Managing the Development Process and Aid - Key Factors Affecting the Formulation and Enhancement of Development Administration in East Asia -

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Highlights of the slides
1. Major characteristics of development administration in Thailand, Malaysia and the Philippines
2. Formulation and enhancement of development administration in three East Asian countries
3. Key factors affecting the development administration
4. Final remarks

<Periods of focus>
- Thailand and Malaysia: from the late 50s to the 80s (now emerging donors)
- The Philippines: before and after the 1986 “turning point” (enhancement of development administration still on-going)

Major characteristics of development administration in three East Asian countries

<Thailand> esp. in 1980s
- "Bureaucratic polity"
- Centralized system managed by elite technocrats who were delegated authority from political leaders

<Malaysia>
- "Top-down" development administration
- Centralized system led by political leaders and supported by elite technocrats to realize leaders’ vision

<The Philippines> esp. after 1986
- "Dual track" development administration
- Dual system administered by executive branch but challenged by legislative intervention
2. Formulation and enhancement of development administration in three East Asian countries

### Thailand
- **Prime Minister Sarit**
  - 28th Government
  - 9 February 1959 - 8 December 1963
- **Prime Minister Prem**
  - 43rd – 45th Government
  - 12 March 1980 - 19 March 1983
  - 20 April 1983 - 5 August 1986
  - 5 August 1986 - 29 April 1988

**Thailand**

### Malaysia
- **Prime Minister Rahman**
  - 1st Prime Minister
  - 31 August 1957 – 22 September 1960
- **Prime Minister Razak**
  - 2nd Prime Minister
  - 22 September 1970 - 14 January 1976
- **Prime Minister Mahathir**
  - 4th Prime Minister
  - 16 July 1981 - 31 October 2003

**Malaysia**

### The Philippines
- **President Marcos**
  - 10th President
  - 30 June 1965 - 30 June 1992
- **President Aquino**
  - 11th President

**The Philippines**

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Formulation and enhancement of development administration in three East Asian countries

#### <Thailand> Formulation of development administration

- **Late 50s-early 60s**: basic framework for coordination mechanisms established among central economic agencies, with donor advice (WB, US, etc)
- **Mid 60s**: new administrative machinery (NEDA) created
- **Mid 80s**: national-level committees established to facilitate coordination of priority policy agenda and public-private coordination strengthened

#### Enhancement of development administration

- **Late 60s**: with donor advice (WB, US, etc), basic foundations for coordination mechanisms established among central economic agencies, with donor advice
- **Mid 70s**: new administrative body (NEDA) created
- **Mid 80s**: NEDA reorganized, and inter-agency committees began to facilitate coordination

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#### Formulation and enhancement of development administration in three East Asian countries

- **Prime Minister Sarit’s vision (1959-63)**
  - Adopted “development through growth” concept and introduced “top-down” planning approach
- **Technocrats’ initiatives** -- led by Dr. Puey Ungphakorn:
  - longest serving Governor of the Central Bank (1959-72)
  - Created the basis for coordination among central economic agencies
- **Role of foreign assistance**
  - WB: made available for academic and national defense objectives
  - NEDB: National Economic Development Board, the predecessor institution of the NECB (National Economic and Social Development Board)
**Formulation and enhancement of development administration in three East Asian countries**

**<Thailand> Enhancement of development administration**

- 80s: National level committees and sub-committees established to facilitate coordination for priority policy agenda (e.g. rural development, regional development, private sector participation)
  - Prime Minister Prem's leadership (1980-88)
    - Created PM-led national committees for priority policy agenda and delegated authority to competent technocrats for policy administration
  - Technocrats' initiatives (especially NESDB* technocrats)
    - Played a significant role as a coordination center for PM-led national committees (NESDB acted as Secretariat for major national committees)

* NESDB: National Economic and Social Development Board

**<Malaysia> Formulation of development administration**

- First Prime Minister Rahman's vision (1957-70)
  - Emphasized socioeconomic development, especially rural development
- Deputy Prime Minister (and Second PM) Razak's initiatives
  - Introduced the Red Book and the "the Operations Rooms" to administer development plans and to facilitate coordination
- Role of foreign assistance
  - WB: assisted to establish and strengthen the govt's planning capacity
  - UK: assisted drafting the First (1957-60) and the Second (1961-65) Malaysia Plans

