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FOREWORD

by

J. Riby-Williams
Chief

Human Resources Development Division

Most African governments, during the past decade, have been engaged in the preparation and implementation of development plans, as a means of accelerating their economic and social development. Often, however, the inadequacies and defects inherent in their administrative structures and management procedures, at various levels of government, have persistently constituted major obstacles to the full realization of their plan objectives or targets.

Recognizing that a very important step towards the eventual removal of these constraints on development is to assist African governments to identify and bridge the gaps in their administrative structures and procedures, the Economic Commission for Africa has felt the urgent need for a practical and down-to-earth handbook, on administrative framework for development, to guide African governments in their efforts to establish sound, modern and efficient administrative and management services. This monograph is an attempt to meet that need.

The document is based on the findings and recommendations of conferences, seminars and courses, in Africa, on planning and plan implementation, organization and management, personnel administration and training, local government, public enterprises and administrative framework for development, as well as on mission reports and other experience in Africa. It has been designed in such a manner that practising administrators and their staff could use it as ready checklist for their guidance; and it should also serve as a useful handbook for those engaged in training and administrative reform or improvement exercises.

This is the first document of its kind to be issued by the Commission and it is hoped that those who have occasion to use it would offer suggestions that may lead to the improvement of its future editions that may be required.

A number of ECA staff members contributed draft chapters to this monograph; whilst Mr. S.O. Asabia, Deputy Governor of the Central Bank of Nigeria, contributed a Paper on Financial Institutions. Mr. V.N. Muoneke,

as Consultant, revised and edited these drafts, taking into consideration the comments and recommendations of the Seminar on the Administrative Framework for Development, which was held in Addis Ababa (7-18 December 1970) under the auspices of the Commission.

The Commission wishes to place on record its appreciation and thanks to all those who in one way or another have contributed to make the issue of "Administration for Development" possible.

25 March 1971

Addis Ababa

INTRODUCTION

It is recognized that there is an urgent and pressing need for each developing country in Africa to establish a sound administrative machinery for its programme of accelerated social and economic transformation. Already most of these countries have embarked on programmes of rapid development, but in many cases the plan targets have never been fully realized. There are a number of reasons for this lack of full achievement. One such primary reason is the lack of administrative capability to galvanize all organs of the government in a coordinated and purposeful effort to realistically formulate and implement the government programmes. Thus, the establishment of effective administrative machinery is basic, not only for the maintenance of a nation-state, but also for rapid socio-economic development. General administrative capability is needed to sustain planned economic, social and cultural changes.

As part of its effort to assist member States to improve further their administrative capability so as to bridge the gap between planning and plan implementation for national development, the Economic Commission for Africa has, since 1962, organized no less than 20 seminars, workshops and courses dealing with various aspects of public administration. These meetings provided a forum for the study and identification of urgent administrative problems confronting African countries and for the preparation of proposals capable of providing practical solutions which could be applied to these pressing problems, and which could likewise serve as a guide for the administrative activities of the governments concerned. In addition, the Commission has undertaken a number of missions to the developing countries with the view of appraising and ascertaining how the government machinery was being reshaped in order to improve and sustain, on a more permanent footing, the requisite administrative capability for national development.

In December 1970, the Commission organized a seminar in Addis Ababa on "Administrative Framework for Development" for the English-speaking African

countries. With the leadership offered by the Public Administration Section, a draft monograph was prepared on the basis of papers submitted by various sections of the Human Resources Development and Trade, Fiscal and Monetary Affairs Divisions of the Commission, on identified administrative obstacles to development. This seminar focussed attention on those aspects of government machinery directly concerned with development - particularly its organization, procedures and management practices. The seminar engaged in a realistic exchange of views, pooling of ideas, experiences, insights and expertise leading to the identification of administrative obstacles to the preparation and implementation of development plans and programmes and to the development of appropriate perspectives and principles indicating possible solutions and measures to improve the existing government machinery. On the basis of the recommendations of the seminar and on its comments on the monograph, this publication has been produced by a Consultant, Mr. V.N. Muoneke, to serve as a frame of reference to draw from in the design of a suitable administrative framework for development as well as in the actual administration of development plans and programmes.

It is not intended in this publication to prescribe to countries how they can carry out their planning and plan implementation. Such an attempt would be impossible bearing in mind the various stages of development and the widely differing circumstances from one country another. The ten chapters cannot even claim to have covered every subject that may be of interest to planning and plan implementation. The main objective then is to underline certain basic problems of general importance and to make suggestions as to the principles and methods for tackling them.

The planning organs of government should be so arranged as to be able to provide adequate machinery, both at the centre and at the local levels, to undertake the planning process starting from the collection of statistics and the making of projections to the stages of framing programmes, elaborating realistic projects, supervising, reporting, evaluating and revising the execution of the plans. It is, therefore, obvious that a central government, with

requisite administrative capability, is a prerequisite for development. So also should a system of decentralization be evolved which would enable the local communities to engage in self-initiated measures integrated as part of the national development programmes. Thus, effective administrative organization, management and personnel administration have to be planned, created and sustained. National development, through the application of economic and social measures, depends, to a great extent, on creating and supporting suitable organization and managerial methods and techniques as well as an efficient and competent civil service.

Although the public sector controls planning and plan implementation, the role of parastatal bodies and the views of the private sector have to be taken into consideration, otherwise it is difficult to envisage how planning, much less plan implementation, can be effectively carried out. Modernizing the administration of public enterprises and providing for accountability without necessarily impairing controls should assist such bodies in contributing towards national development. The advances made in science and technology should be harnessed for rapid growth. Budget and financial administration provide the mechanism for channelling all the resources of government towards the development processes. Budgeting brings all the resources into focus and facilitates their allocation and control for meeting the various plan purposes. As a decision-making instrument, the budget should be synchronized with the development plan. A machinery must be devised for relating scarce resources to programming plan implementation and for mobilizing local savings, through financial institutions for national development.

1 April 1971

Addis Ababa

G.O. Orewa

Head

Public Administration Section

CHAPTER 1

CENTRAL PLANNING ORGANIZATION

1. Introduction

The word "planning" is capable of a variety of interpretations and a number of international conferences have submitted definitions of the term. In this context any definition must include those elements which seem to require particular emphasis in relation to national development in Africa.

Planning may, therefore, be described as a dynamic process, a method of analysis and thinking, and should involve the preparation of a blueprint, either sectoral or comprehensive in character, for social, physical, environmental and economic development. Planning is and should be a continuing process of making present risk-taking decisions systematically and with the best knowledge of their probable future consequences, organizing the efforts needed to carry out these decisions and measuring the results against expectations through organized systematic reporting. The blueprint must be flexible in nature and be capable of providing alternative programmes for attaining national goals. It must at the same time be sufficiently simple and pragmatic to provide easy interpretation in terms of action by the implementors. Planning is concerned with social and economic development.

2. The Position of the Central Planning Organization in Government Machinery

With the establishment of indigenous elected government, even before independence, the need for quickening the tempo of development began to be felt in every African country. In order to meet this need, there was an urge to launch national development plans. In this connexion, in terms of setting up an administrative machinery for planning, the deliberations of two international conferences are significant. During the first conference at which many developing Commonwealth countries were fully represented, the subject of the desirability of

establishing a Planning Organization in each State was exhaustively discussed. While there was some measure of agreement on the need for such an organization the points for and against placing it in the Department of Finance were outlined. Some of the arguments advanced in favour of such an arrangement included the ease with which the financial proposals could be examined according to normal budgetary procedures by experts in the Department of Finance; and the liaison and co-ordination between the Treasury and the Planning Organization. Points were raised against this arrangement and thus in favour of making the Central Planning Organization a separate division within another department or as an independent department. These included the conflict between the traditional control role of the Department of Finance and the expansionist role of the Planning Organization; and the fact that the location of the Planning Organization in the Department of Finance might overburden the Minister because of the additional task of adjudicating between the financial and planning divisions in his department.^{1/}

The United Nations Meeting of Experts held in Paris in June 1964 was more definite in its recommendations when it concluded that "where planning functions are entrusted to a Central Planning Organ, it is desirable that the Organization should be located as closely to the Chief Executive as possible in order to secure for it the high degree of status necessary for the performance of its duties, especially those of consultation and co-ordination with other branches of the administration, political and government circles, social and professional organizations, and agencies of foreign assistance".^{2/}

There are indications that in addition to the increasing realization of the cardinal role which planning has to play in the government

^{1/} Royal Institute of Public Administration - Administrative Organization for Development, Conference Report, pp. 39-40 (Lawrence Bros. W-S-M Ltd.).

^{2/} Administration of National Development Planning: Report of a Meeting of Experts held at Paris, France, 8-19 June 1964 - United Nations Publication No. ST/TAO/M(27), p. 14.

of any developing country, the recommendations of these two international meetings, among others, have to some extent influenced the views of many English-speaking countries in their decisions to establish Central Planning Organizations. It is, therefore, no surprise that apart from the few exceptions (the Gambia, and more recently, Lesotho and Ghana), the Central Planning Organization is either a division in the Office of the Head of Government or his Deputy, or is a separate department. In Swaziland, Mauritius and Ethiopia, it is in the Prime Minister's office; in Botswana it is in the Vice-President's office, in Tanzania and Kenya it is under the charge of a senior Minister; in nearly all other English-speaking African countries (other than Lesotho, Ghana and the Gambia), there is a separate Department of Economic Planning or of Development. From the foregoing it is clear that as far as most English-speaking African countries are concerned, the stage is passed for any useful debate as to the need for the Central Planning Organization to be a separate division or department. What is of significance is whether from the point of view of effectiveness, the Organization should be in the office of the President or Prime Minister, or of his Deputy, or under any other Minister.

Before discussing further the position of the Organization in the government structure, it would be useful to mention briefly the main functions of a Central Planning Organization. One is to appraise the existing and potential resources for development in terms of the various factors of production - manpower, natural resources, and capital - which are likely to be available to the country during the proposed plan period. In the light of this information, the Organization is expected to collate and co-ordinate the development programme proposals of the various levels of the administration, for the preparation of short, medium or long-term national plans. The Organization is also expected to offer guidance and assistance to the different departments and agencies in the preparation of their programmes, in order to ensure that these programmes are aligned with the national plan objectives. After the plan has been approved, it is the responsibility of the Organization to obtain periodic reports on plan implementation from the sub-

stantive departments and agencies for use in appraising and reporting to the government on the progress of implementation. As and when necessary, the Organization has to arrange for the revision of the plan with the support of all executive departments and agencies concerned.

Having commented on the place and the role of the Central Planning Organization in the machinery of government, what could be the normal planning procedure may be stated briefly in order to indicate the major roles and positions of the various organizations connected with planning, including parliament, cabinet, national planning board or commission, sectoral planning committees and planning units/cells. The main reason for this method of approach is that the planning procedure in this chapter is meant to apply, with some modifications, to a mixed economy which characterizes most English-speaking African countries as well as to the situation in a few socialist-oriented economies.

3. Statistics

The first step in the planning process is for the Central Planning Organization to collect statistical and other information on existing population structure and potential manpower, capital, and natural resources of the economy. The sources from which this information is collected are usually the various government departments including the Manpower Board and Statistical Office, public enterprises, local authorities and the private sector, including employers organizations and trade unions as well as higher institutions of learning.

The importance of statistics is fully realized by all planners some of whom are usually frustrated and often inhibited by lack of accurate statistics when they have to rely on obsolete data or mere guess-work. National planning must be based on effective fact-finding and projections. Sound planning and decisions on national development depend a great deal on carefully collected and compiled statistics. In fact, a distinguishing feature of modern planning is more reliance on scientific fact-finding and statistical analysis and less and less judgment based upon opinion or guess-work. Statistics is a tool for critical analysis, and when properly used, it can clarify information

to a point where it gains additional meaning and perspective. The need for establishing or strengthening existing Statistical Offices, as an instrument of planning, cannot be over-emphasized.

4. Consultation

Having gathered the necessary information and assembled them, the next step is that of assigning priorities to the allocation of these resources in accordance with the national objectives which have to be established. At this stage it would be desirable to obtain the views of leading members of a cross-section of the economy through a general National Consultative Committee. While in countries like Botswana and Lesotho these consultative bodies are established by the government with specified regular membership, in a country like Nigeria, this consultation is carried out at a conference to which leading representatives from the various sectors of the economy, including University teachers, are invited. One such meeting was the Conference on National Reconstruction and Development held at the University of Ibadan, Nigeira, in March 1969. Provided the quality of representation is good, one can expect high-level discussions at such conferences or meetings of the Consultative Committee which would provide general indications on the implementation gaps of the previous development plans and on the priorities which should be accorded to development in the various sectors during the proposed plan period.

The recommendations of the Consultative Committee would be submitted by the Central Planning Organization to a National Planning Board or Commission whose membership would include some Cabinet Ministers. Senior government officials, and a few representatives of public enterprises and of the private sector would sit on the Board either as members or as advisers. Its chairman could be the Minister of Economic Planning. The private sector representatives on the Board should be business executives who can appreciate the political, social and economic implications of the development proposals in a perspective wider than those of their individual business interests.

The National Planning Board or Commission should examine in detail the general outline of the objectives, principles and priorities of the proposed plan, taking into account the suggestions of the National Consultative Committee. The recommendations of the Board would then be submitted by the Central Planning Organization to the Cabinet for decision on the priorities, principles, and objectives of the plan and for broad indications on the allocations of resources to the various sectors. These decisions would be conveyed to all departments and agencies connected with the preparation of the plan by means of a policy circular issued by the Central Planning Organization.

5. Planning Units Cells

The main responsibility for the preparation of the draft proposals should rest squarely on the shoulders of the departments and agencies concerned. The Central Planning Organization should render advisory support to them in the performance of these tasks. This could be reinforced by the establishment, particularly in large development departments, of planning units or cells which would be headed by professional planners.

One problem which many Central Planning Organizations in African countries are experiencing is that in the absence of planning units, especially in the major departments, it is becoming increasingly difficult to get well-prepared plan proposals emanating from the departments. In many cases, the generalist Administrative Officer, with no social science background, or specialist training in planning, is designated as 'Planning Officer' in the department. The term "designated" is of significance because in fact his normal function is that of the financial and general administration of the department - planning is only an irksome appendage to his normal function.

Some countries, in an attempt to solve this problem, have assigned responsibility for assisting groups of departments with their planning exercises, to planning officers based in the Central Planning Organization. In one or two cases because these officers are "non-resident" in the executive departments they do not operate with maximum collaboration with the departmental officials. The result is that the depart-

mental officials lose interest in the planning exercise and, in the end, the draft proposals emanating from the department are produced by the "non-resident" planners from information collected from the department officials. As there is usually no planning committee of officials in the department to collate and synthesize these drafts prepared by the planners, they usually get through with the signature of the head of department who himself is too busy to scrutinize the proposals carefully. In fact, in one country the situation is such that it is being suggested that departmental proposals should be prepared by the planners under the direction of the Chief Planning Officer in the Central Planning Organization.

It has to be recognized that the officials in any organization are in the best position to prepare its plan proposals. What is needed is for the planning experts to assist them in this task - not to do the job for them. To do this effectively on a continuing basis, and in order that the planner can appreciate fully the possibilities and problems of the programmes of the department, it is desirable that he should be a part of the department itself. This is why it has been strongly suggested that each of the large development departments like Agriculture, Trade and Industry, Works, Transport and Communications as well as Local Government, should have a planning unit under the leadership of a trained planner. The planning unit should be an integral part or division of the department. If, for the purpose of creating adequate promotion prospects for planning officers, it is considered necessary to have a pool of planners with a centralized cadre in the Central Planning Organization from among whom planners could be posted to the unit in the departments, it should be made clear that such officers are operationally and administratively responsible to the respective heads of the departments to which they are posted. They would of course be under the technical supervision and co-ordination of the head of the Central Planning Organization. As will be discussed later, the functions of the planning unit, apart from those of collation and co-ordination of the proposals of the department and reporting on the implementation of plan proposals, should include the manpower planning function of the department.

6. Departmental Planning Committee

Each major department or agency should have a departmental Planning Committee, preferably under the chairmanship of the official head of department, and the planning unit should serve as the secretariat. The committee should include the senior officials of the department or agency, particularly those directly involved in the preparation and implementation of the development proposals as well as officials of other department/agencies and representatives of the private sector whose activities are closely related to those of the department concerned. This would ensure that there is adequate consultation with the various sectors at the early stages of the planning process. The responsibility of the committee would be to co-ordinate all the proposals submitted by the units of the department/agency and to ensure that the proposals conform with the main objectives and principles of the national plan and that there are justifiable grounds for any serious departure from these objectives or for going beyond the level of resource allocation made to the department. Thereafter, the departmental plan should be submitted to the Central Planning Organization. In this connexion, the Department of Local Government should be responsible for the processing of all District/Provincial plans and for submitting the project proposals contained therein to the respective government departments and agencies concerned for inclusion in the departmental plans, where such projects are expected to be partly or fully financed by the national or state government.

The procedure for the preparation of the district development plans is described in detail in Chapter II. Briefly, the projects in the district plan proposals are listed in categories A, B, C, D and E:

Projects on list A are those considered reasonable for execution by the wards/villages, but for which they can only get technical and advisory services of the local government council during their construction; when completed the wards/villages will assume responsibility of their maintenance for at least five years, without any grant from the government or the local government council. List B projects are those to be executed by the ward committees with the support of capital

grants-in-aid from the local government council in charge of the area and for the eventual management by the council. Projects on list C are those which will be fully implemented and maintained by the local government council without government grant. List D projects are those which will be implemented with government's financial assistance and technical support. Projects on list E are those which are of national or government-wide interest and which the district development committees recommend to the government for inclusion in the national plan. The Department of Local Government will, after consultation with other departments (which will provide technical and financial assistance), approve projects on lists B and C of the district draft plan. List A projects will be approved by the local government council for implementation by the ward committee. It may be added that the government could include some or all of these projects in the "Contingencies" section of the national plan for possible grants-in-aid should there be a considerable improvement in the public revenue resources during the plan period. The proposals in categories D and E will be forwarded to the appropriate departments to be considered for inclusion in the draft national plan. They will be considered at the respective multi-sectoral or inter-departmental committees, on which the representatives of the Department of Local Government should serve. If the proposals in list D are accepted by the committees, they will be included in the "District/Provincial Projects" section of the national plan, with adequate provisions made for government's grants-in-aid towards the implementation of the projects. Implementation will be undertaken by the respective local government councils with the technical and financial support of the government. Such projects in list E as are accepted by the government will form part of the sectoral plan proposals along with other proposals submitted by government departments and agencies (including public enterprises). If finally approved, their implementation will be the government's responsibility although the fact that they were initially proposed by the ward/district development committees would give them better chances of receiving practical support at the local level. Such support could, for instance, be in the form of making land available at a minimum or reasonable rent, or in the form of construction of access roads to the project sites.

7. Multi-sectoral/Inter-departmental Committees

The Central Planning Organization, before submitting all the proposals to the National Planning Board or Commission, should ensure that the private sector and other interested parties have been given ample opportunity of commenting meaningfully on the relevant proposals. For instance, proposals submitted by the Department of Agriculture might have far-reaching implications for the industrial project proposals put up by both the public investment agencies under that department and by the private sector. The consultative committees established by individual departments in some countries for sounding the opinion of the private sector, on departmental projects, may not meet adequately the need for inter-departmental or inter-sectoral consultation. Moreover, these consultative bodies seem to be ad hoc, and the possibility of their being set up, as well as the extent to which they are consulted, depend to a great extent on the wishes of the political or executive heads of individual departments. It may well be that the lack of enthusiasm on their part to use these consultative bodies is due to the fear that they could degenerate into bargaining forums, e.g., for industrialists, particularly foreign-based ones, to bring pressure to bear on the Department of Trade and Industry for unnecessary concessions. Moreover, if every department has to establish one or more of these committees, they might get so many as to constitute a strain on the limited expert or specialist manpower resources available in a developing country. For these and other reasons, it has been suggested that multi-sectoral committees should be established, each covering related fields of development. The combination of departments and agencies within each multi-sector, as appropriate, would depend on the nature of the major economic activities of each country.

Each committee could have as chairman, a top civil servant, and the members would include government officials as well as staff representatives of the public and private enterprises which have business interests in the activities of the departments concerned. The non-government staff members should be experts in their respective fields so as to be able to advise the committee with technical competence. For instance, those

serving on the multi-sectoral committee responsible for agricultural development should be able to advise on the future prospects in the world market of the major agricultural projects, the expansion of which is being proposed in the plan. For the purpose of cross co-ordination, an official member of each of the other multi-sectoral committees could also be an observer on the committee.

One of the advantages which this multi-sectoral arrangement has is that it helps to reduce the area of differences between the various development agencies on the varied approaches to the common goals and objectives of the plan. This in turn helps to minimize the possible areas of conflict which could have existed through the direct confrontation between the individual agencies on the one hand, and the Central Planning Organization and National Planning Board, on the other. Another advantage is that it affords the private sector an opportunity for a wider degree of consultation than would have been possible on the National Planning Board or Commission. Since this is a working committee, the partners in national development would naturally try to ensure that they have expert representatives on the committee who could discuss seriously the technical issues involved in its deliberations.

In the alternative, inter-departmental Committees may be set up to perform the functions of inter-sectoral Committees. Such inter-departmental Committees should consist of the Chairmen of the Planning Committees of departments/agencies involved in national planning. The Chairman would be the official head of the Central Planning Organization.

On receipt of the draft proposals of the various departments from the Central Planning Organization, the multi-sectoral committees should discuss and submit recommendations for the modification of the proposals to the Central Planning Organization for consideration by the National Planning Board. It could also submit comments on the draft proposals of the departments and agencies in other multi-sectors, through the Central Planning Organization, for the consideration of the committees concerned.

The Central Planning Organization would process the recommendations and draft proposals of the multi-sectoral committees and submit them to the National Planning Board or Commission. The National Planning Board would then examine the draft plan and the submissions, and make its recommendations to the Cabinet for approval. In some countries like Kenya, Botswana, Tanzania and Nigeria (under the Civilian Administration), the plan has to receive the final approval of the National Legislature.

(Appendices 'A' and 'B' on pages 25, 26 indicate possible alternative Planning Machinery Charts for guidance).

3. Major instruments for plan implementation

Most African countries have recognized the need to tie up the preparation and the implementation of the plan. Apart from the experiment which the former Civilian Administration of Ghana introduced of having a State Planning Committee for controlling the execution of the plan as distinct from the National Planning Commission,^{1/} practically every English-speaking country which has established a Central Planning Organization has given it the responsibility for co-ordinating the plan preparation and the implementation activities of all executive agencies. The main problem at the moment is that of the effectiveness of the Central Planning Organization in co-ordinating the implementation activities of the executive agencies. It is noteworthy to observe that the Central Planning Organization in each of these countries has not been clothed with executive powers of directing the departments in respect of their functions of execution. This has been left in the hands of the Cabinet. It is in acceptance of this situation that the points which follow are being made.

The major instrument and procedure for the implementation of long and medium-term plans are:

^{1/} Waterstone, Albert: Development Planning: Lessons of Experience (The John Hopkin's Press, Baltimore), p. 425.

- (i) The annual development budget;
- (ii) Project appraisal;
- (iii) Participation of the private sector;
- (iv) Co-ordination of the implementation activities of the various executive departments and agencies;
- (v) Reporting system, including remedial action;
- (vi) Plan revision.

The first three subjects are of such magnitude and importance at the present stage of development of the African countries that they deserve special treatment and are, therefore, being deferred to the subsequent chapters. The role of the various planning agencies in respect of the remaining three items will be discussed briefly in this chapter.

9. Co-ordination of Activities

Plan implementation (as well as the preparation of plan) is the primary responsibility of the executing departments and agencies, and the main function of the Central Planning Organization is to co-ordinate the activities of these bodies at different levels to ensure that as far as possible the implementation process goes according to schedule and as intended. The methods and procedures devised for achieving this objective, including those of reporting and applying remedial measures, would depend on the structure of the administrative machinery of the government and its agencies (the inter-dependence of administrative and socio-economic planning is discussed in more detail in Chapter III), the degree of devolution of powers to the field organization and of the decentralization of the planning system, as well as on the nature of the economy.

In a number of African countries, the Central Planning Organization is just in the process of being staffed by indigenous professional planners, and the establishment of planning units, even in the large departments, has hardly started. It would, therefore, be too much to expect that the administrative and technical staff in the departments and agencies who have not been trained in planning techniques would acquire that ex-

pertise without further training, orientation, or experience in development, for the purpose of reporting accurately on plan implementation. Evidently, one of the first assignments of the Central Planning Organization is that of 'educating' these officers on the need for, and the techniques of, reporting. This is a delicate assignment which requires tact. As some of these officers might resent the idea of being "trained", the conference system might be a reasonable approach. For example, the Ministry of Economic Development in Midwestern Nigeria started in 1969 with this procedure, even at the planning stage, in connexion with the preparation of the 1970/1974 National Plan. The materials for discussions/lectures should be designed specially for those reporting at different levels and on different types of projects. While short orientation conferences might be adequate for senior officers operating at the headquarters of the various organizations, longer seminars/courses and more detailed lecture notes might be necessary for those who have to prepare original and basic reports on the execution of individual projects.

Another point worth mentioning is that with the Central Planning Organization still trying to establish itself within the family of government institutions, it should try as much as possible to use other agencies as partners in its orientation crusade and other activities. In this connexion, it might be desirable to get the Institute of Administration in the country to sponsor and to design appropriate syllabi of such orientation conferences, seminars and courses, with the Central Planning Organization, providing the bulk of the staff on a part-time basis. In this manner the participants might tend to regard these training programmes less as directives from the Central Planning Organization.

