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DRAFT REPORT

GOVERNANCE AND PUBLIC ADMINISTRATION

The Meeting sought to identify common factors in governance and strategies to promote those factors. The Experts recognized that to support developing economies and to sustain emerging democracies, governance has become a matter of supreme concern. However, pre-conditions for good governance appear to be absent in many developing countries. The Meeting emphasized that political stability, stable economy, a good legal system and transparency with public accountability, both on the part of politicians and bureaucrats, were all essential for a good governance.

The Meeting noted that for transitioning economies in which emerging democratic institutions provide open, transparent and participatory governance, the tasks of institution building and development of legal framework are critical.

The Meeting determined that an essential element of good governance is a proper relationship between politicians and civil servants, especially those at the highest level. The Experts considered whether the different dimensions of this relationship vary in parliamentary and presidential systems. They also considered the proper articulation of the politician-civil servant relationship so as to promote governance and democracy in countries at various stages of political and economic development.

The Experts argued that without a good and effective civil service it would be difficult to achieve good governance. The Experts noted that governments must consider the appropriate dimensions of "commitment" on the part of civil servants who belong to a "neutral" civil service. The Experts recommended that the United Nations assist governments in exploring limits of commitment and neutrality and in developing appropriate guidelines such that both politicians and civil servants share perceptions concerning appropriate activities in support of government "policies".

Although operational performance is an enduring topic, recent developments have encouraged governments to review their operations in light of "value for money" and in response to citizens' interest in improved service delivery. The Meeting considered mechanisms with which governments can ensure accountability with respect to not only results but also process. The Experts recommended that the United Nations survey mechanisms which epitomize "open and transparent" government processes, and those which can be used to measure and publicize "results" of government performance. Further, they suggested increased attention to the proper relationship between political accountability and administrative responsibility.

In examining aspects of administrative operations, the Meeting considered the role of national values and traditions, especially those related to fairness, equity and representation. In this context, the Experts also considered strategies which might be effective in dealing with corruption. In addition to monitoring and control strategies, the Experts wondered if there might not be effective mechanisms for encouraging ethical behaviour. In relation to administrative reforms, the Experts questioned whether there are particular administrative reforms that contribute to ethical behaviour, and whether there are other reforms that have the potential to create opportunities for corrupt behaviour, and how can these reforms be adjusted to reduce opportunities for corruption.

The Meeting noted that in the newly emerging systems of governance, both parliamentary and presidential, there are a variety of useful arrangements of political and administrative institutions. The Experts argued that separation of powers provides useful "checks and balances" between the executive, legislative and judiciary institutions of government, as well as decentralization of powers to local levels were critical elements in ensuring good governance.

The relation between central and local administrations is an important element of patterns of governance. The Meeting noted that it is essential to determine strategies to resolve dilemmas between centralization and decentralization. The Experts also suggested that there is an optimal sequence for decentralization, beginning with administrative deconcentration and culminating at times in political devolution. The Experts noted that, with decentralization, there are implications for regional disparities and strategies for dealing with equalization.

The Experts directed attention to the search for optimal strategies or patterns of planned interaction and cooperation among levels of government and administration, as well as among central government agencies. The Experts recommended that the United Nations survey emerging models of organizations and the conditions under which these organizational strategies are appropriate. The Experts also noted that with the proliferation of organizational forms, there should be an inventory of methods useful in coordinating dispersed organizations, both vertically and horizontally. Furthermore, the Experts recommended that the United Nations survey which countries are innovating new modes of central-local relations, both in governance and especially in administrative arrangements, and to disseminate these strategies and experiences.

The Meeting argued that decentralization, while an important governmental strategy, was not without cost. Decentralization may require high capacity for co-ordination. Unless there are strict rules and stricter enforcement of such rules strongly entrenched in the system, decentralization may require tolerance for a degree of nepotism and favouritism as it may be difficult for grassroots politicians or civil servants to circumvent local influence.

It was argued that periodic elections, and exercise of the right to suffrage was a guarantee for good governance. Participatory government which

enables local people in their communities to decide about the type of activities that they wish to undertake appears to be important to good governance. However, a well informed and educated people who are conscious of their rights and obligations are the best guarantee of good governance. The Experts were of the opinion that education and periodic elections should be a major focus of attention for governments.

The Meeting noted that administrators must increasingly work with other sectors of society to promote governance and development. In this context, the Experts noted that there might be some tension between professionalism and democratic participation, but that governments should discover mechanisms for resolving this tension and providing productive means for administrators, citizens and various groups in society to contribute to policy-making and governmental operations. The Meeting recommended that the United Nations inventory models for productive relations between government and NGOs and the private sector. The Experts noted that it might be necessary to train administrators to work in partnership with other sectors. The Meeting noted the need to develop strategic partnerships between government and institutions in the society.