* EPU: Economic Planning Unit

**<The Philippines> Enhancement of development administration**

- 70s: new administrative machinery added to secure enforcement of the New Economic Policy (1971-)
- 80s: coordination system between public and private sector strengthened
  - Prime Minister Razak's leadership (1970-76)
    - Originating from "the Operations Rooms", new administrative machinery (ICU*) added in 1971 to monitor implementation of programs and projects
  - Prime Minister Mahathir's leadership (1981-2003)
    - Created PM-led national committees (NESDB acted as Secretariat for major national committees)

* ICU: Implementation Coordination Unit

**Formulation and enhancement of development administration in three East Asian countries**

**<Malaysia> Formulation of development administration**

- Late 50s-early 60s: basic foundation for planning and coordination system formulated and the Prime Minister's Department strengthened (British system adopted)
  - First Prime Minister Rahman's vision (1957-70)
  - Emphasized socioeconomic development, especially rural development
  - Deputy Prime Minister (and Second PM) Razak's initiatives
    - Introduced the Red Book and the "the Operations Rooms" to administer development plans and to facilitate coordination
  - Role of foreign assistance
    - WB: assisted to establish and strengthen the govt's planning capacity
    - UK: assisted drafting the First (1957-60) and the Second (1961-65) Malaysia Plans

**<The Philippines> Formulation of development administration**

- 70s: centralized development administrative body (NEDA*) created in support of President Marcos' dictatorship
- After 86: NEDA reorganized and interagency coordination began through NEDA interagency committees
  - President Marcos' dictatorship (1965-86)
    - Created centralized planning body (NEDA) aiming to support Marcos's centralized authoritarian policy administration
    - Along with democracy restoration initiatives, reorganized NEDA as an independent planning agency, and promoted interagency coordination through NEDA committees

* NEDA: National Economic and Development Authority

**Formulation and enhancement of development administration in three East Asian countries**

**<The Philippines> Formulation of development administration**

- 90s: NEDA Board interagency committee functions institutionalized and ODA management strengthened -- but such executive efforts undermined by "legislative intervention"
  - President Ramos's leadership (1992-1998)
    - Strengthened NEDA functions including ODA management
  - Technocrats' efforts and role of foreign assistance
    - Made efforts to secure policy coherence and to facilitate coordination
    - The WB, ADB, GTZ, AusAID etc.: provided TA to strengthen capacity for planning and public expenditure management
  - "Dual track" development administration -- "legislative intervention" challenging the executive efforts
    - "legislative intervention" bypassing the executive scrutiny especially for budgeting

**3. Key factors affecting the development administration**

- Quality of leadership
  - long-term development visions and political will
- Alliance between leadership and technocrats
  - role of technocrats to realize leaders' visions
- Degree of political intervention to the "executive branch"
  - existence of a broad political coalition focused on realizing development for the benefit of the whole country
- Fear of external and domestic crises
  - a sense of political, social and economic urgency
- Utilization of aid as integral part of development management
**Key factors affecting the development administration**

**<Basic assumption>**
- Synergetic effects of each “factor” affected the countries’ overall development administration
- (Uncontrollable) external factors (both positive and negative) gave major impacts on the development administration
- Effect of the 1985 Plaza Accord in Thailand
- Aftermath of the 1969 ethnic riot in Malaysia
- Leadership mattered especially at the critical stages of development

**Thailand: Key factors affecting the development administration**

<table>
<thead>
<tr>
<th>Quality of leadership</th>
<th>PM Sanit (Late 50s-early 60s) -- showed development vision and exercised strong leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PM Prem (80s) -- played a leading role especially in priority policy agenda, and delegated authority to technocrats</td>
</tr>
<tr>
<td>Alliance between leadership and technocrats</td>
<td>Competent technocrats functioned as strong support arms to administer policy</td>
</tr>
<tr>
<td>Degree of political intervention to the “executive branch”</td>
<td>Technocrats were effectively insulated from political pressures</td>
</tr>
<tr>
<td>Fear of external and domestic crises</td>
<td>Thai gov’t strived for structural transformation (late 70s-80s)</td>
</tr>
<tr>
<td>Utilization of aid as integral part of development management</td>
<td>Thai govt strategically and selectively utilized donor assistance for “graduation”</td>
</tr>
</tbody>
</table>