The other point is that of designing procedures and forms for reporting and of determining the schedules or regularity of the reports on implementation. Care has to be taken to ensure that the procedures and forms are not too complicated for the level of appreciation and competence of the majority of the reporting officers. These should be drawn up in full consultation with the respective executive departments

and agencies so that they can accord, as much as possible, with the existing circumstances, and take account of the administrative capabilities of the organization to cope with the task of reporting. It is sometimes said, and aptly too, that it is better to have simple but reliable factual reports than to have inaccurate reports prepared on sophisticatedly designed forms.

After the conferences, seminars and courses, and the distribution of progress report forms, the most important public relations task of the Central Planning Organization then begins - that of visiting the departments and agencies and their field organizations to assist them in the preparation of their first few progress reports on implementation. Before the planning staff are sent out on this mission, care should be taken not only in selecting those with leadership qualities and aptitude for dealing with people, but the head of the Central Planning Organization or his deputy should give them adequate briefing on the proper method of approach. This is to ensure that from the very start the personnel of the Organization are able to establish the best working relationship with the staff of the executive agencies as this would form the basis of future and continued co-operation, not only for the purpose of progress reports, but also for the supply of other valuable information on the periodic reviews of the current plan and for the preparation of future plans.

Where a planning cell already exists and is headed by a professional planner based in the department, it would be desirable that such a planner, who has been accepted as part of the organization, should undertake this "orientation" exercise in the various headquarters and field reporting units of the department. If possible, this could be done with the support of a few senior departmental staff who themselves have a working knowledge of the subject, together with any available staff from the Central Planning Organization itself. In this connexion, it would be the responsibility of the planner in the planning cell of the Department of Local Government and other appropriate staff of that department to undertake the orientation of the staff of the district and local development committees (or of any provincial development committees) as well as the local government staff who are involved in the reporting system.

10. Reporting System including remedial action

The system of reporting would depend on the nature, importance and priority of the programmes and projects of each department or agency. In cases where the projects are in an active stage of construction and large investments are involved, it may be necessary to call for monthly reports. This could also apply to other projects on which monthly comprehensive reports are possible, e.g., construction of highways. In the case of the execution of a project of a long-term nature, where the stages of construction are of such complex form, and where large stocks of equipment have to be imported and the delivery process takes some time or is slow, it may be desirable to allow for quarterly reporting in order to obtain meaningful and reliable information as well as properly prepared data. This is because if the reports are too frequent and a large number of the construction staff have to furnish data for the reports, they might, out of a dislike for the irksomeness of the procedure, furnish rough estimates and inadequate information for monthly reports. It would, therefore, be useful for both the Central Planning Organization and the departments concerned to reach an agreement from time to time on the regularity of the reports for each major project in order to ensure that once the department agrees, and appreciates the need for these reports, it would do its best to obtain accurate data and submit the reports promptly and regularly. In the same manner, periodic consultation between both parties could be held to modify the forms of reporting either to provide for more detailed information or to simplify them and yet meet the requirements of the reporting officers. A system must be evolved for obtaining necessary statistical and other development data from the private sector.

Whatever may be the system of reporting, what is important is that it should be designed in such a manner as to produce vital information on the progress being made in the implementation of projects according to schedule, and to indicate any bottlenecks being encountered in this process. It should also facilitate the operation of the mechanism which the government uses to exercise control over the levels of development

expenditures, in relation to its cash flow in particular and to the available resources in general. For example, in the Philippines, the periodic report of a department indicates what expenditure has been incurred in each sector on a particular project in one quarter and what allocation of funds is required for the next quarter. If due to delays in signing contracts for construction or for the delivery of materials, there is an under-spending of the first quarter's allocation and it is felt that this might affect the level of expenditure in the second quarter also, the necessary adjustment would then be made in the second quarter's allocation and this would release some funds in excess of requirements for other projects which are in an active stage of execution. This arrangement thus obviates the difficulties encountered in tying up funds in excess of requirements to individual projects which the Treasury cash flow might not be able to afford and, in case of shortfall of revenue collection, the pernicious across-the-board budget cuts may be minimized, if not eliminated.

In a few countries, in order to provide a cross-check on the departmental progress reports, some of the staff of the Central Planning Organization visit the sites of large projects, among others, to discuss with the construction staff and obtain useful information on the progress and the problems of implementation. While appreciating the use of this device, particularly during the early stages of planning in a developing country, it may be useful to observe that this procedure should be introduced with the agreement of the executing organization in order not to create the impression that there are doubts as to the accuracy of the departmental reports. For the same reason, the visiting staff of the Central Planning Organization should be tactful in the nature of questions which they ask and should try not to descend to the level of asking unnecessarily detailed questions, lest the construction staff might regard this exercise as a wasteful duplication of the information collected for the departmental reports.

In view of the danger that these site visits by the planning staff, if not carefully planned and tactfully carried out, might affect adversely the relationship between the Central Planning Organization and the execut-

ing agencies, it should be the ultimate aim that, as soon as the planning units in the departments are properly established and headed by professional planners, these visits should become less regular and eventually discontinued. This would be on the understanding that the planning officers in the units should themselves visit the project sites when necessary to cross-check on information related to major implementation problems before the field reports are submitted to the departmental planning committee. They should also, if necessary, be required by the Central Planning Organization to obtain such information at a later stage for use by the National Planning Board or the Cabinet.

The procedure for reporting which is discussed here recognizes the practice in nearly all English-speaking African countries that the Central Planning Organization is not an executive but a co-ordinating agency. The planning unit in each department or agency (whether or not it is headed by a planning expert) is responsible for collecting data and subsidiary reports from all executing units under the department on the implementation of the various projects under their charge. This information is used by the planning unit to prepare the draft of the departmental periodic report which is submitted to the regular meeting of the departmental planning committee. On the basis of the observations and recommendations of the committee, the head of department submits the departmental report to the Central Planning Organization indicating any bottlenecks in implementation, including causes of possible increases in the costs of the projects, the need and the reasons for possible rearrangements of the priorities of execution of some projects by the Organization, and recommendations on ways and means of achieving these objectives or removing the bottlenecks.

The Central Planning Organization on receipt of these proposals would obtain, as necessary, further information on the major recommendations either from the reporting departments or from other agencies that might be of assistance in solving some of the implementation problems raised in the reports. It would then require the assistance of a properly staffed Project Appraisal Unit (discussed in Chapter VI below), to analyse

these reports. This Unit, apart from appraising projects in which various government departments and agencies are involved, also evaluates periodic implementation progress reports from these organizations and offers comments and recommendations through the Central Planning Organization to the National Planning Board for consideration.

The scrutiny of these reports is one of the main reasons why the National Planning Board should meet regularly. The Board could invite the representatives of the agencies concerned to its meetings in order to explain certain points in their reports and to discuss various alternative means of resolving the problems posed. Periodically, say, every six months or as often as is necessary, the National Planning Board would request that the multi-sectoral committees concerned, where they exist, or the inter-departmental committee should meet to examine specific problems arising from implementation reports of the departments and agencies in their respective sectors, or problems which would affect them but which have arisen from reports submitted by departments in other sectors. As far as possible these meetings should not be too frequent so that the situation does not arise whereby it would be difficult to get technical experts and senior civil servants to attend regularly.

The National Planning Board's recommendations on various issues raised in the departmental progress reports should go through the Central Planning Organization to the Cabinet for decision, if necessary. The Cabinet would, after considering these recommendations, and in the light of any other information as well as on the basis of available and anticipated resources, issue prompt directives on the necessary adjustment to be made to the phasing and structuring for the execution of the different projects on intra- or inter-sectoral basis as well as on the direct removal of bottlenecks to the implementation of the projects. These decisions and directives of the Cabinet would be conveyed to all the departments and agencies and their future progress reports would reflect how far these directives have been implemented and how far they have been successful in resolving the problems in question.

11. Revision of the Plan

It should be remembered that no matter how reliable the information and realistic the projections in a plan may be, circumstances do change during the life of any plan. These may be due to political, social or economic changes either within the country or as a result of external forces. In recognition of the fact that planning is a continuous process, every government, therefore, should be prepared to review and revise its plan periodically, as necessary, during the currency of the plan. It must be recognized that owing to the multiplicity of the variable factors which go into the planning process, particularly in a developing country, a medium-term plan, say, for 5 years or a long-term plan, say, for 10 to 20 years, should always be regarded as a blueprint. It is in realization of this fact that a country like Botswana has decided that the plan must of necessity be revised every two years so that the second biennial revision exercise takes account of the projections which are likely to go into the subsequent five-year plan.

Whatever may be the system of revising the plan, it is important that this exercise should be regarded as being of such a major importance that the full process and procedure which were adopted in the preparation of the original plan would have to be gone through. This means that once the Cabinet, on the advice of the National Planning Board, decides on revising the plan, the respective departments and agencies with the support of planning cells and planning committees should submit their proposals for revising the plan with as much information and data, if not more, as were used to support the proposals for the original plan. Thereafter, these proposals would have to be considered by the multi-sectoral planning committees where they exist, or the inter-departmental planning committee, by the National Consultative Committee and finally by the National Planning Board or Commission and the Cabinet. If the original plan was approved by the National Assembly the revision also ought to go to that body for its approval.

12. Technical Assistance

It has been pointed out that the gap between planning and plan implementation is due in a large measure to the lack of adequate administrative capability that can sustain planned social and economic transformation. The administrative problems of developing countries are many, and include shortage of trained manpower, lack of administrative, (i.e., executive and managerial) experience, lag in institutional development, poor educational and training facilities and inadequate financial resources. Creating an administrative machinery to remedy these deficiencies is an urgent task facing developing countries in Africa.

International co-operation has a vital role to play in bridging this administrative gap, in addition to aiding the immediate technical and financial needs of developing countries. This co-operation "should be viewed in long-range perspective as contributing towards man's ability to cope administratively with the critical problems not only of nation-building but also of promoting economic and social development amidst rapid population growth, increasing urbanization, the changing structure of rural society, as well as technological, political and other changes".^{1/} The main objective of technical assistance in public administration is to help developing countries improve their government machinery and to assist in training efficient and competent personnel to operate the machinery needed to cope with the problems of accelerated social and economic development.

Many African countries have already realized the role which technical assistance plays in planning and plan implementation. The crux of the matter, however, is how to make the most effective use of such assistance. An important consideration is that the assistance needed for securing administrative transformation for national development should be selective in the sense that it promotes the strategic sectors of the economy. This

^{1/} Wu, Chi-Yuen: International Co-operation in Public Administration.
Public Administration Newsletter No. 3 of April 1966,
p. 1.

would depend upon the objectives and priorities set forth in the national plan. Where the emphasis is on the agricultural sector, for example, technical assistance should concentrate on that sector, and more so on the sub-sectors which would have the greatest impact on the agricultural programmes.

It should be emphasized that any transfer of methodology or technology should bear maximum relevance to the particular needs and the environment of the country, based on an assessment of the economy as a whole, and should be in direct support of, and integrated with, the plan policies and programmes of the country. Lack of understanding of the social, economic, political and other factors in a developing country diminishes the effective contribution of technical assistance in planning and plan implementation. This is one reason why the criticism has been made that "Proposals for improvements are sometimes based too much on the experience of highly developed countries. Experts from industrialized countries sometimes propose administrative improvements of the type that have, or are being, discarded at home. Sometimes, with well intentioned enthusiasm they offer ideas that would not be listened to seriously in their own countries".^{1/} This brings into focus the role of the experts themselves.

In the selection of technical assistance personnel, care should be taken that those chosen to assist in planning and plan implementation have the requisite expertise, and more importantly, the necessary practical experience preferably in developing countries. It is generally advisable to have a team of experts, specialized in the required fields, under a team leader, than to have a number of independent experts each working in isolation of one another. Experts with proven practical experience are generally more suitable for the needs of developing countries in place of prestigious experts with limited practical experience. For example, experts from a developed country under a unitary system of government which does not use formal planning as an instrument of economic development may not be able to offer real and effective advice in planning and plan implementation in a developing country with the federal system

^{1/} Appraisal Administrative Capability for Development - UN Document
ST/TAC/116 - 7

where the national plan is being executed concurrently by both the federal and the state governments, unless such experts had had plan and plan implementation experience under such a system.

The experts themselves should work with the knowledge that there are many shortages in a developing country - administrative capability, statistics, development institutions etc. They should understand that a number of questions cannot be answered readily, and that it is part of their work to help to find the answers to these questions. They should inform themselves on all aspects of their work and be prepared to go round and make investigation even at the local level. Experts recruited to assist in planning and plan implementation should closely associate themselves with appropriate government departments/agencies and with their work programmes, and establish themselves as understanding figures. They should explain the background and reasons for their recommendations so that these are properly understood by permanent officials in order that any queries raised in the minds of these officials may be fully explained. This provides an opportunity for finding out whether the experts are on the right track or whether for political or other reasons the method of approach is not in conformity with accepted government policy. Such discussions provide the chance for the permanent officials to indicate which aspects of the problem should receive priority so that the experts' programmes may be adjusted accordingly.

Technical assistance personnel should demonstrate their effectiveness by participating in the actual implementation of their recommendations and in on-the-job training in the departments to which they are attached. The advisory role should be combined with effective assistance in implementation. Where the experts establish new techniques or systems of administrative machinery, the need to train counterparts becomes quite clear. These counterparts will continue to operate the techniques or systems when the expert personnel depart. When the experts set up planning units in various departments, they should organize their work and training programme in such a way that when they finally leave the country, there should be competent and trained personnel to continue to run the

units effectively. A good arrangement would be for the experts to select, in consultation with senior officials of the departments concerned, a group of promising young officers and hold regular working/training sessions with them. In this way, they spread the required knowledge or management techniques among permanent officials.

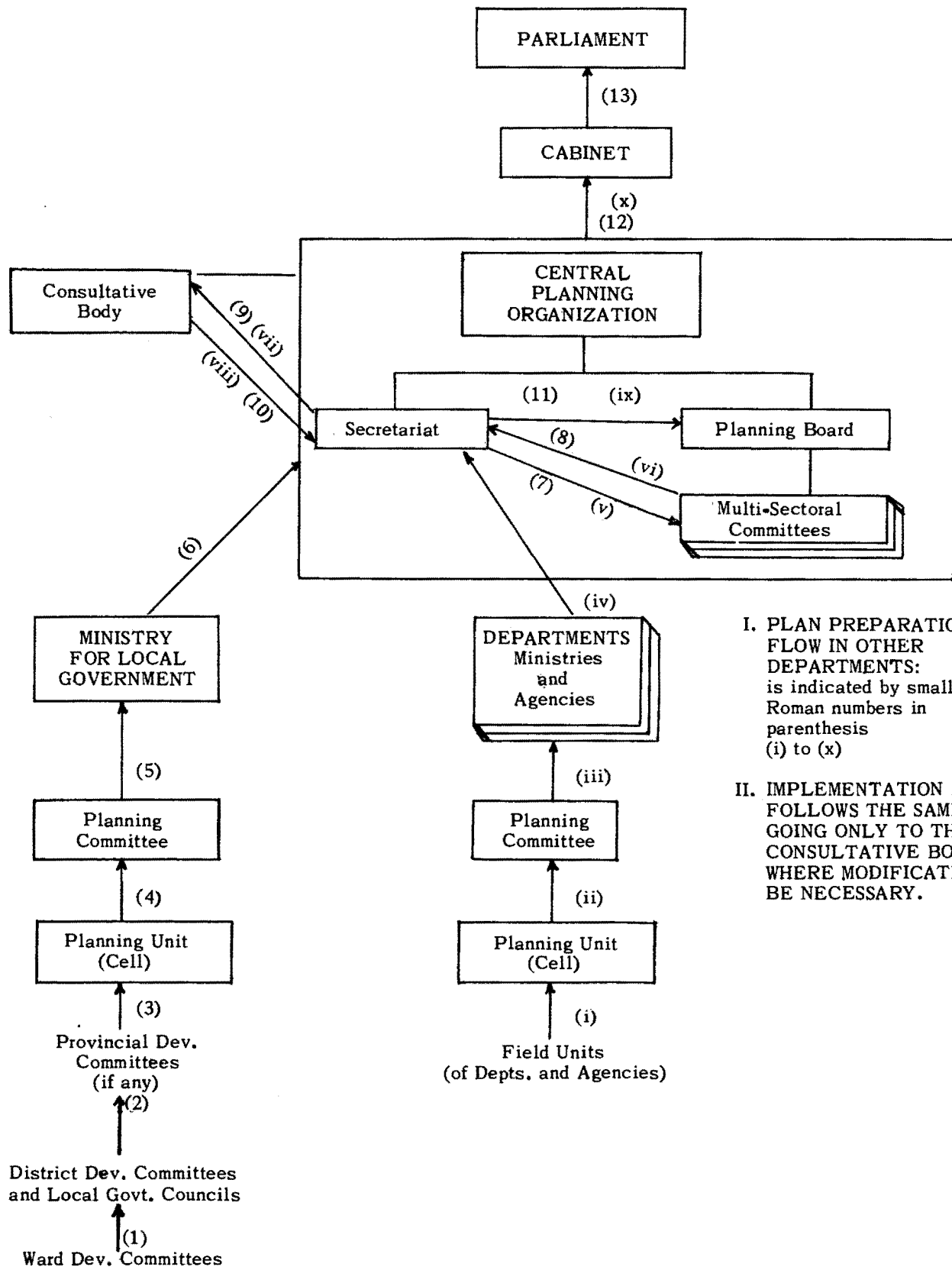
It is, therefore, not just enough for technical assistance experts to prepare plans. It is even more important for them to participate in plan implementation, progress reporting, removing bottlenecks and in plan revision. This is why it is often said that the success of a technical assistance project depends much on its programming as on its implementation. These facts should always be taken into consideration by the donor as well as by the receiving country in determining the duration of the assignments of the technical assistance personnel. The element of implementation in the experts' tasks greatly improves their effectiveness which enables a technical assistance programme to make the maximum possible contribution to the pressing needs of a developing country.

It should be added that international aid programmes need to be adequately co-ordinated in each country. All such programmes should be centrally co-ordinated in order to avoid disconnected, overlapping and, sometimes, contradictory efforts. In many countries, the Central Planning Organization may be in a better position to assume responsibility for the planning, co-ordination and appraisal of all technical assistance programmes and projects. Such co-ordinating agency should ensure that technical assistance concentrates on impact areas and projects which stimulate the process of development and help each country to expand its administrative capability suitable for its social, economic and political system.^{1/}

^{1/} "The Changing Role of the Expert": Public Administration Newsletter No. 13 of July 1967, pp. 1-3, Adapted.

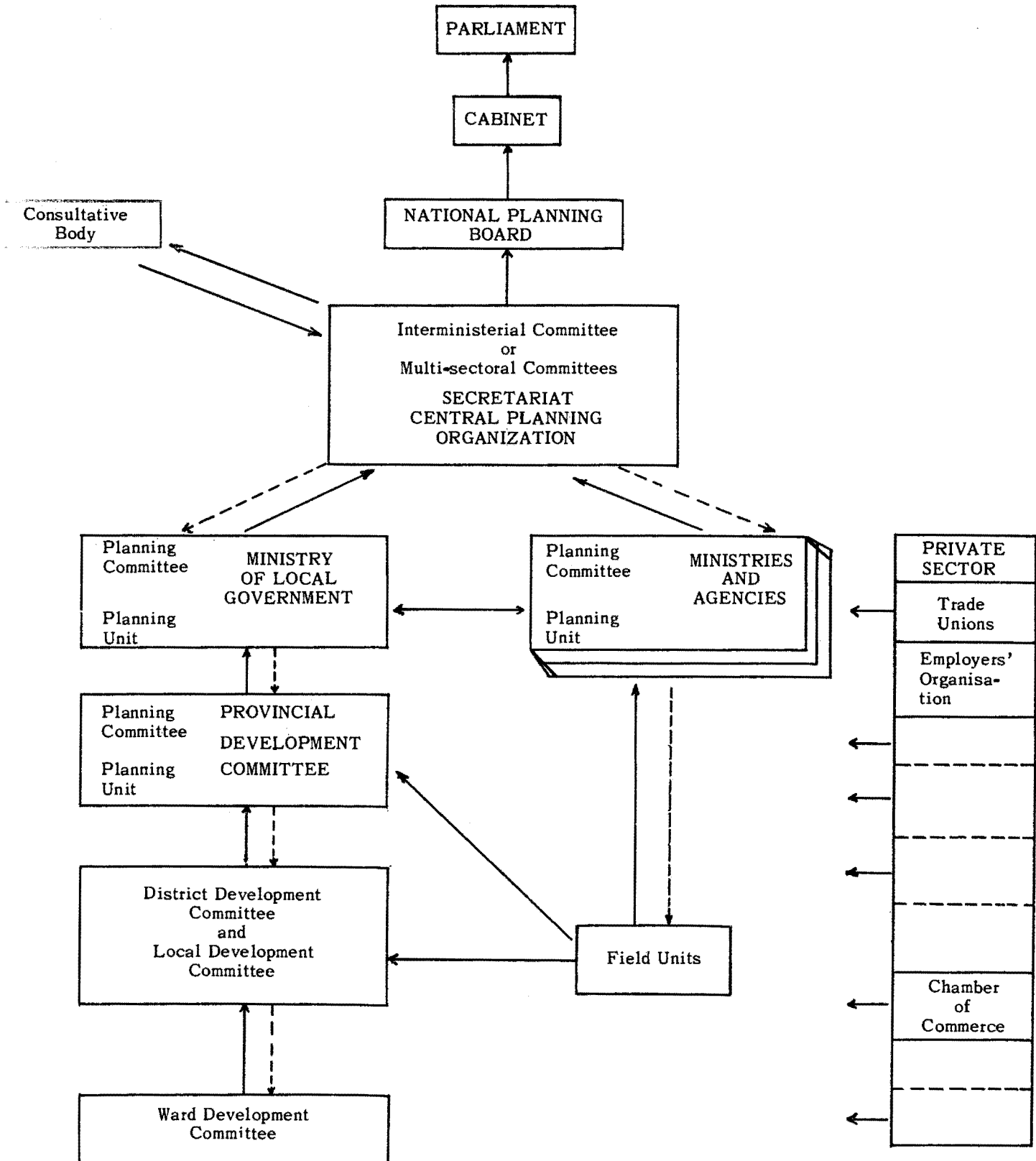
APPENDIX A

PLANNING MACHINERY



APPENDIX B

PLANNING MACHINERY



Explanatory Notes

Appendix B

1. The chart emphasizes consultation with the private sector at all levels, for individual industries and Chambers of Commerce at the lower level to, e.g., trade-unions and employers' organizations, at the national level.
2. Co-ordination between government decentralized bodies and the private sector is emphasized at all levels.
3. At the ministry level the planning committees would include both representatives of all the departments of ministry or agency concerned and where necessary consultants of the ministries having a direct interest plus interested agencies from the private sector.
4. Plans from the various ministries (including ministry responsible for local government) and agencies would be submitted to the planning secretariat where they would be examined and co-ordinated by either an inter-ministerial committee or multi-sectoral committees. (See Chapter I).
5. The function of the planning secretariat would include:
 - research (economic, social (manpower) and physical surveys);
 - statistics;
 - collation and co-ordination of plans;
 - administration of the national plans;
 - co-ordination of technical assistance.
6. Arrows upwards represent the planning flow; arrows downwards represent (a) guidelines for planning; and (b) implementation flow.

CHAPTER II

DECENTRALIZATION OF THE MACHINERY FOR PLANNING

1. Introduction

In discussing the subject of decentralization, it would be useful to define the context in which it is being dealt with, having regard to the different structures of government in existence in the various English-speaking African countries. To begin with, what is 'Central Government' in terms of development planning? It is the government which is empowered by the Constitution of the country to mobilize reasonably adequate resources from its citizens and from external sources to plan and implement development programmes in its territory. It should also have an autonomous Legislature for making laws which are not subject to ratification by a higher body, to ensure the implementation of its programmes; the law-making powers should be derived from the Constitution of the country, and not from any higher legislative body. It is the latter attribute which distinguishes a central government in this context from a local government council, which is the creation of an Act of the central government's legislature. It also distinguishes a central government from a provincial administration, like the governorates in the United Arab Republic, which are established by the national government, and which assigns them revenue-raising powers.

Under a unitary system of government, there is no difficulty in identifying the national government as the central government for the purpose of development planning and implementation, as is the case with most English-speaking African countries, apart from a few, like Nigeria, which have federal constitutions. A country like Nigeria, with a federal constitution, where the federal and state governments derive their legislative powers directly from the country's constitution, both having concurrent powers in respect of most of the development functions, the federal and the state governments could each be regarded as "central government", for the purpose of development planning and implementation.

2. The need for, and constraints on, decentralization

During the last decade, development planning has become very popular with many African governments. Some of them, like Tanzania, Kenya, Ethiopia and Nigeria, have prepared two or more Five or Six-Year National Plans. But apart from a few countries, like the United Arab Republic, it was not until during the last two or three years, that some of the countries, such as Kenya and Botswana, started to use Provincial, District and Village Development Committees as agencies for decentralized planning. Many other countries have not even made a start in this direction. The factors which make decentralization in planning necessary in African countries may be considered briefly. With about 50 per cent of the people living in rural areas, it would be difficult for any central government to assume that it appreciates fully the varying needs of the scattered population, to be able to plan for them satisfactorily, without any support from below. If the majority of the young people from these rural areas, particularly the school leavers, are to be encouraged to remain there instead of migrating to the towns in search of the limited amount of wage employment, their parents should be given an opportunity to put up well planned proposals for the development of such agricultural, agro-industrial and small-scale industrial projects which would afford a reasonable amount of rural employment. Moreover, the rising expectations of the rural areas for basic amenities, as good health centres, potable water, rural electricity and better communication facilities, have to be planned for and provided as soon as possible. The multi-ethnic nature of the population of most African countries calls for the maintenance of a balance in the distribution of industrial and other development projects between the various districts of the country. This balancing exercise could be carried out smoothly by the decentralization of the machinery for planning and plan implementation.

