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THE BUDGETARY SYSTEM AND PROCEDURES OF AFRICAN COUNTRIES

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I. The public sector in African countries

1. The importance of the public sector in developing economies has gained recognition in recent times. Many factors exert pressure on the public sector to enhance its responsibilities in the economic and social field and consequently making for growth in its scope and structure.^{1/}
2. One of these factors is the increase in population. This is in itself a natural factor in the expansion of government activities and public expenditure. The need to provide for an ever increasing number of persons under the public health, education, housing and social security programmes, obviously contributes to the expansion of government services in such areas.
3. The provision of these social services is possible only if there is a simultaneous increase in the production of food, manufactures and other basic goods, which cannot be achieved without the expansion of installed production capacity, and this in turn hinges on the development of the transport and communications system. The growth of those economic services designed to increase the infrastructure gives rise to further need for State action.
4. The very requirements of economic development have imposed on many governments the task of increasing their investment expenditure. Expansion of the private sector exerts pressure on the public sector, as in the case of considerable industrial expansion which must be accompanied by public works designed to enlarge the supply of electric energy, water, highways, etc., all of which are the responsibility of the public sector. The rate of public investment, in its turn, has become one of the main contributors to the country's efforts in the direction of capital formation, accounting some time for about 30 to 50 per cent of domestic investment.
5. At the same time, the African economies, whose development is closely bound up with world market conditions, call for urgent State action for the

^{1/} The use of term "public sector" follows the definition given in the Report of the Workshop on Problems of Budgetary Reclassification and Management in Africa. Document ST/TAO/Ser.C/53. 1961

creation of a stable, and even compensatory, market which will guarantee some degree of equilibrium in effective demand. This level of fiscal demand becomes an incentive to the growth of production in countries whose raw material prices fluctuate abroad and in which large sectors of the population lack sufficient purchasing power and are, therefore, excluded from the market. Government demand would appear to provide a transitional answer to the narrowness of the markets in many African countries.

A. Expansion of the public sector organization

6. The combination of factors referred to above has helped to enhance the size of the organization of the public sector and increase its complexity. A great many bodies have been set up to deal with the various problems generated by a developing economy. Conjointly with the growth of public agencies there has been a sizable increment in the labour force employed by government services, which has rendered public administration more complex and its operations more costly.

7. The logical consequence of the factors mentioned above has been the growth of public expenditure. Africa's public sector as a whole is at present absorbing from 10 to 50 per cent of the gross domestic product.^{1/} The absorption of such a large share of domestic production has not been accompanied, as might have been desired, by a simultaneous improvement of efficiency in utilizing these resources.

8. The structure of the public sector comprises two main levels:

- 1) The entities of the general government and
- 2) The State corporation^{2/}

The general government includes legislative, executive and judicial bodies, ministries or departments, other bodies administering public policy with the same accounting arrangements as departments, and extra-budgetary funds not treated as funds for enterprises or ancillary activities. Their purpose is to provide services directly to the public, without charge.

^{1/} See ECA, Survey of Development in Public Finances of African countries, Document E/CN.14/BUD/6, 1966.

^{2/} See definitions of this term in ECA, Guidelines for the Co-ordination of National Budgets with National Development Plans, Document E/CN.14/BUD/3.

9. The General Government comprises three kinds of organizations:
- a) The organizations of the Central Government, which includes legislative and judicial bodies, as well as ministries and departments, in charge of the central public policy. In Africa, the legislative body is the National Assembly; the executive is in the hand of the head of the government with the title of Emperor, King, President of the Republic, Governor-General, Prime-Minister, etc. The judicial branch is headed by the Supreme Courts and is integrated by courts, judges, etc. The ministries are in-charge mostly of the execution of the government policy; their number varies from country to country (from 10 to 30 different ministries).
 - b) The Decentralized Agencies, embrace all the agencies with autonomy in-charge of specific functions or programmes, but financed by the central government. They include the Universities, Social Security Agencies, some Development Agencies^{1/} etc. In general, they are financed by extra-budgetary funds. In Africa there has been a tendency after independence to expand this type of entity. Countries like Zambia, Malawi, have recently created their national Universities, and some social security institutions.
 - c) The Local Governments, comprise local authorities, provincial governments, regional councils, etc. There is also a tendency to expand local government, following the needs created by the growth of population, the urbanization process, the rural development schemes, etc.
10. On the other hand, there is a growing number of entities incharge of the production of goods and services for sale in the market a price so fixed as to cover approximately the cost of production. These are the public or state enterprises. They can be of an economic type or of a financial type.

^{1/} Development agencies have been created specially for multi-purpose projects; for example the White Nile Scheme Board in the Sudan; the Volta River Authority in Ghana; the High Dam Agency in the U.A.R.; the Tema Development Corporation in Ghana; the Awash Valley Authority in Ethiopia; the Malawi Development Corporation; the Development Corporation of Tanzania; etc.

11. The economic type of state enterprise produce goods and services for the sectors of agriculture, mining, industry, fuel and power, transportation, communications, etc. In the agriculture sector entities like the Cocoa Marketing Board and the State Farm Corporation in Ghana; the Society for Technical Assistance for the Modernization of Agriculture in Ivory Coast; the Public Authority for Agricultural Production and the Public Organization for Land Development in the U.A.R. can be mentioned.

12. In the mining sector, the Gold Mining Corporation in Ghana; the Egyptian Public Organization for Mining in the U.A.R. can be cited as examples.

13. In the Industrial sector should be mentioned the Steel Works Corporation and the State Cement Works Corporation of Ghana; the Society of Mixed economy for urbanisme and construction in Ivory Coast; the Egyptian Public Organization for Food Industries and the Egyptian Public Organization for Chemical Industries in the U.A.R.; the Development Corporation of Tanzania; the Industrial Development Corporation of the Sudan; the Industrial Development Corporation of Kenya; etc.

14. In the fuel and power sector there are enterprises like the Electricity Corporation in Ghana; the Company of Electric Energy of Ivory Coast; the Electricity Company d'Atakpamé in Togo; the Egyptian Public Organization for Petroleum; the Egyptian Public Organization for Electricity; the Electricity Corporation of Nigeria; the Central Electricity and Water Administration in the Sudan; the Electricity Supply Commission of Malawi; etc.

15. In the transport sector can be mentioned the Transport Corporation, Ghana Railways, Shipping Corporation in Ghana; Posts of Abidjan in Ivory Coast; Railways of Mali; Railways of Senegal; the Public Authority for Egyptian Railways and the Suez Canal Enterprise in the U.A.R.; the Nigerian National Shipping Line; Nigeria Port Authority; the Nigerian Railways Corporation; the Sudan Railways; the Sudan Airways; the Sudan Shipping Line, etc.

16. In the Communication sector there are entities like the Telecommunications Corporation in Ghana; Office of Post and Telecommunications of Ivory Coast; Office of Post and Telecommunications of Mauritania.

17. In the trade sector it is possible to mention the Ghana Trading Corporation; the Office for Commercialization of Products of Upper Volta; the Society for Imports and Exports of Mali; the Society for the Promotion of Exports of Niger; the Office for Agricultural Commercialization of Senegal; the Egyptian Public Organization for Trade and the Public Authority for the Promotion of Exports in the U.A.R.

18. The financial enterprises are formed principally by state owned banks or mixed bank organizations. The purpose of this institution is the purchase and sale of financial credits, borrow funds, administer savings or insurance, print money, etc. The principal institutions in this field are the Central Banks; many African countries have created their own Central Banks after independence.^{1/}

19. Many African countries have special investment or development banks. For example, the Development Bank of Ghana, the Development Bank of Cameroon (1961); the National Bank for Development of the Central African Republic (1961); the National Bank for Development of the Congo Brazzaville (1961); the Credit Bank of the Ivory Coast (1962); the Dahomey Bank for Development (1962); the Gabon Bank for Development (1960); the National Bank for Development of the Upper Volta (1962); the Society of Investment and Credit of Madagascar (1961); the Bank for Development of Mauritania (1961); the Bank for Development of Niger (1961); the Senegal Bank for Development (1960); the Bank for Development of Chad (1962); the Credit Bank of Togo (1960); the National Bank for Economic Development of Morocco (1959); the Tunisien Society of Banks (1957).

20. In many countries the savings bank, the insurance companies and other financial institutions belong to the public sector. This is the case of U.A.R., Algeria, Ghana.

^{1/} For complete information see ECA, Survey of Monetary Institutions in Africa. Document E/CN.14/STC/AMA/2.

B. The size of the public sector in African countries

21. The creation of new organizations inside the public sector area for promoting education, social security, public welfare, and economic development has been followed by an increase in the share of GDP absorbed by the government.

22. In North Africa this share rose from 35 per cent in 1959 to 40 per cent in 1960 in Algeria; from 21 per cent in 1959 to 47 per cent in 1964 in the UAR; and from 15 per cent in 1959 to 24 per cent in 1964 in the Sudan.

23. In West Africa the participation of government expenditures in GDP rose from 14 per cent in 1959 to 16 per cent in 1962 in Nigeria; from 17 per cent in 1959 to 25 per cent in 1964 in Ghana; from 15 per cent in 1959 to 17 per cent in 1964 in Ivory Coast; etc.

24. In East Africa the share of government expenditure in GDP rose from 8 per cent to 9 per cent in 1960 in Ethiopia; from 21 per cent in 1959 to 25 per cent in 1964 in Kenya; from 17 per cent in 1959 to 19 per cent in 1963 in Uganda; from 13 per cent in 1959 to 17 per cent in 1962 in Tanzania; from 18 per cent in 1959 to 22 per cent in 1963 in Malawi; from 12 per cent in 1959 to 18 per cent in 1964 in Zambia; etc.

25. The size of the public sector is not the same in African countries. There are doctrinary and historical factors which influence the extension of the activities of the government. At least three types of public sectors can be identified in Africa, depending on the size and structure of the government organization:

- a) There are countries with a small public sector which absorb a limited share of GDP (less than 10 per cent);
- b) There are middle size public sector which absorb from 10 to 25 per cent of GDP; and
- c) There are large public sectors which control over 25 per cent of GDP. In the following section brief examination is made of these structures.

a) Countries with a small public sector

26. In some countries, the government has a small size and most of the economic activities are the responsibility of the private sector. This is the case, for example, of Ethiopia (absorb 9 per cent of GDP), Gambia and Chad.

27. In Gambia the public sector is composed of the Central Government and Local Government. The Central Government comprises the Office of the Governor-General, the Legislative Power, the Judicial Power, the Office of the Prime Minister, and the Ministries of External Affairs; Finance; Local Government and Lands; Agriculture-Works and Communications; Education; Labour and Social Welfare; and Health. Government enterprises and public utilities are embodied in the Central Government.

28. Local Government comprises the Bathurst's City Council and six Area Councils with elected members. The Area Councils receive grant-in-aid from the Central Government.

