

# INSTITUTIONAL AND ADMINISTRATIVE DEVELOPMENT

## 7.1 INTRODUCTION

Development of state administrative apparatus and various institutions is a key determinant of improvement of competitiveness of the national economy. Over the past decades, the Kingdom has witnessed comprehensive economic and social development, accompanied by expansion of activities of the government sector, and an ongoing process of institutional and administrative development. Transition has been effected from building new organizational structures of government, and revising existing structures and determining their tasks, to a more advanced stage, characterized by focusing on employment of technical advances and modern scientific knowledge in the development process, in response to the challenges of internal development and the requirements of globalization.

The Ninth Development Plan aims at continuing the efforts towards qualitative institutional and administrative development, employing modern technologies, thereby laying the foundations of a competent government apparatus capable of continuous development, and preparing the ground for transition to adopting performance excellence as the basis for evaluating efficiency of government agencies and the quality of their services. Moreover, efforts will continue to review structures of administrative bodies, facilitate government procedures and enhance their efficiency, and augment complementarity in public administration.

This chapter reviews the current conditions of institutional and administrative development, as well as the relevant changes during the Eighth Development Plan. Key issues and challenges, future vision, and objectives and target policies under the Ninth Development Plan are also presented.

## 7.2 CURRENT CONDITIONS

### 7.2.1 Overall Performance

Improvement of the overall performance of the government sector and the quality of its services was one of the main concerns of the Eighth Development Plan. In addition to several studies conducted to review the administrative structures of government agencies and institutions, enhancement of their performance efficiency through the use of modern technologies, by adopting e-government and related applications, received a great deal of attention. This was coupled with laying the foundations of a system to measure performance of government administration, and with adopting resolutions aimed at enhancing transparency and combating corruption.

The Ministerial Committee for Administrative Organization continued to work on reviewing the administrative structures of government agencies and institutions, with the aim of improving performance. Several sectoral studies and studies of individual government agencies were conducted, in addition to others on general themes of an organizational nature. The recommendations of most of these studies were adopted and work began on their implementation.

Under the Eighth Development Plan, a number of organisational and administrative measures were taken and new agencies were established to develop public services and enhance their quality, including, for example; the General Housing Authority; the National Population Committee; the Environment Council; the Saudi Railways Corporation; the Saudi Export Development Authority; and the Centre for Performance Measurement of Government Agencies at the Institute of Public Administration. In addition, village clusters were abolished and transformed into municipalities, and an Agency for Surveying and Land at the Ministry of Municipal and Rural Affairs was established, as were the Agency for the Registration of Real Estate at the Ministry of Justice; the Health Endowment Fund; the Consumer Protection Association and the Agency for Consumer Affairs at the Ministry of Commerce and Industry; the National Centre for Alternative and

Complementary Medicine at the Ministry of Health; and a national joint-stock company owned by the State, for providing of medicines, medical equipment and surgical supplies. Moreover, the name of the Technical Education and Vocational Training Corporation was modified to Technical and Vocational Training Corporation, health colleges and institutes were transferred to the Ministry of Higher Education, and teacher training colleges and Girls' colleges were transferred from the Ministry of Education to the Ministry of Higher Education.

To support efforts to raise administrative efficiency in government agencies, Council of Ministers Resolution No. 129 of 2007 required establishing an internal audit unit in each government agency and public institution to undertake evaluation of internal control systems and verification of adherence of government agencies to rules, regulations, instructions and financial procedures.

Under the Eighth Plan, a number of government agencies and institutions were also restructured, such as the Saudi Arabian Agricultural Bank whose name was changed to the Agricultural Development Fund, and some departments of the Ministry of Water and Electricity, which were turned into a joint-stock company under the name of the National Water Company.

In addition, the Ministry of Labour was reorganised, as were the Saudi National Centre for Organ Transplantation; the Ministry of Hajj; the Saudi Commission for Tourism and Antiquities; the Saudi Arabian Standards Organization, whose name was changed to the Saudi Standards, Metrology and Quality Organization. The name of the Saudi Red Crescent Society was changed to the Saudi Red Crescent Authority. The National Committee on the Programme on Man and the Biosphere was reorganised. Functions of the Ministry of Petroleum and Mineral Resources were clarified, as were those of the Presidency of Meteorology and Environment, in relation to the Convention on Climate Change and the Kyoto Protocol.

## 7.2.2 E-Government Transactions

The State has attached special importance to using modern scientific applications to upgrade performance of government institutions, thereby stimulating economic activity by ensuring speed and accuracy of transactions, both among government agencies and between them and citizens and the business sector. Under the Eighth Plan, a number of important measures were taken, which together formed a comprehensive legal system for the application of e-government transactions. Council of Ministers Resolution No. 40 of 2006 endorsed e-Government transactions controls, and Royal Decree No. M/18 of 2007 approved the electronic transactions system, with its embedded set of controls of electronic dealings and signatures and the legal framework it provides.

