

UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



52890
Distr.
limited



E/CN.14/CAP.2/INF 17
6 December 1967

ENGLISH
Original : FRENCH

ECONOMIC COMMISSION FOR AFRICA
Conference of African Planners
Second session
Addis Ababa, 4-15 December 1967

LESSONS TO BE DRAWN FROM FIVE YEARS OF PLANNING IN FRENCH-
SPEAKING AFRICAN COUNTRIES SOUTH OF THE SAHARA

(Presented by the Common Afro-Malagasy Organization - OCAM)

M67-1674

I N T R O D U C T I O N

The authors of the first national development plans of the African countries seem to have been the victims of the illusion that it was enough to plan a slowly developing economy to give it the dynamism it lacked. To this illusion there was later added another, namely that financing of foreign origin would in all circumstances be a substitute for national efforts proper.

With regard to the second point, the numerous difficulties encountered in implementing the operations envisaged have shown that there are severe limitations on the absorption of foreign capital by an economy. Foreign government aid passes through a country and leaves it in various forms without taking full effect, unless there is local initiative to make it bear fruit. Once roads have been constructed or hospitals built, the funds devoted to such work are transformed into income of workers or enterprises. If such income is not used locally, it leaves the country in the form of imports of consumer goods, or transfers of savings, and it will later be necessary to levy the necessary resources for the maintenance of the roads or the operation of the hospitals from a population that has not become any wealthier in the meantime. Admittedly, foreign government or private financing also makes it possible to carry out operations that are directly productive but these are of genuine benefit to the country concerned only to the extent that they induce participation by the national transactors - suppliers or employees - which precisely supposes a linkage between domestic efforts and external contributions. Moreover, foreign capital may be split up between a large number of very minor operations, and thus be wasted, unless previous studies are made and implementation is kept under review.

This type of capital must always be used in a relatively concentrated manner. However, in that case, foreign capital loses all its effectiveness unless sufficient purchasing power has previously been created to justify the new production. In fact, the small size of domestic markets is the most formidable obstacle to the establishment of modern economic activities, particularly in the industrial sector.

REPORT

The development of the economy supposes industrialization, which is made possible only by a rapid increase in labour productivity and therefore in per capita income; industrialization, like the modernization of agriculture and services, calls for the intervention of foreign financing, and should be carried out within acceptable time limits. However, it is quite certain that such action has no chance of success unless corresponding additional purchasing power is created by an increase of productive efforts in other sectors.

Unfortunately, planning does not have the virtue of dispensing nationals from the need to make this effort; a plan cannot alter the three-cornered pattern of foreign aid; still less can it create resultant purchasing power or expand the domestic market. Whatever external assistance we can count on, our development will be bought with sweat and tears or not at all. No country has escaped this harsh law; Western Europe experienced the times of the famous "iron law of wages"; the United States was in a similar position during the conquest of the west and so more recently was the Soviet Union, with its iron curtain, which is not simply a phrase invented by politicians but a living economic reality. All these examples in different ways illustrate one condition of economic development, namely, the accelerated capitalization of human labour.

Foreign government aid may permit the African countries to shorten this period of austerity, but it cannot enable them to bypass it. The benefit that a country may derive from the assistance that it receives is in proportion to its own efforts; failing such efforts, aid will return to those who grant it, and, in the long run, the latter will be the chief beneficiaries. Thus, the illusions of the 1960's should be vigorously denounced. These illusions have enveloped the plan with a mystique that is harmful, to say the least.

A plan, it should be repeated, is neither a panacea nor a development factor.

A plan is an economic instrument in the service of a policy. Planning is a technique that makes it possible to co-ordinate efforts, to use

resources in the optimum manner, and to regulate the most important economic mechanisms. While we must vigorously denounce and combat idolization of the plan, it must remain as inspiration. The plan is not a motive force but a regulator of the economy, which is perhaps no less important but is not the same thing.