29. In Ethiopia the public sector comprises the Central Government, local authorities and public enterprises. Central Government includes the Imperial Office, the Parliament, the Ecclesiastical Office, the Prime Minister's Office; and the Ministries of Pen, Foreign Affairs, National Defence, Pensions, Stores and Supplies, Interior, Justice, Education, Public Health, National Community Development, Land Reform, Finance, Development and Planning, Mines, Agriculture, Commerce and Industry, Public Works and Communications and Posts, Telephones and Telegrammes, Information.

30. Local Government includes provincial and communities governments. There are public utilities enterprises like the Ethiopian Light and Power Authority and promotional entities, like the Awash-Valley Authority.

b) Countries with middle size public sector

31. In these countries there exist a mixed economy in which the public sector co-operates with the private sector in the promotion of development. It must be said that the majority of the African countries are actually organized on these lines.

32. Some of the most representative economies of these types are, for example, Ghana, Sudan, Morocco, Tanzania, Senegal, Tunisia, Zambia, Uganda, etc.

33. In the Sudan the Public Sector absorbed 31 per cent in 1962-63 and 33 per cent in 1963-64.

34. Public Sector comprises in Sudan the Central Government, the Provincial Councils, the Local Councils, the Sudan Railways, the Gezira Board, the Gash Board, the White Nile Schemes Board, Equatoria, Projects Board, the Sudan Airways, the Bank of Sudan, the Agricultural Bank, the Industrial Bank, the University of Khartoum, the Central Electricity and Water Administration, the Sudan Shipping Line, the Industrial Development Corporation and some new government owned enterprises.

35. Kenya has four levels of government: the Kenya Government, the East African Common Services Organization, the seven Regional Authorities and the 40 Municipal and County Councils.

36. The Central Government has the following ministries: Agriculture and Animal Husbandry, Commerce and Industry, Education, Finance and Economic Planning, Health and Housing, Home Affairs, Information, Broadcasting and Tourism, Internal Security and Defence, Justice and Constitutional Affairs, Labour and Social Services, Land and Settlement, Local Government, Natural Resources, Works, Communications and Power. Also includes the National Assembly, the Presidency and Prime Minister's Offices, the Judicial Power, and some development agencies. The Central Government absorb around a 25 per cent of total GDP in 1963-64 against a 21 per cent in 1959-60.

37. For the execution of an aggressive development policy, the scope of the public sector of Ghana increased rapidly after independence. On the whole, the public sector, on a consolidated basis, participates in national product to the extent of more than 35 per cent. The share of the Central Government represents almost 25 per cent of Gross Domestic Product. Central administration has grown very rapidly. Thirty different ministries were shown in the draft budget for 1966. Reforms introduced in March 1966 reduced this number to 17. The Ministries actually existing are: Agriculture,

Forestry, Land and Mineral Resources, Industry, Communications, Works and Housing, Trade, Education, Health, Labour and Social Welfare, Economic Affairs, Information, Interior, Local Government, External Affairs, Finance and Defence.

38. There are many decentralized agencies in charge of some specific social sector. In education there are around 17 different organizations like the University of Ghana, University of Science and Technology, University College of Science Education, Institute of Public Education, Institute of Public Administration, College of Arts, Ghana Science Museum, University College of Agriculture, Institute of Demography and Fisheries, General Legal Council, Ghana Academy of Science, Atomic Energy Commission, National Cultural Centre at Kumasi, etc. The Insurance Corporation is in charge of the social security scheme of the country.

39. There are two general agencies in charge of the promotion of economic development, the Volta River Authority and Tema Development Corporation.

40. In the level of Local Government there are the following governments: Regions of Ashanti, Brong-Ahafo, Eastern, Northern, Western, Volta, Central, Upper and Accra District.

41. The public sector is completed with about 54 public enterprises. These enterprises can be classified into agricultural, mining, fuel and power, industrial, construction, transportation and commercial enterprises.

42. There are different levels in the institutional framework of the Tanzanian public sector. In the first place there is the Central Government which is organized into districts; these districts are combined into 17 administrative regions each headed by a political appointee of the Central Government.

43. The Central Government comprises the President's Office, the First Vice-President's Office; the Second Vice-President's Office; the National Assembly and the Judicial Power. The administration is formed by the following Ministries: Foreign Affairs, Treasury, Defence, National Service and Youth Services; Health, Home Affairs, Communications and Works,

Agriculture, Forest and Wildlife; Industries, Mineral Resources and Power; Education; Land, Settlement and Water Development; Commerce and Co-operatives; Economic Affairs and Development Planning; Labour; Community Development and National Culture; Information and Tourism; Housing; and Regional Administration.

44. The East African Common Services Organization is in charge of some aspects of the administration. Local Government is organized into 58 District Councils in rural areas and 15 urban authorities, each headed by a legislative council of local citizens.

45. The Central Government absorbed 24 per cent of GDP in 1965 against 17 per cent in 1962.

46. In Mali the Central Government includes the National Assembly; the President of the Government; the Judicial Branch and the following Ministries: External Affairs; National Defence and Security; Justice; Interior; Information and Tourism; Finances and Commerce; Public Works Communications and Energy; Public Function and Labour; National Education; Public Health and Social Affairs.

47. There are many public enterprises, like for example the Railroads of Mali; the Transport Company of Mali; the Sudanese Company for Navigation of the Niger; the Company of Energy of Mali; the Malian Society for Imports and Exports; the Office of Cereals; the Popular Pharmacy of Mali; the Mutual Societies for Rural Development; etc.

48. There are also different financial enterprises: the Popular Sudanese Bank for Development; the Central Bureau for Agricultural Credit; the Saving Bank of the Republic of Mali.

49. In Ivory Coast the Central Government includes the National Assembly; the Office of the President; the Judicial Branch and the following Ministries: Justice; Economic and Financial Affairs; Interior; Public Function; Labour and Social Affairs; Agriculture; Public Works and Transport; National Education; Public Health; Information; Armed Forces and Civic Service; Construction and Urbanism; Youth, Popular Education and Sports, etc.

50. There are different decentralized entities for the promotion of national development, investments and exports. For example, there are institutions like the Corporation for Technical Assistance for the Modernization of the Agriculture, the Organization for the Stabilization of Coffee Prices, the Organization for the Stabilization of the Cocoa Prices, etc., Public enterprises. There are Public Utilities like the Post and Telecommunications Office, the Abidjan Port, the Electric Energy Company, etc.

c) Countries with large public sector

51. There are many countries in which the public sector is very much extended. This is for example, the case of Algeria (absorbing 40 per cent of GDP); the United Arab Republic (absorbing more than 50 per cent of GDP); Mali, Guinea, etc.

52. In the United Arab Republic, the economic system has been changed from a predominantly private enterprise to an extended publicly owned and regulated economy.

53. The government is headed by the President of the Republic and there are various Vice-Presidents. The legislative branch is represented by the National Assembly. The executive branch comprises also the following ministries: Interior, Foreign Affairs, Justice, War, Local Administration, Treasury, Economy, Planning, Supply, Wakfs, Public Health, Scientific Research, Culture and National Guidance, Education, Higher Education, Communications, Industry, High Dam, Public Works, Agriculture, Agrarian Reform and Land Reclamation.

54. As a result of the government expansion, there are a number of decentralized agencies and public enterprises. These entities are controlled through two kinds of agencies: the Public Authorities and the Egyptian Public Organizations. The Public Authorities are single enterprises that generally carry on the traditional government business activities such as railways, posts and telegraph and consequently they are tax free. On the other hand, the Egyptian Public Organizations generally include many industrial and trade enterprises. Most of the enterprises are organized as

joint-stock companies, and the board of the organization is similar to a general assembly of shareholders. In many cases the Egyptian Public Organization hold 100 per cent of the shares, but in some others only the 50 per cent is owned.

55. The decentralized agencies develop their activities in different sectors. For instance, in the agricultural sector exist the following Egyptian Organizations: for Agricultural Co-operatives, for Desert Reclamation, for Land Development and for Agrarian Land Reclamation. The Public Authorities are: for Agricultural Production and for Agrarian Reform. In other sectors exist the High Dam Agency, the Public Authority for the Five Year Industrial Plan. There are also many agencies for culture and recreation, and for social security, like the Public Authority for Insurance and Pensions and Egyptian Public Organizations for Social Insurance.

56. In the public enterprise level exist eight different types. The mining enterprise is the Egyptian Public Organization for Mining. The energy enterprises are the Egyptian Public Organization for Electricity (Cairo Electricity and Gas Department, Hydroelectric Power Department and the Committee for Electrification of the Republic); and the Egyptian Public Organizations for Petroleum. The industrial enterprises are the Egyptian Public Organizations: for Food Industries, for Spinning and Weaving, for Government Printing Offices, for Chemical Industries, for Metal Industries, for Buildings and Ceramics, for Military Factories and Airplanes, and for Productive Co-operatives and Small Industries.

57. The transport and communications enterprises are the Public Authorities for Egyptian Railways, for Wire and Wireless Communications, and the Egyptian Public Organizations for Maritime Transport and for Inland Transport. There are also two other entities: the Post Office Authority and the Suez Canal Authority.

58. In the sector of housing and public utilities there are different Egyptian Organizations: for Civil Works Contracts, for Housing and Public Buildings Contracts, for Public Utilities Contracts, for Public Buildings, for Public Housing, for Housing and Rehabilitation, etc.

59. The supply and storage enterprises are the Egyptian Organizations: for Consumer goods, for Aquatic Resources, for Silos and Storage, and for Flour Mills, Rice Mills and Bakeries. In the trade sector there are three Public Organizations: for Trade, for Cotton Trade, and for Cotton Committee. The Public Authorities are: for the Promotion of Exports, and for Exhibitions and Fairs.

60. Finally, the financial enterprises are: the Central Bank and the Egyptian Public Organizations: for Banks, for Savings, and for Insurance.

61. The local governments are the governorates of Cairo, Alexandria, Port Said, Ismailia, Suez, Kalioubia, Sharkia, Dakhalia, Damietta, Menoufia, Charbia, Kafr El Shaikh, Behera, Giza, Fayoum, Beni-Suef, Minia, Assiut, Sohag, Qena, Aswan, Metruh, New Valley and Red Sea.

II. The co-ordination of the public sector

62. Since the structure and complexity of the public sector of African countries is growing fast, it is easy to understand that new problems arise for the co-ordination of such institutional machinery.

63. One of the answers to this question has been the preparation and adoption of comprehensive development plans, as an instrument for orientation of the public and private efforts.

A. The planning process and instruments

64. The government have created recently a planning process, and organizations have been set up to direct this effort. A combination of long, medium and short-term goals is established through the development planning process, within a scheme comprehending the development strategy postulated and the development policy decisions made to be attained at the different levels of the public and private sector by means of a given group of productive resources.

65. In the light of the foregoing considerations, it would be a mistake to regard long-term and short-term planning as separate alternatives. On the contrary, it should be deemed that the want of one or the other would

vitiating the whole concept of planning. Short-term programmes which are not formulated within the context of a long-term programme can represent only the rationalization of immediate decisions, and their soundness and efficiency cannot be assured unless they take into account the goals to be attained over the longer term. On the other hand, long-term planning alone would prove insufficient, since the broader view and prospects it offers are not justified on their own, but only in so far as they influence immediate action.

