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THE PUBLIC ADMINISTRATION PROGRAM

IN GUATEMALA

DECEMBER, 1963

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INTRODUCTION

Technical assistance in public administration was first provided to the Government of Guatemala through an ICA-sponsored contract with a management consulting firm. Between the years 1955 and 1957, the firm of Klein and Saks conducted studies and made numerous reform recommendations in the fields of taxation, customs and tariffs, accounting, economic planning, budgeting, and governmental organization. For an additional three years thereafter, Klein and Saks continued on under a direct contract with the Government of Guatemala. The unpleasant judgment of history must be that these six years were a costly and unproductive venture in technical assistance through the contracting process.

Commencing in late 1958 the foreign aid effort in public administration has built around and upon the advisory skills of career employees working in a number of vital administrative areas. The assistance program has also concentrated on the creation and steady strengthening of local management institutions capable of maintaining leadership and momentum in the uphill fight for reform. All improvement projects have scrupulously reflected bi-lateral cooperation, budgetary feasibility, and the principle of self-help.

In the following pages there is presented a highly-abridged - though evaluative - resume of the status of the public administration improvement program in Guatemala in late 1963. On balance, the program would appear to be sound, with genuine accomplishments matching some equally real disappointments. Political unrest is almost certain to be a retarding factor in the future, as it has in the past. The entry of international and regional agencies into the government improvement effort in Guatemala will call for careful coordination of assistance activities - an objective which is not always achieved. And changing AID policies and financial resources may also have a counterproductive effect.

But the general picture remains encouraging; more encouraging, perhaps, than at any other time in the last five years.

REVENUE ADMINISTRATION

TAX

Problem - Continuing indifference to sound financial conditions until serious difficulties develop.

- Underlying resistance to direct taxation on income, profits and real estate.
- Inadequate basic legal provisions for the enforcement of prompt payment of taxes and other obligations due the government.

Program Objective

- To stimulate the collection of adequate revenue to finance increasing governmental needs.
- To develop more productive taxation of incomes, profits and real property.
- To get better administration in all taxes.

Program Strengths

- The determination of the Government to increase revenue collections through more serious and aggressive administration.
- Revenue officials are trying to make a better showing in revenue collections and are giving attention to revenue "pockets" which have been neglected.

Program Weaknesses

- Deepseated resistance to change in methods and practices.
- Adherence to impractical and unproductive tax systems particularly in real estate and business profits taxes.

AID Assistance

- Tax Advisors John O. Rees and David J. Armijo.
- Consideration of loan application, if received, for mapping, inventory and appraisal of real property.

CUSTOMS

Problem - Inefficient administrative and operation procedures in the customs service.

- Slack and inefficient practices.
- Prevalence of smuggling and dishonesty within the ranks of customs officials.

Program Objective

- To assist in the development of an efficient customs service.
- To create uniformity in the classification and appraisal of imported merchandise and to collect the optimum revenue thereon.
- To simplify import procedures.
- To reduce smuggling and frauds on the revenue.

Program Strengths

- Top customs officials and the Ministry of Finance are receptive to customs improvements.
- The Director General of Customs is a young, energetic, capable man with a mandate from the Government to accomplish reorganization.
- The Guatemalan technical advisor to the Director General is an experienced, alert and progressive person actively dedicated to the program.

Program Weaknesses

- Many veteran officers are wedded to the status quo.
- The Customs Code is obsolete and poorly organized.
- Steps being taken toward regional uniformity of customs operations pose problems for unilateral improvements.
- Fear of new practices which abolish the useless repetition of detailed records is difficult to overcome.

AID Assistance

- Customs Advisor Phil G. Fraser; Proposed loan for \$700,000.
- Training grants \$4000 in FY 64; Contract consultant \$5000.

BUDGET AND PLANNING

BUDGET

Problem - Current line item budget is inadequate as a source of information on government activities.

- Failure to use the budget process as a means for more effective planning and executing government activities.

Program Objectives

- To make the budget more clearly describe the activities and costs of the government.
- To utilize the budget as one phase of the planning process.
- To improve the fiscal controls of the government.
- To develop a group of trained budget analysts.

Program Strengths

- The decision to adopt a program budget has been made.
- Instructions for preparing the new budget are being drafted and a staff is being recruited and trained.
- Strong Central American pressure exists to achieve the benefits of program budgeting.
- Government organization follows program lines facilitating conversion to program budgeting.

Program Weaknesses

- Lack of trained staff.
- Failure to understand the importance of coordinated program planning.
- Reluctance to delegate authority.
- Failure as yet to replan the accounting and reporting systems and the execution phase of the budget.

AID Assistance

- Budget Advisor Paul L. Barnes.
- Training grants \$4000 in FY 64.

STATISTICS

Problem - Need for collection and publication of better and more current statistical data on all phases of national life.

- Failure as yet to take any of the censuses included in the plans of the Census of the Americas for 1960.

Program Objectives

- To accelerate census activities culminating in censuses of population, housing and agriculture in 1964 and censuses of industry, trade and services as soon thereafter as possible.
- To update and print key statistical series.

Program Strengths

- The Director General of Statistics is a dynamic, cooperative man.
- Preparations are well underway for the 1964 censuses: experimental censuses have been successfully held, the cartography staff has been increased, and a new building rented and being utilized for census activities.

Program Weaknesses

- Expected shortage of funds to complete the processing of the 1964 censuses and to begin subsequent censuses the following year.

AID Assistance

- Statistical Advisor Darwin C. Zobel.
- Census support grant of \$350,000
- Training grants \$2000 in FY 64.

PHYSICAL RESOURCE PLANNING

Problem - Need for more effective planning for national and regional development.

