement the selection of sensitive and meaningful indicators is a basic problem. The identification of the strategic and critical areas of the activities subject to control is a preliminary step for the choice of significant parameters. The indicators may depict human, physical, financial, economic, technological, social and administrative aspects of the organization, all considered in a dynamic context.

An indicator should find its first source in the specifications of the plan and be used in expressing the various targets. Plans should themselves contain sufficient terms of reference as to conditions of implementation under which the targets are to be attained. The concept of "conditions of implementation" enlarges as we proceed towards wider areas of activity. On a national level, the conditions of implementation may be related to the total environment of the country, including the foreign organizations with which the system may have relations.

A review and evaluation centre is a unit, which has a staff position in relation to the administration at its level, and is responsible for the analysis of variances and for definition of corrective measures. It does not take decisions on adjustments and/or revisions of plan, programmes or projects, but only advises administration as to possible courses of action. The nature of its activity creates the need for effective liaison with the planning units at various levels to ensure co-operation. A review-evaluation unit may either be part of the programming or planning units or a separate organization. At the global level, in particular, a form of separate R-E unit may be a Committee reporting directly to the top decision centre. (President or Cabinet.)

A decision centre, lastly, is an organizational unit authorized to take decisions on corrective measures and to have them enforced. At the project level a typical example of a decision centre is the director of a performing department (i.e., Departments of Roads of the Ministry of Public Works). Other examples of decision centres have been mentioned in Section 5.
In Figure 3 the global level of the chain is split into two parts related respectively to the long and medium-term planning and to the short-term planning. A separate stream of information for the control of long and medium-term planning is also shown in the chart. This stream, emerges from the RE unit at the global level, and goes to a particular decision centre. In practice the decision centre for the global level may be the same for long and short-term plans i.e. D1 and Ds on the chart may be united in, for instance, the Legislature; the differentiation adopted in the chart serves only to underline the existence of two diverse moments of decision making in relation to the two spans of planning.

The private sector is represented with a distinct chain composed of a stage of planning and a stage of operation. The indications of the global plans, particularly those expressed in terms of economic and social policies such as incentives and disincentives, flow from the annual plan to the input of the private system. This is shown by a broken line in Figure 3.

Measurement centres are also established to collect data on private sector planning and private operations. The collection of data on private sector planning is usually made by statistical units, Central Banks and other Central Agencies through questionnaires and surveys.

Another important source of information for control at both global and sectoral levels is National Accounting. Its input is composed of data coming from both the private and public sector.

Lastly, a basic measurement centre is shown in the area of external environment (shown on the chart as external to the three main loops described above). This centre reports on external matters e.g. changes in the foreign markets (production, demand, prices, technological situation, etc.) which may influence the national system. It may take a number of forms e.g. a section of the Central Statistical Department, working on the basis of regular reports received from information offices or other institutions located in foreign countries.

To sum up, to constitute an effective system of control for plan implementation, the following structural elements should, at least, be defined:

/(i) a
(i) a distribution of requisite measurement centres throughout the national system, including centres for the measurement of the external environment;

(ii) the qualitative and quantitative characteristics of the information to be collected and the periodicity of the flow;

(iii) the manner of processing data for comparison with targets and for analysis of variances;

(iv) the source of decisions on corrective measures, including indications as to the types of decisions to be taken in certain situations (decision rules);

(v) the position in the organization of the decision centres authorized to approve and issue corrective measures;

(vi) the procedural and operational aspects related to the flow of corrective measures;

(vii) co-ordinating mechanisms for controls at various levels.

Below some features of the process of control particularly related to the information flow are examined.

Information flow for control of plan implementation

The three main levels of control present distinct characteristics in terms of functions and responsibility, which differentiate them in relation to:

(i) the kind and quantity of information required, and

(ii) the periodicity of the information flow.

The project level is directly responsible for the effective and efficient execution of the specific operations anticipated in the plan. It may be called "operational level" to underline its involvement in the implementation stage. Examples of organizational units operating at the project level are: agriculture extension services, departments responsible for education, the construction of roads, industrial public enterprises, credit institutions, etc.