In recent years the need for decentralization in planning is becoming increasingly felt. For one thing, the limited resources available to the central government for financing the large number of development projects in a situation of rising expectations are imposing a great constraint on

the level of project implementation. Most of the African countries depend to a great extent on the production and export of agricultural products. The prices of these products have in the past few years been declining on the world market in relation to manufactured commodities. The sources of revenues of these governments are not expanding sufficiently to provide for development needs after meeting the normal administrative expenditures. For example, in Western and Midwestern Nigeria, the basic direct tax payable by those in the low income groups has remained constant for the past ten years in spite of the rise of over 25 per cent in the basic wages of government and local government employees during the same period. In fact, in 1969, this tax was reduced from £3 to £2 per taxpayer by the Western Nigeria Government while the Midwestern Nigeria Government reduced the same tax in its territory from £3 to £2 15s. in 1970. In many African countries, government revenue from indirect taxes, especially customs duties on primary commodities, has not been very elastic because, with the unfavourable world market prices for most of these commodities, the governments cannot afford to increase considerably the rates of duties as this would affect their competitive character. There are not many countries which have been as fortunate as Zambia, Libya and Nigeria in receiving large sums of public revenue from mineral and oil royalties and export duties. Moreover, the large reserves of Marketing Boards, which such governments as those of Ghana and Western Nigeria had, are no longer available or adequate to provide funds for financing large-scale development projects. It, therefore, follows that unless measures are taken to raise adequate resources the development process cannot make much headway.

Admitting that the need for decentralization in planning in the African countries is obvious, why have they been slow in setting up the machinery for this purpose ?

There are many factors accounting for the slow pace of decentralization. Significant amongst these are the lack of administrative capability and the degree of development consciousness. Before independence the administrative structure was geared towards the maintenance of law and

order and very little attention was given to stimulating the people to participate in self-help schemes. As the economy of these countries moreover was based on a few export commodities, human and material resources were directed towards increased production of these commodities. Consequently not enough funds were available to lay down the administrative structure for accelerated decentralization after independence. Immediately after independence, therefore, these problems had to be tackled from the scratch. Besides certain national governments which neither lacked the funds nor the trained manpower did not channel their efforts towards decentralization. In spite of the fact that some countries like Ghana and Western Nigeria had large Marketing Board reserves the pace towards decentralization had been slow.

Local and regional participation is in a sense also an aspect of development consciousness of the population at large. In the case of Africa, because of historical circumstances, development consciousness was slow in coming. Hence, initiative from the community did not emerge naturally. Where the rudiments of decentralization exist, problems of lack of co-ordination have hindered progress in effective decentralization. Mention may be made of conflicts that arise out of overlapping of duties and responsibilities between local governments and central government departments. Furthermore, problems have also emerged where community development departments have gone beyond their role of stimulating the population to participate in the development effort and have initiated and promoted a multitude of projects without consulting the local government bodies or government departments upon whom the burden of maintenance would lie. This often resulted in a dichotomy between community development departments and other government agencies. These unco-ordinated efforts often confused the communities and weakened their belief in the value of self-determination.

The multi-party systems introduced into the politics of many newly independent African countries, while attempting to protect the citizens against entrenched dictatorship, nevertheless have to some extent affected the spirit of unity at the local level - a phenomenon which is vitally

necessary for the formulation and execution of development projects - the bed-rock of decentralized development planning. Multi-party politics in the modern sense is still new to many rural African societies, where hitherto, at the traditional Town or Village Council, issues affecting the village, including development projects, were debated exhaustively at open meetings and decisions were based on a consensus of opinion of the members of the Council, and not on the basis of an established government party versus an official opposition. While the ordinary people are learning that differences of opinion or political party principles do not preclude co-operation in other fields of human endeavour, it cannot be denied that the pace of local development has adversely been affected by inter-party bickerings, particularly among the local party leaders. It is, therefore, no accident that countries like the United Arab Republic and Tanzania, which had been declared one-party States, have found it easier to obtain stronger and more united local support for national development plans through local participation. Whether or not the single-party states would in the long run achieve better results in their systems of decentralized planning over the multi-party states, in terms of improved standards of living, would depend to a great extent on the political leadership at the national and local levels. If some of the leaders choose to channel the mobilized efforts into the promotion of ideologies not directly related to the economic and social advancement of the people, then the end results might be different from those professed by their governments.

3. Instruments of decentralization

Having taken note of the definition of the term "Central government", the next question is to ascertain what principal institutions are used outside the normal central government departments as instruments of decentralization in planning. Apart from the public enterprises which are used as agents of sectoral planning by the respective government departments, the major instruments for decentralized planning are the Provincial, District and Local Development Committees and Local Government Councils. Countries like the United Arab Republic, Kenya, Tanzania and Ghana, with

unitary forms of government and with large territories, might find the three-tier system of Provincial, District and Local Development Committees useful for the purpose of decentralization of the planning machinery whilst smaller countries or States within larger Federations, might find the two-tier system of District and Local Development Committees, quite adequate for this purpose.

(a) Regional/Provincial Development Committees

While recognizing that in the large States, there might be need for the establishment of Regional/Provincial Development Committees, the question arises as to what functions such Committees can effectively perform. The term 'Province' or 'Region' in the context in which it is being used here, is that of geographical unit delineated by the Central (or State) government for the enhancement of the administration of the country or State. Even where it has a deliberative Assembly as in the United Arab Republic, such an Assembly functions strictly within the terms of reference defined by the central government. The important point is that both the province and the governmental institutions associated with it are the creation of the central government and only indirectly of the Constitution of the country.

As a United Nations Meeting of experts observed, the predominant pattern in English-speaking areas in Africa, is the partnership system of decentralization under which some direct services are rendered by the field units of central agencies and others by local authorities.^{1/} It is onto this pattern that a few countries have been trying in the past few years to graft a system of provincial administration and/or provincial development committees. In Ghana, Zambia, Kenya and Tanzania, Regional/Provincial Development Committees, each of which is under the chairmanship of a Provincial Commissioner or Regional Chief Executive Officer, consists mainly of the provincially-based heads of the major development departments of the central government, some political representa-

^{1/} UN/TC Programme: Decentralization for National and Local Development, New York, 1962, (ST/TCO/I/10), p. 10.

atives and other representatives of the local communities and of the private sector. In Kenya, the non-civil service representation comes into the Provincial Development Advisory Committee.

Generally, the functions of the Regional/Provincial Development Committees include assistance and guidance to the District Development Committees in identifying suitable projects for inclusion in their (district) plans. Such a Committee also co-ordinates the development programmes of the District Development Committees in the area, modifying them, and including some new provincial projects. Thereafter, it incorporates them into a provincial plan, assigning priorities to the projects before submitting the plan to the Central Planning Organization for inclusion of the projects in the regional/provincial or sectoral sections of the national plan. For instance, in Kenya where it is reported that these committees played an important role in the formulation of new programmes during the preparation of the 1970-1974 National Plan, their programmes were incorporated into the programmes of relevant government departments.^{1/}

In the implementation of the national plan, with particular reference to the provincial projects, the main responsibility of the provincial committee is to advise and assist in the expeditious execution of the projects, and to make suggestions to the government departments and agencies concerned on the removal of implementation bottlenecks. In some cases, they may provide the solutions themselves. In this regard, in Zambia, each province is allocated by the Central government a "bottleneck" vote which is under the control of the Provincial Permanent Secretary. This is to meet the cost of minor projects, the non-implementation of which might adversely affect the execution of major projects in the plan. In Tanzania, where the Regional Development Committee occasionally receives grants from the central government as "Regional Development Fund" mainly for re-allocation to the District Development Committees for financing of their projects, on the direct implementation of a few projects in the regional

^{1/} Republic of Kenya, Development Plan 1970-1974, p. 75.

sector of the plan, the experiment has not been successful. It is reported that the First Plan (1964-1969) was not successful in its regional planning aspects because manpower resources were too scarce and experience too limited to provide successful planning in the regions.^{1/} It is understood that as part of the solution of the problem, itinerant high-powered inter-disciplinary teams were thereafter sent to each region to assist in identifying suitable projects for implementation at the various levels.

One common feature of most of the countries experimenting with provincial administrations is that no successful attempt has yet been made to get the local government councils to prepare periodic plans, which can form permanent local basis for the provincial and district plans or programmes. Nor has there been any harmonization between the budgets and plans of the local government councils in the respective districts, to ensure that the projects in these programmes are maintained by the councils when they are completed. This approach has made it difficult for the Provincial Development Committees to base part of their programmes on the established institutions of local government councils which have independent revenue sources that could be expanded to cope with development needs. In Kenya, it is reported that the county councils have not had administrative capacity to enable them to prepare long-term development programmes.^{2/} In Zambia, the absence of local authority periodic plans is regarded as a serious gap in planning, and consideration is being given to local authorities taking over the functions of the District Planning Committees, and for them to prepare their Five-year plans.^{3/}

However, in the United Arab Republic, the Governorate-Council (the Provincial Administration) is empowered, within the limits of the state's

^{1/} The United Republic of Tanzania: Tanzania Second Five-Year Plan for Economic and Social Development, 1 July 1960 - 30 June 1974, Vol. I, p. 224 (Government Printer, Dar-es-Salaam, 1969).

^{2/} Republic of Kenya, Development Plan 1970-1974, p. 183.

^{3/} Orewa, G.O.: Report on Public Administration Mission to Zambia, (1969-1985, July 1969), p. 25.

general policies, to establish and manage different local services and works for the welfare of the governorate. It supervises the Town and Rural (local government) Councils in the governorate. Moreover, the Governorate-Council has been assigned by the national government certain revenue sources, including a certain fixed percentage of customs duties and of vehicle licences.^{1/} With these independent revenue sources, the governorate and its planning organization are able to co-ordinate the Town and Rural Council development programmes, prepare programmes for the governorate, and implement or assist in the implementation of many of these projects from their own resources.

These examples have been given in some detail, in order to show that apart from the United Arab Republic, (and possibly Ghana in future), the provincial organizations for planning have not established themselves in the English-speaking African countries, as executive bodies with technical and financial resources to formulate and implement regional/provincial development plans. Their role is likely to remain advisory and at best they could become effective instruments for identifying suitable local projects as well as guiding the district development committees and the local government councils in plan formulation and execution.

Another difficulty which the Provincial Committee has in establishing itself in most of these countries is that, apart from the United Arab Republic, the largest population of the average country, or state in a federation, is only about 13 million, and with the large number of government departments which each state has, there is limited scope for the creation of many semi-autonomous and viable provincial units within each state without creating an atmosphere of rivalry between the central departments and the regional development institutions. For, as has been pointed out by the United Nations Meeting of Experts, the fewer the number of regions/provinces and the larger their size, the greater will be the

^{1/} United Arab Republic: Digest of the Law of the Local Administration System - Articles 19-33.

prestige and weight of area co-ordinators in relation to the central government. This may go so far as to make area co-ordinators too powerful and, especially if the co-ordinators are politically chosen, may facilitate resistance to the central government. Instead of promoting rational decentralization, it may lead the centre to fear to delegate authority. The experts went on to suggest that normally, therefore, a plan for three or four regions should be avoided. The minimum would depend on the size of the country and its ability to support financially and staff the offices of these regional co-ordinators.^{1/} As mentioned earlier, the shortage of staff made it difficult for the Tanzanian Provincial Development Committees to operate effectively during the first plan period.

On the burning question of finance, the limited sources of revenue available to both the government and the established local government councils in some countries have led to 'rivalry' over the sharing of the traditional revenues, such as personal tax, between the central and local governments. In the 'battle', the stronger central government has had the upper hand, with the result that many of these local authorities are financially weak. In the circumstances, it would be both politically and fiscally difficult for a third organization - the Provincial Administration and the Provincial Development Committee - to come in between and to be given legal powers to raise revenue independently from an already 'dry' source, for financing their development programmes. What could happen in a few countries like Tanzania, Ghana and Zambia, where there are some definite attempts at decentralization for development, would be that the central government would allocate some block sums from its own development funds to the Provincial Development Committees and the local government councils in their areas. Part of the funds might be used to enable the provincially-based government heads of departments, to execute expeditiously some sectoral projects which are located in the province or region concerned. The remaining part of the funds could, as in the

^{1/} United Nations Technical Assistance Programme: Decentralization for National and Local Development, (ST/TAO/W/19), 1962, p. 19.

case of Zambia, be utilized as a "bottleneck" vote, for "emergency" construction or provision of minor but essential projects or services, the absence of which could otherwise hold up the implementation of large national projects.

To sum up, wherever a Regional/Provincial Development Committee exists as an intermediate organization between the District Development Committee and the National Planning Organization, its role could include:

- (i) Providing or securing the services of experts to assist the District Development Committees in identifying and evaluating sound projects for incorporation into the district development plan.
- (ii) Co-ordinating the draft district development programmes, identifying those which have provincial importance, and assigning priorities to them within the framework of a provincial programme; assigning priority to district projects on an advisory basis, in order to enable the central government to decide on the scale of priorities for the purpose of the allocation of capital grants for such projects. The main purpose of the provincial programme or plan would be to ensure that as far as possible, the central government and its agencies accord appropriate priorities to the national projects to be located in the province, on the basis of the recommendations submitted by the Provincial Development Committee.
- (iii) When the projects in the provincial plan have been included and approved in the national plan, the Provincial Committee should meet regularly to obtain and consider the progress reports prepared by the provincial heads of government departments, on the implementation of the projects pertaining to their respective departments. The Committee should suggest solutions to any implementation problems both to the central and the provincial heads of departments concerned. It should also invite their attention to any undue delay in making a start or slow progress in the execution of other projects.

- (iv) The Provincial Development Committee should also, on the recommendation or request of the District Development Committees, take similar action on district projects in which the central government is involved.
- (v) The Provincial Committee should provide or obtain the services of technical experts, on request, to assist in the implementation of the district projects, particularly those which are being executed entirely from local resources. This is particularly necessary in order to ensure that the standard of work or service to be provided is up to nationally acceptable standards.

In order to obtain mass support for the activities of the Provincial Development Committee, as far as possible its membership should be such as to inspire reasonable confidence in the people. It would, therefore, be desirable that the Chairman should be the Regional/Provincial Chief Executive or Administrative Officer. The members could include the provincial heads of government departments (particularly those in the development departments) and of public enterprises, representatives of the private sector including trade unions, reflecting the economic speciality of the area, and the chairmen of all local government councils and of the District Development Committees in the province.

(b) District Planning Organization

Having indicated the possible role which the Provincial Development Committee could play, wherever it exists, the next subject is to examine what functions can be undertaken by District and Local Development Committees and Local Government Councils. As far as possible it is desirable to avoid giving any impression of dogmatism in a subject of this nature by introducing models. Here, however, a sense of inevitability appears to exist. The need for a model has arisen because in the English-speaking African countries (most of which have no centrally planned socialist economies), decentralized planning is relatively new and in many cases non-existent. Hence it seems appropriate to have a model

around which to weave our thoughts as this might facilitate the identification of the problems and possibilities of decentralized planning in a typically traditional African society. The model, hereafter discussed, recognizes the roles of the traditional leaders and of the new class of elected local government councillors, as well as those of the central and local government officials, in stimulating the interest of local communities in economic and social development, giving them guidance in planning, with their limited resources, for the achievement of this objective. There is no intention of putting forward this model as a sacrosanct institutional structure. It is recognized that conditions vary from country to country, and even as between states and regions of the same country. Each government should then decide how to modify the organizational framework and administrative procedures in the model to suit local circumstances.

Along with setting in motion the process of decentralized planning there is need to strengthen and give local institutions additional revenue raising authority so that they are able to mobilize adequate local resources to enable them to meet the growing expenditures on local development. Projects involving the use of local labour and materials on a self-help basis could be of special significance in view of shortage of financial resources. For the English-speaking African countries, the oldest organizations that are capable of fulfilling these conditions are the local government councils. The term "capable" has been used because in recent years, in some African countries like Sierra Leone, Ghana, Kenya, Swaziland and the Northern, Western and Midwestern States of Nigeria, the central government's tax and revenue allocation policies have tended to weaken the financial abilities of their local authorities to the extent that for some years now most of them have not been able to undertake, on their own, any large-scale capital projects. Some of them, such as the county councils in Kenya, have been finding it difficult to meet their recurrent commitments in education and other services.

It is appreciated that in countries like Nigeria, Sierra Leone and Kenya, there is more than one-tier local government system and the question arises as to which of these tiers should provide the basis for district

and local development planning. Here it should be mentioned that already the trend is towards the one-tier system in many countries. e.g., The Gambia, Botswana and Midwestern Nigeria. Where there is more than one-tier there are indications that because of the ineffectiveness of some of the councils, as a result of the sharing of the limited manpower and available financial resources amongst the various tiers, the governments are already making arrangements for some re-organization that will produce effective units of local administration. During the past two years, the Ghana Government appointed at least two Commissions of Enquiry to consider this subject and other allied issues of decentralization and it is expected that the implementation of some of the recommendations of these Commissions of Enquiry would soon take place. The Kenya Government is appointing a Commission of Enquiry to examine the structure of its local government system. The Sierra Leone Government has already appointed a high-powered Committee to examine the local government structure and make recommendations as to the ways and means of ensuring that the local authorities become more effective units for development. All these are indications that eventually the trend in many African countries would be towards the one-tier system.

Having regard to the fact that one of the essential factors for effective decentralization in planning and plan implementation is the existence of an institution which has the legal authority and ability to raise funds from the local communities supporting the projects in the plan, the most effective basis for decentralized planning appears to be the local government council which is the rating or taxing authority, where there is more than one-tier local government system. It is for this reason that the model for district and local planning and implementation, which is discussed here, is based on the rating authority as the institution to provide the secretariat and to act as the co-ordinating unit for planning and plan implementation.

In order that each local government council should be seriously involved in both the national and local development programmes, there should be a District Development Committee in each district or in the

area of the District Council which is the rating authority. The membership could be: the government's field Administrative Officer in charge of the area (e.g., District or Divisional Officer) as Chairman, the Chairman of the Local Government Council, about three other Councillors appointed by the Council, a Planning Officer in the Central Planning Organization, the Medical Officer, the District Engineer, and the senior Education Officer in charge of the district. Other heads of government departments in the district may be co-opted as and when the Committee considers it necessary. The Secretary of the Council should act as the Secretary to the District Development Committee. About 4 or 5 representatives of the private sector, including trade union representatives, should be members of this Committee and their appointment should be based on the economic and social character of the area. One or two women could also be appointed to represent female interests.

The District Development Committee will be responsible for the following:

- (i) It will co-ordinate the development plan projects of the wards in the district and assign priorities according to their importance to the district as a whole. Ward projects which are placed on List B of the district draft plan would be recommended by the District Committee for capital grants-in-aid from the Council and for the eventual management by the Council. It will then place other ward projects which are considered reasonable, on List A of the draft plan, on the understanding that it may provide the ward with technical and advisory services only for the construction of the projects. This would be on condition that the ward is able to provide funds and other resources for the capital costs and the maintenance of the projects for at least five years, without any grant from the government or the local authority.
- In assigning priorities to projects on Lists A and B, serious consideration will be given to the priority allocated by the ward to each project.

- (ii) It will prepare development schemes of district-wide importance, under say, a 3 to 5-year programme, for implementation by the council solely from its own resources. These will be on List C of the district draft development plan and may include schemes like health clinics, district and town roads, modern permanent markets, abattoirs and motor parks.
- (iii) It will also submit proposals for large-scale district projects, the implementation of which will involve government's financial and technical assistance to the council. These may include sewage and drainage schemes, large-scale plantations, and the tarring of town roads. These would constitute List D of the district draft plan.
- (iv) It may likewise prepare project proposals which are of national or government-wide interest but which the District Committee wishes the government to include in the national plan for financing by the national government especially those in the industrial field, or infrastructural projects, like electricity and water supply. These proposals would form List E of the district draft plan.

The district draft plan should be submitted to the council for consideration and modification before being forwarded to the Department of Local Government for consideration. Where a Provincial Development Committee exists, the district draft plan will be submitted by the local government council to the Provincial Development Committee for co-ordination with the programmes of other District Committees in the province, before being forwarded to the Department of Local Government which will, after consultation with the appropriate central government departments (which in turn will provide technical or financial assistance), approve sections A, B and C of the plan. These will be returned to the council which will publish it as part of its development plan. The reason for this recommendation is to enable the council to appreciate its full responsibility not only for the implementation of the plan, but also for the maintenance of the schemes in sections B and C, and possibly of

those in section A in future. This aspect of the problem may be lost sight of, if the projects are only included in the national plan. The proposals in sections D and E of the district draft plan will be sent by the Department of Local Government to the appropriate departments for inclusion in their respective plan proposals. Copies should be sent to the Department of Economic Planning which will assist the Department of Local Government in pursuing the matter with those departments when their development proposals are being considered. The Department of Local Government will also submit List B projects to the appropriate departments for inclusion of as many of these projects as are considered reasonable, in the "Contingencies Section" of the draft plan for consideration and approval by the government. This implies government's possible financial and technical support for the implementation of these projects should be the government's finances permit.

When the projects are finally approved by the government as part of the national plan, the projects in section D would also be reflected in each district plan, showing the District Council's approved contribution to each project. These projects in section D would likewise be separately reflected in the final version of the national plan under "Provincial/District Projects". This arrangement would enable the government's commitment to the partial financing of these schemes to be clearly shown in the plan. It also facilitates their identification from the government's own projects for the purpose of periodic reports on plan implementation both by the District Committee and by the department concerned. Projects in section E of the draft district plan, if included in the national plan, would no longer be of financial relevance to the council as they would be the central government's responsibility. There would, therefore, be no need to put them under "Provincial/District Projects" in the national plan. These projects need not appear on the final version of the district plans as the council would not be financially involved in their execution.

(c) Village/Ward Development Committees

In this model, where the villages are sufficiently large to act as planning units, Village Committees could be established, but where they are not so large, Ward Development Committees, consisting each of a group

of villages, are desirable. As far as possible, for the purpose of cohesion, the villages should have some common ties. The members of the Village/Ward Committee should include the elected local government councillor for the area who should be the Chairman of the Committee. Other members should include the traditional head(s) of each village in the ward, the member elected by each village in the ward, and the following central government and local government officers: the Community Development Assistant or Organizer, the Agricultural Field Overseer, the Council Road Overseer, the Public Health Inspector, the Rural Health Centre Medical Assistant, and the Council Supervisor of Primary Schools. The Community Development Assistant or Organizer should act as the Secretary of the Committee.

The Village/Ward Development Committee should formulate annual or periodic plans for the development of such services as minor roads, bridges and waterways; public parks; libraries; play grounds; markets; and motor parks in the ward. It would plan to provide from its local resources for an agreed percentage of the cost of such schemes which are ultimately approved by the council within the framework of the district plan, looking up to the local government council in the area for the balance in the form of a grant. The percentage of grant will be determined from time to time by the Department of Local Government on a nation-wide basis taking into consideration the greater needs of less developed regions. If a project in the ward plan is not approved by the council, the ward will be free to undertake entirely on its own the construction of the project, provided that it is not inconsistent with the national development objectives and that the ward is in a position to maintain it from its own resources for at least, say, 5 years, after which the ward may apply to the council to take it over. Projects of this nature would have to be classified by the Department of Local Government and should be limited to those the maintenance of which is labour-intensive and can be undertaken easily with community efforts, with minimum financial contribution by the people, e.g., public works, play grounds, and local roads. This point is being stressed in order to avoid the mistakes of the past whereby a number of projects constructed by local

communities could not be taken over by the councils and they had to fall into disuse with the attendant frustration on the part of the community concerned.

The Ward Committee will, of course, with the support of the various committees in its area, undertake the construction of projects supported by the District Development Committee and the council and ensure that the advice and assistance of the appropriate professional and technical staff of government and of the council in the district are obtained for the construction of these projects. The Ward Committee will also make suggestions to the District Development Committee on the district projects which are situated in the ward and can offer the council such assistance as facilitating the allocation or requisition of land for any district or national projects allocated in the ward area.

(c) Application of Model to Urban Centres

The model described above can also be applied to urban centres. In that case, the same organization designed for the rural wards can be used for the wards of an urban local government council; but where there are no traditional leaders, the Urban Ward Development Committee need not create offices for such persons only for development purposes. The entire area of a municipality or town should have a District Development Committee with the same type of membership as the model District Committee described above.

The nature of the functions of the Urban Ward Development Committee and the method of executing its development projects might be different from those of the rural Ward Committee because of the peculiar character of the needs of an urban centre. The Urban Committees might initiate and implement, partly or wholly, such projects as the construction and maintenance of new roads and public parks, and the extension of water supply to particular areas of the town. In the urban centres, especially those which are highly industrialized, because a large number of the adult male inhabitants are engaged in wage employment or in full-time business management, the construction and maintenance of ward development projects might depend to a large extent on their cash contributions rather than on

communal labour. For example, in Benin City in Midwestern Nigeria, most of the new roads were constructed by the respective ward committees. In Addis Ababa, the landlords usually construct the roads in their areas and sometimes contribute thousands of dollars to hire contractors to provide tarmac surfacing for some of these roads.

4. Plan Implementation

Having produced an approved development plan, the next stage is that of implementation. Every year during the plan period, the District Development Committee should prepare a draft capital budget for the implementation of the projects in the sections B C and D of the district's development plan, taking into account the council's contribution to projects in section B and D and its full commitment to projects in section C. Account will also be taken of the ability of the council's recurrent budget for the next year or two to bear the extra burden involved in the maintenance of the new projects to be executed in the next annual capital budget. In making this forecast, allowance should be made for the council having to take over in future the maintenance of some of the projects in section A of the district plan which are being executed by the Ward Development Committees entirely on their own.