66. Accordingly, planning would comprise two types of instruments: those designed to orient the conduct of development, and those for the operation of immediate action plans. The first category includes long-term economic and social development plans, medium-term development plans and medium-term investment plans of activities of the public sector, while the second includes national economic budgets, annual development plans and public sector budgets.

67. Annual development plans have two main functions, namely to link immediate action with the long and medium-term plan, and to serve as an instrument for co-ordinating the over-all decisions adopted at high government level and the decisions taken at the intermediate and lower levels of public administration. In other words, it converts general guidelines into clearcut, feasible targets, and determines the whole machinery for the "execution" of such goals and objectives, by establishing a link between over-all decisions and operational decisions relating to execution.

68. Annual programmes are, therefore, a tool used by each operational administrative unit within the government organization for defining its goals and programmes of work with a view to guiding its action and controlling the results obtained.

69. The sum of the decisions at all government levels shapes the government's annual plan and constitutes an instrument for guiding official action within the economy as a whole. In this sense, the instrument known as the national economic budget fills a decisive accounting role in recording the decisions concerning the central Government's receipts and expenditures with respect to the rest of the economy.

70. Therefore, the annual programme, far from being imposed by high levels of the administration, represents the real scheme of action of every public office and is essential to their sound administration. However, the annual programme not only incorporates the projects planned by government officials, but also embodies the ideas, knowledge and creative ventures of the private sector.

71. As can be seen, the annual programme is the major instrument for mobilizing the will of the public executors and of the recipient population in pursuit of the objectives of plans. Operating programmes not involving all the interested parties directly would have little chance of success.

72. Annual plans can be formulated in the shape of an action instrument called the "Programme Budget" which covers the public sector and is drawn up in line with the programme budgeting technique in which more emphasis is laid on the public sector's achievement than on its purchases. The important object of this technique is to relate funds to achievements, i.e. the number of school children to be educated, the number of kilometers of highway to be paved, etc.... In the programme budget expenditure is classified by function, programme, sub-programme, activity and task in the case of the operating budget, and by programme, sub-programme, project and work in the case of the development budget.

73. Therefore, long and medium-term plans should be implemented in the short-term - usually one or two years through specific immediate-action programmes. Government programmes - whether operating or investment - are incorporated in the public sector budget, which thus becomes an important and effective tool for the execution of economic development plans. The modern budget is, therefore, a co-ordinated complex of programmes and projects to be carried out in the immediate future.

B. The experience of African countries

74. Almost all African countries have prepared development plans in the last five years (see Table 1). Before independence these economies were mainly suppliers of primary commodities and a market for manufactured goods; with the advent of independence development planning, however, has become the directing agent for independent national growth.

75. Now, African countries, as evidenced in their development plans, are increasingly interested in discovering and exploiting their natural resources and human potentialities. These plans attempt to orient efforts in several fronts simultaneously: farm improvements, import substitution, export diversification, increase the rate of savings, boosting the number of trained personnel, setting up new industries and processing raw materials.

76. It is naturally difficult to create such comprehensive development strategy without an efficient public administration, stable export commodity prices, enough financial help and ineffective internal mobilization of resources, etc.

77. The fragility and deficiencies of the actual development plans of African countries stem basically from the basic appropriateness of the instruments to be used for their implementation. Few countries have expressed long-term development targets in short-term objectives of action programmes or investment projects to be executed. Very few countries have prepared annual operative plans for the execution of long-term or medium-term goals. Few countries have effectively co-ordinated the fiscal, monetary and trade policies with production policies. Few countries have adapted the traditional public administration structure to the new task set by the plans.

78. Only some co-ordination between the list of projects included in the development plans and the projects reflected in the annual capital budget has been obtained.

79. But the recurrent expenditure of the central government has not been planned and is growing under the pressures of the groups of interest inside the public administration. The co-ordination of the activities of the entire public sector continues to be very weak in many countries and thus the results of a comprehensive development policy are not achieved. The action of one agency is not supported by other agencies, and the sum of isolated actions within the government is the real result of the weakness of the co-ordination machinery where it exists.

TABLE 1

Africa: Periods of Development Plans

Countries	Intermediate Plan periods	Current Plans	Perspective Plan Periods
<u>North Africa</u>			
Morocco	-	1960-64 1965-67	-
Algeria	1963-64	1959-63	1957-66
Tunisia	1962-64	1962-64 1965-68	1962-71
Lybia	-	1963-68	-
United Arab Republic	-	1961-65 1966-70	1960-70
Sudan	-	-	1961/62-1970/71
<u>West Africa</u>			
Nigeria	-	(1962-68)	-
Dahomey	1962-65	1966-70	1960-80
Togo	-	(1965-69) 1966-70	1965-84
Ghana	1957-58	1959-64 (1963/64-1969/70)	-
Upper Volta	-	1963-67	1963-75
Mali	-	1961-65	-
Ivory Coast	1962-63	1965-69	1960-70
Senegal	1961-64	1965-69	1960-85
Guinea	1960-63	1965-69	1964-70
Niger	1961-63	-	1965-1974
Sierra Leone	-	-	1962/63-1971/72
Mauritania	1960-62	1963-66	-
<u>East Africa</u>			
Ethiopia	-	1958-62 1963-67	1968-72
Somalia	-	1963-67	-
Kenya	1957-60	1964-70	-
Tanzania	1961/62-1963/64	1964-69	1965-80
Uganda	-	1961/62-1965/66 1966-1971	1966-81
Madagascar	1960/62	-	1964-71
Zambia	1965	1966-70	-
Malawi	1962-65	1965-69	-

TABLE 1 (Cont'd)

Countries	Intermediate Plan Periods	Current Plans	Perspective Plan Periods
<u>Central Africa</u>			
Chad	1964-65	1966-70	-
Congo (Brazz.)	1964-68	-	-
Congo (Kin.)	-	1964-68	-
Gabon	1963-65	1959-64	-
		1965-70	-
Cameroon	-	1961-65	-
Central African Rep.	1960-62	-	-
	1965-66		

Source: Development Plans of the countries

Note: This Table reflects the situation in October 1966.
Periods in brackets correspond to abandoned plans.

80. One of the instruments for ensuring co-ordination of public action, is the annual budget.

III. The national budgets in African countries

81. The majority of African countries use a double-budget system which classified total public outlays into two broad categories such as securing and non securing, ordinary and extraordinary, current and capital, above the line and below the line, etc. In Africa there are so many types of double-budgets that it is difficult to provide a general definition of the scope and procedures adopted by the governments of the region.

82. Not all these double-budgets serve the same purposes: Some are used to reflect asset formation in government or to provide information on public capital formation. Some are used for allocating costs over time while others are used either for administrative and management control or for reasons of legislative approval.

A. Type of budgets used in Africa

83. But one of the principal purposes for the use of double-budget in African countries is to show the efforts of the governments in capital formation. In most of the cases, the African "Development Budget" should not be, however, considered as strict representation of "capital budgeting"; in most of the countries, the so-called capital budget, as it is used, does not necessarily include all items of a capital nature and does not provide a mechanism for measuring additions to the stock of social capital or to net worth.^{1/}

84. If the so-called Development Budgets do not reflect all capital formation, still less does it reflect all the development efforts. It is well known that development is not only a result of capital addition,^{it} is also a consequence of improvement in productivity through education, health, social welfare, agricultural extension, industrial training and so on.

^{1/} For a complete discussion see Government Budgeting and Economic Planning in Developing Countries. Document E/CN.11/BRW.4/L.6, Jan. 1966.

Many recurrent expenditures, for example, in education and training can produce a much greater impact in economic development than capital expenditure; for example, expenditure in building prisons, public offices, etc.

85. For the purposes of planning, the structure of the budget must be considered as a unit in which multilateral efforts are programmed for developing harmoniously the different segments of the economy and society. It is not enough, in developing countries, to plan public investments, it is necessary, to plan also, for example, the training courses to prepare the workers for the new industries included in the plan, to train the teachers for the new schools to be built and so on.

86. But African countries have preferred to separate the recurrent or operating budget from the investment budgets; and in many cases the agencies in charge of the preparation of each are different (the first one in the Ministry of Finance and the second one in the Ministry of Planning) and frequently these two agencies do not have any contact during the budget process.

87. Another distinction which can be described is based on the scope of the public sector that is included in it. In some countries the fiscal budget includes only the central government^{1/} and this budget is usually divided in recurrent and development. This is the case of Kenya, Uganda, Tanzania, Ghana, Zambia, Ethiopia, Sudan, Ivory Coast, Senegal, Mali, etc. In some other countries the budget document includes all the public sector, on a consolidated basis. This is the case of the UA¹.

88. Finally, there are countries in which the budget has a regional approach. This is the case of Nigeria, in which the budget is separated into the Federal Budget, the Western Region Budget, the Eastern Region Budget and the Northern Region Budget, etc.

a) Central government budget system

89. Most of the African countries include only the Central Government agencies in the fiscal budget. This budget comprises expenditures for the

^{1/} Budgets of the local government and decentralized agencies are completely separated and frequently isolated from each other.

central administration and also transfers to the local government, public enterprises, etc. In almost all the African countries the central government budget is separated into Recurrent Budget and Development or Capital Budget.

90. This distinction has been adopted in order to safeguard investments against periodic fluctuation in current revenues and by the practice to earmark certain receipts like loans funds for such purposes. Expenditure of a capital nature can therefore be found on current account and some current expenditure are included on the development account.

91. In some countries there exist a unified fund for the recurrent and development expenditure; for example in Ghana and Liberia there exist the so called consolidated Fund. In other countries there are separate funds for recurrent disbursement and capital outlays; this is the case of Gambia, Ivory Coast, Mali, Uganda, Kenya, etc.

92. The budget document has a unitary presentation (includes both recurrent and development budgets) in Ghana, Liberia, Cameroon. In other countries the recurrent and development budgets are published in separate volumes. This is the case in Kenya, Uganda, Tanzania, Somalia, Sudan, Mali and Gambia.

93. But it must be said that in many African countries the budget is nothing but a passive mechanism reflecting a list of receipts and expenditures. This is the result of traditional budget systems which above all are a tool for the accounting control of government transactions, the structure of the budget being such that it can control only the formal and legal use of public funds. Thus, in effect, it is confined to showing the sums of money to be spent, and the goods and services to be purchased, by each individual government agency. Consequently, it is classified by institutions - ministries and departments - and by object of expenditure, e.g. salaries, purchases of materials and the purchase of services.

b) The public sector budgetary system

94. Under this system the budget document includes all the levels of the public sector and the accounting system is unified in one consolidated fund.

The country which is using this system in Africa is the United Arab Republic. In this country during the past decade the budget, in both its expenditure and revenue sides, has witnessed continuous evolution. Certain distinct stages may be discerned in assessing the progress achieved. The first stage in the direction of reform was in 1953 when a development budget was introduced. During the following few years various reforms took place reflecting the reorientation of the financial and economic policies. The adoption of a comprehensive economic development plan in July 1960, and the incorporation of the first year's developmental outlay allocated to the public sector-within the framework of the plan-in the 1960/61 development budget may be considered as a turning point. The rôle played by the public sector in the execution of the development plan, the extension of its economic power as a result of nationalisation, and the application of the system of local administration in order to transfer part of the responsibilities of the Central Government to the local authorities in the fields of investment and public services, were the main factors contributing to the reshaping of the State budget for the 1962/63 fiscal year.