The sectoral-regional level is responsible for the establishment of the conditions required for the implementation of the respective programmes in both the public and private sectors. This level is /responsible therefore
responsible therefore for the employment of the direct and indirect means of implementation applicable to both sectors and the definition of sectoral and regional policies regulating the application of these means. Ministries, Regions, Development Corporations, some Specialized Agencies and Decentralized Institutions with responsibility for a particular branch of the economy or region are examples of organizations operating at this level.

The global level is responsible for the definition of the over-all policies in the main areas affecting the evolution of the national economy at short and long term (monetary, fiscal, labour, foreign trade, etc.). It is also responsible for the attainment of the basic priorities in the distribution of investment among sectors of the economy in accordance with the plan. Examples of agencies operating at the global level are the following: Central Planning Boards, National Development Councils, Inter-ministerial Committees for Economic and Social Development and Councils of Ministers. These agencies are usually assisted by a series of institutions specialized in particular areas of the economy. The Central Bank is a typical example of this type of institution. Its competence being mainly in the monetary and financial fields, it proposes national policies affecting monetary circulation and credit. Other specialized institutions operate in different areas of the economy such as foreign exchange, conditions of labour, internal taxation, industry, etc.

(i) Kind and quantity of information required. As a result of the diversity of the functions executed at the three levels different kinds and volumes of information are required.

At project level the information required by the top management of a project is directly connected with the basic operations and expressed in physical and financial terms. The physical reports can be related to the processes developed and the output obtained in the period and should indicate whether the progress is following the anticipated schedule. The financial reports may be concerned with disbursements or collections of money resulting from the operations compared with budgeted figures, as well as with the analysis of cost and efficiency (or profitability, if applicable).

/At sectoral-regional
At sectoral-regional level, the need of attaining a comprehensive picture of the over-all activity developed, calls for data not only on projects of the public sector but also on the operations of the private sector. Analysis of the evolution of some macro-economic variables and evaluation of the adequacy of sectoral and regional policies are also required.

At global level the spectrum of information required enlarges as a result of the further expansion of the area of analysis which may include: inter-sectoral economic comparisons, evaluation of effectiveness of national policies, ascertainment of implementation of sectoral and regional investment priorities, evaluation of social and cultural aspects of the performance of the national system and appraisal of the evolution of the external environment. Knowledge of the progress achieved at project and sectoral-regional levels is also necessary. Projects represent the elementary unit of a plan and the field on which the over-all test of feasibility of a plan is verified. The global level is therefore highly interested in following closely the progress of project implementation so that it may detect from it clues as to needs of changes and of remedial measures.

Lastly, it is necessary to underline the importance at this level of data of a social, political, cultural and psychological nature. The accomplishment of a plan cannot be expressed only in terms of gross national product and of similar economic indicators. The capability of a country for growth is also dependent on its social structure, on its internal will for development and on the vision of its political leaders. An application of these factors is therefore essential for a comprehensive evaluation of the national system.

Summing up, the three levels show a definite differentiation in the kind and quantity of information required. Moving from the project level to the sectoral-regional and global levels, financial, economic and social data and macro-economic variables become increasingly important.

/(ii) Periodicity
(ii) Periodicity of the information flow. Time is a limiting factor in a control process. If the issue of corrective measures could be made coincidental with, or immediately subsequent to the alterations in the system, which necessitated them these would be an ideal control process. The correction would be actually "concomitant" with the operations, and this would ensure a minimum oscillation of the system around the planned values.

Unfortunately, that is not possible and there is almost always a time lag before corrections are applied. Causes which may induce a time-lag in the system of planning and control are various and may be examined in relation to the different stages of the two processes. "First there is a lag between the event and the appearance of the statistics before the policy-makers in assimilable, processed form - so that the policy-maker never sees 'today', only 'yesterday'. Secondly, there is a lag between receiving information and taking action on it; this is partly because there is a minimum time in which wise and deliberated decision can be made, partly because there is often institutional inflexibility about decision-taking, e.g. an annual budget. Thirdly, there is a lag between the implementation of a policy and its full direct and indirect effects on the economy."