The draft annual capital budget should be submitted to the Council early enough for it to be scrutinized at the time the annual recurrent budget is being considered by the council. Both budgets should be presented to the council which will, after the necessary modifications, submit them to the Department of Local Government for approval. The department will, before approving the provisions for the projects in section D, obtain the confirmation of the Departments of Finance, Economic Planning and of other departments connected with the projects, that the government's contributions to the costs of the projects have been provided for in the government's capital (development) budget for the year in question. This is to avoid a situation where the council embarks on a project and finds that half-way through the year the government is unable to make its contribution owing to the absence of the necessary provision in its capital budget.

Once the council's annual capital budget is approved, the District Development Committee should from time to time give advice to the council and the Ward Committees on how to execute the planned projects. It should also place the services of the government's administrative, professional, and technical staff in the district at the disposal of the council and the Ward Committees for project execution. It should furthermore submit periodic reports to the Departments of Economic Planning and Local Government on the progress being made (by the council) in the implementation of the plan. In doing this, it should point out, where necessary, bottlenecks in the implementation process and request such assistance as would enable the council to resolve them.

5. Popularization of Plan

Before the preparation of the national and local development plans, the Department of Economic Planning, after consultation with the Department of Local Government, should obtain from the central government guidelines on the government's objectives and priorities for the next plan as they relate to district and local projects, and the nature and levels of capital and recurrent grants for different types of projects, and what projects should be included in Lists A, B, C and D respectively, of the model plan described above. The Department of Economic Planning would then issue a policy circular on these subjects to the District Development Committees, and the Provincial Development Committees (if any), with copies sent to the local government councils, through the Department of Local Government. On the basis of the circular each local government council and the District Development Committee would agree in principle on the priorities to be given to various projects and the method of raising funds from local contributions for the construction and maintenance of projects which would be included in the ward and district plans.

The council would then, at its general meeting, discuss these subjects fully and mandate its members to publicize the principles in their respective wards, and as Chairmen of the Ward Development Committees,

give leadership in preparing the ward plans. In plan preparation, each ward would decide how much contribution it can make towards financing projects in Lists A and B (of the model plan). It is important that this decision on finance should be properly recorded and the Chairman should ensure that this is brought to the notice of village assemblies and representatives of any major sectional groups in the ward, in order to obtain their support before the ward plan is submitted to the District Development Committee. This point is being emphasized in order to reduce the chances of any subsequent opposition by some sections of the community to the subscription of the necessary funds and labour for project implementation.

In the case of a rate proposed by a ward for financing local projects, the local government council once satisfied, through the publicity and discussions mentioned above, that the rate has the general support of the tax/rate payers in the ward, should resolve to impose it as a special local rate which would be paid exclusively by the tax/rate payers in the particular ward. To distinguish this from any special rates payable by those in other wards, separate rate receipts could be provided for the collection which should be done simultaneously with that of the ordinary council tax or rates. For ease of administration of local government tax/rate collection, as far as possible the council should encourage the establishment of a uniform system of imposition of ward development rates and of the levels of such rates. Whatever revenue is collected as development rate from each ward will be credited to a special development fund account by the council in favour of the ward. In the same manner, when a district draft plan is eventually submitted to the council and it is decided to impose any special development rate, either for the whole council area or for a particular section of it, for the financing of specific projects, the council should send a delegation of some of its members to tour the district to inform and discuss with the people the advantages and financial implications of the planned projects and obtain their support for the district programme.

In order to move away from the traditional idea of local self-help projects financed from ad hoc contributions, towards the principle of integrated decentralized development planning, it is desirable that the collection and disbursement of development funds for district and ward projects should be centralized in the local government council, which is the rating authority for the district. For the collection of any special development rate on a ward or on a district-wide basis, the council would impose the rate either on poundage or capitation basis and in the urban areas, as personal tax or property rate. This could be collected along with the annual local government general tax or rates. The difference would be in what projects each ward decides to give priority according to its approved plan. This is what gives the programme its local character.

Furthermore, the Ward Committee would have to issue authorization to the council's executive staff for the disbursement of the funds placed to the credit of the ward in aforementioned special development fund, as and when this becomes necessary. It may do this through a sub-committee consisting of the chairman, secretary and a traditional leader, or any other member of the Committee, which would be empowered to issue the necessary authorization. Quarterly, or at such other stipulated intervals, the Council Treasurer should send statements of the account of the special development fund to the ward for scrutiny. The disbursement of development funds collected by the council on a district-wide basis would be in accordance with the normal budgetary and financial regulations of the council. All that is necessary would be that, as far as possible, the estimated revenue from this source should not be less than the estimated expenditure on the specific or general development projects, in the council's annual development budget. Regular statements of accounts of the development revenues and expenditures should be submitted to the council and to the District Development Committees, to enable the council to submit quarterly progress reports on the implementation of the district plan to the Departments of Local Government and Economic Planning.

6. Co-ordination of Activities

For effective operation of the decentralized system of development planning and implementation outlined above, co-ordination is not only necessary at the district level, but also at the national level. As already mentioned, the government should outline its policy and priorities in terms of local development programmes for guidance in the preparation of the district and ward plans. There is also the need for uniformity in the format, methods and procedures for the presentation of these plans and of the local government council's annual development and recurrent budgets. There should furthermore be uniformity in the methods and procedures for the presentation of the periodic project implementation reports by the District Committees. These measures would facilitate co-ordination at the national level, and the training of government and local government staff involved in decentralized planning as well as the members of the various District and Ward Development Committees. To this end also, there should be a District/Provincial Planning Section in the Central Planning Organization which will be charged with the responsibility of co-ordinating district development plans, in the absence of Provincial Development Committees or Plans, or of provincial development plans, which have integrated the district plans, where Provincial Development Committees exist. One or more Planning Officers from the said section should assist the staff in the Department of Local Government in provincial/district plan co-ordination and, if necessary, a Planning Officer should head the planning cell in the Department of Local Government. In recognition of the fact that many field Administrative Officers and local government staff are not trained in the techniques of planning, professional Planning Officers from the Central Planning Organization should visit the districts and spend as much time as possible in advising and assisting District Development Committees and Council staff in the preparation of district plans. For the bigger countries, the Provincial Planning Officers who are permanently posted to the field (as in Ghana), should perform this function.

7. Training and finance

In view of the large number of ward committees, it may not be possible for the Planning Officer to move around to assist them in the preparation of their plans. For this purpose the Secretary and Treasurer of the local government council (the rating authority), and the Chairman and Secretaries of the Ward Committees should be given intensive courses, at the district headquarters, in simple planning techniques and principles of local development planning, before they begin to prepare their plans. In addition, the Secretary and the Treasurer of the council should be able to attend at least one meeting of each Ward Committee during the preparation of the plan, to enable them to give necessary advice to the Committee and ensure that there is uniformity in the presentation of the plan and in the procedure for the preparation, which should be in accordance with the nationally prescribed standards and objectives.

The effective administration of the district and ward plans, based on the above model or on any other organization, would depend to a great extent on the availability of trained and efficient local government staff. At present, a large proportion of the executive and technical staff of the local authorities in many African countries are those who have, by virtue of seniority and experience, been promoted from the clerical and artisan cadres of the former Native Authority service. In a few countries like Ghana, Nigeria, Tanzania and Zambia, some attempt had been made to train a number of these key staff in local institutions and a few of them abroad. Professional training has been mainly confined to the staff of large urban councils which can afford to pay professionally qualified staff. The training of the senior staff of most of the rural councils has been concentrated on making them efficient in interpreting local government laws and regulations, in accurately maintaining the council's financial and other records and on practical training of technical staff in routine maintenance of laterite roads and drains as well as in the enforcement of simple health regulations.

So far, very little has been done to give training in development administration to local government staff. In order to provide many local government employees with such training, it is desirable that, in addition to the ad hoc crash training programme suggested above, for members of District and Village Development Committees and some local government staff, intensive courses in the administration of plans should be mounted in the various local government training schools in the respective African countries. These courses could be organized by a group of selected economic and social planning experts and administrative officers who have had some experience in plan administration in such development departments as Education, Agriculture, Commerce and Industry, and who may be attached to the training schools on full-time or part-time basis.

In order that the training would have relevance to the existing conditions in the country, as far as possible the lecturers should be those who have had considerable relevant local experience, although foreign experts can advise on the teaching methods. For this reason, a reasonable part of the course should be devoted to field case studies in stimulating the interest of the rural population in development planning and in the formulation and implementation of a few pilot projects. The various district representatives of central government departments who are involved in development, e.g., Agricultural and Veterinary Officers, Rural Development and Co-operative Assistants, should be made to participate actively in these field studies, in order to give them and the local government staff orientation in the integrated approach to development planning and implementation.

Finally, if local government councils are to play their proper role in decentralized planning and plan implementation, they should have adequate financial and organizational capacities to do this. As mentioned earlier, the financial positions of local authorities in a number of African countries (especially the rural councils) have been adversely affected by the unstable nature of their revenue sources. Apart from the irregular payment by the government of statutory grants and, some-

times, its inconsistent policies on tax and rate revenue allocation as between the government and the local authorities, there are such problems as those of poor revenue collection and budgetary control by the local authorities themselves. If under the system of decentralized plan administration discussed here, these local authorities are to manage development funds in addition to their existing revenues, their systems of financial management would have to be reviewed to ensure better budgetary control. Furthermore, if these councils are not to be tempted to use development funds irregularly for recurrent expenditures, then the government should provide them with clearly defined areas of local taxation with fairly elastic bases to enable them to meet their increasing commitments for the maintenance of existing and future projects. If, and when this is done, there would be a greater need for streamlining the machinery for the administration of tax, rates and other local government revenues.

For the foregoing reasons, it is desirable that as a pre-requisite to the existence of an effective system of decentralized plan administration, each government should consider setting up a national committee to review and make recommendations on:

- (i) duties and responsibilities of local authorities in relation to their resources and potentials;
- (ii) financial relationship between the central government and local authority, including the authority to raise adequate taxes and other revenues.

In accordance with government policy in relation to the points above, it is necessary to establish national guidelines specifying the sectors where there should be emphasis on decentralized development according to national objectives.

3. Rural Development

In a continent where over 50 per cent of the population live in rural areas and where rural activities constitute the main generators of national income, any efforts to modernize must include mobilization of

the resources of the rural communities. The machinery of decentralization for enlisting popular support and participation has been dealt with in the previous sections of this chapter. This involves consultation at the national and local levels and participation of the populace in planning and plan implementation at the provincial, district and village levels. What is proposed in this section is to draw adequate attention to the importance of, and the need for integrated approach to, rural development.

Development of the rural areas is necessary, not only to improve the living standards of the rural population as it would be inequitable to provide the benefits of development for urban residents only, but also, as a major source of income and foreign exchange earnings for economic transformation, the resources of the rural sector should be fully mobilized for balanced development. The rural sector not only provides the raw materials for export and for the manufacturing industries, it is also the main market for distributing the commodities of the industrial sector. Furthermore, if the mounting emigration to urban centres is to be checked or reduced, it is necessary to improve the rural economy so as to provide employment and promote prosperity for the rural population. Improvement in social services and in the production of a variety of cash and food crops should be accompanied by the growth of rural industries. Such rural industries, improved agricultural production and the social services - health, welfare, education, water and electricity supplies, better communications, etc. - will enhance rural economic and social living standards so that the sources of attraction of the urban centres may be available in the rural areas.

Rural development has been described as "the process by which the efforts of the people themselves are united with those of governmental authorities to improve the economic, social, cultural conditions of communities, to integrate these communities into the life of the nation, and to enable them to contribute fully to national progress".^{1/} It

^{1/} Official Records of the Economic and Social Council, Twenty-fourth Session, Annexes, Agenda Item 4, Document E/2931, Annex III, para. 1.

should be recognized that the efforts of the people themselves to improve their living standards should be matched by provision by the central government of technical and other services in such a way as to encourage initiative and self-help.

A recent seminar also called attention to the urgent need for accelerated development of rural areas. "We feel that despite the lip service paid to rural development, no concerted effort has yet been made, in most African countries, to change the socio-economic conditions in the rural areas. We recommend that the need to make rural areas the centre of development should be emphasized."^{1/}

Rural development projects should be designed to stimulate action to develop rural life and institutions; e.g., modern methods of agriculture, rural settlement and land reform measures, rural water supplies, credit facilities for production, small-scale agro-industries, better communications, health and nutrition services, mobilization of manpower, development of local skills and handicrafts as a basis for further industrialization, education and training, co-operatives and marketing systems, which are likely to increase the income and improve the living standards of the rural population. Rural development, in the light of the foregoing, is then "the product of a series of quantitative and qualitative changes occurring among a given rural population, the converging effects of which indicate in time a rise in the standard of living and favourable changes in the way of life of the people".^{2/} In the final analysis, it is the people of a country for whom development is planned and implemented. For these people to attain better living standards through increased agricultural production, education and health services and other agro-industrial opportunities, the main strategy of rural development is to involve the people in defining their needs, to

^{1/} UNECA Seminar on Administrative Framework for Development, Addis Ababa, (7-13 December 1970): Report of; (M71-201) Annex III, p. 34.

^{2/} UNECA Conference on Integrated Approach to Rural Development, Moshi, Tanzania (13-24 October 1963), (M70-524), Draft P.5.

provide them with necessary technical and material help so that, through their own initiative, efforts and entrepreneurship, they are able to change their living conditions and fulfil their needs.

In many African countries, rural development projects have been carried out on sectoral basis. The emphasis was on a particular sector or objective without due consideration of the inter-relationship of that sector with other sectors of the economy in the community. The new approach now is towards integration of rural development efforts with the national plan. In order, therefore, to harness rural development to national development, co-ordination should be encouraged and emphasized. Programmes involving agricultural extension, demonstration farms, etc. should be co-ordinated with those in education, health and social services, marketing and co-operatives, etc.

This integrated approach should aim at the mobilization of human and material resources in the rural areas. It should involve a combination of many factors:

- (i) active participation of the people involved: this leads to encouraging positive attitude towards development;
- (ii) human resources development: the manpower resources and needs are ascertained for promotion of vocational training and productive rural development;
- (iii) economic characteristics: this involves analysis of various physical and economic factors relevant to rural development in the area;
- (iv) institutional organization which provides the framework to support and sustain overall development;
- (v) adequate administrative machinery set up by the central government for co-ordinating the work of communities in conformity with general national objectives.

"A common aspect of strategies for rural development is the recognition of the necessity for self-help and maximum self-reliance on

the part of the people. Capital is short, but land and labour are relatively abundant so that everyone can work towards increased production. The principle of co-operation or communal effort, characteristic of African enterprise, can be encouraged, utilized to its maximum potential, and integrated with the national plan".^{1/} Co-ordination and integration of rural development programmes with the national programmes may thus be fostered in various ways:

- (i) integration should commence with the preparation of the programmes and should be carried through to completion, with modifications which may prove to be necessary in the course of implementation;
- (ii) co-ordination should involve all government and local government departments or agencies so that the inter-relationship between the various projects is realized and understood;
- (iii) in the training of personnel for rural development, an integrated approach should be adopted so that the attitude of co-operation and appreciation permeates through all the officials concerned;
- (iv) through education and other means of mass media, the field workers and the general public should be taught to appreciate the benefits accruing from co-ordinated efforts at rural development.

^{1/} UNECA Conference on Integrated Approach to Rural Development, op. cit., p. 95.

CHAPTER III

ORGANIZATION AND MANAGEMENT FOR NATIONAL DEVELOPMENT

Introduction

The Ninth Session of the Economic Commission for Africa held in February 1969, taking into account the report and recommendations of the Second Conference on Urgent Administrative Problems of African Governments, held in Addis Ababa in November 1968, adopted Resolution No. 202(IX), requesting the Executive Secretary, among other things, to organize a meeting of African Heads of Organization and Management Units, (under-scoring supplied) and of their experts in this field, to enable them to exchange experience. The organization and management units mentioned are what heretofore have been called Organization and Methods (O & M) Units.

The First Conference on Urgent Administrative Problems of African Governments, held in Addis Ababa in 1962 recommended that African Governments should each create an Organization and Methods Office, composed of specialists in matters of administration, directly subordinate to the highest government levels, for the purpose of reforming and continually improving the structures and standard procedures throughout the State Administration, and whose competence extends to the highest level problems of administrative organization and not merely to the practical methods of technical organization in government departments.^{1/} Without changing the name of the unit, the Conference, however, expanded its scope. Traditionally, O & M had been concerned with improvement of office layout, elimination and re-design of forms, introduction of office equipment, review and improvement of clerical and other routine procedures, and the like. Methods and procedures, the "M" of O & M, were its main preoccupation and as far as organization is concerned, at most it

^{1/} UNECA First Conference on Urgent Administrative Problems of African Governments, Addis Ababa, 2-11 October 1962, Notes: (163-1207), pp. 10-11.

only covered office organization. The Second Conference on the same subject came up with a consensus that the term "organization and methods" was no longer suitable for the work required and the term "organization and management", retaining the abbreviation O & M, should be used instead. It also stated that "its terms of reference should cover the entire field of the structure, organization and management of government bodies and public agencies on the basis of the framework, objectives and missions laid down by the competent political and administrative authorities: organization of management systems; methods and procedures; organization of work".^{1/} The Meeting of Experts on the United Nations Programme in Public Administration in January 1967 noted that "an important objective of every country is to create a central administrative planning or improvement staff, closely related to the development planning office, which can assist in designing better organization, management, and other procedures. Thus O and M work needs to be elevated in scope and importance"^{2/} (under-scoring supplied).

The question may then be asked: "Is organization not a part of management?" If so, why the term "organization and management" and not just "management" with the unit to perform the function called "management service?" This may perhaps be explained by the expedience of retaining the "O" and continuing the use of the abbreviation: "O & M", considering resistance to change as well as emphasizing "organization" which has been neglected by traditional organization and methods work. However, until a more appropriate terminology is found, it seems sufficient to call the unit: "Management Service" and its functions: "management service work" or "administrative reform/improvement work".

^{1/} UNECA Second Conference on Urgent Administrative Problems of African Governments, Recommendations, Addis Ababa, 14-27 November 1965, 160-181, p. 6.

^{2/} Report of Meeting of Experts, E/4296, ST/TAO/L/3, UN/NY, 1967, p. 12.

In this context, management service work consists of the study and improvement of all the functions^{1/} of administration or management which are: decision-making, staffing, staff development, planning, organizing, directing, controlling, motivating, communicating, and evaluating. Every activity, the division of work and delegation of authority, every method of doing work, every technique or practice of getting things done to achieve objectives, is within the scope of management service work.

Specifically, management service work includes the review and improvement, on a continuing basis, of the machinery of government (under a National Administration Improvement Programme or a Programme of Planned Administration Review), the internal organization of departments, agencies and their subdivisions; methods and procedures of work; office machines and aids; administrative framework for national planning and plan implementation; managerial activities; in sum, the whole organization and management of government business. The ultimate objective is to ensure that the whole government administrative machinery and its operations may always be adjusted, adapted, and geared to meet the challenge of new tasks and problems, that it continually improves its capabilities, or is otherwise suitable and adequate to contribute effectively to the successful achievement of socio-economic growth and overall nation-building.

Public administration^{2/} is the organization of government business for achieving government objectives. The said Meeting of Experts in 1967 noted that public administration had been described as an "impact area"

^{1/} Gulick L. called these POSDCORB, i.e., planning, organizing, staffing, directing, co-ordinating, reporting and budgeting.
Gulick L. and Urwick L.: Papers on the Science of Administration
Institute of Public Administration, New York, p. 13.

^{2/} The aforesaid Meeting of Experts defined "public administration" as "the totality of the administrative processes of government, and, in fact, it covers areas not sometimes associated with the expression 'general administration', such as judicial administration and may extend to the administrative services of the legislative branch", Report of Meeting of Experts, op. cit., p. 3.

in the first United Nations Development Decade and, in reaffirming the importance of public administration, the Meeting concluded that it should be accorded even greater emphasis in the Second Development Decade.^{1/}

2. Inter-dependence of Administrative and Socio-Economic Planning

There is now widespread realization, if not universal acceptance of the need for administrative capability for planning and plan implementation for national development and overall nation-building. There also appears to be a growing recognition of the inter-dependence of socio-economic planning and administrative planning. The best designed plan, coupled with the availability of capital, supplies, and other resources, but without the necessary administrative capability to carry it out, is only as good as the paper on which it is written. And yet, there is an evident lack or inadequate appreciation of the essential elements in the achievement of the desired administrative capability: there must co-exist: (a) qualified, trained, competent and dedicated staff; and (b) sound organization, procedures, and management practices.

It has been said^{2/} in this connexion that administrative capability is a scarce resource, particularly in those countries which became independent during the last two or three decades. They had to develop their own administrative system while trying to increase administrative capabilities required for socio-economic development but the tempo of change and burgeoning problems constantly ran ahead of administrative capabilities. The statement sometimes heard that 'the development plans were good but the implementation was poor' is misleading. No plan is good unless it is both implementable and includes a plan for implementation. Provision for the requisite administrative capability is one of the key elements in any plan for implementation. Under the circum-

^{1/} Report of Meeting of Experts, op. cit., p. 5.

^{2/} Proposed Objectives and Programmes in Public Administration in the Second Development Decade, Draft for comments only, by PAD/ESA/JH/IV, p. 1.

stances, it seems that the problem is to devise feasible strategy for correcting the deficiency and to avoid tailoring development targets to existing inadequate administrative capability.^{1/} Indeed, when development planning is decided upon, among the first considerations should be whether the administrative structure and the available pool of trained administrators are sufficient to undertake, with any hope of success, the realistic preparation and implementation of any development plans. Yet, when planning machinery is established, consideration is always given: to planning techniques, less often to implementation techniques; and to the provision of data on which planning can be based, less often still to providing an administration adequate to development needs.^{2/} The ability of governmental bodies or organizations to define problems, determine policies and programmes of development, assign priorities among competing demands, allocate resources including capital, skilled manpower and foreign exchange, use science and technology and mobilize talent for development, and carry out programmes of action, constitute a decisive factor in the outcome of national efforts for development.^{3/}

It may likewise be noted that "there was a time when proposals for new development projects - particularly large programmes for resource development, new crops, new industries and improved education and health services - were considered only in terms of economic and technical feasibility. After many unfortunate failures, administrative feasibility

^{1/} Proposed Objectives and Programmes in Public Administration in the Second Development Decade, Draft for comments only, by PAD/ESA/UN/NY, op. cit., p. 32.

^{2/} Fraser, I.S., Planning the Administration for Development, Sudan Journal of Public Administration and Development, Vol. II, Jan. 1966, p. 32.

^{3/} Appraising Administrative Capability for Development: UN: ST/TAO/II/46.

has come to be recognized - by the World Bank and others - as an important consideration also".^{1/} As a matter of fact, heretofore, "economic and social planners have often assumed that plans are self-executing. Administration is viewed as a detail... There has been little realization that knowledge and skill in development administration are primary ingredients in nation-building."^{2/} Indeed, development is a complex of mutually related economic and social improvements^{3/}; it has many facets, and requires the total mobilization of all human energies and other resources of the country for its successful accomplishment. Plans are not enough. Experience has shown that "development plans invariably require: the re-organization of existing structures and procedures, the creation of new agencies and enterprises, the re-arrangement of jurisdiction, the re-allocation of functions, transfer of personnel or increases in salaries for some categories^{4/}, among many adjustments, required if development will take place. Administration must be viewed "as more than an abstract term denoting merely a means of implementing development programmes in the so-called economic and social sectors, e.g., agriculture, industry, education, health and so on. It might, in fact, be possible to treat administration as a sector, susceptible of programmed development in its own right, a field with its own identity. This approach may benefit developing countries, inasmuch as it could enable them to plan administrative improvement and

^{1/} Appraising Administrative Capability for Development, op. cit., p. 2, which also refers to John A. King, Jr., Economic Development Projects and their Appraisal (Baltimore, John Hopkins Press, 1967), which discusses the World Bank's experiences in thirty cases in countries in Latin America, Asia and Africa "... Closely related to the question of management is the question of the sort of organizational structure best suited to carry out and operate the project successfully. This question falls naturally into two parts - what organization is needed to bring the project to the operating state and what organization will be needed thereafter".

^{2/} Stone, D.C., Creating the Administrative Capabilities for Development, Sudan Journal of Public Administration and Development, Vol. II, January 1966, p. 10.

^{3/} Appraising Administrative Capability for Development, op. cit., p. 5.

^{4/} Clerk, N.T., Tradition and the Administration of Development, Background Paper No. 4, the Sixth Inter-African Public Administration Seminar, IPA, Achimota, Ghana, 6-13 November 1967.

reform in consonance with the requirement of their economic development programmes; and would eliminate wastages associated with administrative improvement not based on relevant criteria".^{1/}

The conclusion is inescapable, that socio-economic planning, manpower planning, and administrative planning are inter-dependent^{2/} integral parts of national development; administrative policies, measures, and processes to carry out programmes and projects envisaged in the plan, should be essential parts of the planning documents. Organizational responsibilities, administrative arrangements, operating procedures, and resources utilization should be defined for each sector. This applies to such functions as agriculture, education, and public works; to local government functions; to urban and rural development; and to the sum-total of policy and administrative actions necessary to promote entrepreneurship in the private sector. To ignore this inter-dependence and attach greater importance to one or more of the parts or of the factors that typify the development process and neglect or de-emphasize one of them, will result not only in poor planning but more so in unnecessary and wasteful dissipation of energy and resources.

Since national development inevitably requires many new organizations to undertake new and difficult tasks, and healthy growth also involves re-organization or adaptation of existing organizations, administrative planning needs to take a look at the existing set-up and this brings us to some sort of self-analysis - "know thyself" as Socrates (and repeated by Plato) would put it.

3. Need for Administrative Reform

The public administration to which the label "traditional" is attached has been evolved for maintaining law and order, collecting taxes,

^{1/} Appraising Administrative Capability for Development, op. cit., pp. 70.