Moreover, the e-Government Programme, YESSER, was set up, with two tracks. The first was dedicated to providing the basic requirements for the programme, and the second to the implementation of a number of projects (Box 7.1). This programme allows measurement of the extent of the shift to electronic transactions by using specific indicators, and the results of this measurement are submitted to the Royal Court in a semi-annual report.

### **Box 7.1: Projects in the Field of Electronic Transactions**

- **Survey of Government Services Project:**  
Aims to identify the most important services offered by the State to individuals and businesses, and their essential characteristics, and thereafter develop appropriate electronic applications for them.
- **National Portal of Government Services Project:**  
Aims to create a unified internet website to facilitate dealing of citizens, residents and the private sector with government sectors, and enhance transparency.
- **Electronic Forms Project:**  
Aims to promote use of electronic forms among government agencies, whether in the form of printed, encrypted, machine-readable forms or electronic files sent securely and read automatically.
- **Government Agencies Directory Project:**  
Aims to develop an electronic directory of contact information with government agencies and affiliated information centres to be published electronically on the internet.

The above-mentioned resolutions and measures served to contribute to tangible progress in government departments implementing the electronic transactions programme, especially for business facilitation, through use of the internet to execute and follow-up transactions and to fill in forms on the websites of government and public institutions.

### **7.2.3 Protection of Integrity and Combating of Corruption**

This issue, which is a key determinant of government efficiency, is of widespread global concern. In response to this concern, Council of Ministers Resolution No. 43 of 2007 approved the National Strategy to Protect Integrity and Combat Corruption. The resolution pointed to the importance of founding a national body to combat corruption, which monitors, reviews and evaluates the results of the strategy, in addition to developing work programmes and implementation mechanisms.

The strategy comprised general objectives and means for achieving them, in order to ensure protection of integrity and combating of corruption in all its forms and manifestations, which would provide a favourable working environment and entrench the principle of openness and transparency in government institutions and agencies.

### **7.2.4 Performance Measurement in Government Agencies**

The shift towards globalization and economic and trade liberalization has led to increased use of development indicators designed to measure performance of specific sectors, such as the indicators of economic freedom, of business environment, and of competitiveness. Since efficient performance of government agencies of their task is a necessary condition for the efficiency and quality of the overall economy, measurement of the efficiency of these agencies has received a great deal of interest. Indeed, measurement of government performance is an integral part of the broader and deeper process of developing institutional performance, for it relates primarily to inputs and outputs of government agencies, and covers a set of clear, reviewable and measurable indicators. The results of measurement

reflect the extent of the efficiency of use of available resources to achieve goals, including improvement of the quality of service, the appropriateness of services provided to beneficiaries, and the extent of the contribution of these services to improvement of the quality of life.

Cognisant of the importance of measuring government performance for assessing conditions and identifying shortcomings and development paths, the Council of Ministers issued Resolution No. 187 of 2008 to establish at the Institute of Public Administration a centre for measurement of performance of government institutions. In the first stage, this centre will be directly under the director of the Institute. Upon evaluation, it will become, in the second phase, independent from the Institute and will report directly to the Prime Minister directly. The Centre will measure performance of government agencies, deriving annual performance indicators for them. The main tasks entrusted to the Centre include:

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- Measurement of current rates of production of government agencies.
- Measurement of rates of change of production of government agencies by comparing production between two periods.
- Measurement of the efficiency of production of government agencies by examining how optimally they use their resources.
- Measurement of the effectiveness of government agencies, through measurement of the quality of the services they provide.
- Comparison of performance of branches of the same government agency in terms of production and efficiency.
- Comparison of the standard of performance of a government agency with that of similar agencies in other countries.
- Building a database allowing inputs and outputs of government agencies to flow to the measurement center.
- Preparation of reports on performance of government agencies benefiting from the service.
- Preparation of annual reports on achievements of the Centre.

- Making recommendations to government agencies benefiting from the performance measurement, thereby enhancing their strengths and addressing deficiencies in their performance.

## 7.3 ISSUES AND CHALLENGES

### 7.3.1 A Comprehensive Strategy for Institutional and Administrative Development

In response to the pragmatic need for monitoring the development targets of the national economy, as well as to the successive changes in the global environment, the Kingdom has, over the past decades, taken numerous institutional and administrative development steps. The development thinking of the Kingdom has moved from medium-term to long-term strategic planning. Hence, the system of comprehensive sustainable development has come to be based on a long-term perspective and development strategies that go well beyond the time horizon of the five-year development plans. As a result, these plans have come to constitute together an integrated series, aimed at achieving the hopes and aspirations of society.

In keeping with modern intellectual and practical trends in the Kingdom, it has thus become necessary to adopt for all aspects of institutional and administrative development a well-defined strategy, to be implemented within a specified period, thereby reflecting the long-term vision of the Kingdom. The strategy would at the same time adopt the best global methodologies to arrive at a clear definition of the process of institutional and administrative reform, delineating objectives, implementation and monitoring and evaluation mechanisms, and the role of various institutions and authorities. In addition, such a strategy requires consolidation of the decisions of the Ministerial Committee for Administrative Organization, by providing an effective tool for monitoring its decisions and the commitment of government agencies to their implementation.