A brief reference has already been made in section 4 to the time factor. This factor raises two problems in the process of control:

(i) determination of the optimum periodicity of the cycle (number of cycles per year or interval of time between two consecutive measurements);

(ii) reduction to the minimum of the time required for the accomplishment of a complete cycle of control (measurement, control, decision, feed-back).


/The two
The two problems are of different natures. Problem (i), namely the periodicity of control, is a problem of system design connected with the definition of the essential features in a system of control. Problem (ii) is a problem of reduction of lags in the cycle of control, a problem therefore of revision and, possibly, of simplification of procedures.

The periodicity of the control cycle depends on:
(a) the natural cycle of accomplishment and speed of evolution of the operations to be measured;
(b) the time required for collection, processing and analysis of data;
(c) the periodicity of approval of corrective measures in accordance with existing procedures, regulations and laws, and time required for decision-making;
(d) the type of corrective measure to be implemented, and
(e) the sensitiveness of the system to corrective measures (time required for implementation).

The problem of the optimum periodicity is basically one of balancing the cost of control against the benefits derived from a more regular implementation of the plan. In so far as the marginal benefit is greater than the marginal cost of control it is convenient to increase the degree of control. This degree can be increased not only by reducing the interval between two subsequent measurements but also by widening its scope, and enlarging the number of variables collected and of strategic processes put under control. However, it should be underlined that a system of information should be flexible enough to vary the periodicity i.e. to permit a call for special reports and surveys to deal with emergency situations and bring timely and adequate corrections, including changes in the periodicity of the reporting system itself.

The project level is usually concerned with operations susceptible of measurement at short intervals. Even if the final product may require for completion a long time (dam, crop, educational campaign, etc.)
the control cycle can nevertheless be a fraction of the completion period and can measure progress and efficiency of operations.

The sectoral-regional level is concerned with more complex variables, some of which are of a macro-economic nature, and relies on measurements and analysis connected with the budgeting system. Moreover, the corrective measures at this level often involve policy decisions which may require time for design and discussion before approval. As a result of this situation the control cycle at sectoral-regional level is usually longer than at project level.

At global level the causes demanding longer cycles are more evident. In particular, revision of the plan may involve changes in developmental strategies and objectives which may require decisions and elaborate examinations at political level.

To sum up, in moving from the project level to the sectoral-regional and global levels, there is a tendency for the intervals between two successive cycles of control to increase. No rules can be given as to optimum relationships among the periodicity of the three levels, since the notable variety of operations may generate a multiplicity of solutions. In practice the intervals of measurement of different units may differ within the following ranges:

- project level: from 1 week to 1 month;
- sectoral-regional level: from 1 month to 2-3 months;
- global level: from 2-3 months to 6 months.

The problem of reduction to the minimum of the time-lags is in essence a problem of rationalization of procedures, of synchronization of operations and above all of predetermination of the mechanism of control. As was underlined in paragraph 3, control should find its roots in planning.

The main difficulties in reducing the time-lag in the stages of measurement and control arise from the existing procedures for data collection and analysis which are, particularly at the lower levels, tightly connected with the procedures of financial management. The budget process affects, in fact, to a great extent, the analysis of variance so that a harmonization of the budget and control cycles is necessary.

/To make
To make easier the determination of corrective measures it is necessary to "establish a regulatory mechanism to be used in practice to modify the levels of execution and of repercussion (of the strategic decisions) anytime the strategic processes are out of the anticipated limits".\textsuperscript{13/} A regulatory mechanism of this type calls for the identification of a set of meaningful indicators and for the knowledge of the way in which the strategic decisions may affect the economic system. These indicators, which are called "indicators of repercussion"\textsuperscript{14/} may greatly help in the evaluation of the policies put into effect and give indications as to future conduct. The definition of a control mechanism for strategic processes help take decisions on corrective measures and implement them subsequently. The establishment of a correspondence between variance and corrective measure may facilitate and speed up, within certain limits, the decision-making. It may also permit a wider delegation of authority reducing the intervention of the top decision centres to the cases not anticipated in the regulatory mechanism, or having character of emergency.\textsuperscript{15/}