^{2/} "An effective approach to increasing overall administrative capability is to link the effort to increase it with development planning.", from *Administrative Aspects of Development Planning and Plan Implementation, Proposed Objectives and Programmes in Public Administration ... op. cit.*, p. 32.

building roads, operating primary schools and other minimal state functions. It was oriented towards stability, and its institutional forms, personnel, and other practices were frequently tied to system maintenance and control. In some African countries, lines of authority and responsibility were not clearly defined, and this is compounded by a concentration of activity in the national capitals with practically nothing elsewhere in the country. Orders, rules and regulations were developed centrally and applied universally, often with little regard to local conditions, aspirations, customs and traditions. The attitude of the administration to trade, industry, agriculture, and development of natural resources was "laissez-faire". Hence it has been said that development was unplanned; exploitation of natural resources was undertaken piecemeal or under pressure from private companies and individuals; technical development was at most sporadic; and efforts were concentrated on making maximum profit in the short-run, without planning for effective long-term use of resources. The structure and content of training was geared to the preservation of the status quo. Patronage or favouritism flourished, so did responsiveness to improper forms of influence. Rigid rules and procedures displaced initiative and flexibility; not many dared to do anything if it was not spelled out in black and white. Headquarters offices did not clearly define responsibilities of subordinate units or delegate adequate authority to field offices. Hence, even minor matters were forwarded to headquarters for needless review or decision, resulting in delay and inefficiency.

After independence, many African countries were faced with two major administrative problems, namely the Africanization and expansion of public sector activities. In trying to resolve these problems, however, the main preoccupation of administrative training was to qualify officials for higher responsibilities and to replace expatriate civil servants; it was for the maintenance of existing services rather than for improvement of performance or efficiency. The government administrative machinery, procedures, practices, and regulations - Government Orders and Financial Instructions - designed for the colonial era, were incongruously adapted to post-independence requirements. "There is still excessive reliance

on 'precedent' in place of judgement in managerial decisions, especially in personnel matters, and the remittance of managerial decisions which do not fall squarely within the regulations or precedent or are in any way outside the usual routine, as far up the hierarchical ladder as possible".^{1/} In fine, traditional public administration, designed as it was, more for the management of day-to-day business, did not provide the organization, procedures, personnel, and practices required for national development or to effectively contribute to the translation into reality of national aspirations: better standards of living, freedom from want, ignorance, and disease among many others.

At this juncture, it seems relevant to mention that "a careful study of the twenty-four recommendations of the aforesaid Second Conference and the reports of its four Working Groups reveals that whatever might have been the progress in the field of public administration in Africa during the past decade, a lot still remains to be done".^{2/} The administrative structure in a number of African countries is not fully developed and geared to the needs of modern or modernizing society.

Furthermore, some major challenges of public administration in Africa in the 1970s (i.e., during the Second Development Decade) identified and considered as urgent as Africanization and expansion of public services immediately after independence and have arisen because of them, seem to aptly reflect the state of public administration in Africa. These challenges are the need to improve administrative systems and standards both in the civil service and in parastatal bodies, the problems associated with carrying these improvements through, as well as the need for extensive and intensive research in the field of public administration.

^{1/} Anderson, D.A., Reorganization of the Public Service in Ghana, Background Paper No. 3, Report of the Sixth Inter-African Public Administration Seminar, Ghana, November 1967.

^{2/} Adedeji Adebayo, United Nations Programmes in Public Administration in the 1970's with special Reference to Africa, Public Administration Newsletter No. 33, July 1970, pp. 12-13.

The capacity of the African governments to bring about rapid modernization and development of their economies will to a large extent depend on the success with which these problems are solved.

In recent decades, there has been the emergence of what may be called the "welfare state" where the people demand from their government more and complex products and services. This has been coupled with commitment to accelerated socio-economic growth which entails systematic planning and plan implementation. Hence, the role of government has changed considerably from the maintenance of the status quo to that of prime mover or catalytic agent for national development, initiating plans and determining the nature and rate of change. Everywhere, government budgets have been taking up an ever-increasing share of the national product; a large portion of the national assets are managed by national and local authorities, including public enterprises. Governments are thus a force of considerable importance in production, not only in terms of the productive capabilities in the public sector, but also in their impact through regulatory and other activities on national consumption and on production in the private sector. This new role changes the parameters against which to measure and improve its administrative capability. As the public sector becomes increasingly large and influential, its performance influences the welfare of everybody in the society. Even in those areas where the direct role of the public sector is limited, government policies greatly influence the production of goods and services in the private sector.^{1/}

It can perhaps be reiterated that it is important for developing countries to pay special attention to the orientation and organization of their public administration at all levels for both the effective formulation and implementation of development plans. That should facilitate their efforts at national development or enable them to take advantage of the unprecedented opportunities offered by scientific and technological

1/ Draft Proposed Objectives and Programmes in Public Administration in the Second Development Decade, op. cit., p. 11.

progress; to remedy the persistence of undue privileges, extremes of wealth and social injustices; to sustain an average annual growth rate of the gross product at no less than 6 per cent; to have an annual rate of population increase no greater than 2.5 per cent; to reduce significantly unemployment and under-employment; to achieve a greater degree of income security; to expand and improve facilities for education, health, nutrition, housing and social welfare; to safeguard environment; to foster the well-being of children; and to ensure the full participation of the youth and the integration of women in the development process.^{1/}

Most developing countries need to carry out overall administrative reforms in order to orient their public administration system to the requirements of development. There is also constant need for administrative improvement and innovation in the various government departments, ministries and parastatal bodies to adapt administration to changing circumstances, to apply new management techniques, and otherwise to rationalize the administration. Administrative improvement should be planned concomitantly with planning for economic and social development; and the latter should reflect sound appraisal of administrative capability and the provision of measures and resources necessary to increase it to the level needed for the successful implementation of development plans and programmes.^{2/}

The organization structures, personnel systems, procedures and practices of public administration must be geared to the new requirements of production of goods and services and also of facilitating their production by others. They should be developed to make full use of the opportunities for development and also to deal with the consequences of development. In the agricultural sector for instance, there must be administrative capabilities at key points in the growing, harvesting,

^{1/} Craft Proposed Objectives and Programmes in Public Administration in the Second Development Decade, op. cit., pp. 5-6.

^{2/} Craft Proposed Objectives and Programmes in Public Administration, op. cit., p. 13.

storing and marketing of various crops. This would include the capability of various central government agencies to promote the capacities of other organizations - private, public or co-operative - engaged directly in the process.

The establishment and strengthening of institutions and agencies for the improvement of public administration at all levels is one of the basic requirements for increasing administrative capability for development. Among the institutions and agencies of which administrative improvement should be accelerated are those responsible for different development functions, development projects, and inter-sectoral programmes affecting progress in agriculture, industry, housing, transportation, labour, education, health, and other fields of development. Measures to increase administrative capability in particular fields should be consistent with government-wide programmes for administrative reform/improvement and ideally should be an integral part of such programmes. The objective in each field should be to achieve an effective system of governmental organization and management, realistic plans for increasing administrative capability commensurate with development goals, and educational and training programmes to develop management skills among professional and technical personnel who are expected to discharge administrative responsibilities.^{1/}

Research and technical co-operation projects in the 1960's indicate the central institutions needed for government-wide administrative improvement, including the design of individual agencies to perform particular functions. These include agencies and institutions for (a) administrative/reform improvement; (b) personnel administration; (c) education, training and research in public administration; (d) financial administration; (e) supply administration; (f) data processing and (g) supervision of public enterprises and co-ordination of regulatory

^{1/} Draft Proposed Objectives and Programmes in Public Administration, op. cit., pp. 21-22.

agencies. Agencies for the improvement of regional (sub-national) and local administration are also needed in most countries (e.g., department or units for the provision of personnel services, training, loans advisory and other services to regional and local authorities).

As important as these regional and local agencies are in planning and plan implementation, the following section,^{1/} however, deals with the machinery for administrative reform/improvement. It should be kept in mind that administrative reform/improvement should not be confined to organizational changes alone. Administrative methods and practices on which the execution of programmes depends must also often be modified or changed. The traditional approach of focussing attention on the task and performance of a single organizational unit, such as an enterprise or department, is not adequate for development needs. Reforms through a comprehensive approach to major problems and the partial approach to specific improvements and innovation have an important role to play; comprehensive reform may, however, provide the common framework within which piecemeal improvements can be effected and possible inconsistencies or contradictions of partial approaches can be avoided.

4. Machinery for Organization and Administrative Improvement

The machinery which many countries have evolved for administrative improvement has been called an Organization and Methods Office (Division or Unit). From the middle 1950's, however, the United Kingdom, Canada, Australia, Philippines, India and lately Tanzania, have begun using the name "Management Service" for this organization which provides administrative maintenance in much the same way that a garage performs motor vehicle maintenance.

Essentially, a Management Service exists to study and make recommendations for changes for the better, or to search for better ways of doing work, so that an organization (e.g. government administrative

^{1/} Adapted from "Organization and Methods-Selected Training Materials", Public Administration Section/ECA, 1970 (Draft: Part I).

machinery, agency, enterprise, or their sub-divisions) can do its business in a more simple, orderly and effective manner, with less effort and at less cost, and yet produce more and better quality products and services. It is in aid of the Chief Executive (Head of Government, be he the President or Prime Minister) and to the whole management team (Head of Government, Minister, General Manager, Department Head and all other supervisors) to enable them to carry out more effectively their responsibility for seeing to it or ensuring that, at all times, the whole administrative machinery is well organized and efficiently managed or is otherwise adjusted, adapted, and suitable for accomplishing national objectives.

Administrative improvement work, performed by Management Service, is an active concern for the future, not a passive contentment with the past. It is a consulting, or advisory, service which makes studies, provides advice, on a confidential basis and usually on request of the management team located at various levels of the hierarchy, whether in government or private enterprise or under a programme of planned administrative review. The management team frequently lacks the time and appropriate skills to make analyses and to design necessary administrative improvements. On the other hand, Management Service has specially trained staff to make studies and design necessary improvements of organization structures, work procedures, and management practices which are essential to effective or sound management (sound management is simply the best and most economical use of resources - men, money, materials, methods and machines - to achieve pre-determined objectives). They have the time, experience and expertise as well as independence and objectivity, and an overall viewpoint.

Management Service will not investigate anomalies or administrative infractions to fix blame but tries to find better ways of doing things with less effort and at less cost. It will not divulge information on studies made or matters advised on outside the client organization. It will demonstrate, persuade, and convince management of the soundness and practicability of its proposals, and assist in their implementation. It sells ideas as a salesman would sell his goods but will not direct

nor order any change, authority for which remains with the management team. Though it might aim at the ideal under the circumstances, it will be satisfied with a little improvement at a time. It is not a "one-shot-in-the-arm" remedy but will keep on pushing for further improvements; to be of real and lasting value, it must be a continuing activity. "The doctor is not only called where there is an illness - though that remains an important part of his job - but he must also conduct regular or periodic examinations in order to detect and prevent incipient ills".

Management Service makes studies and provides advice on organization and management of government business. This may involve assignments such as the following:

- (i) Review of the machinery of government (under National Administrative Improvement Programme or a Programme of Planned Administrative Review) - the distribution and grouping of major functions necessary to achieve objectives, to departments and agencies.
- (ii) Review of a particular department, office or branch, etc., with complete examination of purpose, organization, procedures, and management practices. A large review may be divided into sub-assignments or phased.
- (iii) Examination of particular activities or processes to solve a special problem or difficulty.
- (iv) Planning of an entirely new organization, activity or procedure.
- (v) Short-term "immediate need" advice on particular problems.
- (vi) General advisory services on organization and management, etc.

Within the context of the terms of reference or study objectives, Management Service collects the facts; reviews, analyzes and evaluates these facts; develops solutions or workable proposals for improvement; clears or sells such proposals (making a report as necessary) to those in a position to accept and order what should be done; assists in

carrying out accepted recommendations; follows up implementation, evaluates results, and recommends further improvements. In the process, it will continually seek the participation and involvement of as many staff of the organization under study as is appropriate and possible. And it keeps on promoting and fostering the application of sound management in the conduct of public business, taking into account that generally there is a resistance to change, a normal human reaction which takes time to overcome, and growth is such a slow and long drawn-out process.

Considering that it would be involved in an appraisal and improvement of the machinery of government and in a planned administrative review, Management Service should be located somewhere closest to the centre, the efficacious influence of which is indispensable to the full acceptance and rational use of its services. The First and Second Conferences on Urgent Administrative Problems of African Governments must have realized this need when they recommended that it should be directly subordinate to the highest government levels.^{1/} The long experience of many countries which have used and applied this tool provides ample proof that setting it up at the highest level, e.g., in the Office of the President or Prime Minister, makes it more acceptable and likely to be effective and successful. To complement this location, the Head of Management Service should have a rank and status at least immediately next to that of a Permanent Secretary or its equivalent, to enable him to get a better hearing and to help him win the respect and confidence of, and thus influence, officials having the power to decide and order implementation of accepted recommendations.

Related to this location of the Service is the question of decentralization of the management service function. It seems desirable that African and other developing countries should establish a Central Service

^{1/} The participants of the O & M Course for Francophone and Anglophone countries, held in Ghana in June 1967, also recommended that a Management Service should be located at as high a level as possible in the structure of the public service, "Organizations and Methods - Selected Training Materials", op. cit., (Draft: Part I).

in the first place and let it prove its true worth and usefulness. When the management service function is widely or fully accepted within the public service, and an adequate number of trained management service staff is available, Management Service may consider out-posting or "out-stationing" some of its staff to departments and agencies but maintaining control over them. Alternatively, or by evolution, decentralized management service units may be established under the technical co-ordination of the Central Service, providing standards and guidelines therefor.

A Management Service may initially consist of one or two management service analysts or officers and then the question of its subdivision and specialization scarcely arises. As it grows, however, subdivision becomes an issue and the question is often raised as to whether it should be subdivided to cater for particular activities (e.g., organization analysis and planning, machine utilization, stores or supply, registry and archives). Different situations will call for different treatment but a medium-sized Management Service should normally be composed of generalist units, although this should not preclude development of specialists within the units. Where planned administrative reviews are undertaken regularly, there may be need to have one or more planned review units which should ordinarily concentrate on this work without specializing in particular activities.

A form of organization favoured by some large Management Service is to have a number of generalist units which deal with the bulk of the assignments, with some full-time specialists in such fields as organization analysis and planning, accounting systems, office machines, automation, stores or supply, office layout, registry and archives, etc. The specialists should, however, be prepared to assist the generalist units or advise them in their specialized fields and otherwise participate in their assignments as necessary. It must be remembered in this connexion that management service staff must have adequate training and experience, the appropriate attitude and full appreciation of their place as such in the scheme of things, otherwise, they would bring discredit to the management service function, cause more harm instead of bringing about desirable benefits, and become a costly liability.

A Management Service should prepare an annual or semi-annual work programme, considering its insights in the areas where improvements are desired for the whole of the administrative machinery and its sub-divisions. It should establish rules and procedures for compliance with requests for its services within prescribed policies and priorities it has developed. Through programmes of liaison with departments and agencies, it should promote requests for its services. It should likewise periodically evaluate and improve its programmes and services. The service should also have a continuing programme of training and development of its staff which should include observation and training in foreign countries with long experience in the use and application of organization and management, not simply organization and methods.

Considering that generally those departments and agencies which need the most help will be the last to or will not, request for its services, a Management Service may consider mounting a government-wide administrative reform/improvement programme which should include a planned administrative review. The term "planned administrative review" applies to a planned and scheduled study, appraisal, and improvement of the organization, procedures and management practices of ministries and agencies, so that each one of them may be so appraised periodically, say, every three to five years if possible. To avoid any adverse reflection on any department or agency, such as engendering the impression and feeling that the first departments and agencies appraised under the programme are inefficient or otherwise in greater need of assistance, the review schedule should be arrived at after a raffle is conducted. This means that those drawing numbers 1, 2, 3 and so forth will be so placed in the schedule and appraised in that order. When all the departments and agencies have been covered, the first round will have been completed, and the second and succeeding rounds would follow the same order of review as in the first round.

Administrative research should form part of the programmes of a Management Service. This should involve preliminary research in areas with government-wide application but without precluding research on specific or specialized aspects of organization and management. The

results of such research should be published and widely disseminated, both in the public and private sectors, application or application should be vigorously promoted and fostered. There should be continuing research and development of: management planning and control techniques; patterns of organization structure, delegation of authority, accountability, staffing, performance; cost analyses and units of work measurement; work processes and reporting systems; space and material utilization; management techniques and practices; management training schemes and materials; guides and standards. Research oriented to problems and action can provide more rational and reliable bases for policy decisions and for administrative improvement. Such research can also lead to identification of innovative methods especially suited to circumstances that will likewise help meet the changing requirements generated by science, technology and other major current forces within the national setting.

Specially important and urgent matters for research at this stage of development of public administration in African concern:

- (i) Administrative arrangements for co-ordination of decision-making by central agencies concerned with functions such as planning, budgeting, pricing, monetary affairs, foreign exchange, labour and wage policies.
- (ii) Administrative arrangements for planning and making full use of international and technical co-operation programmes as part of the national planning process.
- (iii) Administrative arrangements for follow-up and implementation of agreements as well as recommendations and decisions taken at international conferences, meetings, seminars, and courses where the government had been represented.

Where a Public Enterprise Management Service is established as proposed in Chapter VII, the Management Service should endeavour to establish formal and informal close collaboration and co-operation with it so that the two will not work at cross-purposes. Wherever possible, however,

there should be only one Central Management Service for the whole government which should enable better utilization of scarce talents and experience, savings in overhead expenditures, and a streamlined and better co-ordinated administrative reform/improvement programme.

5. Need for Strategy and/or Guidelines in Organization and Management

As has been indicated earlier, notwithstanding recognition of the increasing challenge and need for administrative capability commensurate with the magnitude and variety of tasks involved in national development, many African countries have not yet been able to give adequate and appropriate attention to the improvement of their administrative machinery and its operations nor to the development of administrative strategies as part of, and required by, development planning. The notion seems to persist, that investment in administration and administrative improvement is intrinsically unproductive and wasteful. Preoccupation in localization and training has relegated administrative improvement to low priority attention.

Notwithstanding the establishment of various training institutions and the conduct of training programmes, education and training are still on outmoded procedures and management concepts and practices. In fact, it seems that Tanzania is one of the few African countries that has a creditable manpower plan (perhaps Nigeria and the United Arab Republic also) with which a development-oriented education and training effort is geared.

Under the circumstances, one possible remedy that may perhaps be seriously considered is the development and establishment of a standard strategy and/or guidelines in organization and management for Africa; individual countries should have their own harmonized or otherwise kept within its framework. The standard strategy and/or guidelines may perhaps cover and include the following:

- (i) The establishment of an administrative reform/improvement programme in each government with the Economic Commission for Africa, providing technical co-ordination and assistance, for the purpose of continually improving organization, procedures, and management practices.

- (ii) The creation for each national programme, a departmental administrative Reform/Improvement Committee to oversee the programme, and to ensure that action on recommended improvements and implementation of those accepted would be as prompt as possible.
- (iii) The establishment in each government of a Central Management Service to provide the technical services required by the said national programme.
- (iv) The revitalization in each government, of its personnel administration, including especially the up-dating of its position classification, salary scales and conditions of service, to gear them to national development and overall nation-building.
- (v) The conducting in each government of a manpower survey and the establishment of a manpower plan and programme.
- (vi) The improvement in each government, of the organization and procedures of its planning activity, so that, among other things, the inter-dependence of socio-economic planning, manpower planning and administrative planning is taken full advantage of.
- (vii) The improvement in each government, of the administration of its public enterprises and other parastatal organizations which should also perform an active role in national planning and plan implementation.
- (viii) The improvement in each country of the administration of local government so that, among other things, "grass-root" participation in national planning and plan implementation may be achieved.
- (ix) The strengthening and/or consolidation in each government of its existing training institutions, as well as ensuring that the education and training programmes are geared to the manpower plan or otherwise oriented to the requirements of national development, etc.

- (x) The establishment in each government, of a system for planning and making rational use of technical co-operation programmes, as well as for follow-up and implementation of agreements and recommendations of international conferences, meetings, seminars, etc., in which it was represented.
- (xi) The improvement in each government, of the organization and procedures for its supply and transport systems, as well as of the administration of its property, particularly government buildings, etc.

6. Conditions for the Success of Administrative Reform/Improvement^{1/}

Administrative reform/improvement must be a part of the overall policies of the government. It must be carefully planned, taking into account the necessary investment and all the resources and facilities it should have in order to achieve its objectives, including the organization and its location, authority and responsibility, the rules and procedures to carry it out. It should, moreover, be a continuing activity if lasting benefits are to be derived from it.

Requiring special mention is the need for having people with experience and training in management service work. They should have an open mind for new ideas and an infectious enthusiasm for simplifying and improving ways of doing things. They should have a passion for anonymity and possessed of the highest integrity and an attitude of humility based on a proper appreciation of their role as advisers, technicians, and service men, and of the place of Management Service in the scheme of things. The desired qualities in an O & M practitioner has been expressed thus:

"He should have tact, sound judgement, patience, abundant common sense, a sense of humour, and most of all, he must be persistent

^{1/} Adapted from Selection and Development of O & M Staff; "Organization and Methods - Selected Training Materials", Op. cit. (Draft: Part I).

and have curiosity and enthusiasm, otherwise he will not last the day".^{1/}

If he would be a good salesman, of ideas especially, he should have facility in presenting a case orally and in writing, and constantly keep in mind that his judgement can be no better than his information.

There is no doubt that encouragement and positive support of the management team and understanding and co-operation of all public servants are basic to the success of the programme. This can take several and varied forms. Top support can be as follows:

- (i) Creation of a departmental Committee referred to in a preceding paragraph for each national administrative/improvement programme.
- (ii) A positive showing by the Head of Government, or the Board of Directors in the case of an agency or enterprise, that he or the Board expects reports of action on recommended improvements, i.e., delay of decision, say three months of their submission, and undue delay in the implementation of accepted recommendations. Furthermore, he or the Board promptly makes decision and takes necessary action on such reports or otherwise makes known his serious desire for continuing improvements or changes for the better to achieve the desired administrative capability.
- (iii) The Management Service, established to provide technical services required by the national programme for administrative reform/improvement, should be located at the highest level possible and its head given sufficient high status and rank, both as indicated previously.

^{1/} Adapted from "Selection and Development of O & M Staff; Organization and Methods - Selected Training Materials, op. cit. (Draft: Part I)

- (iv) The Management Service should be actively involved in the decision-making process, in its field of competence, along the same principle as the participation of the Departments of Finance, Economic or Development Planning, and Establishment is required. This can take the following forms:
- (a) Commenting on bills or proposed legislation or, reviewing and making recommendations on budget proposals, which seek to: create organizations or new organizational components; to make changes which would affect the organization, functions, and staff complement of existing departments and agencies.
 - (b) Conducting periodic "staff inspection" or reviewing the staff complement of departments and agencies and making recommendations on desirable staff complement as well as on staff ceilings for the whole public service every budget or fiscal year.
 - (c) Undertaking or commenting on "feasibility studies" or requisitions of office equipment, including automatic and electronic data processing machines, to ensure professional assessment before decision is made and action taken on the same by departments/agencies.

Overall development requires not only the initial consent of the government but also continuing and purposeful attention at the highest political level. Indeed, a high standard of leadership, sustained and continuing attention, and sizeable commitment in terms of men, money, materials, and machines - in fact all the human energies and other resources of the country - are required. The Head of Government, Ministers, and Heads of agencies should take an enlightened interest and give vigorous support for the effort. In addition, the senior staff of the career service should stimulate the formulation and implementation of improvement measures and train their sub-ordinates in the value and proper use of new or modern procedures, techniques, and practices. Hence, leadership is equally demanded of the political leaders and the chief

officials of the career service. The will to accomplish objectives should nevertheless be encouraged among officials at all levels if national development would be realized.

It is furthermore essential that the management team should be more receptive to new ideas and take every opportunity to create a climate for change for the better, not just for its own sake. The Management Service should be aware of the existence of vested interests against reform/improvement and should endeavour to overcome them.

Since the attitude and behaviour of the top man permeate and influences the whole organization, enlightened and forward-looking leadership by the Head of Government in the encouragement and support for the administrative reform/improvement policy, plan and programme, as well as for the employment of the existing and potential expertise of the Management Service, can be the golden key to the desired changes for the better and to the successful attainment of the very elusive administrative capability required for national development and overall nation-building.

CHAPTER IV

PERSONNEL ADMINISTRATION AND NATIONAL DEVELOPMENT

1. Introduction

Economic and social development in any organized society requires a rational and sustained organization of human effort in exploring and exploiting, with the aid of science and technology, the resources of nature. It is, therefore, rightly concluded that "the building of modern nations depends upon the development of people and the organization of human activity".^{1/} In the developing countries, the huge reservoir of human resources is inactive to a great extent. The active part of the population, and especially people in public administration, should do their best to develop the natural talents of their people so that they can acquire knowledge and skill and understand the advantages of life free from want and fear. Thus, people should be enabled to strive for the improvement of the social situation by better education and achieving a higher standard of living through economic growth. In the developing countries, public administration will have to play an important role in this process: economic growth and social improvements can only be achieved by planning and organizing human energy and guiding it towards the generally recognized goals of the nation. Public administration in these countries, therefore, must not only comprise the traditional ability of maintaining law and order but also the displaying of initiative and of high organizational and entrepreneurial capabilities as well as the possession of a high standard of human and moral quality by civil servants.