95. The new features of the 1962/63 budget estimates had been summarised as follows: the abrogation of the development budget; the replacement of the former classification of expenditure by type (current and capital or development outlays) by a new one moulded on a functional basis (services and enterprises); the segregation of budgetary appropriations into two broad groups viz, the Services Sector and the Enterprises Sector, each sector comprising both its current and its investment outlay; the incorporation in the Enterprises budget of the sources and uses of funds of public organizations as well as the affiliated companies whether wholly or partially owned; the classification of expenditures by sectors in conformity with the various sectors of the plan, and of revenues according to their nature instead of the mixed basis previously in use.

96. The need for transforming the budgetary system was reinforced by the change in the function of the budget itself. Traditionally, the budget was used as a tool of fiscal control: after the reform it has become a tool

of planning. The budget is the plan of the Public Sector. Since the Public Sector is taking the responsibility for implementing the largest part of the National plan, the budgetary system has had to be adapted to the frame of the Plan.

97. The new budgetary system makes the division of the budget into two budgets:

- a) Public services budget: this is the budget of public administration whose function is to provide services to the public free of charge.
- b) Business budget: this is the budget of the Public Authorities and Public Organizations whose function is to produce goods and services for sale.

98. In the following fiscal years the UAR Budget has been divided in:

- a) Service Budget which includes all government departments and agencies rendering services free of charge to the community.
- b) Local Administrations Budgets
- c) Business Budgets which include two types of public agencies:
 - i) Public Organizations and Authorities responsible for the administration of certain public utilities which were formerly run by government departments and agencies.
 - ii) Public Organizations and Authorities undertaking activities of economic and commercial nature and controlling companies wholly or partially owned by the public sector.
- d) The regional budgetary system.

99. The budgetary system of Nigeria comprises the budgets of the Federal Government, the Northern Region, the Eastern Region, and the Western Region. As a complete system of financial transaction, the Federal Government Budgets makes transfers in the form of loans and grants to the Regional Budgets.

100. Each of these budgets is separated into the recurrent budget and the Capital Budget. The revenue budget comprises collection of taxes and other sources inside the area covered by each regional budget.

B. The classifications of the government budgets

101. Many African countries have approved development plans after their independence. Thus almost all African countries from 1960 to 1966 have set up comprehensive development or investment programmes for the long and/or medium term. In these plans, the government budget plays a paramount role and for that purpose there has been a tendency to separate the recurrent budget and the development budget in order to clarify the orientation and intensity of the investments efforts.

102. At the beginning too much attention was given to the separation between these two kinds of budgets and very little analysis in global economic terms was made. But the progress in the work of the preparation of aggregate national accounts in many countries has demonstrated the need for the presentation of classification of the government transactions in economic and functional categories. Many improvements had been made in the method of calculation and presentation. In some countries the reclassification process had become in recent years the basis for comprehensive public sector statements.

103. Since planning methods have been applied by many countries in the region, the economic account of the government has served to provide valuable information in obtaining a fuller picture of the role of the public sector within the economy. The functional classification also has helped a great deal in the analysis of the distribution of public resources between different ends of the government activities. Finally some countries have developed sectoral and programme classifications for the presentation of the expenditure budget in order to adopt a similar sectoral breakdown of the budget items and the national plans.

104. The purpose of this section is to present a brief description of recent progress in the budgetary reclassification work considering the object classification, the economic, functional and sectoral classification as well as the programme classification applied in some countries.

a) The object classification

105. In many African countries the pattern for the classification of expenditures by objects has been inherited from colonial times. In general it can be found that the distribution and detail of items is not a consequence of a careful process of accounting planning, but the result of practice and annual addition of items, created by the routine accounting or budgetary process.

106. This makes the identification of expenditures by economic categories difficult and complicates extremely the budget execution and accounting. Nevertheless some countries have introduced recently some reforms in the object classifications, having in view the simplification and standardization of the items.

107. In North African countries, the UAR, Algeria and the Sudan have in recent years introduced new object classification. The principal heads or chapter are the following:

<u>UAR</u>	<u>Algeria</u>	<u>Sudan</u>
1. Wages	1. Public debt	1. Personal
2. Running Expenditures	2. Means of Service	2. Services
3. Investments	3. Public Inter- vention	3. Extraordinary
4. Transfer payments	4. Reparations	
	5. Expenditures for receipts assigned	

In both countries, these chapters are broken down into many sub-chapters and items.

108. In West African countries, the object classification is also divided between several chapters as follows:

<u>Nigeria</u>	<u>Ghana</u>	<u>Ivory Coast</u>	<u>Sierra Leone</u>	<u>Liberia</u>	<u>Mali</u>	<u>Gambia</u>
1. Personal Emoluments	1. Personal Emoluments	1. Personal Remuneration	1. Personal Emoluments	1. Personal Services	1. Personnel	1. Personal Emoluments
2. Ancillary Charges	2. Traveling and Transport Expenditure	2. Pensions	2. Other Charges	2. Other Services	2. Material	2. General
3. Other Charges	3. General Expenditure	3. Social Charges	3. Special Expenditures	3. Material and Supplies	3. Common	3. Other Charges
4. Special Expenditures	4. Other departmental Expenditures	4. Material		4. Equipment	4. Contributions to the Plan	4. Special Expenditures
	5. Minor Capital Expenditures	5. Maintenance of works		5. Construction		
	6. Subventions	6. Operational Subsidies		6. Subsidies and grants		
	7. Development Expenditures	7. Miscellaneous Expenditures		7. Maintenance and repairs		
				8. Debt retirements		

The heads or chapters mentioned are divided into many sub-chapters and items.

109. In East Africa the countries influenced by the British accounting tradition subdivide the object classification into many chapters:

<u>Ethiopia</u>	<u>Tanzania</u>	<u>Kenya</u>	<u>Uganda</u>
1. Personal Emoluments	1. Personal Emoluments	1. Personal Emoluments	1. Personal Emoluments
2. Motor Vehicle	2. Travelling	2. House Allowances	2. Travelling and Transport
3. Equipment and Supplies	3. Office Expenditures	3. Passage and Leave Expenses	3. Duty Passages
4. Other Charges	4. Maintenance and Running Expenses	4. Travelling Expenses	4. Miscellaneous Expenditures
	5. Miscellaneous Other Charges	5. Replacement of Motor Vehicles	5. Domestic Staff
	6. Replacements	6. Purchase of Vehicles	6. Special Expenditures
	7. Agency Fees	7. Miscellaneous Other Charges	7. Miscellaneous Grants and Subventions
	8. Subventions		8. Appropriations in Aid
	9. Special Expenditures		

Also in the case of the East African countries the heads or chapters are broken down into detailed items.

110. Finally the case of object classifications can be found in the practice of Central African countries. In these countries, for example, the main chapters are:

<u>Congo (Brazza.)</u>	<u>Cameroon</u>	<u>Chad</u>	<u>Congo (Kin.)</u>
1. Public Debt	1. Expenditure on Personnel	1. Personnel	1. Political Institutions
2. Personnel Exp.	2. Expenditure on supplies	2. Materials	2. Army
3. Material Exp.		3. Works	3. Civil Administration
4. General Exp.	3. Maintenance of Buildings	4. Subventions	4. Subsidies
5. Subventions		5. Public Debt	5. Material
6. Repayments	4. Surdry Exp.	6. Social Charges	6. Works
7. Public works		7. Miscellaneous	7. Miscellaneous Exp.
8. Investments			8. Public Debt
			9. Subvention to Trainees

These chapters are sub-divided into many sub-chapters and items.

111. As general comments it can be said the object classification is not well adapted in many countries of the African region. In some countries every Ministry or agency does not always use the same classification. The need for a standard uniform object classification is obvious in the region. The irrational classifications by object actually in application in Africa make very difficult the reclassification process following economic categories; result in an inefficient organization of the budget document - and the further accounts statements - and makes impossible international comparison of fiscal policies.

112. In some countries the breakdown of items is too detailed and often meaningless and in other countries is too highly aggregated to be informative.

113. The need for a standardized uniform object classification has been discussed in another document^{1/}. In this document the adoption of such a classification is suggested separating the following main chapters:

I. Current Expenditures

0. Personal Services
1. Non-Personal Services
2. Materials and Supplies
3. Current Transfers
4. Interest on Debts

II. Capital Expenditures

5. Constructions
6. Machinery and Equipment
7. Purchase of Immovables
8. Capital Transfers
9. Financial Investments
10. Amortization of public debts.

^{1/} See ECA. A Guideline for the Classification of Government Transactions by Objects Adopted to African Countries, Document E/CN.14/BUD/2. 1966

114. This model makes easy the reclassification by economic items and the accounting process as well. Every country, of course, must adapt this model to the prevailing conditions and national traditions.

b) Classification by economic, functional and sectoral categories

115. Difficulties resulting from the fact that basic accounts were not designed for statistical or analytical purposes, do not facilitate the reclassification of the government accounts by economic items or functional categories.

116. In Africa few countries prepare periodically economic classification. The complexity and irrationality of the current accounting system renders the identification of items extremely difficult. A complicated item by item analysis must be made in order to know which kind of expenditure is in consideration. Only one country - Ghana ^{1/} - prepares officially and periodically government accounts classified according to economic categories. Some attempts to classify government expenditure are undertaken also by other countries, as it will be shown later.

117. The classification by functional categories is most frequently prepared in African countries. Many governments are showing the efforts made in the different functions of the state. Classifications by sectors are included in the development plan, as well as in the Capital Budget.

118. In the following paragraphs a summary review on the reclassification work is made.

Ghana

119. This country has a long experience in the reclassification of government transactions undertaken on economic and functional lines. Annually the Budget documents include both classification in the Financial Statement, and in the Statement by the Minister of Finance published by the Ministry of Finance. Every year the Bureau of Statistics publishes the Budget in Brief and in the Economic Survey the classification with figures ex-post. (See Annex 1 and 2).

^{1/} See Economic Survey and Financial Statement, both annual publications.

120. The currency in the preparation of these classifications is a result of continuous efforts made by the experts of the Ghanaian government and the experience acquired. Recently a classification by sectors was included in the Budget document (See Annex 3).

Tanzania

121. In this country the development plan includes economic and functional classification of the government transactions. Recently several official documents also presented these classifications. In the Background to the Budget. An Economic Survey. 1966-1967 the government analyses economic and fiscal trends of recent years. The Financial Statement and Estimates of Revenue, 1966-1967 submitted to the National Assembly detailed the fixed information, and the Speech by the Minister of Finance introducing the estimates of Revenues and Expenditures 1966-67 to the National Assembly includes a complete analysis of the fiscal policy to be followed.

122. These documents present sectoral and functional classification of expenditure, as well as economic classification of expenditure. (See Annexes 4 and 5).