\begin{itemize}
\item \textsuperscript{13/} United Nations, Economic and Social Council, Committee of Development Planning. Control of implementation of general plans of development in Latin America, paper prepared by the Organization of American States.
\item \textsuperscript{14/} Ibid.
\item \textsuperscript{15/} This means, in other words, the implementation of the "exception principle" of administration, in the process of control of plan implementation.
\end{itemize}
7. Experience in Latin American countries

The progress achieved in recent years by many of the Latin American countries in the area of plan formulation has created a demand for a similar advance in the other stages of development administration. The result of recent experience has, however, shown that in the stages of implementation and control progress has fallen short of expectations and these represent, today, two major areas requiring improvement.

This is stated in respect of control in a document of ECLA, presented at the second session of the Committee for Development Planning held in Santiago in April 1967, as follows: "The lack of progress in the formulation and implementation of operational plans is clearly demonstrated by the non-existence of machinery for controlling the implementation of plans, evaluating the problems which arise and insisting on the rectifications which are patently necessary. Not only must administrative organs be established to assume those functions, but evaluation techniques must be developed which will be applicable to Latin America's conditions." This statement underscores the importance of control of implementation of annual operative plans at national and sectoral levels and in relation to public and private activities, as a necessary supplement to control of project implementation and budget control.

The necessity of establishing effective control operative systems confronted the Governments of the region as soon as they realized the need of a more effective administration of the plan. The inter-relationship between implementation and control is such that no regular implementation is conceivable without a parallel execution of control. Control, as a means of information and evaluation, is in fact, a basis for decision-making and therefore of administration.

16/ UN - Planning in Latin America (E/AC.54/L.13), March 1967.

17/ Experience and problems in the implementation of development plans. Planning in Latin America - Paper submitted by the Secretariat of ECLA to the Committee for Development Planning - Second Session - Santiago, Chile 10-21 April 1967, (E/AC.54/L.13) page 28.

18/ See Part III (a) of this report. /Governments' efforts
Governments' efforts in this area have been exerted in various ways covering, with different intensity, the three levels of control (project, sectoral-regional and global) and the different activities which comprise the process of control (measurement, review, evaluation, decision-making and feedback). While acknowledging the need for further improvement the value and the extent of the progress already achieved in certain key points such as project administration and budgeting, should not be minimized. Below are indicate the main aspects in respect of which progress has been achieved and the prime deficiencies which still confront the Governments of the region.

(a) **The role of programme budgeting in the establishment of a system of control for plan implementation**

We have examined, previously, the basic features of a control system for plan implementation and the elements which are prerequisites for its effectiveness. These are:

(i) analytical and concrete set of terms of reference for the activity of the short-term period as a supplement to the long and medium term plans (annual operative plan and programme performance budgeting);

(ii) efficient set up at project level, complemented by a cluster of functional units in the areas of planning, controlling, budgeting, accounting and statistics at sectoral, regional and global levels;

(iii) clearly defined information system, including decision centres, delegation of authority and procedures for implementation of corrective measures; availability of a modern data processing unit, possible in a central position, to ensure the preparation of the required period reports;

(iv) adequate and sensitive system of measurement and control of the activity of the private sector at all levels, including guidelines to evaluate repercussion of economic and social policies on the performance of the period.

Most of the above elements represent also conditions required for the implementation of programme budget. It should, however, be emphasized that a programme budget can be a useful instrument of control only on
condition that it represents faithfully the plan, its priorities and its strategic projects. Requirements (i), (ii) and (iii) can result from the very re-organization which, usually, accompanies the application of the budget. In this way the budgeting system, which is considered primarily a tool of short-term planning, turns out to be also an important tool of organization of the performing departments. This organizational role derives directly from the series of analysis and re-arrangements of operations, functions and sometimes structure to which the administration has to undergo to become suitable for the new application.