Some experts observed that sometimes leaders worked with vested interest groups to sustain status quo relations and thereby distort issues of good government. Also, the Experts noted that outside political influence is sometimes instrumental in perpetuating an authoritarian government.

Information technology is becoming increasingly pervasive and its impact on governance should be reviewed periodically. Experts pointed out that information technology, in all of its manifestations including the media and communication technology, has the potential to make countries vulnerable to international economic and political forces. One obvious impact of information technology on governance relates to the sharing of information among institutions and among levels of government and administration. Also, information technology makes it more possible to make government decision-making and operations increasingly open and transparent to the public.

The Meeting noted that it is necessary to consider proper and situation-specific mixtures of strategies for administrative reform, especially those involving trade-offs between comprehensive and incremental approaches and between gradual and speedy approaches. The Experts recommended

that the United Nations inventory the best ways to proceed in improvement of administration and governance, including delineation of best practices, change agents, strategies and methods of managing change processes. The Experts also focused attention on the need to determine country-specific, multi-dimensional mixtures of reform elements, especially those relating to the strengthening of human resources, financial resources, and information resources.

The Meeting noted that there appear to be various elements critical to the development of good governance systems; such as, legal frameworks, transparency, accountability, institution building, human resources development, strengthening the role of NGOs and decentralization processes. The Experts recommended that the United Nations intensify its research, advisory services and technical cooperation activities in these areas.

PRIVATE SECTOR DEVELOPMENT

There was a general consensus that governments do have the power and means to facilitate the development of the private sector by promulgating laws and creating the right atmosphere for private sector development. On the other hand, governments could stifle the development of the private sector by introducing regulatory decrees. Not only do governments have the capability of instituting decrees that could assist private sector development, they also have the institutional capability that could facilitate the creation of an enabling environment. Therefore, governments can chose either to develop, or block the development of the private sector.

Given the emphasis on service delivery and effectiveness and efficiency in government, it is believed that the private sector could serve the society productively in spheres of employment, tax generation and provision of goods and services. However, while the Meeting of Experts acknowledged the importance of the private sector in enhancing economic development of many developing countries, they felt that private sector development by the government should be dealt with delicately. Some experts were of the view that less government interference in the private sector is better for development of the private sector, while other felt that governments have an important role in making or breaking the private sector. It was also argued that governments should be left to do what they are best at doing and leave the private sector to the entrepreneurs. Nevertheless, there was a consensus that governments have a role in the development of private sector although the

degree of intervention by governments needed to be determined on the basis of the country-specific, results-oriented strategy.

It was also recognized that one of the most important preconditions for the development of the private sector is political and administrative leaderships committed to the promotion of private sector development. Since one of the major obstacles that stifle the development of the private sector is bureaucratic and regulatory procedures, a government that is committed to reduce or eliminate regulations will contribute to the development of the private sector.

There exists a political as well as fiscal uncertainty especially in the countries with transitioning economies which require a new leadership system that is committed and is willing to institute appropriate policies to facilitate private sector development. It is also recognized by the Experts that it is not enough to constitute decrees but rather that confidence must be created by fulfilling commitments.

Governments could develop effective ways of creating small-scale enterprises and entrepreneurship by providing credit security or guarantee to alleviate the problem of obtaining loans by small-scale industries. They could also reduce or completely eliminate regulations on small-scale and medium-sized enterprises thereby assisting them to integrate into the total economy and to benefit from services without strangling them with regulations.

While the advantages of foreign direct investment in developing the private sector was recognized by the Experts there was also fear that foreign direct investment might look like a sell-out which might perpetuate dependence on foreign investors and stifle indigenous entrepreneurship. Since small-scale and medium-sized enterprises lack the financial, technological, as well as skilled human resources needed to compete freely with those enterprises that had the backing of foreign investment, these smaller enterprises might be swallowed by the big enterprises and pushed out of business. This could have a long-term negative effect on the future competitiveness of the countries concerned as their capability to develop indigenous entrepreneurs might be severely constrained.

There was also a fear that a multinational corporation that has invested in a particular country might close its operations after pushing out of business local enterprises and continue its operations in a neighbouring country where labour and/or resources are relatively cheaper. This result

might leave the former country with reduced total employment and dependent on imports in a sector. Despite the fact that foreign direct investment would bring in needed resources and create employment as well as facilitate the transfer of technology and know-how, some Experts cautioned the use of foreign direct investment. The Experts also felt that certain sectors of the economy which will compromise the national security as well as essential service delivering institutions such as electricity, water, and health should be off-limits to foreign direct investment.