Sudan

123. In the Sudan the government prepared annually the Economic Survey in which information on expenditure is presented in functional categories. Also the Ministry of Finance and Economics prepares statistical tables on economic and functional lines as background for the annual Budget (See Annex 6).

Uganda

124. The government prepares annually the "Background to the Budget" through the Ministry of Finance. In this document are included the economic, functional and sectoral classifications, as well as gross classifications by functions and economic analysis. (See Annexes 7 and 8).

The UAR

125. The Government of the UAR prepares annually the Budget Statement in which a classification by sectors is the main pattern for the presentation of the budget estimates. This document is prepared by the Ministry of Treasury and also the Central Bank publishes budgetary information in the Economic Review and the Economic Bulletin.

126. The classification by sectors is included in Annex 9.

c) Classification by programmes and projects

127. Few African countries have introduced classification of the expenditure by programmes. The introduction of a comprehensive classification by programmes, sub-programmes and project has been only attempted in Ghana, beginning in 1961. The system applied in Ghana for the Budget 1966-67 is a further extension of the elements of this classification initiated five years before. The budget is now classified in terms of sectors, these are divided into programmes, which are in turn divided into sub-programmes, and these in their turn are separated into projects.

128. The Budget Document for 1966-67 was divided in the following sectors:

- | | |
|---------------------------------------|-------------------------------------|
| 1. Agricultural Sector | 9. Labour and Social Welfare Sector |
| 2. Mining Sector | 10. General Administration Sector |
| 3. Industrial Sector | 11. Internal Administration Sector |
| 4. Construction Sector | 12. Foreign Relations Sector |
| 5. Transport and Communication Sector | 13. Fiscal Administration Sector |
| 6. Commercial Sector | 14. Defence Sector. |
| 7. Educational Sector | |
| 8. Health Sector | |

129. Each of these Sectors are sub-divided in programmes. For example the Mining Sector was divided in the following programmes:

- 021. Lands and Mineral Resources Administration
- 022. Lands Administration
- 023. Land Survey
- 024. Geological Survey
- 025. Mining Control.

130. Each of these programmes is divided into sub-programmes. For example, the programme 024 - Geological Survey is reclassified into the following sub-programmes:

1. General Administration
2. Systematic Geological Mapping
3. Development

131. The sub-programme "Development" is divided in the following projects:

Mineral Exploration

1. Bauxite
2. Alluvial Diamond
3. Oil

Industrial Minerals

4. Pegmatites
5. Limestone
6. Clays
7. Alluvial Gold
8. Phosphates
9. Geophysical Survey
10. Equipment
11. Technical Assistance

132. In all the recurrent programmes and subprogrammes the object classification serves the purpose of meaning the cost of purchasing the inputs necessary to accomplish the targets of the programmes.

133. In the Sudan a programme classification was introduced in the Ministry of Works and the Ministry of Irrigation and Hydro-Electric Power for the fiscal year 1966-67. In these Ministries the expenditure is classified by Programmes, Sub-programmes, Activity and Task.

134. In the Ministry of Works the information is divided as follows for the Programme Works:

<u>Sub-programme</u>	<u>Activity</u>	<u>Task</u>	<u>Object of Expenditure</u>
1. Buildings and Works	1. Civil Buildings	Maintenance	
	2. Civil drainage	"	(Running Costs)
	3. Air Conditioning Plant	"	
	4. Air Cooling Fans	"	
	5. Military Buildings	"	
	6. Military Ranges and targets	"	
	7. Military drainage	"	
2. Roads	1. Designated Roads		
	2. Road Working Machinery		
3. Air Fields	1. Air-field Maintenance Unit	"	
4. Mechanical	1. Khartoum Irrigation	"	
5. Engineering	1. Lift	"	

135. The UAR is another country which uses some elements of the programme classification for the investment expenditure. The programme classification is used combined with the sectoral classification, within every Ministry. For example, the Ministry of Agriculture divides investment expenditure as follows:

<u>Sector</u>	<u>Programme</u>	<u>Description</u>
1		<u>Agriculture</u>
	01	Soil Improvement
	02	Distribution and improvement of agricultural produce
	03	Vegetable gardens improvements
	04	Agricultural industries developments
	05	Plant disease and insect defence
	06	Live-stock improvements
	07	Live-stock defence

<u>Sector</u>	<u>Programme</u>	<u>Description</u>
		<u>Agriculture (Cont'd)</u>
	08	Mechanization of Agriculture
	09	Agricultural Guidance
	10	Agricultural Operations
	11	Economic Studies
5		<u>Industry</u>
6		<u>Housing</u>

136. Every Programme is divided into different Projects; for example the Programme Soil Improvements is integrated by the following projects:

1. Land measurements and appreciation of soil class
2. Soil fertility examination
3. Technical observation on gippis addition
4. Bacteria reproduction
5. Plant nutrition research

137. These Programmes and Projects are included in the Five Year Development Plan, and in the Annual Budget, estimates for the five years are included.

138. Other African countries present their investments project in Development Budget, but it must be said that in many cases these Budgets contain a mere list of projects classified by Ministries and it is very difficult to know whether these projects belong to the developmet plans or not. The presentation is made without explanatory notes. In many countries there is no identification of functional targets, no mention of the programmes and projects through which such targets may be achieved; and no estimation of cost of the programmes and projects and expected results in real terms.

IV. Budgetary organization

139. In most of the African countries the Budgetary organization is headed by the Minister for Finance or Treasury, following the European tradition. (See Table 2). Only in the case of Liberia the budget organization is in the level of the head of government (President) following the tradition of the United States of America.

140. The Bureau of the Budget is the central budgetary office in charge of the budget programming and management in the government. The Bureau of the budget is headed by the budget director, who often has the title of Director General, Principal Secretary or Under-Secretary of State. In Ghana, for example, the title is Principal Secretary in charge of the Budget in the Ministry of Finance. In Sudan the head of the budget section is the Assistant Under Secretary for Budget, under the Under-Secretary for Finance in the Ministry of Finance and Economics. In Gambia the preparation of the budget is the responsibility of the Ministry of Finance. In Ethiopia it is the responsibility of the Ministry of Finance, through the Budget Department.

141. In Ethiopia the Ministry of Finance receives the budget proposals from each Ministry and government department each year including the development budget proposals; consolidates these proposals into a single consolidated budget; and after internal discussions with the Ministries presents the draft budget to the Council of Ministers for review, modification and approval. This Ministry is also in charge of the administration of the budget. The Ministry of Planning and Development receives each year from the Ministries and Public Authorities the proposals on annual development programmes and development budgets and after analysis, evaluation and consolidation presents them to the Ministry of Finance for consolidation into the annual government Budget.

142. In the UAR, budget estimates are made in every Ministry, Agency or enterprise with the advice of the Ministry of Planning and forwarded to the Budget Department in the Ministry of Treasury. All estimates are revised, elaborated and assembled into the draft budget in the Ministry of Treasury.

All budgetary questions arising during the fiscal year, including supplementary credits, are dealt with in that Ministry. In the Budget Department, each official is specialized for each part of the budget and works on it on a year round basis.

143. In the Sudan, in the Ministry of Finance and Economics and under the Under-Secretary for Finance, there are the budget section and the accounts section, headed by the Assistant Under-Secretary for budget and the Director of Accounts respectively. The budget section sends the budget circular for the Government Units to prepare and submit their budget estimates for the year. When the estimates are received they are scrutinized and prepared for approval by the legislature and then authorization of expenditure is sent out. It is a criticism that the chapters of the central budget and the Development Budget are prepared independently of each other and not consolidated as a whole budget despite their obvious interdependence. The Director of accounts looks after the public accounts through the controllers of accounts in the various Units, who send their returns to the Central Accounting Office in the Ministry of Finance.

144. In Uganda, the preparation of Estimates is exclusively done by the Estimates Division of the Ministry of Finance in close co-operation with various Ministries and Departments. Headed by an Under-Secretary, the Division is closely supervised and co-ordinated by the Permanent Secretary to the Ministry who has the final say on the laying out of the estimates and the provisions agreed to between the Estimates Division and the Ministries. The Estimates are then forwarded to the Minister of Finance who in turn submits them with his recommendations to the Cabinet. Normally an Accounting Officer is responsible for a Recurrent Vote and Development Head of the Expenditure Estimates and is personally responsible for the service in the respect of the money issued to him.

145. In Gambia, the preparation of estimates and the securing of their approval in Parliament is the responsibility of the Ministry of Finance under the Minister of Finance. By means of a General Warrant addressed to the Accountant General the Minister of Finance authorises the expenditure

TABLE 2

Africa: Departments in-charge of the preparation of the fiscal
budget in selected countries

	Preparation of the Recurrent Budget	Preparation of the Development Budget
<u>North Africa</u>		
Morocco	Ministry of Finance	Ministry of Development
Algeria	Ministry of Finance & Planning	Ministry of Finance & Planning
UAR	Ministry of Treasury	Ministry of Planning
Sudan	Ministry of Finance & Economics	National Technical Planning Committee
Lybia	Ministry of Finance	Ministry of Planning & Development
<u>West Africa</u>		
Nigeria	Ministry of Finance	Fed. Ministry of Economic Dev.
Ghana	Ministry of Finance	Ministry of Econ. Affairs
Gambia	Ministry of Finance	Development Branch, Prime Minister's Office
Ivory Coast	Ministry of Finance and Econ. Affairs	Ministry of Planning
Liberia	President's Office: Bureau of the Budget	President's Office: National Planning Agency
Mali	Ministry of Finance and Commerce	Ministry of Planning
<u>East Africa</u>		
Ethiopia	Ministry of Finance	Ministry of Planning & Development
Kenya	Ministry for Finance and Economic Planning	Ministry for Finance and Economic Planning
Tanzania	Ministry of Finance	Ministry of Economic Affairs and Development Planning
Uganda	Ministry of Finance	Ministry of Economic Developmet and Planning
Malawi	Ministry of Finance	Development and Planning
<u>Central Africa</u>		
Cameroon	Ministry of Finance	Ministry of Economic Affairs and Planning
Congo (Brazza.)	Ministry of Finance	Planning Secretariat

of public funds. Applications for Supplementary Estimates can be approved in cases of urgency, by civil contingency advance warrant, subsequently ratified by Parliament. The Control of Public Accounts is ultimately vested in Parliament which exercises this control through one of its select Committees- the Public Accounts Committee. This Committee examines Appropriation Accounts in detail, though the Report of the Director of Audit (who attends its meetings) affords the main basis for the queries it raises. The Committee is empowered to summon the Accounting officers of all departments (i.e. Heads of Ministries and Departments) to appear before it. The work of preparing the recurrent and development budgets is entirely handled by five officials, who constitute the whole senior staff of the Ministry of Finance and the Development Branch.

146. In Ghana the budget recurrent estimates are prepared by the Ministry of Finance, after receiving the proposals from each Ministry. Development estimates are prepared by the Ministry of Economic Affairs and afterwards sent to the Ministry of Finance to be embodied in the Budget document.

147. In Congo (Brazza.) the recurrent budget is prepared by the Ministry of Finance. The Finance Direction comprises, among others, the Bureau of the Budget, which is the central budget office of the government. There are also Divisions for Financial Control and the Treasury General.