The main organizational studies and re-arrangements which should be accomplished as a preliminary step for the establishment of a programme budgeting system are, in fact, the following:

(i) definition of projects, activities and operations accomplished by the performing departments, as a preparatory phase of the use of the programme budget classification. This stage is usually accomplished through assessment, classification and arrangements into homogeneous groups of the various works performed. The analysis undertaken can lead to a clear picture of the operations executed and represent in many cases the basis for a more rational distribution of the activities among the departments.

(ii) definition of responsibility centre, circumscribed from the point of view of the execution of the programmes included in the budget;

(iii) definition of measurement centres for collection of data on the operations of the period and analysis from a financial, cost, and physical point of view;

(iv) definition of procedures related to decision making on corrective measures and to feedback to performing departments.

The phases listed above have been accomplished, even though partially, by several countries of the region. Since 1959, when work on budget reform was initiated in Colombia, most Latin American countries have succeeded in introducing some form of programme performance budgeting.  


The application
The application is currently underway everywhere and is improving in scope, depth of analysis and design of procedures.

The definition of projects, activities and operations has been usually the first step undertaken. The studies accomplished have resulted in a useful breakdown and analysis of the various programmes and in their clear identification from an operational point of view. Once the various programmes have been defined and classified in accordance with a standard classification system, it has been possible to assign them to the departments responsible for the execution. The introduction of new measurement and accounting procedures is another notable aspect of the work accomplished during this stage. Many of the traditional systems of financial accounting have been subject to a substantial revision in order to obtain: (a) greater details of the operations executed (financial, physical and cost data) and (b) a more frequent collection of data. The accomplishment of this has called for an improvement in procedures and in data processing.

The re-organization of existing data processing centres and the establishment of new ones making use of electronic computers have been frequent. Colombia, Venezuela, Costa Rica and several other countries have applied new methods of data processing. In this stage the co-operation between the Budget Agencies and the Organization and Methods Units where established has proved to be valuable. Venezuela, Colombia, Ecuador and Peru, among others, are cases in which administrative re-organizations have been undertaken jointly by the Budget and O & M Units.

The re-organization involved in the establishment of adequate conditions for the execution of the budget has frequently encompassed the revision of the methods of public accounting, and of the Central Control organs (Central Controller's Office; Contralorías Generales) to ensure a co-ordination of procedures, the use of a common classification of

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revenues and expenses, and increased periodicity. In one case (Peru) the traditional tasks of the Central Controller's office have been enlarged in such a way as to encompass the control of efficiency of plan implementation. It should be pointed out, however, that in this case the control is limited to the execution of the budget for the public sector. In several cases the revision of the accounting procedures has been accompanied by the establishment of central and sectoral budgeting agencies.

In most parts of the Latin American countries the measurement of results is still the phase which most urgently calls for relevant improvement. Instances of advances in this area exist but in general we are still far from a satisfactory situation.

In some Central American countries the critical time-path techniques (CPM) has been successfully applied for an effective control of capital investment projects. The same technique has been used by the State of Guanabara in Brazil and by several institutions operating at sectoral and regional levels in Mexico. In Chile, Colombia and Peru other specific systems of control of project implementation have been used, (employing, for instance, graphic methods of control which show the sequence in time of the anticipated and actual execution of the project).

The importance of the availability of cost data is now generally recognized. Financial data are related to disbursements and collections of money. To calculate the value of the production of goods and services of the period it is necessary to measure the resources actually consumed through the use of a cost accounting system. The availability of cost data is also useful to calculate coefficients of efficiency and unit costs of the various productions. Cost data may also be required for the study of different alternatives of investment and of operation; in this case it is essential the knowledge of the so-called "direct cost", that is of the part of the cost which is variable with the volume of production.

