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ECONOMIC AND SOCIAL DEVELOPMENT

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(Information Paper)

1. The Commission recommended at its first session in January 1959 (Report E/3201, paragraph 61) that the Executive Secretary should (1) establish and develop a system of advisory services to members and associate members on the techniques and problems of development programming, (2) arrange for meetings of experts and officials responsible for the execution of development programmes and (3) arrange for training in planning techniques. In accordance with the second part of these recommendations, the Executive Secretary organized towards the end of 1959, at Addis Ababa, a meeting of experts on development programming techniques. The report of this meeting of ten experts (E/CN.14/42), seven of whom were senior government officials actively concerned with the administration of development programmes of African countries, was submitted to the Commission at its second session.
2. The discussion at the meeting centred on exchange of experience and on questions and problems encountered in economic development planning. The experts noted that in several of the countries considered, development programmes were limited to public capital projects. These countries were, however, aware of the fact that the direct and indirect costs and benefits of major public projects require economic analysis extending throughout the economy. They therefore intended to go beyond mere formulations of individual projects and to amplify their development planning in the direction of more comprehensive programmes as fast as improvements in information, administration and economic experience

permit. This development was welcomed by the participants, who agreed that programming techniques should be applied. A similar conclusion was reached recently at a conference on the uses of national accounts (E/CN.14/84).

3. The meeting of experts felt that the Commission was in a good position to find answers to specific questions with which members were faced in their development programming and that, therefore, the provision of advisory services (see paragraph 1 above) to member governments was of great importance. It was recognized however that this would take time in view of the staffing situation and other requirements, although some ad hoc advisory services could be instituted forthwith. One mission of this type was carried out in 1960 by an officer of the Secretariat, and it is hoped that more requests of this type can be met in 1961.

4. With regard to training in planning techniques (see paragraph 1), the Executive Secretary has initiated arrangements for a permanent training programme in economic planning at ECA headquarters roughly on the lines of a similar programme at ECLA, but adapted to African conditions. Preparatory work is proceeding and the Executive Secretary hopes to be able to announce for late 1961 or early 1962 a first experimental course of relatively short duration, which should help to determine the nature of the long-term programme.

5. During 1960, the Secretariat continued to collect and analyse information on plans, problems and policies in the field of economic and social development. Staff members consulted government officials in several countries and undertook preparatory studies of various aspects of

economic development, on the basis of which a survey of development programmes and policies in selected African countries and territories was made for inclusion in the first issue of the Economic Bulletin for Africa.

6. This survey, which contains a description and classification of plans and policies in about twenty African countries and territories, confirms the observation of the experts (see paragraph 2) that, with the notable exception of the plans of a few countries in North Africa, most African development plans are public capital expenditure programmes which do not contain projections, objectives or targets for the private sector. The article points out, however, that most countries have reached a stage where it becomes more and more difficult to say in what direction an economy should be guided to achieve its fastest rate of growth or to foresee where bottlenecks may develop and that, consequently, many governments have moved towards the acceptance of a more comprehensive conception of planning and economic policy, which they are now intending to put into effect.

7. The present attitude of governments as discussed above has been taken into account in the preparations for the working party on economic and social development (work programme project 01-01 (e)) to be conducted at Addis Ababa in the second half of 1961. It will mainly deal with the technical problems encountered in the transition from public capital expenditure programmes to comprehensive economic development planning. A tentative agenda, which will be discussed more fully below, contains the following items: (1) general stocktaking and exchange of experience,

(2) methods of project formulation and evaluation, (3) demographic and other social aspects of economic development, (4) comprehensive development planning and (5) recommendations for further work by the Commission. It should be kept in mind, however, that the proposals made in this paper are tentative and meant to elicit comments which will be taken into account in the further preparations for the working party.

8. At the meeting of experts in December 1959 it was felt that exchanges of experience and discussions of common problems such as had taken place had proved extremely useful and would be of value also to countries not represented at the meeting. As the forthcoming working party will be the first opportunity for representatives of all members and associate members of the Commission concerned with development programming to meet and discuss their common problems, its proceedings will, preferably, begin with a general stocktaking and exchange of experience, particularly with regard to government capital expenditure programmes (item 1 of the tentative agenda).

9. The Secretariat plans to submit, under this item, a paper outlining the situation under three main heads: (1) planning institutions and the organization of work in formulating and implementing development plans; (2) planning procedures practised in the past, experience gained and problems encountered; and (3) the statistical data used and present plans for improvement of statistical information for development planning. It proposes to collect information for this paper by means of a questionnaire, which will provide a basis for comparative analysis of development problems and methods applied in African countries. In addition,

participants will be requested to submit country papers to elaborate on problems or aspects of special concern to their country.