148. In Togo the Ministry of Finance has a "Direction" of the Budget for Financial Control.

149. It must be said that in many countries one part of the budget (the investment expenditure) is the responsibility of the Ministry or Central Office of Planning and Development, which acts in this respect as second bureau of the budget. See table 2. This is the case of the Ministry of Economic Affairs in Ghana; the Ministry of Planning and Development in Ethiopia; the National Technical Planning Committee in Sudan; the Planning Secretariat in Congo (Brazza.) etc.

V. The budgetary process

150. The budget is a mechanism of government planning, of public policy, and management and control. All these uses of the budget are obtained through a process: the budgetary cycle.

151. The budgetary cycle includes in Africa the following stages:

1. Budget preparation
2. Budget approval
3. Budget execution
4. Budget accounting and auditing
5. Budget evaluation

152. Every country organises these stages inside its political and administrative environment. But some general comments must be made.

153. The main purpose of most of the African budgets is to determine the amount of the funds and to allocate responsibility for them, in order to facilitate the accounting and auditing of the application of the budget. The result is that the executive official earmarks the funds for the expenditure contemplated, but has not responsibilities for seeing that they are used efficiently in relation to the objectives for which the appropriations in question have been approved by the government.

154. In many countries the budget is formulated on routine lines through requests for allotments submitted by each individual agency. An effort is made to prevent such allotments from increasing annually beyond a certain minimum rate, without taking into account the actual needs of the services and taking care to see that no new agencies or items of expenditure arise. Budgets so constituted are later subject to successive changes. The Budget Office usually cuts down the request for allotments submitted by the ministries, but in the normal course of events does not always so distribute them as to cover the most urgent rather than supplementary items; thus it usually fails to imprint a clear orientation on public expenditure in relation to economic and social development needs. The Cabinet and legislative bodies tend to introduce changes and curtail resources on an over-all basis,

or to add new expenditures or projects which, in the circumstances, cannot be considered more suitable as regards the services it is wished to extend to the community through the budget submitted for their approval.

155. The foregoing considerations also make application of the budget an essentially mechanical process. Each agency does its best to use up the funds allotted to it, often without even establishing an annual programme of priorities, and there are cases where bodies which have obtained surplus funds with respect to their operational capacity endeavour to spend them before the end of the financial year - in order to justify their requests - on not particularly urgent activities. The application of the budget is not explicitly forced to use rational criteria in order to obtain the maximum yield from resources. The procedures for its application have become a matter of routine in many countries and foster a passive outlook and attitude in the government official. Moreover, the accounting mechanism is usually highly complex and hampers the process of application to the detriment of efficient State action. Transactions are recorded at several different stages, first by the accountants attached to spending office, then by the Treasury bookkeepers, and lastly by officials of the Comptroller's Office. The auditors review the accounts or effect a prior control in search of legal or accounting errors in order to prevent fraud or embezzlement, which constitutes whole process of inspection, independently of the substantive aspects of government action.

156. Lastly, the results of the financial transactions are presented in the form of general balance sheets by the Ministry of Finance. These are often unintelligible even to fiscal experts, who find themselves unable to interpret the closed budget accounts and items.

157. To sum up, the budget is designed to facilitate its management, accounting, and auditing, to the detriment of its usefulness for purposes of economic and fiscal policy, and the rationalization and programming of government activities.

158. However, the financial crisis affecting many countries and the urgent need to implement economic and social development programmes have imposed the necessity of allotting resources in terms of given objectives and priorities, and of meeting goals in the provision of social services which had been progressively deferred, as in the case of education and public health. It has therefore been sought to establish in the budget specific responsibility for the activities which must be carried out and stress has been laid on the pressing need to make the existing procedures more flexible and to improve the machinery for adopting decisions on government action. In order to satisfy these requirements and goals, a new budgetary technique known as programme and performance budgeting has been adopted in many countries.

A) The preparation of the Budget

159. This stage of the budget process comprises all the drafting work of the budget. It involves the adoption of thousands of decisions in the whole administrative machinery. It is interesting to illustrate this stage with some examples.

160. In Gambia, following the British tradition, the preparation of the budget begins with the draft estimates of Revenue and Expenditure which are prepared annually by Heads of Department in accordance with Financial Instructions and such instructions as may from time to time be issued by the Ministry of Finance. The time-table with normal timing for each phase in the process is the following:

October: Estimates 'call circular' from Ministry of Finance inviting Departments and Ministries to submit their draft estimates by a specified date.

December/Jan.: Receipt by Ministry of Finance of draft Estimates. On receipt of draft Estimates, they are sent to the Establishment Secretary for opinion on any new posts proposed, and the Accountant General to insert actual expenditure of various votes for preceding year. Thereafter Ministry of Finance proceeds to process draft Estimates in detail.

Jan./March: Meetings are held with Heads of Departments and Ministries, where necessary, to clarify certain points and with a view to the officials concerned agreeing on a final draft to be submitted to Cabinet. Drafts sent to Government Printer for proofs.

April: Final draft proofs from Government Printer.

April/May: Submission of draft Budgets to Cabinet for approval.

May/June: Submission of draft Budgets to Parliament for approval.

Heads and subheads affecting each Ministry form the subject of discussion between officials of that Ministry and of the Ministry of Finance. There is no formal inter-ministerial consultation at official level about the budgetary picture as a whole. The broad issue of allocating available funds between Ministries arises only when the proposals are considered by Cabinet.

161. Under the French tradition, the budget follows a similar process. In Congo (Brazza.) for example the budget draft is prepared in the Ministry of Finance. The process begins with the budget proposal made by the Ministries; before 31 March. These proposals are discussed till 30th June; afterwards the Bureau of the Budget prepares the Draft Budget to be submitted to the Ministers' cabinet for approval. In the month of November it is presented to the National Assembly.

B) The budget approval

162. Under the British tradition, in many African countries the practice is that before the budgets are submitted to Parliament they are presented to Cabinet by the Minister of Finance for Government's approval. Cabinet may make amendments to the budgets at this stage. The recurrent budget is presented to Parliament together with the Annual Appropriation Bill by the Minister of Finance. The First Reading of the Bill is purely formal - the Minister laying a copy of the Bill on the Table of Parliament. In moving the Second Reading of the Bill in the form of the Minister's annual Budget Speech a general debate, after a statutory delay, takes place.

This debate is confined to discussion of the economic and financial state of the country as set forth in the Minister's Speech, details being left for discussion in Committee of Supply (a committee of the whole House). During the course of discussion in the Committee of Supply, each Head of Expenditure is considered in detail. After the Committee of Supply has finished its business its deliberations are reported to the House, after which the Bill is read a third time and passed into Law, with or without amendments.

163. In some countries, the Development Budget is presented, on a resolution of Parliament, to the Committee of Supply for detailed study. Thereafter the deliberations of the Committee are reported to Parliament, which then approves the Budget with or without amendments.

164. The procedure is more or less similar in African French-speaking countries.

C) The execution of the budget

165. This stage comprises many financial operations conducted through the entire Public administration of a country. These operations must be executed inside a limit of time, called the fiscal or financial year.

a) The fiscal year in African countries

166. In the African region the period covered by the fiscal year is one calendar year. There are, nevertheless, different systems for establishing this period inside the calendar year. In some countries the fiscal year corresponds to the calendar year, i.e. start on 1st January through 31 st December. In some other countries it begins on 1st July and goes through 30th June. There are countries in which the fiscal period begins on the 1st of April and ends on the 31st March.

167. Table 3 shows the fiscal period in different countries, grouped by sub-regions. In North Africa, Morocco and Tunisia^{1/} the fiscal year corresponds to the calendar year. In the UAR, Libya and Sudan

^{1/} In Tunisia the fiscal year ended on 31 March prior to 1961; thereafter 31 December.

the fiscal year goes through the 1st of July to 30th June; and in Algeria starts the 1st April and ends on 31 March.

168. In West Africa six countries follow the calendar year system: Dahomey, Togo, Ivory Coast, Upper Volta, Mauritania and Niger. The fiscal years begins the 1st of July and ends the 30th of June in Ghana^{1/}, Senegal^{2/}, Mali^{3/} and Gambia^{4/}. The fiscal year ends the 31st March in Nigeria and Sierra Leone. Finally Liberia has a special fiscal year which begins on the 1st of October and ends on the 30th September. As a curiosity it must be said that another country which had adopted the same period is Haiti in Latin America.

169. In East Africa, the countries with calendar fiscal years are Somalia, Malawi^{5/}, Madagascar, Rwanda, and Burundi. The fiscal year ends on 30 June in Kenya, Tanzania, Uganda, Rhodesia and Zambia. In Ethiopia prior to 1960 the budget period ended on the 10th of September and from 1961 on the 6th of July.

170. In Central Africa the fiscal year corresponds with the calendar year in Central African Republic, Chad, Congo (Kinshasa), Congo (Brazza.), Gabon and Cameroon.

171. In the Republic of South Africa, Swaziland, Basutoland, and Bechuanaland the fiscal year begins on the 1st of April and ends on the 31st March.

1/ In Ghana prior to 1963 the fiscal year ended the 30th June; in 1964 ended the 30th of September; in 1965 was changed to the calendar year system; and in 1966 the country returned to the old system: the fiscal year begins on 1st July and ends on 30th June.

2/ In Senegal prior to 1962 the fiscal year closed on the 31st of December and thereafter the 30th June.

3/ In Mali prior to 1964 the fiscal year ended on the 31st December and thereafter the 30th June.

4/ In Gambia prior to 1965 the fiscal year ended on the 31 December and thereafter the 30th June.

5/ In Malawi the fiscal year ended on the 30th June prior to 1964; from 1964 the fiscal year ended on 31st December.

TABLE 3
Fiscal Years of African Countries

Country	From	Through
I. <u>North Africa</u>		
Morocco	1 January	31 December
Algeria	1 April	31 March
Tunisia	1 January	31 December
Lybia	1 July	30 June
UAR	1 July	30 June
Sudan	1 July	30 June
II. <u>West Africa</u>		
Nigeria	1 April	31 March
Dahomey	1 January	31 December
Togo	1 January	31 December
Ghana	1 July	30 June
Ivory Coast	1 January	31 December
Upper Volta	1 January	31 December
Mali	1 July	30 June
Liberia	1 October	30 September
Gambia	1 July	30 June
Senegal	1 July	30 June
Mauritania	1 January	31 December
Niger	1 January	31 December
Sierra Leone	1 April	31 March
III. <u>East Africa</u>		
Ethiopia	7 July	6 July
Kenya	1 July	30 June
Somalia	1 January	31 December
Tanzania	1 July	30 June
Uganda	1 July	30 June
Malawi	1 January	31 December
Madagascar	1 January	31 December
Rhodesia	1 July	30 June
Zambia	1 July	30 June
Rwanda	1 January	31 December
Burundi	1 January	31 December
IV. <u>Central Africa</u>		
Central African Rep.	1 January	31 December
Chad	1 January	31 December
Congo (Kinshasa)	1 January	31 December
Congo (Brazza.)	1 January	31 December
Cameroon	1 January	31 December
Gabon	1 January	31 December
Swaziland	1 April	31 March
Basutoland	1 April	31 March
Bechuanaland	1 April	31 March
Rep. of South Africa	1 April	31 March

172. As a summary, in 19 African countries the fiscal period goes from 1 January through 31 December (most of these countries are inside the fiscal lines of French tradition); in 12 countries it starts from 1 July through 30 June (most of these countries are in the fiscal lines of British tradition); in 7 countries the fiscal year begins on 1 April and ends 31 March; and two countries have a special fiscal period.