Several of the countries of the regions are endeavouring to collect data in greater detail than in the past. In the countries of Central America

21/ ILPES, op. cit.
the budgets now include data on total and unit cost. Colombia and Venezuela are two other examples in which analysis of costs is currently accomplished. In the area of cost measurement there is still room for improvement in the region and efforts should be made in order to extend the network of cost measurement centres. It must be pointed out that a more detailed system of data collection is not only necessary for control at sectoral and global level, but also for internal control of the performing departments. The volume of information required by a performing department on the execution of its programmes may be greater than that one requested by the planning and budgeting agencies at sectoral and global level; it may be focused on different operational aspects or be needed at shorter intervals of time. In these cases the establishment of an internal measurement centre, gathering data for the particular purpose of the department, may be convenient.

The definition of procedures related to decision-making on corrective measures, is sometimes regulated by law and in a number of cases new organic laws have been issued regulating the execution of the budget and establishing the limits of variations in the approved programmes.

Variations to the budget are usually authorized at different levels according to the type of corrective measures. Organs which may have authority to sanction a variation fall within one of the following categories:

(a) the directors of the performing departments and project managers;
(b) the top administrators of Central and decentralized agencies operating at sectoral or regional level (Ministries, Presidents of institutions, Board of directors, etc.);
(c) the director of the Budget Division;
(d) the Ministry of Finance;
(e) the President of the Republic and the Cabinet, and
(f) the Legislature.

Some instances are the following: Colombia (1964), Peru (1964), Brazil (1964), Nicaragua (1965), Paraguay (1963) and Chile (1959).
Summing up, the implementation of the programme budget in Latin America has progressed towards more efficient and widespread forms. Particularly important have been the organizational and procedural adjustments introduced in some cases as a preliminary stage to the application of the budget, including training of personnel. The implementation of the budget throughout the administration has created a new atmosphere of co-operation in the process of programming and has strengthened the sense of responsibility. However, there is still need for improvement, in particular with reference to the following points:

(i) the classification used in the budget should also be made according to sectors, functions and economic categories to ensure the employment of the budget for macro-economic analyses;

(ii) the availability of physical and cost data should be attained through a proper system of measurement at project level and through an adequate analysis of the basic operations;

(iii) a revision of the public accounting from the viewpoints of scope and periodicity should be accomplished to make it suitable to the needs of control of plan implementation;

(iv) the budget should be extended in such a way as to cover all the public sector (central agencies, specialized agencies, decentralized and autonomous institutions, public enterprises), and

(v) modern budget legislation should be issued to regulate all the stages of budget administration and particularly the decision-making stage.

(b) Additional tools of control

When fully developed, programme budgeting is a powerful tool of control at all levels. However, its limitations should be realized. The main one is that it does not provide all the information needed whether at project, sectoral, regional or global level. The information flow required at the levels has been discussed in Section 6.

In several countries of the region the internal control of the performing departments has improved considerably as a result of the combined action of the Sectoral Programming Units, of the Budget Units and of the organization and methods units. The deeper knowledge of the
basic operations which is derived from this action and the increased involvement of the performing departments in the process of programme formulation, have contributed to a substantial improvement of the situation. The Ministry of Public Works of Venezuela may be mentioned as an example. The establishment of a sectoral Programming Unit, reporting directly to the Minister has ensured an efficient control of plan implementation at project and sectoral level and, at the same time, a closer functional link with the Central Planning Agency (CORDIPLAN). The Programming Unit has co-operated closely with the sectoral O & M Unit in a broad programme of administrative improvements of the ministry at departmental level and in the setting up of a regular reporting system. The Programming Unit keeps a monthly record of the financial and physical results of the various projects and prepares monthly evaluation reports. An expansion of the control system to the costing area is also anticipated.

Measurement of the performance of the private sector is another point calling for a more organic and comprehensive solution. The performance of the private sector can be assessed at micro and macro-level.