Program Objectives

- To coordinate the efforts of various agencies interested in research and planning.
- To assist in the gathering and interpretation of data essential to regional development planning.
- To improve the organization and effectiveness of the National Economic Planning Council.

Program Strengths

- Progress is being made toward inter-agency cooperation in planning and in the preparation of an integrated physical resource development plan.
- Effective working relationships have been established with the Planning Council and affiliated agencies.

Program Weaknesses

- The Planning Council lacks personnel, organization and authority to conduct effective large scale planning operations under its own initiative.
- The Planning Council, therefore, is left in the position of serving only as a coordinating agency.

AID Assistance

- Planning Advisor Clarence W. Minkel.
- Training grants \$3,500 in FY 64.

MANPOWER PLANNING

Problem - Lack of attention to the human resource aspect of national development planning.

- Inadequate preparation for the implementation of **the** manpower survey now being completed by CSUCA in Guatemala.

Program Objectives

- To assist in the development and implementation of meaningful plans for the development and utilization of Guatemala's human resources.
- To assist the Ministry of Labor strengthen its manpower activities.

Program Strengths

- The CSUCA study has begun the process of data collection as to manpower supply and demand.

Program Weaknesses

- Lack of awareness of the need for manpower planning.
- Lack of skills necessary to develop and carry out such planning.

AID Assistance

- Contract technician now under recruitment.

ADMINISTRATIVE MANAGEMENT

PUBLIC ADMINISTRATION DEVELOPMENT CENTER (CDAP)

Problem - Lack of skills, knowledge and values necessary to effectively administer government improvement and reform programs.

Program Objectives

- To administer a model government organization that can serve as an example of the possible.
- To promote the national moral and psychological climate conducive to change.
- To marshall and effectively utilize the countries existing talent.
- To provide public employees opportunity for self development and work improvement.
- To provide educational opportunity in administrative sciences to key career officials and to university level youth preparing for government service.

Program Strengths

- Widespread and favorable public and official recognition of CDAP.
- Rapidly increasing numbers of participants, attraction of higher level officials, growing corps of talented civic-volunteer instructors.
- Number of young, energetic and well oriented employees added to staff in past year.
- Increasing multiplication of Center's effectiveness.

Program Weaknesses

- Calls for assistance exceed the Center's capacity to adequately fulfill.
- Complacency and over-satisfaction with progress attained.
- Residue of older employees lacking background to effectively perform at the levels required.

AID Assistance

- Training Advisor James O'Rourke; Contract employee Francisco José Monsanto; Grant aid for library materials, equipment and developmental activities.

GENERAL PERSONNEL MANAGEMENT

Problem - Lack of adequate personnel management machinery to provide an effective and stable work force in government agencies.

- Prevalence of the "spoils system" in appointments and promotions.

Program Objectives

- To install and maintain a civil service (merit) system in the Executive Branch.
- To develop a sound central personnel organization for personnel management services.
- To develop and maintain an effective, capable and dedicated work force of public employees.

Program Strengths

- The felt need on the part of certain key government officials who are aware of the present inadequacies and the need for some system of personnel management.
- An excellent draft civil service law has been prepared.
- The Minister of Economy, a key power figure in the Government, has long been a strong advocate of civil service.
- The intelligent and dedicated efforts of Lic. Elías Herrera, Director of the Classification Office, in advocacy of civil service.
- The existence or emergence of civil service in other Central American countries will probably have a positive influence.

Program Weaknesses

- Failure to enact civil service legislation.
- Lack of understanding concerning the necessity for civil service.
- Paucity of trained personnel to administer a merit system.
- Little support for civil service from civic or employee groups.

AID Assistance

- Personnel Advisor Loyd Hunt (Position E-2'd).
- Training grants \$6000 in FY 64.

CLASSIFICATION AND SALARY STANDARDS

Problem - General absence of job and salary standards throughout the government.

- Wide variations in salaries paid for equivalent work.
- Need for a system of position classification upon which a merit system could be developed.

Program Objectives

- To implement a position classification and salary plan in the government in the fiscal period 1964-65.

Program Strengths

- A classification and salary study has been completed and presented to the Government.
- The Director of the Classification Office is well trained and strongly motivated to getting the plan installed and in building a career service.
- The Minister of Finance is favorable to the adoption of the plan.
- The Chief of Government is inclined toward adoption if the other Ministers do not demonstrate strong negative reactions.

Program Weaknesses

- Only one man is pushing for improvements in this area, the Director of Classification.
- Little understanding on the part of officials of the role classification and salary plans play in administration.

AID Assistance

- Classification and Salary Advisor Dale Agee.

ORGANIZATION AND METHODS

Problem - Overly complicated, inefficient administrative systems exist throughout the government.

- No systematic effort has been made to improve these systems.

Program Objectives

- To develop an active, professionally competent group of management analysts in the Central Organization and Methods Office and in the principal ministries.
- Through the work of these analysts, to promote work simplification in government offices, to reduce administrative costs, and to improve administrative operations.

Program Strengths

- Director of O&M Office is energetic and highly motivated. His supervisor, the Director of the Budget, understands the O&M function and wants to make effective use of the Office.
- The Office and the services it can provide are becoming better known throughout the government.
- Constantly increasing requests are being received for studies and consultations by the Office.

Program Weaknesses

- Small size of the staff of the Office prevents it from undertaking many jobs which need to be done.
- The Office tends to wait for problems to be brought to it rather than seeking out major government wide administrative problems.
- Too often the Office fails in the difficult work of gaining acceptance for its recommendations.

AID Assistance

- O&M Advisor David Jickling.
- Training grants \$10,000 in FY 64.