173. There are many considerations to be made in connection with the uniformity of the fiscal year in a region. For international comparison of the budget balances uniformity is recommendable. Also when the countries are searching for an economic integration it is more useful to have integrated programmes running for the same fiscal period. As a matter of fact, Central American countries decided, as a consequence of the economic integration process, to unify the fiscal years and the five countries adopted the calendar years. For this a Constitutional reform became necessary in Guatemala and Nicaragua since in these countries the fiscal year ended previously on 30 June. In South America all the countries introduced the calendar year as fiscal year (Venezuela was the only one with a budget period which ended on 30 June). In 1965 all Latin American countries with the exception of Haiti applied the calendar year for the budget execution. In Asia many countries follow also the calendar year as the basis for the budget execution.

174. This system facilitates the co-ordination of the statistical data of the public sector with foreign trade information, monetary statistics and production data. For the preparation of national accounts, in which the government transactions account is so important, the calendar year data are more useful and adequate, than the other systems. For public accounting purposes it is more rational to close accounts at the end of the calendar year.

b) The procedures for the budget execution

175. Some countries have adopted the British system of budgetary execution. In many African countries, the authority to make disbursement in accordance with the approved Estimates is conveyed to the Accountant General by Warrant under the hand of the Minister of Finance. Disbursements must be

strictly in accordance with the terms of such warrant, and in particular:

- a) no expenditure may be incurred upon any service or work for which no provision was made in the Approved or Supplementary Estimates of the previous year;
- b) no new posts may be filled until the General Warrant for the year has been signed.

176. Authority to make disbursements in accordance with the Approved Estimates are conveyed to the Accountant General by Warrant under the hand of the Minister of Finance. Control of expenditure is provided for in the Financial Instructions of the Government and the Finance and Audit Act, 1964, discussed above. The Director of Audit, on behalf of Parliament, examines and audits the accounts of all accounting officers and of all persons entrusted with the collection, receipt, custody, issue or payment of public moneys. Transfers of expenditure from one subhead to another require the authority of the Minister of Finance.

177. Quarterly progress reports are prepared for capital works by the Ministry of Works & Communications and are considered by Cabinet. This is a purely administrative measure.

178. In some countries there is no automatic extension from one year to the next of authority for expenditure.

D. The accounting and audit process

179. In many African countries the accounting system follows the procedures established many years ago and accord with the British or French traditions.

180. In general the accounts are partly kept by hand and partly mechanised. But in some countries the salaries and book-keeping sections are mechanised, and in some cases it is hoped to mechanise gradually the system. The accounts are kept on a cash basis under the British tradition. In many countries time-lag between the end of the financial year and the completion of the accounts has been too long, sometimes three or four years, and full publication on the accounts may be further delayed.

181. With the intensification of mechanisation and the introduction of accounting reforms it is expected that the time-lag for completion of the accounts can be reduced to months or even less.

182. In the Gambia the Central Government maintains only one bank account. All expenditure financed from grants or loans is shown in the budgets. The post of Director of Audit is specially provided for and his powers are protected by the constitution and the Finance and Audit Act, 1964. He is independent of the Ministry of Finance. His annual report (the most recent issue is in respect of 1964) is addressed to Parliament (through the Minister of Finance). The Director of Audit's report is considered by the Public Accounts Committee of Parliament, and the necessary documentation to facilitate the Committee's work is prepared by the Ministry of Finance, which also ensures that action is taken on the Committee's report.

VI. Conclusions

183. The main conclusions of the previous discussion can be summarized as follows:

- a) The newly independent African countries are absorbing higher shares of GDP as a consequence of the expansion of the public sector.
- b) The creation of new institutions for the execution of programmes in education, on health, agriculture, industry, transportation and so on, involves enhanced difficulties for the co-ordination of the public sector. To meet these problems the governments have instituted a planning process and have set up development plans for the long and medium term.
- c) One of the instruments for the implementation of the set out in these plans targets is the annual budget. Many governments assemble the projects to be executed in special Development Budgets. But few countries prepare a complete Programme Budget in which not only public investments are planned, but also services like education, health, agricultural and industrial extension are included, and are properly classified by programmes and activities showing the end products to be achieved.

- d) The budget classifications are not suitable for economic analysis and are designed only for accounting purposes. The adoption of a standardized object classification is necessary in order to make possible the reclassification on economic and functional basis.
- e) The budgetary process is in many countries a routinary process in which no real planning is done of the activities of the public sector. A method of programme budget is advisable for developing countries in order to avoid waste of the scarce resources available.
- f) The fiscal period varies from country to country, making difficult the integration of investment programmes within a sub-region. A gradual assimilation of the fiscal years will help in the process of the construction of an integrated infrastructure in Africa as a basic start for further steps in economic and trade integration.
- g) In most countries the accounting process is very much protracted rendering the control and the economic evaluation of the result achieved in the past rather difficult to appreciate. The gradual mechanization of the accounting process is advisable in order to present information up-to-date.

ANNEX I

GHANA: ECONOMIC ACCOUNT OF THE CENTRAL GOVERNMENT

CENTRAL GOVERNMENT RECEIPTS - CURRENT ACCOUNTS
£G'000

1966-67

REVENUE

1. Income from property and entrepreneurship		
(i) Interest, profits and dividends	3,223	
(ii) Rent	612	
2. Taxes on production and expenditure		
(i) Cocoa Duty	21,520	
(ii) Other export duties	838	
(iii) Import duties	18,900	
(iv) Other	3,964	
3. Taxes on income and fines		
Income tax	5,643	
Minerals duty	1,508	
Fines, penalties and forfeitures	282	
4. Grants	1,094	
5. Sales and fees	6,495	
6. Other items, n.e.s.	455	
Total Revenue	64,534	
Less refund of revenue	59	
TOTAL	64,475	

CENTRAL GOVERNMENT PAYMENTS - CURRENT ACCOUNT

1966-67

EXPENDITURE

7. Consumption Expenditure		
(i) Wages and Salaries		
(a) Civilian	14,816	
(b) Military	1,809	
(ii) Military purchases of new machinery and equipment	922	
(iii) Purchases of other goods and services ..		
(a) Contingencies	158	
(b) Other - Civilian	15,293	
- Military	1,321	

.../...

CENTRAL GOVERNMENT PAYMENTS - CURRENT ACCOUNT (cont'd)

£G'000

1966-67

EXPENDITURE

8.	Interest on public debt	..	..	..	..	862
9.	Rent	..	..	..	..	220
10.	Subsidies	..	..	..	..	216
11.	Pensions or contribution to pensions fund	..	..	..	..	1,519
12.	Other transfers to:					
	(i) Households	..	..	..	..	2,782
	(ii) Local Government	..	..	..	..	1,705
	(iii) Public Corporations and Institutions	..	..	..	..	8,498
	(iv) Abroad	..	..	..	..	175
	Total Current Expenditure	..	..	..	..	50,206
13.	Saving	..	..	..	..	14,179
	Grand Total	..	..	..	..	64,475

CENTRAL GOVERNMENT RECEIPTS-CAPITAL ACCOUNT

Lg'000

1966-67

RECEIPTS

Saving on current accounts	.. .. .	14,182
Repayment of loans	.. .. .	95
Property Tax	.. .. .	-
Other Capital receipts	.. .. .	1,492
Capital transfers		
(i) Voluntary contributions	.. .. .	5,575
(ii) From abroad	.. .. .	27
Borrowing		
(i) Abroad	.. .. .	-
(ii) Internal	.. .. .	22,281
Total Receipts	.. .. .	43,652

MEMORANDUM

Other Capital Receipts:		
(i) Depreciation (-)	.. .. .	-1,724
Appreciation (+)	.. .. .
(ii) Increase in deposits including Trust Funds	.. .. .	3,216
Total	.. .. .	1,492

CENTRAL GOVERNMENT PAYMENTS-CAPITAL ACCOUNT

£G'000

1966-67

DISBURSEMENTS

Capital Expenditure

(i)	New buildings and construction	
(a)	Military	477
(b)	Civilian	13,917
(ii)	New machinery and equipment	3,338
(iii)	Purchase of Land	174
(iv)	Other Fixed Capital	-
(v)	Expenditure on Surveys	330

Transfer payments

(i)	Domestic Sectors	7,480
(ii)	Abroad	2,199

Loans and Advances

(i)	Loans to:	
(a)	Public Enterprises	4,171
(b)	Local Government	2,527
(c)	Private Enterprises	2,069
(d)	Households	119
(e)	Abroad	-
(ii)	Advances (net)	1,918

Loan Repayments

(i)	Internal	596
(ii)	External	4,030

Changes in Reserves Increase (+)
Decrease (-)

(i)	Investments	-3,848
(ii)	Other	4,156

Total Disbursements	43,652
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MEMORANDUM

Changes in Reserves-Other

Transfers to Sinking Funds	291
Transfers to Other Funds	-
Investment in Bank of Ghana	-
Changes in Contingencies Fund	-
Changes in Cash Balances	3,865
Total	4,156

ANNEX II

GHANA: CENTRAL GOVERNMENT EXPENDITURE

(Classified by Function)

	1961-62 LG Million
A. GENERAL SERVICES	
General Administration	9.6
Defence	9.2
Justice and Police	<u>4.1</u>
Total	<u>22.9</u>
B. COMMUNITY SERVICES	
Roads and Waterways	2.3
Fire Protection, Water Supply and Sanitation	1.3
Other Community Services	<u>0.9</u>
Total	<u>4.5</u>
C. SOCIAL SERVICES	
Education	14.4
Health	5.0
Social Security and Special Welfare Services	1.6
Other Social Services	<u>2.7</u>
Total	<u>23.7</u>
D. ECONOMIC SERVICES	
Agriculture and non-mineral resources	6.9
Fuel and Power	2.0
Other mineral resources manufacturing and construction	3.2
Transport, Storage and Communications	2.8
Other economic services	<u>-</u>
Total	<u>15.0</u>
E. UNALLOCABLE EXPENDITURE	
Interest on general debt	1.9
General transfer to Local Government	1.4
Foreign economic aid and other unallocable transfers to abroad	-
Other	<u>-</u>
Total	<u>3.3</u>
Grand Total	<u>69.4</u>

ANNEX III

GHANA: SECTORAL CLASSIFICATION
(Cedis)

