ECONOMIC COMMISSION FOR AFRICA

Fifth session of the Joint Conference of African Planners, Statisticians and Demographers

Addis Ababa, Ethiopia, 21-28 March 1988

INDICATORS FOR MONITORING DEVELOPMENT PROGRAMMES AND AID FLOWS IN AFRICA

The following annexes are taken from the UNDP/IBRD/ECA project document on "Data collection related to development programmes and aid flows in Africa". They are reproduced for this meeting because they are relevant to the discussions under item 16 of the agenda.
ANNEX I

PRELIMINARY LIST OF PRIORITY INDICATORS FOR MONITORING DEVELOPMENT PROGRAMS AND AID FLOWS IN AFRICA

The indicators set out in this Annex are those considered critical for monitoring major developments in Africa. They will be given preference in the 1987 monitoring report. Their selection has been guided by several factors, including the objectives of the UN Special Program, the experience of the Bank in monitoring the Joint Program of Action, and judgments as to their relevance to short-term policy reforms, the availability and comparability of timely data, the importance of government intervention in key areas, and the seriousness of economic problems.

However, this list of indicators is not final. It is preliminary because it is necessary to assess the feasibility of compiling adequate data for some indicators, because monitorable indicators have not been clearly identified for other indicators, and because new developments in the international community may make it desirable to look at new areas or new sources of data may make it possible to include additional indicators. The first task in the 1987 Work Plan of the project is therefore to review this list with the aim of revising it on the basis of a clearer consensus on the concepts being measured, the availability of reliable data, the feasibility of reaching meaningful assessments, and the emergence of additional monitoring requests from the development community. For each major indicator, the project would prepare brief working notes in which these issues would be discussed and the details of data compilation and analysis would be worked out. A notion of some of the issues to be addressed appears in Annex VI, from which the indicators in this preliminary list have been largely drawn.

It is expected that the 1987 report, which will probably concentrate on aid flows and some short-term policy actions, would be based largely on this preliminary list of indicators, as revised after an initial review under this project. The 1988 report may cover additional indicators, as well as updating those in the 1987 report.

A minimum set of priority indicators is likely to include the following:

1. **External resource flows**
   
   (a) Data on historical flows (including most recent estimates). These would cover the full range of resource flows, including concessional and nonconcessional aid, IMF resources and direct foreign investment.
(b) Data on prospective flows (together with advance estimates for the current year). These would focus on concessional assistance, at least for major donors and major sub-Saharan recipients.

(c) Developments in aid group meetings and aid co-ordination efforts in Africa.

(d) Debt service obligations and payments.

2. Agricultural incentives

(a) Official producer prices (and producer share of export values) for major export crops.

(b) Government food subsidy payments (and/or other measures of distortions in the foodcrop market, including forced procurement, and large distributions of food aid below market prices).

(c) Changes in agricultural marketing arrangements.

3. Wages

(a) Evolution of government wages.

(b) Some measure of rural-urban terms of trade.

4. Public sector management - public enterprises (PE)

(a) Measures of performance, like government transfers.

(b) Measures of the importance of the PE sector, like share of domestic credit allocated to PEs or the share of external debt held by PEs.

(c) Measures of efforts to rationalize and improve the performance of the sector, including employment actions.

(d) Major pricing reforms designed to improve PE performance.

(e) Other measures to improve performance of the sector.

5. Public sector management - public expenditure

(a) Central government fiscal deficit.

(b) Public expenditure in agriculture and agriculture related activities.
(c) Public expenditure in health and education sectors, if possible including relative shares of wage and non-wage recurrent expenditures.

(d) Public investment (as share of total investment).

6. **Macro-economic indicators of recent economic developments in Africa.**

   (a) Production aggregates (especially major agricultural crops).

   (b) National accounts series.

   (c) Trade levels (including estimates for some specific commodity exports).

   (d) Balance of payments.

   (e) Inflation rates.

   (f) Real interest rates (domestic and international).

   (g) Real effective exchange rates.

   (h) International terms of trade (with prices of oil and other key commodities perhaps shown separately).

7. **Social and environmental indicators**

   (a) Population growth and policies.

   (b) Human resources - health statistics.

   (c) Human resources - education sector performance.

   (d) Significant climatic developments.

8. In addition to the specific indicators above, the project will attempt to assemble some country cases that illustrate other particularly interesting efforts to improve economic performance, for example, actions to strengthen technical capacity in agriculture and to promote private sector development.
ANNEX II

A SUGGESTED COMPREHENSIVE LIST OF MONITORING INDICATORS
AS A GUIDE FOR DESIGNING NATIONAL MONITORING PROGRAMS

1. The indicators given in this Annex comprise a comprehensive set of indicators that governments may want to consider in designing their own national monitoring programs. The list has been established with a view as to what would be desirable, not necessarily feasible given resources, data, and administrative constraints. Implementing a monitoring program based on a set of indicators similar to these would be a long term endeavor, probably requiring substantial donor support.