Since the development of a country calls for very great sacrifices on the part of its population, it is only right that governments should be at pains to avoid any unnecessary sacrifices; the more effort and perhaps suffering is required of a population, the more care must be taken that such efforts are effective and that no suffering proves one day to have been useless. Therefore, individual action must be co-ordinated and organized on the basis of a comprehensive development strategy. It is the role of the plan to ensure concordance between the constituent operations in order to achieve an integrated overall result.

However, there is no point in having a regulator unless there is some dynamism to regulate and the importance of the regulator grows in step with the power of the mechanism; it is useless to plan a stagnant economy until one has found a way of setting it in motion. Accordingly, action must be based on the motive forces of the economy, which are to be found in the country itself. An economy that is set in motion only from foreign centres of decision is a dependent economy. The "motors" of growth are of two kinds: among private persons there is the attraction of the profit that can be created or developed, and among the leaders, there are the basic policy decisions taken.

The attraction of individual profit promotes private initiative and leads to the emergence of the entrepreneur. On the other hand, a desire for the public good is the motive and guides the actions of those who hold power in the state.

A plan that did not express the political will and even determination of the governors would have no chance of being seriously applied. To be applied effectively, the plan requires support from the population of the country concerned. It is known that such support has so far been relatively

inadequate; however, it is absolutely essential both to facilitate implementation and to limit the danger of bureaucracy. Participation by representatives of the population through the most diverse channels is therefore absolutely necessary; to make such intervention as effective as possible, the plan needs an inspirational content, which is the only way to arouse a dormant population and to channel its energies towards the fulfilment of the plan.

To discourage idolization of the plan and at the same time give it a positive inspirational content would seem to be extremely important prerequisites in any planning endeavour. Therefore, in order to make possible a valid presentation of the problems of planning, these points have been taken first, to be followed by an exposition of the fundamental problems raised by planning, namely:

Problems of formulation

Problems of implementation

I - PROBLEMS OF FORMULATION

Experience proves, and the deliberations of the Bordeaux Symposium confirm, that the formulation of a plan encounters three main difficulties. First of all, a strategy must be prepared, then the various constituents of the plan must be integrated, and finally certain overall appraisals must be improved.

A. The preparation of a development strategy

With a few exceptions, the first African development plans did not have any very coherent development strategy. Some problems do not seem to have been raised by planners, particularly the following:

- (1) Is the plan a growth plan or a development plan?
- (2) What is to be the relationship between industry and agriculture?

1. Growth plan or development plan

A development plan will not merely indicate what operations are to be carried out, it will mention the structural reforms that are essential if production operations are to take full effect, to become firmly rooted in the country and to bring about secondary induced effects in the more or less distant future. The plan operations should lead to self-sustaining development, that is to say, national development, so that particular attention should be devoted to problems such as efficiency and profitability, the development of extension work and the organization of suitable and directly productive education. It is encouraging to note that plans in French-speaking African countries south of the Sahara tend increasingly to be development plans in the precise sense of the term.

2. The relationship between industry and agriculture

Agriculture and industry are too often regarded as independent sectors and the corresponding programmes are inadequately integrated. This has two main consequences: first of all, planners do not seem to be sufficiently aware that, to be sound, industrial development must be based on a large domestic market. At the moment, this market consists mainly of the national or expatriate households that obtain their income from the modern sector. Consequently, most of the industrial projects selected are aimed at meeting the demand of this category of households. It will be quite clear that this type of industrialization is very vulnerable. The number and incomes of national officials cannot be increased indefinitely and, furthermore, the presence of expatriates is a more or less uncertain matter. Budget austerity or a reduction in technical assistance personnel (for example, the withdrawal of troops from Africa) have a very severe effect on the size of the domestic market.

It is therefore essential to increase the market by opening it more and more to the category of transactors that represents 80 to 90 per cent of the population, namely farmers. In other words, industrial development makes it necessary to raise the level of living of the agricultural population. Accordingly, a number of inter-related priority campaigns must be set in hand in order to achieve this aim.