### **7.3.2 Appropriateness of Organizational Structures**

Raising performance of government agencies is closely linked to the extent of appropriateness of their organizational structures to the tasks entrusted to them, as well as the availability of organizational manuals defining these tasks. Despite the efforts made to develop the organizational structures of government agencies, many still need further development to keep pace with developments in the tasks entrusted to them and to implement them at a higher level of efficiency. Furthermore, many agencies need to have organizational manuals that define procedures, responsibilities, and competencies. Absence of such manuals could result in lack of clarity of objectives and major tasks, which, in turn, may impede administrative work and subsequently impact development negatively.

### **7.3.3 Implementation of Public Projects**

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The economic efficiency of investment depends on the size of financial resources invested and their distribution by economic sector, as well as on the efficiency of the implementation cycle of investment projects. In this regard, raising economic efficiency of government projects requires revision of adopted procedures and mechanisms in their three main stages: pre-contract, implementation, and post-implementation pilot operation. Ensuring effectiveness of the project implementation cycle requires:

- Ensuring the quality of feasibility studies and their inclusion of all generally accepted components.
- Adopting prior technical and financial qualification of contractors, limiting it to categories compatible with the requirements and nature of the project.
- Ensuring quality and clarity of technical standards, and introducing the performance standards expected of the project when operational as the final handover requirement.
- Taking due care in overseeing implementation of projects to correct errors before they escalate.

- Evaluating the project implementation process after it is completed and documenting experiences to benefit future projects.

### 7.3.4 Human Resources Development

Development of national human resources was accorded the greatest importance by successive development plans, which have striven to effect continuous development of skills and capabilities of human resources, through qualitative and quantitative expansion of education programmes, technical education and vocational training. However, government work requires moving on a large scale to electronic transactions, as well as laying the foundations of performance excellence. Hence, implementation of the programme for capacity building and development of electronic transactions skills in the government sector needs to be expedited, in addition to expanding its scope to cover all government agencies, thereby contributing to reduction of workflow, facilitation of processes and raising efficiency of staff of government agencies.

### 7.3.5 Performance Indicators

Measurement of government performance is one of the major components of the system of performance development and quality-of-service improvement in government agencies. Such measurement is conducted through a package of integrated indicators, covering all activities of government institutions and reflecting achievements made and extent of deviation from target levels. Ensuring continued success of institutional and administrative development, therefore, requires intensification of the efforts of the Centre for Performance Measurement of Government Agencies, along with providing the centre with the competencies required for developing indicators appropriate to the nature of activity of each government entity.

Notably, the system of electronic preparation and follow-up of the operational plans of government sectors, which will be applied by the Ministry of Economy and Planning under the Ninth Development Plan,

would be an important, effective building block in performance evaluation of these sectors.

## **7.4 DEVELOPMENT STRATEGY**

### **7.4.1 Future Vision**

Advanced institutional and administrative structure that ensures effectiveness, efficiency and equity in management of government business and activities, including planning, implementation and evaluation of development projects in general, and administrative development and reform in particular, ultimately leading to satisfaction of the needs of beneficiaries of government services and products, speedily and efficiently; in the context of state policies, and future directions.

### **7.4.2 Objectives**

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- Upgrading and rationalizing administrative apparatus of the State, as well as controlling its cost within the limits of actual need, thereby achieving efficiency and effectiveness and keeping pace with developments and changes in various fields of development.
- Developing and invigorating various administrative agencies of the state and improving the quality of services provided to citizens.
- Continuing adopting the project for restructuring government apparatus and relevant supporting scientific, field studies, through the Ministerial Committee for Administrative Organization.

### **7.4.3 Policies**

- Developing of government agencies, administrative units in detail, in reference to objectives and service activities, removing duplication or conflict among them, and ensuring proportionality between the size of each government institution and the tasks assigned to it.

- Taking appropriate measures to increase organizational effectiveness, enhance efficiency of government agencies and employees, facilitate and improve workflows and work systems, with the aim of improving quality of services provided to citizens by government agencies.
- Working towards increasing compatibility between size of administrative units of government and requirements and conditions of employment on the one hand, and future aim of having fewer, more competent, better performing government agencies on the other.
- Reducing operating costs of the government apparatus, and directing the resulting savings towards increasing effectiveness and efficiency.
- Increasing complementarity with the private sector, promoting its role in overall development, and privatizing whatever is possible of government activities or managing them commercially.
- Accelerating completion of the e-government transactions programme (YESSER).
- Developing internal and external efficiency of government agencies.
- Promoting a culture of performance excellence among government employees and entrenching it in all government agencies.
- Ensuring compatibility of institutional structures of government agencies with the tasks assigned to them.

#### 7.4.4 Targets

- Completing the construction of internet websites for all government agencies.
- Including all relevant regulations, procedures and forms in government agencies websites.

- Establishing rules of excellence in all government departments serving citizens.
- Completing development of benchmark performance measurement models for all government agencies.
- Qualifying workers in various government departments for meeting the requirements of e-government applications, as well as for achieving excellence in performance.

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