The activity at micro-level is of relevant importance and, at once, of difficult determination. Private projects, particularly in the industrial sector, may represent a large share of the total projects of a country. The identification of these projects and the knowledge of their progress, may therefore be essential for national planning and control. Sources of information on private projects are various and the most common are Financial Institutions, Development Corporations, Regulatory bodies, Registry Offices of industrial and commercial enterprises and other local agencies dealing with licences and building permits. A regular assessment of plans and achievements in this area can assist both planners and administrators. In the countries of the region this assessment is usually undertaken by a variety of organs but seldom within the framework of a co-ordinated system of collection and reporting. An example of an assessment of private industrial projects at planning stage is shown in the Colombian Development Plan.23/

23/ Colombia - Plan general de desarrollo económico y social - II Parte - Industria, 1962 - página 323.
The macro-economic aspect of the private sector is usually depicted making use of national statistics and accounting. Basic statistics as well as national accounting have proved to be of great value to supplement the information provided by the programme budget. National accounting aims at describing the performance of the economic system on the basis of the operations executed within it. It supplies a series of aggregated data essential for formulation and control of economic policies at global level.

All Latin American countries use at present a system of national accounts. In all cases an attempt has been made to follow, the main recommendations formulated by the United Nations, on classification. In many cases, however, due to a limited availability of basic statistics, the accounts have been simplified and adapted to the particular situation of the country.

In order to make use full use of the National Accounts as a tool of control of plan implementation, the following are needed: (i) a correspondence between the units of measurements employed in national accounting and those used in development planning. The increase of productivity anticipated by the plans, for instance, is in most cases not measured by the national accounts, owing to this lack of correspondence; (ii) data should be available with as little delay as possible. In some cases delays of one or two years occur; (iii) the location of the National Accounts Department should be close to the Central Planning Agency which is the main user of the data. In practice, a variety of solutions as to the location of the National Accounts Department can be observed, including cases in which two separate estimations are made. In Argentina, Venezuela and Peru the accounts are estimated by the Central Bank and the Planning Agency. In Bolivia and Chile the National Accounts Units is part of the Planning


25/ UN - Un sistema de cuentas nacionales y correspondientes cuadros estadísticos - Estudio de Métodos, Serie F, No. 2 and R,1 and 2.
Agency; in Panama, Jamaica, Trinidad and Tobago and Guyana it is located in the Statistic Department; in Brazil it is part of a separate institution, while in all the other countries it is within the Central Bank.

To acquire an over-all view of the economic situation of the country at global level, the need of a comprehensive framework of the various policies to be applied is greatly felt. The annual operative plan could represent a solution, making available a bench-mark for the most important policies to be used to attain the objectives of the plan.\(^\text{26/}\)

In conclusion, the countries of the region, besides improving the basic tool represented by the budget, have started supplying themselves with supplementary means of control. This process is progressing but, there is still much to be accomplished. Remaining problems are:

(i) the organization at project level needs to be improved in order to ensure an effective system of control. This calls, primarily, for the definition and clarification of responsibilities and authority in relation to the issue of corrective measures.

(ii) an integrated system of control, in the meaning specified in Section 5, is still to be established in most countries. Lack of co-ordination of the procedures of control applied at different levels is the first deficiency. There are cases in the region where the Central Planning Agency is unaware of the results of the controls accomplished at project and sectoral levels. In other cases excessive centralization in planning together with an inadequate communication, leave the performing departments without adequate terms of reference. The results of project implementation as well as of sectoral and regional implementation should be communicated to the Central Planning Agency, or to other established review and evaluation organs, to ensure an over-all assessment of the performance of the period.

\(^{26/}\) See Part III (a).

(iii) additional
(iii) additional information of macro-economic nature calls for an efficient system of National Accounts. Today the systems applied are generally simplified versions of the system recommended by the United Nations. However, the United Nations system itself is now being subject to a revision to attain a greater detail in the economic information. The countries of the region should endeavour to apply the new system as soon as possible and re-organize their statistical procedures in such a way as to produce up-dated accounts with a minimum of delay and at shorter interval of time.

(iv) the measurement of the activity of the private sector should be strengthened and improved, co-ordinating the collection of data on project planning and implementation.

(v) lastly, efforts should be made to prepare an annual operative plan as a basis for the definition of the major national policies and, at the same time, as a basis for an effective control of global, sectoral and regional achievements.