Industrialization in the present acceptation of the term can only relate to consumer goods. However, industries of this type create very little economic momentum: raw materials are often imported, not much external saving is generated and there is no linkage effect, since these industries are at the end of the production "chain".

It is nevertheless recognized that some industries for the production of capital goods may be set up in Africa, even in the present context, in particular industries producing agricultural equipment, fertilizers, etc. Manufacture of such goods would have the major advantage of encouraging an increase in agricultural productivity and therefore in rural income.

Some experiments launched in the countries members of OCAM prove that this suggestion is not sheer Utopianism. Investigations into technology, financing and agricultural credit should be continued so that more such industries producing capital goods can be established.

B. The false alternative between "project" plans and "target" plans

From the technical point of view, a serious misunderstanding sometimes arose with regard to the concept of planning in the first series of African plans. Planning proceeds from a desire to ensure the cohesion of a number of constituent operations. Planning any type of activity means creating order, that is to say, introducing an organization structure. To paraphrase a famous dictum, "a catalogue of projects is not in itself a plan any more than a heap of bricks". Although a plan is made up of projects in the same way as a house of bricks, the planner selects projects for implementation on the basis of possible projects and makes his choice according to criteria that

may be classified in three categories:

- (a) Conformity with the fundamental policies indicated by the political authorities;
- (b) Profitability;
- (c) Coherence.

The planners' task then consists in arranging in time the action that should be undertaken to implement the projects selected in the plan. This process is not dissimilar to the programming of tasks to be carried out by a computer. When a plan has been formulated it is an organized structure of constituent operations. Everybody is more or less agreed on these different points.

However, there has sometimes been confusion between the thing organized, that is to say, the complex of operations programmed, and the organizational structure itself. It is in fact possible to make a formal representation of the organizational structure of a plan - what mathematical economists call a growth model. The preparation of an abstract model is not only possible but also useful, not only to verify coherence but also to make projections concerning pertinent economic magnitudes and also to calculate some coefficients or various growth rates, knowledge of which facilitates the presentation of the plan and makes it possible to assess its social and political characteristics.

The danger is not that of making a representation of the organizational structure of the plan, which by the way has the advantage of compelling a clear statement of tacit hypotheses and conditions which were a basis of the planners' work. The danger is rather to confuse the model that has been obtained with the plan itself.

It must be vigorously reiterated, since the error has been made several times, that a plan is no more a catalogue of projects than a growth model. A plan is an instrument with a clear pattern; it is a complex of operational projects organized into a coherent whole according to predetermined aims. It is a technical tool of middle-term and long-term economic policy.

Accordingly, it will easily be understood that participants at the Bordeaux Symposium dismissed the idea of opposition between the two economic schools of planning: "target" planning and "project" planning. Planning always comprises clearly defined individual operational projects and also targets in so far as the constituent projects have been selected and then organized to constitute an overall policy.

C The need to improve certain overall appraisals

Financial appraisals have sometimes been made with too much optimism; operational expenses have been under-estimated or foreign aid over-estimated. In both cases, results have not come up to expectations.

However, the most serious gaps have doubtless been in the appraisals concerning training and employment. Not only have staffing needs often been under-estimated, but planners have accepted a considerable gap between needs and the possibilities offered by training or technical assistance. Under such conditions, it is not astonishing that plans have not given the results forecast.

As was energetically stated by participants at the Bordeaux Symposium, the improvement of programmes for on-the-job training and the recruitment of technical assistance personnel, and their systematic comparison with genuine needs doubtless implies that administrative channels need to be reformed in order to facilitate co-ordination between the planning body and the ministry in charge of education or training.

These few remarks on the formulation of a development strategy, the refutation of certain concepts and the necessity of improving some overall appraisals seem to delineate the most outstanding problems that the French-speaking States have encountered and from which lessons have been drawn for the benefit of the second series of plans.

II. - PROBLEMS OF IMPLEMENTATION

While the planning organ is not the driving force in the economy, it must be its brain. It must:

- (1) Receive impulses from all the cells of the economic body;
- (2) Select the most important of these impulses;
- (3) Transmit impulses to the executive organs.