2. Although these indicators are not intended to serve as a guide for the implementation of this project, they may provide a useful comprehensive checklist against which project scope can be assessed, a source of ideas for possible revisions to the priority list given in Annex VI, and an input to reflections on the secondary project objective of contributing to the establishment of better national monitoring systems. In addition, some of the issues discussed may help guide the initial analytical work under the project to review the priority list in Annex VI.

3. The comprehensive list of indicators includes the following:

I. External resource flows

This information would include actuals (up through the preceding year), estimates for the current year, and projections for the subsequent two years.

1. concessional loans and grants

(a) Data would be disaggregated by:
- Recipients;
- Major donor or donor group (DAC members, EC, AFDF, IDA, OPEC);
- Commitments, gross disbursements, net disbursements and interest payments;
- Total aid, as well as food aid (particularly emergency relief) and project and non-project assistance (non-project assistance being defined as quick disbursing aid). Definitions of aid types would correspond to those being developed for the Bank's Standard Aid Indications Table.
(b) Preliminary estimates would be made by May, at least for major donors, on the basis of provisional figures compiled by the donors.

(c) Projected aid flows for the current and subsequent years, disaggregated as above, would be made on the basis of provisional information available from all sources.

(d) Developments in aid co-ordination arrangements (CGs, Roundtables, Paris and London clubs, and sector co-ordination meetings).

2. Use of IMF resources

3. Non-concessional aid flows

(As defined by DAC - less than 25 percent grant element) - gross and net disbursements and interest payments.

4. Direct foreign private investment

II. Incentives

1. Agricultural incentives

(a) Producer price shares of major export crops (data required are the effective producer prices, the export unit values, and, if possible, domestic intermediary and processing costs to calculate a true nominal protection coefficient). If subsidy information is available for inputs, it may also be possible to estimate effective protection coefficients.

(b) Ratio of domestic consumer food prices to some measure of an international price (probably calculated for major consuming center and based on annual average prices, but other calculations should be studied). (Alternative measures might be based on the value of grain provided per worker expressed as a ratio to wages or per capita GDP).

(c) Importance of government intervention in agricultural marketing, as measured by the shares of marketed production handled by official agencies and respective proportion of value added that is taxed away by official agencies.
(d) Changes in domestic marketing arrangements aiming at liberalization and increased private sector participation (e.g., monitoring policies with respect to fixed annual, pan-territorial, producer prices, linkage between domestic and world prices, government monopolies (legal, effective), freedom of intra-country and international grain shipments).

(e) Relative incentives in agriculture as compared to industry (based on effective protection studies in agriculture and industry, and thus limited to certain countries).

(f) Changes in activities and performance of agricultural marketing boards (see III below).

2. Trade and industrial sector policies

(a) Measures of commercial liberalization, such as number of locally produced goods subject to ex ante price control.

(b) Compilation of available estimates of standard measures of industrial sector incentives (effective protection coefficients, DRC ratios, average tariff levels and prevalence of quantitative restrictions).

(c) Change in major elements of investment codes, especially affecting small-scale domestic entrepreneurs and foreign direct private investment (perhaps some index that would indicate increasingly or decreasingly, favourable conditions, as with population policies - see below).

3. Wages

(a) Evolution of government wages, based on average government salaries (plus changes in one or two entry- or mid-level grades), calculated in constant prices, and as a multiple of per capita GDP.

(b) Evolution of wages outside the government, with a focus on urban casual labor, agricultural labor (perhaps measured as a function of some marker wage (e.g., peak season labor), or average farm returns, or per capita agricultural GDP, and average industrial wages (disaggregated by key industries).
(c) Changes in the rural-urban terms of trade (based on a weighted average agricultural producer price index and some index of urban wages and/or rural non-agricultural consumer prices).

(d) Comparison of the above ratios with similar data from comparator countries in Asia.

(e) Indicators of the level and evolution of labor productivity in non-agricultural sectors (because of data limitations, the output would initially be a cross-sectional description of the situation in Africa, rather than a monitoring of recent changes).

4. Interest rates

(a) Levels of and changes in real and nominal interest rates for key financial transactions (Central Bank discount rate, deposit savings rate, and industrial or commercial lending rates). Real interest rates would be calculated according to the methodology presented in the recently published Bank’s Operational Policy Note 2.50 (Attachment on “Elements for Inclusion in Country Economic Memoranda”).

(b) Changes in policies regarding legally fixed interest rates and allocation of credit among sectors by the government, including access to preferential credit (e.g., agricultural marketing credit) by the private sector.

5. Exchange rates

(a) Changes in nominal and real effective exchange rates (based on IMF data and calculations).

(b) Adoption of more flexible exchange rate regimes, where exchange rates are determined more by market signals.

(c) Changes in restrictive trade, capital and exchange practices (i.e., significant trends toward liberalization or greater restriction, drawing on methodology employed by the IMF in its annual report on Exchange Arrangements and Exchange Restrictions).

