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## Some Thoughts on Comparability of Data for Plan Harmonization

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Some Thoughts on Comparability of Data for Plan Harmonization

## INTRODUCTION

1. The development of longer-term prospects of national economies may require, among many other action measures, co-operative effort among concerting countries. The question is of course not group endeavour versus national effort, but rather how any development efforts at the national level can best be reinforced and further promoted by sub-regional co-operation.
2. The problems of national planning in Africa have in recent years been rendered more complex by the increasing emphasis upon economic co-operation and the necessity for plan harmonization as an instrument for national allocation of development resources within a co-operative framework. Thus, techniques of analysis which in many cases have not yet matured in the national context must be transmuted to multinational perspectives and uses. There has been increasing standardization in the choice of analytic techniques for national planning, although there is continued divergence in the definitions of concepts involved in these techniques.
3. This presents certain problems of international comparison, to which the United Nations Secretariat has been concerned for many years and has, therefore, engaged in extended research and published documents on the definitions of these concepts and their uses in planning.
4. A framework of economic co-operation and plan harmonization now necessitates greater efforts for the standardization of these concepts for international comparison in general and multinational planning in particular.
5. Standardization should not, however, be confined only to the field of purely economic data, but should extend to technological features of development. Thus, for instance product specialization necessarily calls for the adoption of common technical standards among co-operating states. Components, spare parts, for example have to be manufactured to equal tolerance. The acceleration of inter-territorial and inter-group trade would in any case impose certain forms of standardization such as in weights and measures, in transport carriers, etc.
6. Superficially, the need for standardization is so obvious that any preliminary consultations on co-operation, and more so on plan harmonization must necessarily include the discussion on industrial standardization.

7. Joint planning may perhaps not be immediately practicable as indicated in other documents before the seminar. However, some degree of co-operation in say, product specialization, joint projects, etc; may indeed be desirable and feasible. There is thus the need to change the national orientation of development plans<sup>1/</sup>.

8. Effective plan harmonization requires that:

"...plan periods of the countries concerned should be harmonized. In view of the importance attached to the Second Development Decade, it should, in any case be appropriate to have the plan period or periods coincide with the Decade (e.g., two five-year plans covering 1970-1974 and 1975-1979 within a perspective plan of 1970-1979)"<sup>2/</sup>

#### Need for Statistics in General

9. Harmonization of plans implies long-term multinational planning, i.e. planning for a perspective. To this end investigation and analysis are made of present as well as past trends which reveal the interplay of multiple variables instrumental in the development of individual states or in co-operation with other states in the development of groups of states. Harmonization in a sense is a process not altogether dissimilar to the one which leads to the formulation of purely national development planning.<sup>3/</sup>

10. Harmonization is thus a process of the merging (at a higher level of economic co-operation) of national economies in whole or partially as in sectoral or product specialization or joint projects.

11. Regional statistics like national statistics provide information with which to highlight the sectors acting as propelling forces and those lagging behind in the development process, and indicate the types of activity which are most important at any given time and place.

12. Statistical analysis helps in understanding the operation of forces generated in a given situation and the impact of particular policies, and thereby highlights the possibilities and limitations of any actions on the planning process. Statistical analysis aids in ordering the possible priority areas of action (depending, of course, on the availability of resources and skills and the exigencies of demand).

<sup>1/</sup> Co-operation for Economic Development in Eastern Africa, Report of the East Africa Team, Part One, (United Nations, Sales No. E.71.II.A.3, N.Y, 1971), para. 73.

<sup>2/</sup> Ibid; para. 74

<sup>3/</sup> Economic Bulletin for Africa, Vol. IV, January 1964, para. 228.

13. It may be concluded therefore, that statistical analysis acts as a tool that fulfils important functions such as the provision of a data base for information, forecasting future trends and indicating priorities - all these being fundamental requisites of national and multinational planning.

Need for Uniformity of Statistical Concepts and Definitions.

14. The need for an integrated set of statistics on which to base plan harmonization to bring about co-ordinated economic and social development has already been emphasized in documents before the seminar.

15. Uniformity of statistical concepts and definitions derives its importance if not for any other reason, but to help co-operating countries in taking stock in a comparable fashion of their level of development and the extent of availability of their resources - existing and/or potential - needed for co-ordinated development efforts. Thus, the building up of a regional statistical series poses no problems provided that data collection and processing (at the national, and by implication, at the multinational level) is based on uniform classification, concepts and standards.

16. It follows therefore that for purposes of plan harmonization and indeed of accelerated economic co-operation the system underlying the collection of national statistical data must be such that the data thus collected is capable of being internationally integrated.

17. It is therefore essential that the various data, whether obtained as a by-product of administration or through specially designed statistical inquiries are based on some international standard specification of accounting and should be capable of being co-ordinated and linked to similar statistics of other co-operating countries.

18. This implies, therefore, that the coverage, conception, classification and frequency of collection should be based on some common standard. In this regard the new U.N. System of National Account (the SNA) provides an illustrative guideline on which statistical concepts, definitions and standards for both national and international use may be based.