10. The discussion of programming techniques may start with economic methods of project evaluation (item 2 of the tentative agenda), particularly as most of the problems that arise in establishing government capital expenditure programmes concern the choice of projects and the determination of priorities among them. In many cases, the cost aspects of projects considered have been limited to capital cost, sometimes in conjunction with an evaluation of the additional recurrent government expenditure resulting from such projects, while benefits, being often difficult to assess without a thorough study of the economy and its prospects have been taken into consideration in a very general way only. A first step, therefore, would be the introduction of analysis of costs and benefits of planned projects by reference to economic criteria. In addition to capital (and recurrent) costs, account must be taken of aspects such as requirements in materials, energy and foreign exchange, demand for various types of skilled labour, and extra demands on public facilities (electric power, transport, etc.); on the benefit side direct as well as indirect increases in production, income, employment, exchange earnings, tax receipts, etc. must be estimated. Through such calculations, comparisons between projects could be made on a broader and more rational basis, and their impact on the development of the country as a whole would be better assessed and the preparation of packages of projects would be facilitated. Decisions on projects would thus be linked more closely to the government's overall objectives and contradictions between policies would be more easily uncovered.

11. Under this item the working party may study how procedures applied previously can be changed to introduce economically more relevant criteria, and which of the theoretically more acceptable methods of project evaluation may be suitable for application in the African context. A general paper will be submitted discussing what economic considerations should be introduced in project evaluation and how the economic aspects of a specific project can be linked with those of the economy as a whole. Special papers will deal with the formulation and evaluation of industrial, agricultural and possibly transport projects. It is hoped that some of these will be contributed by FAO and other specialized agencies. The discussions could concentrate on the relationship between project formulation and evaluation and the broad developments and requirements of the economy, not only because the detailed aspects of the problems involved could best be dealt with at specialized seminars, but also in order to provide a link with discussions on comprehensive planning under a subsequent agenda item.

12. Demographic aspects of economic development, as well as other social aspects, may be discussed under item 3 of the agenda. Demographic aspects are a basic element in the process of economic growth. Structural characteristics such as population density, regional distribution and migration, age distribution, etc. as well as the growth pattern of population - through growth in consumption and changes in the consumption pattern, necessary expansion of basic facilities, increase in manpower, etc. - have a considerable impact on the economic situation. Social factors raise problems in connexion with development because of

their considerable impact on productivity, production and expenditure and are in general difficult to allow for in development plans because their effects on development are not easily defined and operate with long time-lags. A discussion of these aspects might prove useful for studies of economic development and for economic development policy.

13. Comprehensive planning may be discussed on the basis of one or two general introductory papers on this subject. These papers will especially emphasize the techniques most appropriate to the prevailing economic structure, stage of economic development, institutional organization and availability of statistical information. In this connexion, the experience gained in countries of North Africa can be made available for the rest of the continent. In view of the great interest shown by member governments in overall planning and in view of their intention to develop more advanced methods of policy formulation, the Secretariat intends to study the adaptation of known techniques of development programming to African conditions and to stress elements that are of special relevance.

14. Under this item, the working party may also consider proposals for one or two simple models or frames for economic development planning based on national accounting concepts that distinguish between the dynamic and the less dynamic sectors of the economy and between those for which statistical data are extensive and reliable and those for which they are not. A meeting of national accounts experts convened recently by the Commission, discussed such proposals for simplified and specially adapted national accounting systems for use in development planning and stressed their value for assessing the consistency of

planning objectives with material and financial resources, and the amount of foreign capital required for the overall investment programme, for determining the fiscal policy required to keep personal consumption within the limits of expected supply, and for examining detailed industrial relationships within the framework of production statistics and input-output tables (see report E/CN.14/84, paras. 18-21). It is planned to construct one or two simple models or "basic plan frames" taking account of the general structure of African economies, and it is hoped they will be found useful and relevant by members of the working party.

15. Finally the working party will be asked to make recommendations on further work by the Commission in the field of economic and social development. Among the points that may be dealt with are the following:

- a) Technical meetings: The working party may find a number of specific problems in development programming which will have to be studied and discussed at a later meeting.
- b) Training: Members may wish the Executive Secretary to concentrate his efforts on seminars on special topics in addition to the proposed permanent training programme in economic planning (see paragraph 4 above).
- c) Advisory services: The Secretariat may be asked to accord high priority to the organization of a system of advisory services.

- d) Country studies: The Executive Secretary may be asked to initiate a programme of country studies (like those that have proved so valuable in the ECLA region) in which plan frames could be applied in an analysis and projection of economic development and which could serve the countries concerned as a frame of reference for further work in development programming and policy formulation.

The Secretariat intends to make further proposals to the working party. The recommendations of the working party will be submitted for consideration and approval to the Commission at its fourth session.