

UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL



Distr.  
LIMITED

E/CN.14/CAP.2/INF.18  
27 March 1968

ENGLISH  
Original: FRENCH

53435



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

THE FOUR YEAR PROGRAMMATION

(Document submitted by the Government of the Malagasy Republic)

## THE FOUR YEAR PROGRAMMATION

Inasmuch as Madagascar's first development plan aimed at objectives based on overall economic estimates, a mechanism at once binding and flexible had to be evolved, to allow for any necessary adjustments due to the vagueness of some of the assumptions on which the estimates were based.

The mechanism of the four-year programme was the one finally adopted.

Each year, in conjunction with the Ministry of Finance, a four-year programme is prepared simultaneously with the budget. This programme is in effect a selection of activities to be carried out in the next four years to achieve the plan objectives (or the ten year perspectives).

The programme consists primarily of the following:

- A four-year programme authorization schedule.
- A four-year credit payment schedule, plus a column showing the unfinished portion to be tackled in future years.
- A four-year schedule of concomitant and recurrent expenditure, plus an estimate of expenditure over a complete year after the investment comes into operation.

These schedules are established by define operations designated as "fully exploitable immediately", and if necessary, in hand.

For each operation in any given programme there is an "operation sheet" which gives the important elements of the docket (location, a general description of the main work to be done and the general factors governing the project - problems of land tenure and manpower etc. - investment cost broken down into its chief components and implementation phases - life span of the project, its financial and economic profitability for the nation, proposed sources of finance, etc.).

Options are made and the order of priority determined in a committee presided over by the General Planning Commissariat on the basis of the following criteria:

- Correspondance with the objectives of the plan, whenever such an estimate is possible;
- Rate of domestic economic profitability;
- Effect on employment;
- Effect on the balance of payments;
- Linkage effect capacity of the project (induced effects).

The inclusion of a project in the programme entails three obligations:

- The Ministry responsible for the execution of the project, has to prepare the operations docket in time to secure finance (FAO<sup>1/</sup> requires a few months in advance, EDF<sup>2/</sup> six in advance etc.).
- The General Planning Commissariat has to make the necessary contacts with the financing source agreed upon in order to secure its approval (approval in principle, forwarding the docket, later before obtaining final approval).
- The Ministry of Finance has to estimate the concomitant and recurrent expenditure (especially the various participations).

Since the Ministries responsible for the execution of the project hold all the probable resources, if they wish to go ahead with an operation not included in the programme, or if there is a revaluation of the cost of an operation, they must do so by a process of substitution, in other words, rethink the programme in the light of their objectives. In its revised form the programme must of course be approved by the General Planning Commissariat.

In principle, only the first annual instalment of the programme is definitively determined, 90 per cent of the second annual instalment approximately being determined, and 60 to 70 per cent of the third and fourth. Consequently programmes are subject to adjustment as the operations take clearer shape.

The advantage of this technique over the annual instalment method will be readily appreciated. It compels all those responsible to think out their medium-term activities and adhere to schedules in preparing their dockets. It also links the consideration of an operation project with the programme as a whole, in other words, it secures a constant balance between the socio-economic sectors and the overriding strength of available resources.

Another advantage is that any contingencies in business fluctuations are spread, and do not seriously militate against the implementation of the plan.

Finally, and this is of the utmost importance, through the annual revision of the programme the projects agreed upon can be readjusted in the light of the real changes in the economy and resources, and work in a given sector may be slowed down or accelerated, in the light of the actual implementation achieved. The programme brings out quite clearly the effect of a distortion on the plan as a whole, and makes it possible to secure a re-estimate of objectives on a sounder basis, since it takes into account the real changes in resources, the real cost of operations, and their actual rate of implementation.

---

<sup>1/</sup> Fund for Aid and Co-operation.

<sup>2/</sup> European Development Fund.

There are, however, certain disadvantages attaching to this procedure:

- (1) It is cumbersome and requires that the Ministries responsible for the execution of the work should have really efficient study centres, thoroughly conversant with medium-term procedures and a good deal of paper work, (since the four-year period has proved too long in practice, it has been reduced to 3 years).
- (2) It requires a very strict discipline.
- (3) It renders necessary medium-term projections in respect of resources (and some of these are exogenous variables).
- (4) It presupposes a continuity in the percentages of resources allocated to the economic and social sectors.
- (5) It calls for effective co-ordination with the Ministries of Finance, which often find it a delicate matter to enter into medium-term undertakings.

#### Comments

1. This procedure calls for simultaneous work on programme authorization (the number of new operations to be undertaken in a given year) and on payment allocations and this raises a few difficulties with certain sources of financing if they are budgetary (FAC, national financing, etc.), and consequently inclined to think in terms of allocation payments and reluctant to enter into long-term undertakings.

This difficulty may be circumvented in two ways:

- For a given operation it may be decided to consider the sub-projects (for instance, studies, development projects, etc.) and the programme authorization is then broken down into instalments;
- For certain long-term activities requiring annual financing (school planning, re-afforestation, geological planning), the operation in programme authorization and allocation payment is spread over a year;

In both cases, there must be some agreement in principle by the financing sources on their long-term role in the operation.

2. The programmes are drawn up on the basis of "operation sheets", but the net result to be expected cannot really be determined until after the discussion on the dockets with the financing sources and their final acceptance. This may have a distorting influence on the attainment of objectives, and may therefore render further changes in programmes necessary.