This type of civil servant, acting as an agent of development, should understand that he is acting on behalf of his nation and for the

^{1/} Harbison F. and Myers C.A.: Education, Manpower and Economic Growth: Strategies of Human Resources Development, New York, 1964, (Foreword).

improvement of the social conditions of his people. He must be aware of the fact that the process of development also depends on his efforts and capabilities, whatever his functions may be. Only by his personal integrity as well as by his professional skills will he be able to motivate and mobilize men and women in a sustained effort to rationally plan and utilize natural resources and to ensure the participation of the people in building their nation.

Personnel development and overall improvement of personnel administration are thus clearly indicated. Essential to these are sound manpower planning, personnel recruitment and selection, conditions of service, discipline, personnel development and utilization policy, and staff training for development administration, amongst others.

2. Manpower Planning

Whatever manpower planning scheme a country develops will depend upon its manpower policy. This policy will, to some extent, be determined by the state of the economy and the projected rate of expansion. Whether the country is socialist-oriented or capitalist-oriented (to take the two extremes) its policy on localization will also be an important determinant of the manpower policy it adopts.

Having decided on the rate of expansion, the country may then have to assess the manpower it will need to cope with that rate of expansion. This normally calls for a manpower survey which indicates the number of jobs and levels of skills as well as number of persons needed for each particular type of job. The determination of this estimate of manpower requirements of the economy is very important as it gives a guide to governments' investment in educational and training institutions and programmes. In other words, after ascertaining the manpower needs of the economy, the government concerned should decide on how to supply these needs. Most African countries are now committed to localization, which means the attainment of self-sufficiency at all skill levels in the economy. This, of course, implies the gearing, particularly, of educational programmes to the needs of the economy. The educational

institutions inherited by most African countries from the colonial powers were meant to produce persons who would be useful for white-collar jobs. It may, therefore, be necessary to re-orient the educational institutions from the primary school through the university to providing the personnel needed by the country. This would help in solving the growing problem in a number of African countries of the unemployment of the educated - in some cases, of the well educated.

Other strategies may be adopted in addition to re-orienting the educational system. One such strategy may be influencing young men and women to go into particular fields of training irrespective of their personal interests but bearing in mind only the needs of the country. Another method may be the operation of the scholarship scheme of the country concerned. For instance, if the particular country were to decide to offer one hundred scholarships for university education in a particular year, it could decide, depending upon its manpower needs, to allocate specified percentages of these scholarships to certain fields of training. It may, however, not be enough to state, for instance, that twenty per cent of the scholarships is to be given to persons intending to study engineering. It may be necessary to specify the particular branches of engineering, otherwise, the country may end up with having engineers of one type. At present, in a number of African countries, while there are some mechanical, civil and electrical engineers, it may be difficult to find even a single mining engineer.

Yet another way may be to use salary incentives, i.e., paying higher salaries for certain scarce skills even though the length of training may be the same as for other skills. For instance, even though it normally takes three years to graduate as an engineer the government could pay the engineering graduate one-and-a-half times the salary it would pay to say a graduate in political science who also takes three years to graduate. For example, in many States in Nigeria, science graduate teachers receive a special allowance (varying from 10 per cent to 15 per cent of the basic salary) for actual science teaching in schools.

Even though the government may be fully committed to localization, if it wants any socio-economic development in this meantime, it normally has to accept overseas recruitment as a stop-gap measure not only to ensure that its development plans are carried out, but also to ensure that the local people who are trained to take over these jobs can acquire the necessary experience for standing on their own feet. Appropriate organization to be responsible for manpower policy, planning and training, should be established, preferably within the Ministry of Economic Development, with the implementing units in other ministries and agencies. Such an organization should also establish necessary procedures and standards.

. Personnel Recruitment and Selection

A major objective in personnel administration is to motivate the staff or the workforce to achieve optimum production effort. This objective can be promoted by determining, in the first place, the precise jobs to be done and the skills and experience required for doing them which should be embodied in a precise job description, as well as by knowing the quantity and quality of workforce required; and in the second place, by programming the recruitment or supply of the right type of staff to be available for work at the right time and place. All these activities constitute manpower supply programming, that is, organizing the supply and deployment of trained manpower in a manner that secures the right man for the job to be performed at the desired time, and which ensures maximum efficiency in resource use and production effort.

Manpower requirements, based on a comprehensive knowledge of work to be done or services to be rendered, must first be identified, evaluated, quantified and programmed before recruitment action can be effected. The question may be asked as to whether the agency responsible for centralized recruitment should undertake the assessment of staff needs or whether the agency responsible for utilizing manpower should identify its needs and proceed with its own recruitment. In a small organization both functions are squarely the responsibilities of management or the pro-

prietor. In the public service or a very large public enterprise, specialization may be an advantage as is the case when the Public Service Commission or Bureau of Personnel centrally assumes the responsibility for staff recruitment and training. In this case, various departments of government are required to identify their functions and the staff and skill components required, while a different organ such as the Establishment Office or the Manpower Directorate may evaluate their assessed personnel requirements, determine needs and allocate personnel on the basis of resource availability. Whatever the procedure adopted, it is squarely the primary responsibility of the chief executive or head of a department or service to determine the scope of the services he renders or plans, and the trained manpower required by quantity, quality, skill and time for the implementation of the assigned duties.

In programming, say, a department's personnel requirements, the responsible officer for assessing manpower needs and programming recruitment action, will consider not just the existing vacancies to be filled and new posts to be manned, but also the redeployment and efficient utilization of existing staff and the training of particular individuals in order to cope with work to be done. The overall concern is to build up administrative capability for efficient operation. Priority will normally be given to meeting the requirements in critical areas of the department's operations and services. A recruitment action programme, which takes account of financial resource possibilities, should be scheduled closely to a programme of manpower requirements and to a schedule of operations to be executed over a given period.

Achieving a balance between staff requirements and staff availability over a point of time is not enough for efficient operation. It is the quality of personnel that is most important in any administration promoting planning and managing development programmes and projects. In the days when administration in Africa was mainly for the maintenance of law and order, a person with the minimum educational requirements and a metropolitan attitude for carrying on the torch of civilization to underprivileged peoples was sufficiently qualified for any administrative job,

in fact, for any job excepting those requiring some technical preparation. Today the situation has fundamentally changed; attitudes are different; the orientation of administrative efforts is more toward promoting economic and social development. For this new orientation, the person for the job must not only be sound in his professional training and possesses the developmental attitude, but must also have training and some experience in the concepts and practices of the process of economic growth.

Consequently, the scope and detailed operations involved in a post for which staff is being recruited must be known in precise terms. A realistic job description is required for every post for which a recruit is sought. This should state in detail what the job entails in terms of operational duties, the academic and previous or related job experiences for efficient operation in post, the personal or human qualities required and the level of remuneration for the incumbent. It should also include a note indicating to the staff the objectives of the organization and how their contribution would help in the achievement of these objectives. (This should likewise be done in schemes of service where they exist). Where the type of skill required is scarce, the job description for securing recruitment should give full information on fringe benefits and conditions of service.

An agency for promoting economic and social development needs to pay particular attention to its recruitment and selection procedures. It must itself understand the services it is assigned to render. For instance, the officer filling a post meant for motivating others to improve their performance capability must be one who has a clear idea why he needs to motivate others or be one who is adequately prepared to approach people for their co-operation, cultivate the right attitude and make those he is motivating feel that he is a helper and not a master. A Personnel Recruitment Officer who over-emphasizes these fine human qualities in candidates for a job might find himself without the personnel he wants. The perfect candidates may never turn up. It may then be necessary to recruit trainable candidates who have the near-best scores and develop their capabilities and required attitudes while on the job.

The rigidity of civil service recruitment and selection procedures should be so modified as to make them more flexible to attract appropriate candidates that could be kept in the service (e.g., they could make room for lateral entry, with provisions for adequate safeguards against their circumvention). Governments may also wish to seriously consider the desirability of establishing a rational merit system that takes into account the realities of the African situation; if one already exists, it should be strengthened accordingly.

The Public Service Commissions would do well to adopt modern techniques for recruitment and selection. This will imply that the advertisements for appointments have clear, precise and concise job descriptions, and that applicants who are short-listed go through a number of tests designed to objectively assess their aptitude, intelligence, health, character, their ability to work with others, etc. References and other checks may have to be taken up before the interview so that the interviewer may have at his disposal all the necessary background information he needs. The officer with whom the candidate will work, if appointed, should have an important say in his selection. In addition to the present practice of interviewing candidates on an individual basis, the Public Service Commissions may adopt what has been called "the group oral" technique of interview which in fact enables the interviewers to find out how each candidate behaves in a group and the impact he makes on the group.

While most African public services are increasingly committed to development administration, they have hardly begun re-assessing their manpower resources to identify the missing elements in skills and attitudes, and the absence of certain professional staff in key departments that are established to promote economic development. For instance, planning, industry and natural resources departments may between them lack personnel, let alone Africans, with training in such critical fields as mineral prospecting and assaying, project evaluation, production and process engineering, standards engineering, etc. Even in the less technical fields, how many of the senior administrative officers whose decisions are really crucial in the work of their departments have themselves undergone any

sustained training courses in development administration ? While the lack of specialized skills may be made good by programmed recruitment, the lack of adequate preparation and orientation in serving administrators can be corrected by training courses and seminars.

4. Conditions of Service

Good conditions of service are relative in terms of what operates between public and private sectors, between one industry and another or between one country and another. The essence of good conditions of service is to make it worthwhile for a job-seeker not only to seek employment in the organization offering the conditions, but also, and more importantly, to encourage workers to be devoted, give of their best in terms of quantitative and qualitative performance, develop a career attachment and be motivated to become closely associated with the basic objectives of the organization which is increased productivity or better service to clients. Hence, any organization, public or private, that can pay adequate attention to the interest and welfare of its staff can minimize its personnel problems. Its more experienced employees develop a devoted attachment to the programmes and staff, enabling it to retain the desired experience, skills and know-how. It earns a good reputation both among its clients and employees and becomes an attraction to job-seekers. Furthermore, it is not likely to suffer much wastage resulting from excessive staff turnover.

The main elements of conditions of service may be classified as tangible and intangible. Among its tangible aspects are the following:

- (i) adequate pay;
- (ii) fringe benefits (e.g., paid leave and vacations; medical care; medical and accident insurance; education assistance for employees and their children; allowances for dependents; subsidized canteen facilities, housing, rent allowances, and recreational facilities, etc.);
- (iii) provident funds and pension benefits;
- (iv) incentive awards; etc.

On the other hand, the intangible aspects include :

- (i) security of tenure;
- (ii) equal pay for equal work;
- (iii) opportunities for further training and development;
- (iv) opportunities for the assumption of higher responsibilities and further advancement;
- (v) opportunities of well planned promotion;
- (vi) good prospects of fair and human treatment;
- (vii) prompt and fair redress of grievances, etc.

A word may be said about adequate pay, position classification and salary scales. What is adequate pay in one country may not be so in another country but it may perhaps suffice to say that it is a "fair pay for a fair day's work". Position classification with corresponding salary scales has been found to be a tried and tested tool to reach at least an equitable approximation of the pay that is adequate for any given job. Some countries have used it for salary standardization and found it very useful in reducing, if not eliminating, inequities of pay, long temporary details and transfers to offices which can pay more for almost the same work, as well as in motivating staff to give of their best. In that connexion, it seems appropriate to suggest a scientific classification of jobs and determination of the corresponding pay, based on the philosophy of 'equal pay for equal work' and on the job content (including qualifications for doing it as well as its relationships with other jobs), taking into account prices in the labour market, and living conditions and their cost, among many others, as essential elements of conditions of service that are likely to meet adequately the requirements of national development.

Conditions of service are not just welfare. An organization, for instance, may deliberately promote a welfare programme for its staff; this may make its employees feel pleased. Similar services, however, can be had elsewhere or hired at a price one can afford. What is more important are the tangible and intangible factors that make employees feel they are making definite and purposeful contributions. Unless there is purposeful effort, a frustrated employee will withdraw his service and hire it out to someone else who appreciates his efforts. Contributions must lead to quantitative or qualitative results. In developmental terms, there must be growth and change. It is the totality of these factors, environmental, employer-employee relationship, career

and promotion prospects, after-retirement care when the physical capability of an employee weakens, cash rewards, indirect or fringe benefits, communication linking objectives to efforts, as well as other elements, that create the conditions enabling employees to make their maximum and purposeful contributions to the cause of their employers.

5. Discipline

All African countries have rules and regulations or codes setting out the procedures to be adopted in cases of misconduct by civil servants. It does seem, however, that these regulations more or less guarantee the security of civil servants against loss of job. The regulations also tend to delay the taking of disciplinary action against a civil servant who misconducts himself with the result that punishment is imposed months after the offence had been committed. This, in some cases, makes it difficult for civil servants to associate the punishment with the offence. The impact of the penalty and its corrective effect are lost. In some countries, disciplinary authority is centralized in a Public Service Commission or an inter-ministerial disciplinary body. This, of course, has the effect of weakening the authority of the head of department over subordinate officers, even though it ensures fair and impartial adjudication of disciplinary cases.

To ensure discipline and efficiency in a developmental age, it may be necessary to decentralize disciplinary authority to heads of departments. This will have the advantage of ensuring quick disposal of disciplinary cases as well as ensuring that the head of department could be held fully accountable for what happens in his department. It has one big disadvantage, however, and that is, that there can be the danger of victimization and unfair treatment. This can, nevertheless, be countered by having the Public Service Commission or another body to be an appellate body to whom aggrieved civil servants can always appeal.

6. Personnel Development and Utilization Policy

The constant improvement of the efficiency of a staff member is as much the responsibility of the employee himself as it is of his employer. Improved efficiency resulting in higher productivity is of mutual advantage to both employer and employee. Consequently, every staff member requires a clearly defined programme allowing for performance improvement through formal job-related training and an opportunity to acquire experience in dealing with responsibility. This requires the establishment of a staff development programme, for the various grades of personnel in the organization, which must be made known to all. It involves recognizing the job aptitudes and professional competence of staff members and giving them opportunity to develop their potentials. Staff development programmes must not rest on information papers; rather they must be seen to be active and their operations must be sanctioned by clearly laid down policies, well established procedures and necessary financial provision. This also implies the publication of schemes of service outlining career prospects and the means or procedures to attain them.

For any staff development policy and programme to be effective and acceptable it must not only have the backing, but also the participation of the staff side, staff association or labour union, in its formulation and evolution. The personnel officer/manager should not only make the various types of training and the schemes known generally, but should also be in touch with individual staff members in order to know about them and their careers. It is only in this way that mutual confidence can be secured for any programme based on the policy. It is responsibility that creates and develops capability. An effective recruitment of trained and competent staff should be matched by effective placement in order to ensure that such a staff member will perform at his optimum best. It is, therefore, necessary that recruitment and placement be related to fields where efficiency can be maximized, granting that the right organizational environment exists. Job placement should aim at posting staff members where they have professional competence and interest so that they can develop self-motivation to do well. Any placement that encourages

under-employment, a feeling of not being given the opportunity to demonstrate capability or not being used for worthwhile activities, breeds professional frustration which adversely affects productivity and defeats the very purpose of recruiting and employing the staff member concerned. It must be remembered, however, that while consultation should take place when postings are being made, where the interest of the individual conflicts with those of the state, the interests of the state should prevail; under-employment clearly points to bad organization, lack of delegation and poor distribution of work so that where placement leads to under-employment and professional frustration, management may have done something wrong with it whilst placement policy may still be valid.

Adequate material and supporting staff promote effectiveness in staff performance. This is particularly important in the development of high-level and middle-level cadres. Because senior staff are obliged to pay attention to routine duties since they lack adequate supporting staff, they are thereby deprived of the opportunity to devote the whole of their time to duties of higher responsibility and, consequently, the opportunity to develop capability for such high-level tasks. Similarly, because sub-professional supporting staff are too few and are not given jobs demanding a higher sense of responsibility, they do not develop their capabilities to the fullest. In both instances lack of delegation appears to be the problem. Overworking staff members may in fact adversely affect their efficiency in a way, although the challenge of their heavy work schedules may create in them an unusual capability for hard work. Physical and mental exhaustion, frequent sick leave or in the case of operatives, frequent accidents and machine breakdowns resulting from overwork and overloading of staff, may adversely affect productivity, both qualitatively and quantitatively.

In evolving a staff development and utilization policy, it is, therefore, necessary to consider not only the effectiveness of the machinery for staff recruitment, the wage policy of the establishment, the policy on promotion and career prospects, the programmes for staff professional

improvement and general welfare, the relation of remuneration to responsibility and productivity, but also the manner of developing capability through judicious use of staff professional skills and job aptitudes.

How is personnel development to be achieved ? The guiding principles have already been elaborated upon above. The principal ways of promoting staff development can now be summarized hereunder:

- (i) Develop a programme for the induction or initial preparation of new staff members. This is meant to orient them to their tasks and responsibilities in relation to the overall programme of their department, establishment or firm. Explain duties to be performed and the objectives to be achieved as well as entitlement to rights in order to avoid disputes. Explain also what there is by way of staff development policy and programme, providing information papers therefor. This should enable a new staff member to feel himself a welcome member of a family and a member of a team with a given task to perform.
- (ii) Develop individual staff programme of training and advancement, preferably maintaining a record of progress and stages of advancement. Every staff member should be made aware of, and encouraged to follow, a programme of advancement in his career and professional preparation.

Depending on the nature of the organization, such staff improvement programmes may include:

- (a) professional training through further advanced studies and participation in training courses and seminars, in fields related to jobs, etc.;
- (b) participation in teamwork such as field surveys and investigations which provide opportunities to learn from more experienced team leaders;
- (c) attachment of staff to understudy visiting short-term experts and consultants;

- (d) step by step programmed instruction enabling staff members to master intricate operations or the process of decision-making;
 - (e) direct on-the-job training and work supervision under experienced senior officials;
 - (f) posting to different jobs, both within and outside the headquarters, to acquire experience. This may be a vertical movement to posts of higher responsibility or job rotation (horizontal movement) to work schedules in the same unit and which gives staff members of fairly the same level the opportunity to learn inter-related duties and operations;
 - (g) participation in departmental meetings and lectures, etc.;
- (iii) Delegate responsibilities and provide for accountability and control. The tasks delegated must be precise and include guidelines or standards in performing them, to allow for a more objective evaluation of performance. This should provide an opportunity to teach, correct, and encourage.
- (iv) Promote effective communication between the staff and management. Easy access to superiors insures against the accumulation of doubts, mistrust, ill-feeling and of mistakes. Every member in the rank and file should be kept adequately informed of objectives, policies and plan action, especially the extent that these may affect his future and his work. It is not the official queries, or the reservations in confidential reports, that earn staff loyalty, make them work hard, be punctual, do full-time or a fair day's work, be conscientious, etc. It is the extent that every staff member appreciates the objectives and purposes of the services rendered, the self-conviction that these are purposeful and that his or her contribution plays a useful role, as well as the extent that each staff member is motivated to higher productivity.

- (v) Foster in the staff an 'esprit de corps', a spirit of togetherness and dedication to duty, by devising means or schemes that will enable informal groupings or organizations of the staff to play a useful role and yet attuned to the achievement of the objectives and purposes of the organization (e.g., incentive schemes, maintenance of performance charts, etc.).
- (vi) Show sufficient interest in the personal welfare of every staff member. Encourage and recognize progress; whenever advice is sought, give freely and frankly. To expect staff members to play their part with utmost efficiency, management on its part should provide an efficient personnel service; it should be humane and not a stickler for rules and procedures which are not the end but the means to get the most out of them. This is especially true in the handling of staff affairs such as allowances, entitlements, and personal matters requiring clearance like arrangements for study leave, loans, etc. A staff member soliciting assistance, who cannot be accommodated, should still be made to feel or understand that management had the human touch in the handling of his affairs and that its decision is fair and must be the right one, without any bias.

Finally, personnel development policy should ensure that there exists an effective system for evaluating individual staff performance. It should be rational in the sense that it is based on acceptable criteria related to results and the degree of responsibility. The quality and quantity of production (as far as measurable), the amount of initiative used, the ability to get along with people, character and integrity, the degree of responsibility in a post, and most important, the overall rating for demonstrated and potential ability to assume higher responsibility, should be worked out into a rational system of performance rating and for determining staff promotion and reward. In the latter case, performance should be the main factor to consider and seniority should only be taken into account where the performance ratings of com-

peting candidates are equal. The traditional emphasis on seniority which tends to be overplayed in many a public service does not serve the best interests of national development. Years of experience in a grade and seniority based on date of entry to the service are no guarantee of efficient performance in the grade to which promotion is proposed. No staff development policy and programme should be regarded as perfect over time. There is always room for improvement and re-orientation in relation to new tasks and changed circumstances and technology. Consequently, it is necessary that there should exist a machinery for the periodic review of staff development policy and programmes. It is equally necessary that staff and management co-operate in operating such a machinery.

7. Staff Training for Development Administration

In this section, some consideration is given to the need to specially prepare the staff, old and new, in the techniques and practices of development administration. Since administration in the public service these days is inseparable from the administration of action related to development planning, plan implementation and follow-up, and the management and evaluation of projects, whether welfare services or commercial undertakings, it stands to reason that the staff concerned with these functions be prepared or re-prepared for their tasks. This is to enable them to understand the objectives and purposes of action better so that they may perform their tasks with utmost efficiency.

Development administration is not only the interpretation and application of rules and procedures; it is the organization and motivation of human endeavours. Some knowledge of how the processes have been developed in various socio-economic milieus, some training on how they can be deliberately fostered and directed to the attainment of specific objectives in the future, will go a long way in assisting staff acting as agents for the promotion and management of national development to operate more effectively, more purposefully, and to achieve better results at the expense of fewer mistakes. They should themselves be fully convinced of,

and dedicated to, the national goals and the strategy for attaining them. This is their primary source of self-confidence to operate effectively and to build self-confidence in turn in the other people who should be actively involved. It is not just performing development-linked administrative duties; it is taking action and encouraging others to take action required to bring about structural change and growth in the economy.

Professional and technical staff - engineers, architects, doctors, nurses, teachers, agriculturists, etc. - all have a share or role to play in development administration. It is usually their task at the operational level to co-ordinate, co-operate, and/or make the final implementation analysis and mid-stream adjustments. They have the direct contact with the people to be motivated or to perform the tasks necessary to achieve objectives. Their understanding of the development process and of people is crucial to the successful implementation of projects and the overall plan. They should understand how their work fits into the overall objectives of the organization and the importance of co-operation. They, as the frontline attack force in the battle against ignorance, disease, and poverty, should be development-minded, just as all civil servants should be goal-minded, and their strategy as dry and active as gunpowder.

The conclusion is thus inescapable that all staff acting in any capacity as agents of change and development, in any of the stages of conceiving development goals, taking stock of resources and potentials, designing policies and strategies, formulating plans, allocating resources, redeploying men, establishing and re-shaping institutional and organizational arrangements for plan implementation, executing the plan, managing projects, evaluating performance and motivating people to participate in the national development efforts, require special preparation, orientation and training in development administration.

A staff training programme in development administration takes it for granted that the potential trainees have each already acquired a basic discipline, be it political economy, engineering, sciences, education, etc. Whatever the basic training, further training in development admin-
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istration should lead to an appreciation of the concepts and purposes of development. It is the appreciation of the concepts of socio-economic development, of the process and strategy of bringing about development by deliberate action, that enables the administrator charged with promoting and managing development action to suitably adapt his working tools and capability to the purposes of his task. This will help him to evolve the right concepts and procedures for administrative action in the framework of national development and to conceive the development implications of administrative action or omission as well as to make appropriate adjustments.

In formulating a programme for special preparation in development administration, training should be made through group discussions, case studies, syndicates, role-playing, simulation, project visits, visual aids, etc., and less of lectures. For course programmes, the following subjects which could be given in various combinations, are suggested:

(a) Ecology of Development

- concept of change and need for change;
- strategies for inducing change;
- development policy and objectives;
- project identification, preparation, and implementation;
- sociology of development;
- politics of development.

(b) Tools of Management

- principles and problems of organizing, delegating, coordinating, and controlling;
- communication techniques and practices;
- leadership role in techniques of motivation;
- modern management techniques (e.g., network analysis, PERT, automation, etc.);
- development finance and budgeting;
- statistics.

3. Providing Incentives for Scientists and Technologists

Advances in science and technology and their application to national development emphasizes the need for scientists, engineers and other technical personnel in government service. In many cases, the civil service rules and regulations, developed in the colonial days mainly by and for the administrative class, are now most inadequate to meet the needs of development planning. The inflexible application of such policies tends to inhibit high quality performance, besides constraining the governments of the developing countries from attracting and retaining such personnel. It has, therefore, become necessary for these governments to adapt the civil service system to meet requirements for recruiting and retaining competent professional staff. The crux of the matter, however, is how to devise a suitable civil service system for scientists, engineers, and other specialized technical staff.

It may be mentioned that developed countries have made extensive revision of basic policies and methods in order to provide incentives for scientists and technologists in the civil service. Developing countries should examine, in the light of the experience of the developed ones, the need for changes in their personnel policies so as to ensure the adequacy of incentives for recruiting and retaining high quality scientists and technicians. The need for incentives arises from the fact that the national demand for scientists and technologists far exceeds the national supply, not to mention competition from the private sector which usually offers higher pay and sometimes, better fringe benefits.

Furthermore, besides the question of supply and demand and competition with other employers mentioned above, problems of accelerated social and economic development involve the application of science and technology, the harnessing of modern scientific methods and techniques to national transformation. The conditions of service prevalent in most developing countries were formulated before the present scientific and technological revolution when science was regarded merely as a handmaid of public administration. The position is now quite different and public administration has in general become the midwife to science and technology. It is,

however, known that inefficiency on the part of a midwife could have tragic consequences for the mother and the new baby. The major sectors of the national economy require the concentration of scientific and technological knowledge for development. Some of these sectors are:

- (i) agriculture, where scientific research and application would enhance the productivity, diversification, storage, etc., of cash and staple food crops;
- (ii) health, where modern advances in preventive and curative medicine are necessary for the general well-being of the people;
- (iii) industry and engineering, where new and better techniques, methods and machines are required;
- (iv) education, where the foundation is laid for further advancement in science, etc.