19. Attention is drawn to resolution 231(X) of the tenth session of the Economic Commission for Africa which, bearing in mind the "urgent need for comprehensive and timely statistical information in planning development efforts at national and international levels" requests, in paragraph two that the Executive Secretary "arrange for countries to receive the assistance needed in applying internationally recommended statistical systems and in identifying and remedying the principal statistical deficiencies which exist at the present time.

"The essential aims are to draw the attention of African statistical services to the need for developing their work in the light of the current international trend towards integrated statistical systems..."<sup>4/</sup>  
The UN Secretariat is ready to provide all necessary assistance towards national efforts to integrate their statistics along lines recommended in the SNA.

21. The System (SNA) as originally conceived provided a coherent framework for recording and presenting the main flows in the various forms of economic activity, i.e. production, consumption, external trade, etc., in an economic system.

22. National accounts, in the widest sense, are useful in the formulation of economic policy because they constitute a systematic record of basic information about economic activity, presented in such a manner that it is usable for carrying out meaningful economic analysis.

23. National accounting information has been widely used in development planning because it provides the factual basis for evaluating the progress and impacts of policies and specific action programmes, for pinpointing problem areas and bottlenecks in the course of implementation, and for indicating alternative areas of development. Even a cursory examination of figures for a given year or over a period of time yields information on certain structural characteristics which are useful, if not essential background for public policy formulation. For example, it is relevant to know the proportion of total output of the economy that is consumed in relation to that devoted to capital formation; the extent of dependence of the economy on external trade; the role played by foreign assistance in the flow of goods and services into the economy; the value added in various producing sectors, etc.

24. In other words, the system of national accounts has a number of advantages for general economic and social programming, and more specifically, for purposes of projection. National accounts tables constitute a comprehensive and interrelated synopsis within which a considerable amount of statistical data can be systematically organized to interpretable summary terms for both national and international use.

Plan Indicators - the Main Economic Aggregates

25. The requirements for sub-regional statistics for plan harmonization purposes are, of course, dependent on the methodology of planning envisaged. Certain basic needs for the formulation of a consistent policy, however, remain common for most of the regions or sub-regions.
26. Co-operating countries would need certain basic information relating to population, labour force, activities of important sectors of production, infrastructural facilities, education, health and so on. Estimation of regional income/domestic product, disposable incomes, and analysis of private and public consumption, savings and investment are of special significance, but may pose conceptual problems and difficulties owing to weak data bases at the national level or divergent sectoral definitions.
27. Planners may also be greatly interested in information which will throw light on the effect of different allocations of social investment in the region. An income analysis by population group, and the detailed breakdown of consumption and households' income and wealth may bring out salient features of the situation at different points of time.

Choice of the base year

28. In any economic grouping it is necessary for purposes of plan harmonization to agree on some base year for constant price evaluation. At the national level the tendency has been to value terminal aggregates in terms of the prices ruling at the beginning of the plan period, and as a result real achieved growth has been difficult to determine, and, indeed, evaluation of development progress during intermediate years within the plan period has been virtually impossible.
29. It has also been noted that some countries have different base years for various aggregates. This practice has obviously led to the difficulty in obtaining the relationship between planned growth and structural changes in the national economy during the plan period.
30. It follows, therefore, that if any plan harmonization is to take place country practices must themselves lead to internal consistencies within their national plans otherwise the efforts at the international level will only be frustrated.

31. It seems thus, that for plan harmonization to be effective the co-operating countries should agree on some historical period (when statistical information was assumed to be reasonably accurate for all or some of the co-operating countries) as a common base for the construction of comparable constant price series. The reason for this is obvious: the procedure helps in the assessment and comparability of the performances of the national economies so that any particular constraints and bottlenecks can easily be singled out and so that the objectives under harmonization arrangements can be translated into some specific priority order such as increases in production, savings, investment, consumption, external trade, employment, and other aggregative variables required to attain the socio-economic goals set up within the grouping.

#### General Conclusion

32. It is obvious that planning within a country has to take cognisance of the data available for the individual areas that make up the country. No part of a country should plan to set up a new venture which would be in direct competition with one in another part of the same country which is already producing economically and has unused capacity.

33. In a large country like Nigeria with twelve fairly large States it is easy to see the force of this argument and a reasonably strong central authority can ensure that duplicated facilities are not constructed. When it comes to a number of individual countries each striving to develop as quickly as possible the point is unusually less obvious but the danger is just as real.

34. Besides standardizing information to make it easier to harmonize plans, countries must also make available data on their current production, external trade etc., as quickly as possible. They must also be prepared to list the projects they are planning to develop without feeling they are giving ideas to their neighbours. Above all they must co-operate fully with their neighbours in the development of multinational projects. These points have been made in the other papers.

35. What must be stressed in the paper is that countries must co-operate fully in harmonizing the economic and social data about their individual countries so that from the maximum spread of knowledge that results the development of individual projects, multinational projects, co-operative ventures and eventually a system of fully harmonized plans can take place within Africa so that the growth of the region can be as rapid as possible to be able to meet more easily the aspirations of all its people.