A. Problems of Information

The administrative network must be so organized that the planning body can receive all the statistical and other information that it needs. In particular, this raises the following problems:

Co-ordination with the statistical network (integration, independence or co-operation);

The need to use the regional and local administrations as correspondents;

This is tantamount to making administrators aware of the problems of economic information.

B. Selection of Information

The role of the planning body lies at two levels:

1. The general level;
2. The project level.

1. The general level

It is necessary to construct planning control tables consisting of a certain number of indicators that permit a day-to-day review of the development of the economy and the overall implementation of the plan. The purpose is to enable the leaders to "correct the range" rapidly; several French-speaking African countries, particularly the Ivory Coast, have successfully adopted this course of action.

2. Project level

A planning control table of the entire economy is not sufficient; it is essential also to verify the implementation of the most important projects.

In most cases, the work of administrative and financial verification is carried out, while economic verification is usually neglected. What should the components of such economic supervision be? "Timing" supervision or review of the implementation schedule for operations as they are effected in relation to the plan forecasts should be included. There should also be an evaluation of the principal, secondary and induced effects of the project: its effect on the budget (resources and expenditure), on wages (of Africans and expatriates), on external trade (gains or losses of foreign currency), and on the other industries or sectors, etc.

C. The transmission of impulses

It is not enough to be informed and to follow the plan's development and implementation at different levels; after this preliminary work, impulses must be sent from the brain. Once the various items of information have been brought together, these impulses must be directed to:

- (1) The government departments;
- (2) The para-public agencies;
- (3) The private sector.

1. Transmission of impulses to government departments

Suitable administrative procedures must be established to ensure that the central planning body can give leadership, without being overburdened with management duties.

It would be desirable to establish within each government department a system of planning cells which would become correspondents of the central planning body. Experiments along these lines have been carried out in some countries and should be carefully studied for the purpose of drawing general conclusions. Particular attention should be given to the problems of liaison with the ministry of finance. Experience proves, in fact, that ministries of finance tend to be preoccupied with the immediate, while the central planning body is too often not consulted on decisions which involve serious commitments for the future. That was why the participants in the Bordeaux Symposium advocated close

collaboration between these two institutions, especially during the preparation of budgets.

2. Transmission of impulses to the para-public agencies

Representatives of the planning body should as a rule sit on committees of government departments. In some cases, the economic but not the technical supervision of these institutions could be entrusted to the central planning agency.

3. Transmission of impulses to the private sector

The private sector is usually not involved in planning. This may be explained by the existence of numerous obstacles, not the least important of which is no doubt distrust of the very concept of planning on the part of private entrepreneurs. However, some progress has been observed and governments are tending to associate the private sector in planning since this sector is particularly important as a transactor. An effort towards collaboration with this sector could take the form of establishing commissions at both the formulation and implementation levels, so that the planning body could inform the private sector, which could in turn make suggestions to the Government.

CONCLUSIONS

As its dismissal of extreme formulas would indicate, the Bordeaux Symposium rejected all dogmatic concepts of planning.

The over-simplified opposition between indicative and imperative planning (why not conditional planning?), or Soviet and Western planning, can be shown to be illusory by thorough and factual study of planning in Africa. The conditions are not the same as existed in Soviet Russia after the First World War, nor as those found in Western Europe immediately after the Second World War. They are specific conditions, without historical precedent, which therefore call for original solutions.

Alongside Soviet planning and French planning, which is considered to be the most advanced form of Western planning, there will now be planning for African countries; in fact, it has already begun. We sincerely hope that this will be recognized during this Conference of African Planners. At the moment, African planning is being carried out empirically, by the progressive adaptation to circumstances which are peculiar to Africa, without rejecting any suggestions out of hand, regardless of their origin.

The concept of planning should not be associated with a particular doctrine. The fact that the first development plan appeared in a certain historical context, and that its first adaptation was made in another, is no reason to link planning with a particular ideology. Planning is a technique to be used to promote a policy and ultimately the welfare of man.