Realizing the major contribution which scientists make in meaningful development efforts in such related fields, it is necessary for every African government to re-orient its policies and programmes for the maximum use of its professional personnel. Hitherto, in many countries, scientists and technologists hardly ever functioned in the **highest** advisory committees of governments. They thus had no adequate opportunity of ensuring the best application of scientific and technical knowledge in major areas of national development. Economists, planners and administrators regarded national planning as their special preserve. This old **con-**ception must be discarded. In the formulation of development programmes, engineers, doctors, scientists, etc., from both inside and outside the government, should serve on the highest committees. Technical advice, plans for research and the application of research to development should assist the government in deciding priorities and in determining targets. By participating in the highest level committees of government, professional and technical personnel identify themselves with the national plan. Because they contributed to the identification and forecasting of programmes, they would be expected to readily respond to challenges in the

advancement of agriculture, improvements in health and education services, as well as other problems involving science, engineering and technology. The point that is being emphasized here is that scientists and technologists should be involved directly at all levels, not only with the implementation of development plans, but, equally important, with the formulation of such plans.

The following are recommended as areas of incentives in the conditions of employment of scientists, engineers and other specialized classes:^{1/}

- (i) The pay established for specialized posts should generally be comparable to the pay in the industrial and private sector and should also be at parity with the pay of other classes with similar job content and educational and training requirements within the civil service.
- (ii) Mobility based on qualifications for filling positions in the whole government service should be assured through its promotion policies. Developing countries which still maintain a monopoly of all top posts for an elite administrative class should learn from the advanced countries where such posts are open to all qualified candidates; not only have scientists and engineers the opportunity of being promoted permanent secretaries, they also serve at the highest level of government, such as Adviser to the Prime Minister. This ensures proper awareness of the scientific viewpoint on the part of the head of government.
- (iii) Promotion expectations should be based upon achievement, and not strictly linked to seniority. Special recognition should be given to outstanding achievements.

1/ "Improving Incentives for Scientists, engineers and other professional personnel, etc.": Public Administration Newsletter No. 11 of 1967. Pp. 10-11 (Adapted).

- (iv) Opportunities should be made available for improving professional knowledge and skills, through in-service training, fellowship programmes, courses of instruction, seminars, etc.
- (v) Management training should be available at intermediate and senior levels so as to prepare the scientists, etc., to shoulder major administrative responsibilities. Similarly, administrators should have training in the problems and methods of work of the scientific and technical cadre. Success in such training programmes would lead to increased managerial and administrative capability for development.
- (vi) The formulation of personnel policies for the professional groups should always be done with the advice and support of such groups. This is the practice in many developed countries. For example, Japan found from experience that the inclusion of a scientist in the Personnel Bureau led to profound improvement of policies affecting the professional groups in the government.

CHAPTER V

HARMONIZATION OF THE PLAN WITH THE ANNUAL BUDGET

1. Introduction

Although all the developing countries in Africa have by now embarked on the task of planned economic development in order to accelerate their growth process, they are still considerably handicapped by the inadequacy of their budgetary and fiscal systems to respond to the growing needs of their development planning. There is still a shortfall in the implementation of the plans in most of the African countries partly because adequate machinery and procedures have not been established for harmonizing the plan with the budget. These governments have embarked on raising the level of per capita incomes at a fast growing rate, providing and maintaining a high level of employment, and ensuring balanced development of resources and distribution of income. To be able to effectively achieve these objectives, it is necessary to re-orientate the government fiscal and budgetary systems so that they can respond adequately to the growing needs of development planning.

There should be a growing realization of the importance of the budget as a tool of development planning and management control in a situation of rapidly expanding public sector activities. The budget should be the medium through which the public sector's annual plan allocations are implemented. It should play the role of an overall regulator of the various determinants of economic growth like rate of growth of national income, savings, investment and consumption. It should clearly demarcate areas and magnitudes of public and private outlay, and direct the budgetary policies and techniques for the attainment of set goals and priorities. In a planned economy, the annual budgets have necessarily to be drawn up in terms of annual development programmes which would reflect the yearly breakdown of the medium-term plan as translated into annual plans. The allocation of total public sector expenditure between consumption and investment and their distribution to different sectors of the economy as well as the financing arrangements envisaged are exceedingly important matters for proper plan implementation.

The experience of development institutions of developing countries has amply shown that the subject of budget-plan harmonization is quite complex and difficult than might appear at first sight. It concerns the working relationship between two of the most important government departments in any developing country: namely, the Departments of Finance and of Economic Planning. Both departments must recognize that each is involved in a special way with inter-sectoral responsibilities which run across the whole of the national economy. For instance, whilst the Department of Agriculture is mainly concerned with what goes on in the agricultural sector, the Department of Finance is concerned with mobilizing financial resources for all the sectors of the economy and then re-deploying them in various ways with a view to realizing the plan objectives and targets. The Central Planning Organization is similarly concerned particularly with determining priorities and suggesting the best use of financial resources in order to fully utilize the real and scarce national resources. Thus, both the Department of Finance and the Department of Economic Planning have inter-sectoral responsibilities which require to be harmonized in order to achieve successful plan implementation. The Department of Finance should also ensure that the administrative and budgetary mechanisms by which it operates are adapted to suit the needs of national planning.

The harmonization of plan and budget is, therefore, a subject of vital importance to which urgent attention should be paid. There is already a growing realization of its importance in developing African countries. It is not then necessary to re-labour the point further that planning and budgeting should be harmonized but it would be worthwhile to examine the main elements of the two systems and the machinery that should be established to co-ordinate and bring them closer together.

2. Planning and Budgeting

(a) Planning

The main elements of a planning system are:

- (i) Setting up socio-economic goals in the light of political objectives;

- (ii) developing macro policies, programmes and projects for moving towards the goals within a specified period of time;
- (iii) Designing policies for mobilizing resources (e.g., manpower, taxes, borrowing - domestic and foreign) required for the programmes and projects;
- (iv) Providing information about the progress made and the obstacles encountered in the execution of the preceding and current programmes and projects;
- (v) Providing a mechanism for adapting policies designed to overcome obstacles and, if necessary, to modify the current plan;
- (vi) Providing adequate administrative capability for plan implementation;
- (vii) Preparing for a subsequent plan.

The task of promoting economic and social development is essentially a long-term process and would entail structural changes of a rapid and far-reaching character. To ensure an orderly development process, it is necessary to establish priorities to choose rationally between realistic alternative policies and to pursue these consistently and in a co-ordinated manner so as to attain the short and long-term objectives. In the final form the plan becomes a body of economic and social policies expressed in quantified targets and defined tasks. It is important to recognize that planning means more than preparing a plan - it should be understood as a system of decision-making. Government decisions have always been involved with factors which are outside government control, such as foreign markets, foreign capital, response of people to government measures, weather, etc. Therefore, planning is a decision-making process under conditions of uncertainty which requires a mechanism for adapting the plan to unexpected developments.

There is a mutual dependence among the essential elements of planning. Setting of goals and targets, formulation of programmes and projects, choice of policy instruments which will ensure that the functional units within the economy (including the private sector) conform to the economic behaviour postulated by the national objectives, and designing policies for mobilizing the resources appear as a logical sequence, but it is also necessary to appraise first what resources and administrative capability could be mobilized before formulating the programmes and projects which are dependent on the availability of these resources. The scarcity of resources and administrative capability requires priority decisions - arranging programmes and projects so that the best use is made of the resources that can be mobilized.

(b) Budgeting

A government budget is both an annual plan of action and an instrument of programming development plan activities. To a considerable extent, therefore, the problem of implementing public sector programmes is one of co-ordinating them with the budget and providing effective administration for project execution. While planning, as a formalized system for the guidance of government policy, has a history of only a few decades, formalized budgets have a history as old as democratic government. Looking briefly at the evolution of budgeting we find that for about a century before the First World War, the discussion of the budget focussed on its use as an instrument of political control of government activities. Parliaments all over the world felt frustrated in dealing with the growing power of bureaucracies. The legislative "Power of the Purse" appeared to be the obvious means for exercising control over the executive. With the 1930's and the depression, a new aspect of the budget developed by its use as a compensatory device in combating inflation or depression. The use of the budget as a tool for executive management, including anti-inflationary and anti-recession budget policies, required a completely different approach to the budget problem than looking at it merely from the aspect of effective parliamentary control.

A budget ideal for meeting development requirements would be quite different from a budget merely regarded as an instrument of political control. Capital budgeting and authorization of the executive to vary the pace of actual expenditures within longer term appropriations reduces legislative control but permits compensatory expenditure. Moreover, in fields in which the government engages in quasi-commercial operations, it is in the interest of effective management to budget in terms of net loss or surplus rather than to budget for gross expenditures and regard all receipts as part of general government revenue. Principles of efficient budget management may thus have to be reconciled with principles of parliamentary budget control.

(c) Gap between Planning and Budgeting

Divergence between the plan and the budget is likely to arise in many ways. In the first place, the process of planning and budgeting are undertaken by separate units and consequently by different groups of persons with different background, experience and skill. There are even differences in the language of the respective operations. Besides this, there are also differences in the degree of authority. If the Planning Organization is merely an advisory body, its capacity to translate its work into action would be dependent largely on such strength as it may derive from political support.

Secondly, the link between the annual budget and the plan may prove to be weakened where the plan does not make sufficiently articulate the specific role to be played by government in the overall investment programme. If the plan falls short of a specific mapping out of the several tasks that need to be performed by government or if the plan does not fully elaborate the public sector programme and the manner of its presentation and implementation, easy translation of the programme in terms of the annual budget becomes difficult. There may be cases where actual cost may be found to be greater than the original plan estimates. In such a situation, even where there is the will to implement the plan, the annual budget can only seek approximations of the plans postulated; in practice, the possibilities of a divergence between the two might be great.

Another important factor that may be responsible for divergence between the plan and the budget may be the non-fulfilment of plan objectives on the side of financial policy and resource mobilization. It is not merely through providing for the execution of public sector programme that the budget implements the plan. Also involved are a series of policy measures on the financial side which affect the realization of the private sector programme, the harnessing of savings for the financing of development, and the maintenance of policy objectives in respect of prices and external payments. The attainment of significant development targets often involves concerted efforts in the field of resource mobilization and although planners are apt to assume that these efforts would be made, there may be political and other difficulties in the way of actual attempts to do so. The ultimate effect of these problems may be either that the plan itself is scaled down, partly implemented, or as is generally the case that attempts are made to carry through the plan with recourse to inflationary methods of financing which might well disrupt the basic foundation of the plan itself.

Another element which may cause divergence between the budget and the plan is the inability of the planners and budget-makers to adjust the plan to events or developments which might alter the basic assumptions on which plans were formulated. Unexpected developments of one kind or another often negate even carefully worked out financial and related aspects of the plan. Crop failures, political disruptions, natural calamities and other events can undermine the basic foundation on which the plan has been built.

There may also be cases where the techniques of budget execution may constitute sources of delays and difficulties in plan implementation and its evaluation. The conventional system of budgeting is characterized by certain weaknesses which make it almost an anti-thesis of planning. The most significant drawbacks of a conventional budgetary system are the absence of any distinctive criteria for the selection and phasing of projects, its lack of comprehensiveness, the formulation of the accountability criteria largely in terms of the financial aspects of expenditure

and almost exclusive use of object classification of budget management and accounting. The unity and comprehensiveness of the government budget may be lost, if it does not include the activities of the autonomous institutions or public or quasi-public enterprises. The emphasis on accountability considerations may otherwise be well placed, but its determination is narrowly conceived if it is in terms of merely financial outlays to the neglect of considerations of physical or real accomplishments. The use of object classification for budgeting and accounting highlights merely the means of doing things and not what is sought to be done and what is actually done. It tends to obscure the identity of the programmes and renders it difficult, if not impossible, to ascertain results derived from expenditures. At the technical and procedural levels, these deficiencies in the conventional systems of budgeting could cause a wide gap between the plan and the budget.

(d) Bridging the Gap : Programme or Performance Budgeting

The need of taking measures to bridge the gap between planning and budgeting is quite clear. Firstly, certain weaknesses in the planning procedures have to be remedied. Secondly, it would be necessary to take a series of measures to modernize the budgetary system so as to make it an effective instrument of plan implementation. Finally, it would also be necessary to ensure close and direct co-ordination between planning and budgetary activities through institutional arrangements and organisational measures.

On the planning side two major prerequisites to which attention should particularly be paid are : (i) Internal consistency of the plan and (ii) Continuity in planning. Internal consistency may be ensured by testing its several balances such as savings and investment, external balance, manpower balance, and sectoral demand and supply balances. If consistency is not ensured in the planning process, bottlenecks and dislocations might arise during plan implementation. Continuity in planning

would enable adjustment of plan programmes and objectives and of their implementation suitable to changing economic and social conditions.

The budget of a developing country has to satisfy a multiplicity of requirements. It not only serves programme appraisal, formulation and execution, but also legal, political and managerial control functions. The latter are its historical functions and these go to explain the fact that the accounting system which is one of the main basis for all government operations is poorly designed to serve planning purposes. The badly needed improvements in government accounting system must ensure that it serves the legal, political and managerial purposes. This would mean a classification system based on the organizational units of government rather than on programmes. Programmes cross organizational lines, jurisdictional lines and in many cases cross the public-private sector boundary when contributions are made by private organizations and institutions as well as by government. Once a good accounting system is in operation, it is possible to reclassify the same to serve the purpose of programme appraisal and execution; that is, it can serve as an essential element for the planning process. However, this should not be taken to mean that setting a proper pattern for programme planning has to wait until all desirable improvements in government accounting have been made. The adoption of programme budgeting and performance evaluation for all large-scale development projects under execution in African countries is a reform which is overdue. Under this system, expenditure would be grouped by programmes or projects which can be related to national (or regional) goals, and permit, as far as possible, an evaluation of benefits and costs. It would also permit a comparison of the costs of alternative programmes or projects which could serve the same objective, thereby providing information of use in the process of budget formulation. Programme budgeting with its emphasis on end results (like number of hospital beds, or miles of roads to be constructed, etc.) actually is a link between budgeting and planning because programmes are the means by which the planning objectives are being pursued. A budget devised on management considerations highlights the physical and economic aspects along with

financial costs. Thus it gives real meaning to the whole budgetary process and facilitates legislative review and appropriation in order to realize national goals and objectives with due considerations of regularity and efficiency.

The main features of programme and performance budgeting are:

- (i) Distribution of budgetary allocations under meaningful functions, programmes, sub-programmes, activities and tasks to be performed. This requires the introduction of classification on these lines.
- (ii) Establishment of a system of accounting and financial management in line with this distribution.
- (iii) Establishment under different programmes and their sub-divisions standards, ratios or units of work measurements and performance evaluation.
- (iv) Emphasis on end-results.

Thus under a system of programme and performance budgeting the government objectives are first formulated at the functional level and then broken down for operational purposes into terms of specific programmes, projects or activities with their costs properly worked out on the basis of workload and unit cost data. The physical and financial data obtained from budget execution on these lines also serve as a feedback for further budget formulation.

The two main stages in the introduction of management considerations in government budgetary operations may be classified into (i) Programming and (ii) Performance stages. At the programming stage, the emphasis is on the evolution of a budgetary classification, in which functions, programmes and their sub-divisions are established for each agency and these are related to realistic financial allocations and expected end-results. The performance budgeting stage involves the development of more refined management tools, such as unit costs, work measurement and performance standards. Both these stages depend for their success on the establishment of a clearly defined pattern of organizational responsibi-

lities the adoption of an accounting system in line with the new budgetary classification and the introduction of a system of measuring physical progress and performance. In view of the difficulties in establishing all the features of a proper system of performance budgeting briefly mentioned above all at once, there is need for each government to spell out properly all the stages involved in the establishment of this system and the implementation of each stage should be preceded by proper studies and research.

(c) Co-ordination

Since the time horizons of the plan and the budget are different, a complete merger of both is neither feasible, nor perhaps, necessary. Planning requires a long-range perspective while budgets are conventionally for the ensuing year as may be required for operational purposes. On the side of planning, the exercise for formulation of annual development programme and its reflection in the budgets for implementation should be preceded by the formulation of a comprehensive annual plan within the context and meaning of a medium-term plan. The annual plan would not only be a powerful and useful instrument of policy but would also facilitate a better understanding and appraisal of plan programmes and their acceptance for inclusion in the budget.

On the budgeting side, it is likewise necessary that a one-year budget should be supplemented by longer-term budget projections which are based on a forecast of economic trends. A long-term budget projection would forecast the likely yield of taxes and other sources of revenue, possibly under alternative assumptions - (i) under existing tax systems and (ii) under changes in tax rates and tax administration which are considered as desirable reforms. Taxation should be seen not merely as a means of furnishing revenue to governments but more importantly as an instrument for regulating demand and price levels. It should be viewed as a means of directing resources into areas of development and also as a means of a fair distribution of the burden of financing the public sector. On the expenditure side, there is the obvious need for pre-

paring long-term projections of government administration and other non-development liabilities so that the balance of resources likely to be available for development could be assessed realistically and policy measures taken to mobilize additional resources required.

The problem of different attitudes of planners and budget-makers is also of crucial importance. Though planning and budgeting imply different kinds of responsibilities, they require different ways of handling figures and there is an emphasis on a different time span between the two, yet this does not suggest that the people who do the planning and the people who do the budgeting should always have different views and ways of looking at problems. Leaving aside the day dreamers and armchair planners or penny pincher budget-makers, we can have a broad agreement between the two. A constructive imaginative approach is required of both planners and budget-makers. Both functions are necessary. We need the people who are more aggressive in pushing development plans to the very limit of available resources, and we need people who watch that aspirations stay within the limits of resources in order to prevent inflation which may result in an eventual set-back. Reconciliation and co-ordination of the two functions require a blend of imagination and dynamism, on the one hand, and of realism and caution, on the other.

Perhaps, it would be necessary to evolve a new pattern of organization and relationship between planners and budget-makers. There is need for establishing proper working arrangements which would ensure close working relationship between planners and budget-makers. Reconciliation of differences in viewpoints which cannot be resolved in committee meetings could be taken care of at higher levels. But the essence of the matter is that once agreed conclusions are reached all the energies of government should be consciously directed towards their implementation. The establishment of proper procedures for the co-ordination of the plan and the budget would go a long way in reducing obstacles to plan implementation.

3. Formulation of the Annual Plan and its Reflection in the Budget

The medium-term plans formulated by the developing countries for implementation aim at covering the economy as a whole, although the main emphasis in most cases is on the programmes to be implemented in the public sector. For successful implementation, the medium-term plans rely heavily on projections and assumptions regarding the future course of events. Where developments from year to year are in line with the plan projections and assumptions, the implementation of the plan can proceed smoothly; but when many vital assumptions cease to be valid, there is need for continuous review of developments from year to year in order to shift the emphasis between various elements of plan implementation in response to changing situation. It is with a view to meeting such a situation that it is necessary to precede the preparation of the annual budget with an exercise for the preparation of an annual plan within the framework of the medium-term plan.

The annual plan should cover the policy instruments for regulating both the public and private sectors, thus providing a much-needed mechanism for a systematic review of the economic situation which is a prerequisite for devising sound fiscal and monetary policies to be reflected in the budget. In this manner it would constitute the most significant single instrument of action for the implementation of the development plan. It is, however, appreciated that private sector projects could not ordinarily be reflected in the annual plan. To serve its purpose the annual plan should not only coincide with, but should form an integral part of, the budget. This would call for:

- (i) the closest co-operation between the Planning Organization and the Department of Finance or the Budget Office;
- (ii) the integration of the budgetary schedule with that for the preparation of the annual plan; and
- (iii) the active participation in the annual planning process of the administrative agencies which are responsible for the implementation of the policies and projects included in the annual plan.

The extent to which the development plan gets reflected in the budget would indicate the degree of earnestness of the government concerned to carry out the plan. The plan documents of some African countries do contain an indication of the likely annual phasing of expenditures over the plan period. But as this phasing is based mainly on resource projections made or adopted by the Planning Organization for the period of the plan, the actual resource availability is likely to fluctuate from year to year. It is, therefore, necessary to carry out appropriate modifications through the instrument of the annual plan. A realistic appraisal of economic trends should precede the finalization of the annual plan. This should be based on a close analysis of economic and statistical data. Arrangements for the flow of statistical data and its appraisal should be streamlined in order to furnish a sound basis for preparation of the annual plan. After the procedures for the preparation of the annual plan have been more firmly established, the exercise for analyzing the economic situation would be continuous and complete, so that it would be possible to locate gaps in performance with sufficient precision, and base the forecasts for the succeeding year on a realistic re-assessment of the potentialities and needs rather than on guesswork or merely on the basis of estimates and targets embodied originally in the plan. In this context, it would also be essential to closely integrate the programme for production, exports, and imports, and to prepare systematic annual balances and forecasts for key materials. The annual plan should relate proposed expenditures to physical targets in order to secure improved implementation of plans in physical terms.

The description of the main objectives and targets of the plan should be supplemented by a presentation of means of implementation, i.e., the requirements of fiscal policy, monetary and credit policy, export and import policies, investment, manpower, employment and administrative management and price policies, etc. This presentation should throw light as to how these instruments of policy could be used to solve the problems and achieve the annual plan objectives and targets. It need hardly be mentioned that appropriate economic and other policies have a key role to play in the total development planning process and its implementation

through the budgetary mechanism. The foreign exchange requirements of the development targets for the year, for public and private sectors, should be set forth in the annual plan with as much detail and precision as possible. This should be matched with the receipts from the country's own earnings and external sources which are likely to be available. If the preparation of the foreign exchange budget is undertaken separately from that of the regular annual budget, it would be necessary to synchronise the two.

The projected increase in export earning to meet the plan targets should be based on a realistic assessment of past performance, especially the trend in recent years and the projected changes in import level. The exercise for determining import requirements should particularly examine the critical shortages or surpluses that would call for a re-examination of sector-wise (commodity-wise) import allocations. It would be desirable if an attempt is made to give a breakdown of import requirements for development and non-development expenditures in the public and private sectors. Broad allocations may first be made between developmental and non-developmental imports. The non-development imports may be sub-divided into three categories, viz., (i) essential, (ii) desirable and (iii) luxury. Raw material imports may be sub-divided between consumer-goods industries and investment-goods industries. A procedure should also be evolved in each country for determining in a realistic manner the requirements of industrial raw materials commodity-wise in relation to plan targets and their distribution to the (i) consumer industries, (ii) development industries, (iii) export industries and (iv) industries with export potential. In establishing import substitution industries, each country will necessarily have to weigh up both the short-term and long-term objectives including side-benefits. In addition, a purposeful foreign exchange budgeting should be developed in the light of a compendium of import requirements so as to ensure prudent allocation of foreign exchange resources and maximum contribution of the industrial sector to Gross Domestic Product. Export industries should be accorded preferential treatment and a list of such industries kept under constant review.

It is realized, however, that in spite of these efforts a complete identification between the annual plan and the foreign exchange budget may not always be possible for the following reasons:

- (i) The projects included in an annual plan sometimes undergo modifications and changes due to substantial revision of the projects during the course of execution.
- (ii) It may not always be possible to classify foreign exchange allocations for different projects from (a) domestic or (b) external resources. The division between the two may then be somewhat notional.

In the early stage, therefore, accuracy beyond a certain point may not be possible. However, the procedures for giving information on the foreign exchange component can be gradually improved.

With the expansion of the activities of the public sector in most of the African countries, the formulation on the budgets of the central governments and of their federated or local units has assumed great importance. The very requirements of planning for economic development both for the public and private sectors continue to exert ever-increasing pressures on the formulation of budgetary proposals and policies. Not only has there been set in motion a process of ever-expanding public sector in African countries but in view of the need for closely integrating the budget with the plan, the budget is increasingly becoming a more complex document rather than being merely a statement of government receipts and expenditures. Although the role of the public sector in different countries in the Continent varies, apart from a few socialist-oriented economies like those of the United Arab Republic and Tanzania, it would be largely true to call the economies of most English-speaking African countries "mixed economies". In such economies the public sector is expected not only to provide basic economic and social infrastructure but also to initiate policies and instruments for mobilization of savings in the public and private sectors and to channel these into productive investments. In these circumstances, the govern-

ment budget, as the forecast of public sector income and expenditure for the ensuing fiscal year, should represent, in financial terms, a comprehensive plan of government fiscal, economic and social policies and activities.

In the preparation of the budget a wide range of policy and administrative issues are involved, requiring close attention before reaching any decision. The decision to place an item in the budget is tantamount to fixing government policy with reference to all possible implications involved therein. At the same time it is hard to think of any government decision which has no budgetary implication. In view of scarce resources, the budgetary process involves the examination of alternatives in order to reach deliberate and explicit choices. As such, the budgetary policies should be directed to ensure an equitable and rational allocation of resources among competing demands. The budgetary decisions should be principally designed to serve the positive function of promoting desirable expenditures related to the effective implementation of approved programmes. Viewed in this perspective, the budget constitutes one element of the aggregate financial plan which is a statement of the sources and uses of funds of the consolidated public sector during a specified plan period.

4. Schedule for Budget Preparation

In view of the need to dovetail the preparation of the budget with the preparation of the annual plan and to secure the maximum possible co-ordination and harmonization between the two, it is necessary to synchronize the procedures and time-tables for their formulation and approval. Such synchronization would ensure that these two important activities are not dealt with on a routine basis so that the annual plan and the annual budget (which would before being launched, include the annual plan) are formulated in a realistic manner and become blue-prints for action based on clearly established priorities oriented towards the realization of economic and social objectives of the plan.