6. Inflation rates
III. Public sector management

1. Public enterprises

(a) Size of sector, as measured by:

- Number of public enterprises (PE).
- Share of PE value added in GDP.
- Share of PE employment in total employment.
- Share of PE investment in GDI.
- Share of PE domestic credit to total credit.
- Share of PE external debt to total external debt.
- Fiscal contributions from PE as a share of total government revenue.

(b) Performance of sector (or of a sample of the major PEs), as indicated by:

- Gross and net PE sector profits as a ratio to GDP.
- Government transfers to PEs as a ratio of government expenditure.
- Return on assets (net PE profits as ratio to net PE assets).
- Concentration of profits and losses in a few PEs (for example, number or percent of PEs accounting for 70 percent of gross profits or losses).
- Average wages in the PE sector as multiple of per capita GDP.

In analyzing performance, account would be taken, if possible, of exogenous factors that may effect performance, irrespective of reforms.

(c) Reform efforts in the sector (as well as moves in the opposite direction) including:

- Reduction (or increase) in size of the sector (divestitures and liquidations compared to new enterprises).
- Personnel reductions (or increases) in the sector.
- Major actions to improve PE sector management (e.g., classification schemes, audits, government oversight, autonomy).
- Specific changes in pricing, trade, and tax policy designed explicitly to strengthen the PE profit ability.
2. Public expenditure

(a) Central government fiscal deficit (as percentage of GDP).

(b) Public expenditure in agriculture:
- As share of total recurrent and investment budgets, with agriculture defined narrowly (e.g., Ministry of agriculture plus ancillary budgets related to rural development) and more broadly (marketing, roads, etc).
- Relative budget shares allocated to maintenance, rehabilitation, and expansion of capacity.

(c) Public expenditure in social sectors:
- Separately for education, health and possibly other social sectors.
- As share of total recurrent and investment budgets.
- Wage and non-wage shares of recurrent budgets for each sector.
- Expenditures in each sector on a per capita basis (or as ratio of per capita GDP).

(d) Government employment practices (e.g., automatic recruit of graduates, hiring freezes, staff reductions).

3. Public investment (in addition to indicators under public expenditures).

(a) Size of public investment programs (as share of total investment).

(b) Monitoring major elements of public investment programs, especially "white elephants" and other indicators of the efficiency of public investment (based largely on public expenditure/investment reviews carried out by the Bank or IMF).
(c) Reforms in investment programming procedures and criteria expected to lead to better public investments.

IV. Social indicators

This monitoring would follow closely the data categories and formats established in the Social Indicators of Development published by the World Bank. In addition to those below, other indicators could include life expectancy at birth and per capita supply of calories. Special efforts will be made in two areas:

1. Key indicators in the population and human resources sectors:

(a) Population

- Rate of population growth
- Fertility rates
- Contraceptive prevalence rates (and estimated unmet needs for contraception)
- Index of family planning efforts and population policies (along the lines of that presented in Table 22 of the World Bank study Population Growth and Policies in Sub-Saharan Africa)

(b) Human resources: health

- Immunization rates for major communicable diseases
- Relative expenditure on primary health care (especially as compared to urban-based hospital-based curative health care)
- Indicators of cost recovery (e.g., share of costs covered by user fees for critical areas of health care) and community financing efforts
- Recurrent, non-wage expenditures as a share of government budgets in the sector and as a ratio to per capita GDP
- Evolution of unit costs of health care delivery and adoption of specific measures designed to reduce them
(c) Human resources - education:

- Primary, secondary, and tertiary enrollment rates.
- Relative budget shares going to primary, secondary, and tertiary education.
- Evolution of unit costs and adoption of specific measures designed to reduce them, disaggregated by level of education.

Indicators of cost recovery and adoption of measures to increase cost recovery:

Recurrent non-wage expenditures as a share of government budgets in the sector, per student, and as a ratio of per capita GDP.

For most of these indicators, current data will probably not be available; monitoring in this case will focus on broad cross-sectional patterns coupled with emerging trends as suggested by indicators where current data are available.

2. In addition to the sector-specific monitoring above, there would be a special emphasis on the social hardships and gains that accompany structural adjustment. For countries undertaking adjustment, the monitoring would attempt to examine questions related to changes in income distribution and to the adoption of specific government measures to reinforce the positive social effects of adjustment. Much of the analysis and measurement will rely heavily on indicators described above.

V. Environment

Considerable effort is needed in this area to develop monitorable indicators. The initial effort will focus on assessments on deforestation and desertification and on the adoption of government programs and policies designed to alleviate pressures leading to environmental degradation (e.g., tree planting efforts, energy pricing, and taxation).

VI. National accounts, trade, and balance of payments

Indicators will follow the formats established for the Statistical Annexes in the earlier Africa Reports. Data and tables would be supplied by EPD.
VII. External shocks

1. Changes in climatic factors (especially threat of drought or countries affected by drought).

2. Changes in terms of trade.

3. Changes in international interest rates.

4. Oil prices.