<u>Sectors</u>	<u>Estimates</u> <u>1966-67</u>
ECONOMIC AND SOCIAL	
Agriculture	
Chapter I-Ministry of Agriculture	13,285,210
Chapter II-Forestry	1,601,410
Mining	1,975,720
Industries	233,870
Construction	13,137,210
Communications	7,777,530
Commercial (Trade)	919,300
Education	64,902,310
Health	13,500,000
Labour and Social Welfare	2,771,810
GENERAL SERVICES	
General Administration	
Chapter I-National Liberation Council	35,356,840
Chapter II-Economic Affairs	270,000
Chapter III-Information	4,652,000
International Administration	
Chapter I-Interior	11,043,200
Chapter II-Local Government	2,915,320
Foreign Relations	9,918,960
Fiscal Administration	6,250,830
Defence	29,408,000
STATUTORY EXPENDITURE	
Financial Services	53,100,000
Total Expenditure	273,019,520

ANNEX IV

TANZANIA: GROSS CLASSIFICATION BY ECONOMIC AND SECTORAL ITEMS

1. Recurrent Expenditures

	1962/63	1963/64	1964/65	1965/66 (Estimate)	1966/67 (Estimate)
Social Services	6,686	7,666	8,586	10,347	11,732
Economic Services	3,773	4,040	4,216	6,957	7,984
Law and Order	2,970	3,354	4,357	5,381	4,442
Defence	615	924	1,616	2,214	2,244
Administration	2,673	2,772	3,223	2,197	3,213
Pensions and Gratuities	1,481	1,988	2,027	2,208	2,051
Local Government	662	630	960	1,107	926
National Debt	2,024	2,170	2,326	3,390	4,184
Revenue Collection, etc.	358	1,151	997	768	766
Unallocated Items	2,343	2,421	3,252	1,858	1,675
Recurrent Expenditure	23,585	27,115	31,560	36,427	39,217
Transfer to Development Revenue	350	712	3,100	—	100
Total Expenditure	23,935	27,827	34,660	36,427	39,317
Plan Targets:					
Recurrent Expenditure			30,900	32,800	37,700
Transfer to Development Revenue			2,000	2,000	1,300
Total Expenditure			32,900	34,800	37,000

TANZANIA: GROSS CLASSIFICATION BY ECONOMIC AND SECTORAL ITEMS (cont'd)

2. Capital Expenditures

Head	1962/63	1963/64	1964/65	1965/66 (Estimate)	1966/67 (Estimate)
Natural Resources	1,670	2,042	2,660	7,445	3,706
Power	600	500	34	937	—
Communications	1,055	1,077	1,264	4,767	3,716
Township Development	301	295	568	209	61
Public Building and Works	627	148	1,707	1,557	1,962
Social Services	1,304	1,262	2,350	4,034	919
Miscellaneous	117	1,088	1,360	772	1,973
Central Government Capital Expenditure	5,674	6,412	9,943	20,721	12,337
Central Govt. Contribution Parastatal Organizations		851	250	1,448	1,362
Development Budget	5,674	7,263	10,193	21,169	13,699
Plan Target: Central Government Capital Expenditure			10,529	12,493	14,280

Source: Background to the Budget, An Economic Survey, 1966-67 (Government Printers, Dar-es-Salaam).

ANNEX V

TANZANIA: GOVERNMENT-FUNCTIONAL ANALYSIS OF EXPENDITURE

(Recurrent and Capital)

Head of Expenditure	1962/63	1963/64	1964/65	1965/66 (Estimate)	1966/67 (Estimate)
Economic Services:					
1. Agriculture, Forest and Veterinary	4,019	4,123	3,678	5,572	5,164
2. Mines and Surveys	295	281	729	631	425
3. Water Supply Development	836	987	2,875	2,483	2,443
4. Railways	235	65	—	76	100
5. Aviation and Meteorology	87	169	169	209	293
6. (a) Fuel and Power	600	500	34	—	—
(b) Other (including parastatal)	737	1,397	2,197	6,230	3,450
	6,809	7,522	9,682	15,201	11,915
Community Services:					
7. Roads	2,390	2,489	2,571	6,315	5,548
8. Township Development	180	142	123	1,145	823
	2,570	2,631	2,694	7,460	6,371
Social Services:					
9. Education	5,791	6,162	8,127	9,496	9,377
10. Medical	2,537	2,784	2,729	3,771	3,328
11. Housing	175	—	638	516	1,402
12. Other	548	1,178	662	1,730	1,372
	9,051	10,122	12,156	15,513	1,479
General Services:					
13. Central and Local Administration	3,114	3,182	3,340	3,996	3,837
14. Law, Order and Defence	4,216	5,498	7,555	9,144	8,526
15. Revenue Control and Collection and other general Treasury Services	382	812	301	314	478
	7,712	9,438	11,196	13,554	12,841

.../...

TANZANIA: GOVERNMENT FUNCTIONAL ANALYSIS OF EXPENDITURE
(Recurrent and Capital)

Head of Expenditure	1962/63	1963/64	1964/65	1965/66 (Estimate)	1966/67 (Estimate)
Unallocable Expenditure:					
16. Public Works	1,721	2,043	2,941	2,151	2,468
17. Other General Recurrent Items	6,418	6,428	7,050	7,475	7,462
18. Other General non- Recurrent Items	3,687	3,140	5,023	4,145	3,981
	11,826	11,611	15,014	13,771	13,911
Total Current and Capital Expenditure (excluding Depreciation)	37,968	41,324	50,742	65,399	60,517
Total Adjustments	-8,359	-6,235	-7,889	-7,802	-7,600
Total Expenditure as shown on the Government Account	29,609	35,089	42,853	57,597	52,917

Source: Background to the Budget, An Economic Survey, 1966-67, (Govern-
ment Printers, Dar-es-Salaam).

ANNEX VI

SUDAN: SUMMARY OF THE FUNCTIONAL CLASSIFICATION

	1964/65 (LS Million)
Education	6.5
Public Health	4.9
Other Social Services	14.3
Agriculture	8.7
Public Works	2.6
Development Expenditure	23.4
Other Economic Services	7.9
Defence	10.3
General Administration	7.9
Total	86.5

ANNEX VII

UGANDA: CLASSIFICATION OF CAPITAL EXPENDITURE BY SECTORS

<u>Sectors</u>	<u>Expenditure</u> <u>1965-66</u>
I. COMMODITY PRODUCTION AND TOURISM:	
Agriculture and Co-operatives	1.4
Livestock and Animal Husbandry	0.5
Fisheries	0.01
Forestry	0.04
Game and Tourism	-
Mining and Minerals	0.4
Total	<u>2.4</u>
II. BASIC ECONOMIC OVERHEADS:	
Roads	1.0
Railways	-
Airport	0.5
Surveys and Mapping	0.1
Total	<u>1.6</u>
III. SOCIAL SERVICES:	
Education	1.7
Health	0.8
Labour	-
Community Development	0.4
Information Services	0.05
Housing	0.6
Total	<u>3.6</u>
IV. DEFENCE, LAW AND ORDER:	
Defence	1.7
Police	0.5
Prisons	0.04
Total	<u>2.2</u>
V. ADMINISTRATION AND MISCELLANEOUS:	
Administration	0.2
Foreign Service	-
Customs	-
Finance	1.0
Total	<u>1.2</u>
VI. KINGDOM AND LOCAL GOVERNMENTS:	
Grants	0.05
Water Supply Services	0.7
Local Authority Loan Fund	-
Total	<u>0.8</u>
Grand Total	<u>11.8</u>

ANNEX VIII

UGANDA: CENTRAL GOVERNMENT EXPENDITURE: FUNCTIONAL ANALYSIS

										1964/65
A. General Services:										
1. General Administration--										
	(a)	Central	..	..	..	..	..	..	..	37,596
	(b)	Regional	..	..	..	..	..	..	..	4,564
	(c)	Fiscal	..	..	..	..	..	..	..	10,411
2. Defence										32,796
3. Justice and Police--										
	(a)	Administration	..	..	..	..	..	..	..	723
	(b)	Law Courts	..	..	..	..	..	..	..	6,558
	(c)	Police	..	..	..	..	..	..	..	54,281
	(d)	Prisons	..	..	..	..	..	..	..	24,312
TOTAL--General Services										171,241
B. Community Services:										
1. Roads										16,538
2. Fire Protection, Water Supply, Sanitation, etc.										1,817
TOTAL--Community Services										18,355
C. Social Services:										
1. Education										97,056
2. Health										54,271
3. Labour										2,291
4. Community Development										3,666
5. Other Social Services										9,897
TOTAL--Social Services										167,181
D. Economic Services:										
1. Agriculture--										
	(a)	Crop Production	..	..	..	..	..	..	..	22,808
	(b)	Veterinary	..	..	..	..	..	..	..	10,976
	(c)	Tsetse Control	..	..	..	..	..	..	..	3,798
2. Forestry, Hunting and Fishing										7,779
3. Geological Survey and Mines										6,026
4. Water Development										2,062
5. Commerce										482
6. Transport and Communications										1,909
7. Other Economic Services--										
	(a)	Lands and Surveys	..	..	..	..	..	..	..	7,921
	(b)	National Parks and Tourist Development	..	..	..	..	..	..	..	2,485
	(c)	Co-operative Development	..	..	..	..	..	..	..	3,513
	(d)	Other	..	..	..	..	..	..	..	1,775
TOTAL--Economic Services										71,534

UGANDA: CENTRAL GOVERNMENT EXPENDITURE: FUNCTIONAL ANALYSIS (continued)

E. Unallocable Expenditure:

1964/65

1. Public Works	..	..	..	..	..	..	19,509
2. Building and Construction	..	..	..	..	..	..	4,333
3. Printing Department	..	..	..	..	..	..	3,296
4. Interest on Public Debt	..	..	..	..	..	..	8,494
5. Repayment of Loans	..	..	..	..	..	..	18,246
6. Loans, Advances and Sums Written-off	..	..	..	..	..	..	102
7. Pensions and Gratuities	..	..	..	..	..	..	73,215
8. Passages	..	..	..	..	..	..	8,124
9. Overseas Addition	..	..	..	..	..	..	21,161
10. Transfers Abroad	..	..	..	..	..	..	1,489
11. General Transfers to Local Governments	..	..	..	..	..	..	108,715
12. Other	..	..	..	..	..	..	39,657

TOTAL—Unallocable Expenditure 306,341

TOTAL EXPENDITURE 734,652

ANNEX IX

UAR: CLASSIFICATION OF EXPENDITURES BY SECTORS
(EL.millions)

<u>Sector</u>	<u>1964/65</u>
Agriculture	105.2
Irrigation & Drainage	27.6
Electricity	39.0
High Dam	56.9
Industry	163.9
Transport & Communication	100.6
Suez Canal	22.6
Housing & Public Utilities	<u>99.0</u>
Total Productive Sectors	<u>614.8</u>
Defence, Security & Justice	172.1
Education	96.2
Health	44.5
Tourism, Culture & Entertainment	33.3
Social & Religious Services	20.0
Supply & Storage	57.5
Scientific Research	8.3
Organizational	17.7
Financial & Commercial	102.0
Gross Appropriations	<u>18.0</u>
Total Services Sector	569.6
Grand Total	<u><u>1,184.4</u></u>