**Malaysia: Key factors affecting the development administration**

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<th>Quality of leadership</th>
<th>PM Mahathir (80s) -- exercised strong leadership in strengthening public private partnership</th>
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<tbody>
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<td></td>
<td>PM Razak (70s) -- played a leading role in enhancing administrative machinery to implement New Economic Policy</td>
</tr>
<tr>
<td>Alliance between leadership and technocrats</td>
<td>Technocrats made efforts to enhance administrative capacity and human resource development to realize PM’s vision and policy objectives</td>
</tr>
<tr>
<td>Fear of domestic crises</td>
<td>Malaysia govt utilized development machinery as a tool to realize country’s overriding objective: promoting national unity through “poverty eradication” and “restructuring of society”</td>
</tr>
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<td>Utilization of aid as integral part of development management</td>
<td>Malaysia govt strategically and selectively utilized donor assistance for “graduation”</td>
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**The Philippines: Key factors affecting the development administration**

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<th>Quality of leadership</th>
<th>President Marcos (prior to 86) -- created central development administration system to maintain his dictatorship</th>
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<td>President Aquino (after 86) -- reorganized development administration system with the resumption of democracy</td>
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<tr>
<td></td>
<td>President Ramos (90s) -- strengthened and institutionalized development administration system</td>
</tr>
<tr>
<td>Alliance between leadership and technocrats</td>
<td>Technocrats streamlined administrative structures and functions to efficiently carry out development policy</td>
</tr>
<tr>
<td>Degree of political intervention to the “executive branch”</td>
<td>Legislative intervention over the “executive branch”, especially during the budget process, undermining the role and efforts by the technocrats</td>
</tr>
<tr>
<td>Utilization of aid as integral part of development management</td>
<td>The Philippine govt has been utilizing foreign assistance actively -- strategic and selective use of aid??</td>
</tr>
</tbody>
</table>

**Strategic and selective utilization of aid**

- Thailand: govt requested WB assistance in formulating the development administration (late 50s) -- anticipating the WB’s successive assistance for infrastructure development
- Thailand aggressively utilized foreign assistance to send promising technocrats abroad to study and bring knowledge/technology back home to incorporate it into the Thai sysrem.
- Thailand tried to secure bargaining power against donors
- Thai govt requested the WB assistance in formulating the development administration (50s-60s) -- anticipating the WB’s successive assistance for infrastructure development
- Thailand strategically and selectively utilized donor assistance for “graduation”

- Malaysia: govt utilized the WB and the UK assistance in formulating the development administration (50s-60s) -- institutionalized foreign knowledge tailored to local context
- Malaysia govt utilized the assistance from the US, the UK and the WB to send competent young technocrats abroad to study as a part of the long-term human resource development plan
- Malaysia govt created INTAN in 1972 to train govt officers for human resource development
- Malaysia strategically and selectively utilized donor assistance for “graduation”

- The Philippines: govt utilized WB’s successive assistance for infrastructure development (50s-60s) -- anticipating the WB’s successive assistance for infrastructure development
- Philippines utilized the assistance from the US, the UK and the WB to send competent young technocrats abroad to study as a part of the long-term human resource development plan
- Philippines strategically and selectively utilized donor assistance for “graduation”

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* DTEC: Department of Technical and Economic Cooperation
4. Final Remarks

- Key actors have various quality and competency in administering development policy, and their relationships show diverse configuration.
- Donors need to understand the local context carefully when aiming to enhance recipients’ development administrations.
  - Quality of leadership
  - Alliance between leadership and technocrats
  - Degree of political intervention to the "executive branch"
  - Fear of external and domestic crises
  - Utilization of aid as integral part of development management.

Thank you very much!

Please visit our website for this study:
"Managing the Development Process and Aid”
—East Asian experiences in building central economic agencies—
http://www.grips.ac.jp/forum-e/research2006/aidmgt.htm

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