The function of the budget in this context would be not merely to facilitate management accounting and auditing, but also to serve as a tool for economic and fiscal policy and the rationalization and programming of government activities.^{1/}

A synchronization of the annual budget with the annual plan should be worked out within the framework of existing procedures for the preparation and finalization of the budget in different countries. As it is, there are three different fiscal years followed by the African countries. In some the fiscal year corresponds to the calendar year, i.e., starting on 1 January and ending on 31 December. In some other countries, it begins on 1 July and goes through to 30 June. There are still others in which the fiscal period begins on 1 April and ends on 31 March.^{2/} This divergence in fiscal years, especially of the countries in the same Region, would present some practical and procedural difficulties in the matter of their proposed economic integration. Uniformity of the fiscal year facilitates international comparison of budgetary and trade statistics and co-ordination of the statistical data of the public sector with foreign trade information, monetary statistics, production data, etc.

However, till such time as uniform fiscal years are adopted, the time-table for the preparation of the annual plan/development programme, should be co-ordinated with the time-table for the formulation and approval of the budget within the existing framework. Since provision for development expenditure has rationally to be included in the budget on the basis of the annual development plan/programme prepared by the Planning Organization, this exercise should be started early in the process of budget formulation. It should start at least 6-7 months ahead of

^{1/} For a detailed discussion of the role of the public sector in different African countries and the structure of their budgets see ECA Document E/CN.14/BUD/4, the Budgetary system and procedures of African countries, and ECAFE Document E/CN.11/BW 4/L-6, Budgeting and Economic Planning in Developing Countries.

^{2/} For a detailed list of African countries following the three different fiscal years: See ECA Document E/CN.14/BUD/4, para. 166-173.

the date of presentation of the budget with the preparation of a preliminary estimate of resources likely to be available in the ensuing year. Whether the Department of Finance or the Planning Organization or both of them, in mutual consultation with each other, should initiate this exercise is a matter of internal arrangements for each government. This preliminary estimate would help in determining the tentative size of the development programme together with its regional, local and sectoral allocations that could be provided in the budget. Within these tentative allocations the sponsoring departments/agencies could be asked to work out their detailed proposals. Of course, the resources likely to be available should be kept under constant and close scrutiny and any necessary modification incorporated in the programme. The process of the formulation of the annual plan/development programme would generally not be a smooth one and would involve controversies about the total size of the programme and its regional and sectoral allocations. The resolution of these controversies and differences through mutual consultations and discussions is inherent in the planning and programming processes. It is quite likely that the Planning Organization, in its anxiety to accelerate the pace of development, may conceivably take a more optimistic view of the resources that could be mobilized than the Department of Finance. Any differences should be resolved before an agreed development programme is submitted to the Cabinet or National Economic Council or other competent authority for approval.

In view of the involvement of various departments and agencies in the preparation of the development programme and its reflection in the budget it would be helpful for each government to formulate time schedules for the early completion of the various exercises involved in this process. In fact, most of the governments in their budget call circulars or other letters calling for information in respect of the budget or the development programme, specify the dates by which such information is to be supplied and finalized. It would, however, be helpful to identify the main stages of this time schedule and get these established by government directives to be followed by all departments and agencies. The

finalization of these schedules should be done by each government in accordance with its own specific conditions, set-up and pattern of working. Nevertheless, for ease of reference, a model schedule is suggested in Appendix C. The stages and names of agencies mentioned therein give only a broad indication, and as already mentioned, the firm time-table would have to be developed by each country. The fact to be stressed here is that the adoption and firm establishment of such a schedule would help the prompt finalization of the development programme and its reflection in the budget and would thus be of great help in achieving Budget-Plan Harmonization.

It may be mentioned in passing that from the start of the process of budget formulation up to the time of its presentation to the legislative body, the budget involves a most laborious and intricate work. The budget schedule indicated here does not reflect all the processes that have to be gone into in any government before the department responsible for the finalization of the budget is able to produce the budget documents in print for presentation. The successful implementation of the schedule would no doubt require the co-operative effort of all concerned whether in the Planning Organization or the Department of Finance and its ancillary offices, subject-matter agencies, and sponsoring departments. The adherence to the schedule finally adopted should be especially stressed in the budget call circular and any serious divergence from the same promptly brought to the notice of the authorities concerned at the highest level.

Under the stress of planning for economic development and its proper implementation, budgeting should no longer be treated as a seasonal activity but should become a continuous process in all the departments and agencies. In the case of a development budget particularly, the preliminary steps of formulation of projects, their processing and approval by competent authorities should be completed before incorporating them in the development programme. It would be helpful if the estimates of non-development expenditures are prepared in two parts as follows:

- Part I relating to standing charges, which though may vary from year to year, are nevertheless not dependent upon the control of the sponsoring department. Examples of such charges may be permanent establishment, travelling, other fixed allowances, and ordinary contingent expenditure.
- Part II relating to fresh charges. These would include new objects of expenditure such as temporary additions to existing establishment or services, facilities and organizations which are continued from year to year on temporary basis, or which are newly authorized and were not provided for in the budget of the current year. These estimates would no doubt be supported by self-contained memoranda which should be accompanied by supporting details to facilitate their scrutiny and examination.

In view of the urgent need to mobilize the maximum amount of resources for meeting development expenditures, it is necessary that as a matter of government policy the non-development expenditures are contained within reasonable limits and are not allowed to increase unnecessarily. While scrutinizing the development programme, it should be ensured that there is no overlapping (i) among the nature and scope of the schemes/projects included in the development programme and (ii) between items proposed for the development budget and those provided for in the non-development budget. This would be greatly facilitated if an agreed concept of development expenditure is evolved and followed by each government. This would result in the much needed discipline, uniformity, clarity and precision in formulating expenditure proposals in the development plan/programme and would consequently eliminate confusion prevailing in some of the countries in the matter of what is precisely to be included in the plan. Moreover, it would facilitate the easy translation of the concept in terms of budgetary and accounting classification.

It is not necessary that the development and non-development expenditures are segregated in every country in accordance with a uniform concept. Each country has to evolve a workable definition of development expenditures in accordance with its own requirements and to suit its own conditions, philosophy and objectives of planning and budgetary structure and classification. Since the objectives and priorities laid down in the different plan periods are likely to undergo changes which may require more emphasis on certain sectors or sub-sectors than in the past, the adoption of a rigid concept of development expenditures to be followed indefinitely would not be desirable. Hence, this should be reviewed at least after two to three plan periods to make suitable modifications. In order to relate the concept to national accounts, the development expenditures should be divided between the investment and non-investment components distinctly in the budget.

Primarily, the rationale behind the distinction between development and non-development expenditures would be to give priority to those expenditures which may be considered particularly important to economic and social progress. The introduction of the concept of development expenditures may also reflect the view that not only investment expenditures are important to growth but also recurring costs in some sectors. Some of the examples of recurring costs which may be included in the plan are expenditures on agricultural extension workers, agricultural research and experimentation, expenditures on technological research and geological survey, malaria eradication, administrative improvement and on family planning; recurring expenditures of new schemes in social service sectors and areas of activity which are normally termed as investment in human resources, e.g., education, health and manpower training.

While applying the concept of development expenditures in determining the development programme or scrutinizing the non-development expenditures, it may be borne in mind that many of the non-development expenditures may be just as crucial to development as most of the development expenditures. This would be especially true of the recurring liab-

ilities of completed development schemes - especially those of the social sectors which have to be normally provided in the non-development budget as recurrent expenditures. In such cases, proper provision should be allowed to be made in the normal expenditures of the departments concerned, irrespective of their exclusion from the concept of development expenditures. To meet this end, suitable working arrangement should be devised by the Planning Organization in consultation with the Department of Finance.

APPENDIX C

Tentative Stages for the Preparation of the Budget and
the Annual Development Programme

1. Issue of Budget-Call circular by the Budget Department to all concerned, spelling out the time-schedule for various stages and giving broad instructions for the preparation of the budget estimates and their scrutiny by controlling agencies.
2. Economic review showing trends in the economy and prospects in the foreseeable future should be undertaken.
3. Collation and analysis of data by revenue collecting authorities or accounts offices on trends of collection under principal revenue heads and submission to Department of Finance and/or Planning Organization together with their preliminary projections for next year.
4. Preliminary estimates on forecasts of external assistance likely to be available to be prepared by the department responsible.
5. Preparation of first estimates of resources likely to be available both internally and externally to be prepared by the Department of Finance, in collaboration with Planning Organizations and other agencies.
6. Detailed estimates of non-development expenditure to be submitted by estimating authorities to controlling agencies.
7. Scrutiny of non-development expenditure estimates to be completed by appropriate departments and submission of estimates by them to Department of Finance.
8. Final scrutiny by Department of Finance of non-developmental budget estimates.
9. Determination of the tentative size of the Annual Development Programme along with its regional/local/sectoral distribution and their intimation to the agencies concerned for preparing project-

wise tentative development programme. The call letter for Development Programme to be issued by the Planning Organization should contain instructions for the preparation of the programme, particularly laying emphasis on the broad order of priorities to be followed by the sponsoring departments/agencies in formulating programmes under different sectors.

10. Submission of proposals in respect of on-going as well as approved new schemes in the Annual Development Programme by various subject matter agencies to their appropriate departments or State governments.
11. Transmission of the tentative Development Programme by appropriate departments or state governments to the Central Planning Organization.
12. Furnishing of latest estimates of collections under principal heads of revenues and other receipt heads and foreign aid by the agencies concerned to Department of Finance and/or Central Planning Organization.
13. Determination of the final estimates of resources and their allocation by agency charged with responsibility.
14. Completion of discussions between the agency in 13 above and the various departments and bodies, to finalize the sectoral programme and to match it with final resource allocations.
15. Finalization of the budget and Development Programme by the Central Planning Organization and its submission to the Cabinet, or other competent final authority along with policy recommendations for decisions.
16. Presentation of the Budget to the Legislature, etc.

CHAPTER VI
PROJECT APPRAISAL AND IMPLEMENTATION

1. Introduction

The sanctioning machinery of the government has a number of important functions to perform. First and foremost, it must ensure that the development programme fits into, and carries forward, the general policy, objectives and pattern of development set out in the medium or long-term plan. It must also ensure that the development projects and programmes are economically and technically sound. Financial and administrative aspects of the programme must be carefully examined to see that these follow established standards. The plan should not consist merely of ideas and targets but also programmes based on carefully thought out projects. A list of such projects under different sectors, which have been duly scrutinized and approved by competent authorities, should form part of the plan.

The sectoral allocations in the plan should be worked out with due regard to plan priorities and should ensure the balancing of various targets and their consistency. It is also necessary that inter-sectoral and intrasectoral adjustments - which become necessary during the course of execution of the plan on account of such factors as modifications in the original cost of projects, the abandoning of some projects or the inclusion in the plan of altogether new projects - are carried out under a rationalized system of allocations and priorities. Before the finalization of the budget each year the sanctioning machinery must integrate various development schemes for incorporation in the budgets of the central and state or provincial governments. In this exercise, the system of priorities, which reflects the agreed policy established in the long-term plan, must also be applied so that the plan objectives are achieved with certainty and expedition.

Formulation of projects for the purpose of this study may be described as the "compilation of data which will enable an appraisal to be made of the economic advantages and disadvantages attendant upon the allocation of a country's resources to the production of specific goods and services"^{1/}. A carefully formulated project should reflect a rational basis for reaching decisions to set up an enterprise or to provide a facility in the public sector. A well documented project would arouse the interest of decision-makers in its execution and would also attract foreign capital more easily. The formulation of individual projects should not be regarded as isolated economic activities but they should be considered within the context of the entire economic system of which they form a part. A well-formulated project, therefore, would require the combined efforts, on the basis of mutual understanding, of a team of engineers, economists, accountants, financial, management and other specialists whose work must be complementary. To make this team work effective, it is necessary that there should be one main sponsor, a project leader who should be well-versed in the financial, administrative, professional and technical details of the project to be able to explain any points of doubt or discrepancies.

A well conceived and well formulated project should present comparison with other related project studies in order to facilitate the task of decision-making and assigning priorities in the allocation of resources. For it must be understood that the relative advantages or

^{1/} For detailed discussion see Part I - Substance of a Project in United Nations - Manual on Economic Development Projects (1958) - Sales No. 58.11.G.5.

disadvantages of any project can only be judged on the basis of its relationship to the remainder of the economy. Moreover, the administrative and organizational aspects should be carefully considered as they have vital bearing on the successful implementation of the project. It is important to keep in mind that the individual project is not conceived in a vacuum but rather in an "atmosphere in which it can thrive and to which it must contribute"^{1/}. It has, however, been noticed that in many developing countries and particularly in Africa the projects are included in the plan and also in the budget without proper studies and evaluation. This may be passed over in the early stages of planning for economic development when the economic and social structure is not very complicated and proper data and techniques for planning are not fully developed. Nevertheless, as development proceeds, the investment alternatives must be analysed thoroughly and their relationships established with the rest of the economy so that the risk of failure or incurring the unnecessary social costs involved in badly evaluated projects is reduced to the minimum.

2. Programmes and Projects

The exercise for preparing a programme for a specified period aims at a wide perspective of the economic development of the country so as to establish co-ordinated production targets compatible with the stability of the system. This perspective provides a point of reference for the inclusion of individual projects in the programme under different sectors. Future developments are projected in the

^{1/} For detailed discussion see Part I - Substance of a Project in United Nations - Manual on Economic Development Projects (1958) - Sales No. 58.11.G.5.

programme on the evaluation of past performance and existing trends. The problem of internal consistency of the programme should be given adequate attention in order to ensure its proper implementation in accordance with plan objectives and priorities. The volume of investments envisaged, for example, must bear a relationship to the volume of anticipated savings and of foreign capital. The production targets in different sectors should be made coherent and compatible with each other in order to avoid any waste. The availability of foreign exchange component of investments, being of crucial significance, should be clearly identified as to what requirements would be met from the country's own earnings or from inflow of external assistance. The real problem in programming is to achieve balance and compatibility between the different economic variables like production and income, investment and savings, balance of payments, public and private consumption, etc., without waste of resources.

The exercise for the formulation of a coherent and balanced programme must also pay proper attention to the organizational aspects of plan implementation both in respect of necessary financial and other policies and operations or schedule of project execution. The programming technique relies heavily on a "process of successive approximations in order to produce the first outline of the programme". This outline is subjected to a process of continual revision in order to carry out adjustments on the basis of the latest information data and experiences. The individual projects serve as a vital link in the programming technique through the method of working on successive approximations referred to above. These, therefore, serve as important tools in the continuous revision of the programme. While the programme establishes the overall criteria and outlook for the selection of projects, the detailed study of projects furnishes definite infor-

mation needed to confirm or modify the initial hypothesis and to establish suitable objectives more firmly.

The programme should also clearly distinguish between the projects in the public and private sectors. In so far as specific projects to be included in the public sector programme are concerned specific allocation of resources has to be made for them in the annual budget. In so far as investment in the private sector is concerned this should be backed up with practical economic policies and fiscal incentives in order to encourage investment consistent with plan objectives. The availability of a sufficiently large portfolio of projects duly approved would be of great advantage in the formulation of an investment or development programme to be reflected in the budget. It is important, however, to avoid excessive fragmentation of projects. Small but related schemes should be combined into single projects to facilitate processing and analysis. The establishment of proper procedures for the formulation, scrutiny and approval of development schemes is of great importance in this context. It is, therefore, to this aspect of the matter that we now turn our attention.

(a) Preparation of Projects

To ensure that projects are prepared properly in the first instance and in accordance with the requisite economic, financial and technical standards, the officials of the Central Planning Organization should be closely associated with Finance and other subject-matter departments and agencies in this process. In the case of projects sponsored and to be executed entirely in the provincial and local spheres, similar consultations should also take place between the central and provincial agencies involved. In the case of large

projects the advice of experts should be obtained to the extent feasible and desirable. Where indigenous talent is not adequate this fact should be recognized and the advice of foreign experts should be obtained for the formulation of projects. Wherever practicable, advice of consultant firms should be sought rather than that of individual technicians.

The state/provincial and central departments/agencies, particularly those sponsoring large development programmes, should establish suitably staffed Planning Units to ensure adequate attention being given to the formulation and designing of projects/development schemes. The formulation of development projects should be a continuous process, and should not be left over to be undertaken only when required for preparation of the budget. It would be very helpful to render the projects in suitable standardized proformas which may be devised by each country to suit its own requirements. If one standardized comprehensive proforma for the projects in different sectors is not considered desirable, special proformas to suit the conditions and requirements of each sector may be devised. The type of information to be rendered in project proformas is given in the model Proforma for development projects attached as Appendix D. This proforma is illustrative rather than exhaustive and may be suitably modified to suit different conditions.

(b) Model Proforma for Development Projects

The proposed model proforma for development projects is in six parts, viz :

Part I - Project digest

Part II - Description, purpose and benefits of project

Part III - Estimated cost of project

Part IV - Financing of project

Part V - Manpower, materials and other requirements of projects

Part VI - Proposed schedule of work

The information to be incorporated in each part may be modified to suit the requirements of different sectors. It would also be desirable to circulate brief instructions for the filling in of the proforma for the guidance of the sponsoring departments/agencies more or less on the lines given below.

It may be mentioned that the model proforma proposed here is not designed to limit in any way the scope for presentation of projects. The order and form of presentation of the project depend largely upon the personal preferences of the project maker, the nature of the project, or on the established conventions or standards in any particular country. However, since the decision-makers are not always in a position to appreciate all the technical details given in projects, although they possess sound critical judgement and have expert advice available in the various fields, it is well to summarize the project so as to simplify the formation of an overall opinion on them. This is the main purpose of suggesting a model proforma for the presentation of the projects. In the case of big projects there will be a host of technical and other details which will have in any case to be presented in annexes to the proforma. The model proforma attempts to present the gist of the project to enable its general appreciation. If properly filled in, it would contain the essence of the project giving information about its salient aims, location, investment, financing sources, social evaluation and profitability, etc.

The description and statement of purpose of the project should explain its relation to the plan and to other projects; an indication

of the physical targets to be achieved should be given. Among the possible benefits of a project on which information may be provided are the following:

- (i) If the project is to provide a product or service which is to be sold, then the expected quantity, price and value of sales as well as the expected revenue over the life of the assets should be indicated.
- (ii) Most projects will provide tangible economic benefits such as increase in agricultural yields from an improvement in irrigation facilities, a rise in output by bringing new land under cultivation, the more efficient use of transport, providing more adequate storage or the improvement in industrial productivity from the establishment of common facilities centres and industrial estates. Such economic benefits should be explained specifically and stated in quantitative terms, if possible; the bare statement that such benefits will accrue would not be very useful.
- (iii) The output of a project can either contribute to increasing exports or substituting imports. If it is expected to earn foreign exchange, the specific exports involved should be identified and export prospects analysed. If it is expected to save foreign exchange by replacing imports, then it should be indicated what particular imports are to be replaced and whether the price of the domestic goods will be higher than the landed cost of imports. If it is possible to estimate the value of the additional export earnings or import savings to be realized from the project, the figures should be given net of the foreign exchange cost of production.

- (iv) If formal or on-the-job training is to be provided, an indication should be given of the kind of skills to be learnt and the approximate number of additional staff likely to be absorbed.
- (v) The employment-creating effect of a project is important particularly if jobs are to be given to people who are at present unemployed or under-employed.
- (vi) The geographical location of the project is especially important if it will contribute to the development of backward areas of the country.
- (vii) Other possible benefits which should be mentioned are the promotion of research and improvement of living conditions for low income groups, etc.

Under-estimation or over-estimation must as much as possible be avoided. Estimates should represent a thorough study of the work to be carried out, and should be based on up-to-date prices. The sponsoring department should be strictly accountable for the accuracy of statements made herein and should be required to justify in detail subsequent revisions arising from changes in the nature and scope of the project.

It may be found difficult to give information on foreign exchange cost quite accurately. Certain assumptions may, therefore, have to be made whether materials and equipment are to be imported or procured locally, or whether the import component is to be estimated as a percentage of the total cost of an item of work based on past experience. Goods which are partly imported and partly produced locally should be treated as imports for the purpose of estimating the foreign exchange component regardless of whether they are actually to be imported or

not - the reason for this suggestion being that each new project creates an additional demand for such goods which must be met from imports as far as the economy as a whole is concerned until the country becomes self-sufficient in their production. The assumptions underlying the estimates of the foreign exchange component should also be kept in mind when indicating the likely sources of supply of materials and equipment in item 27 of the model proforma.

If the items listed under 15 in the model proforma are included in the estimated cost of the project then the following information should be supplied:

- (i) List of individual overhead items included, or percentage of total cost attributed to overhead.
- (ii) Area and cost per acre of land in case of irrigation projects and cost of resettlement of displaced persons if borne by government.
- (iii) Whether cost of construction, machinery and equipment is the total purchase price, the depreciated value, the rental cost from a machinery pool, or is included as part of the cost of buildings and works to be constructed by a contractor.
- (iv) Amount of duties, taxes, and subsidy, if any.
- (v) Explanation of price data if included in the prices of materials and equipment.
- (vi) Whether cost of transport to site is included in delivered prices of materials and equipment, if estimated separately, or is covered by transport equipment included in the cost of the project.
- (vii) Quantities and unit costs of different items of work. If this information is not available, explain how cost of

buildings and works was estimated.

(viii) Type of contract with consultants and/or contractors (fixed fee, cost plus or other), arrangements for escalation or cost adjustments, and approximate amount

(ix) Cost of stocks of materials, fuel and spare parts required to begin operation.

The list of manpower requirements should give specific occupation titles rather than general groupings, particularly for persons requiring special training, and the date or period when they are required. It should also be indicated whether the person is already employed by the sponsoring department or contractor, or whether he is to be recruited especially for the project; employees to be included in the permanent establishment pay scales should be indicated.

Against item 25 of the proforma information should be given regarding the steps to be taken to remove the shortage of manpower requirements: like the provision of necessary living accommodation for employees, the establishment of new or the extension of existing training facilities, scholarships for overseas training, use of foreign specialists or provisions for increased salaries and allowances which require specific action by government.

The preparation of a schedule of work of the project according to annual phasing envisaged is of great significance in matching the execution of the project with the availability of requisite financial and physical resources. The details of the most important items of work should be given including surveys and investigations, purchase or acquisition of land, procurement of materials and equipment, preparation of site, provision of access roads and

accommodation, excavations, construction of various buildings and works, and installation of equipment. A date or mark should be placed under the year when each item of work is expected to be completed.

The successful execution of a particular project may be linked with or dependent on other projects regarding which full information should be given against item 30, for example, the colonization of new areas where new irrigation facilities may be extended by the completion of new irrigation projects.

3. Review and Approval of Projects

In order to ensure speedy review and clearance of development projects, it would be necessary to streamline the administrative machinery. In certain countries where this function is being performed by the Central Planning Organization it may be necessary to strengthen the Organization and bring it closer in its working with other agencies. In other countries, however, the establishment of a Project Review Committee may be found to be helpful in this direction.

The composition of the Project Review Committee could generally be as follows:

- (i) Representative of Central Planning Organization
- (ii) Representative of the Department of Finance
- (iii) Representative of the sponsoring agency, viz., provincial/state/local government or central department or agency as the case may be.
- (iv) Representative of the central/federal administrative department concerned where the sponsoring agency is the provincial/local government.
- (v) Representative of the central department concerned with negotiating external aid

- (vi) Representative of the government corporation (for instance, in the fields of industrial, water and power and road transport development) whose schemes are under consideration.
- (vii) Any other agency/department or corporation which though not the direct sponsor, is affected by the implementation of the project.

Where Project Review Committees are established at local/state/central government levels, monetary limits should be fixed up to which each would be competent to consider and clear the projects. In case of projects involving heavy expenditure and negotiation of foreign credits and loans, the central Project Review Committee should have the competence to recommend the projects for approval to the Cabinet.

The basic principle of review of projects, both at the central and provincial/local government levels, should be that projects are examined jointly and simultaneously rather than in succession. Copies of the projects, as they are formulated, should be circulated by the sponsoring department/agency to all the agencies/departments represented on the Committee. The Central Planning Organization should generally be made responsible for co-ordinating the work of the Project Review Committee. The head of this Planning Organization, his deputy or other senior officer nominated by him, should ordinarily preside over the meetings of the Committee. The representation of other government departments and agencies on this Committee should also be at a fairly high level so that the Committee could take decision on the various aspects of the projects presented to it. The schedule for the meetings of the Committee should be circulated by the Planning Organization at convenient intervals and the meetings should be held fairly regularly in order to ensure speedy consideration and clearance of projects.

Before including a project on the schedule for a meeting, the Central Planning Organization should ensure that the project has been prepared correctly, that all the information required in the project proforma has been furnished and that all relevant papers such as project reports, maps and plans are made available.

The Central Planning Organization should, when necessary, make a comprehensive enquiry from the sponsoring department or agency with respect to deficiencies in the proforma, points requiring elucidation, and matters involving further data or information.

Each of the Project Review Committees, organized by the Central Planning Organization at the different levels, should generally perform the following functions:

- (i) Review all development projects submitted to it (within the financial limit of its competence) and (after necessary scrutiny) recommend them for approval by the competent authority, e.g., the Cabinet, National Planning Board, etc.
- (ii) Ensure that the project has been prepared on sound lines and that the necessary economic financial and technical scrutiny has been carried out.
- (iii) Ensure that, as far as possible, the examination of the projects submitted to it is conducted simultaneously and that the projects are disposed of in accordance with the time schedule.

As soon as the Central Planning Organization, the Department of Finance and sponsoring agencies have formulated their views with regard to a project, they should circulate their comments to the other agencies concerned so that the discussions at the Project Review Committee meeting are useful and enable speedy clearance of the projects. It is important that the Department of Finance should have

adequate time, after circulation of the documents, to formulate its views. Every effort should be made to clear a project at one meeting. Where this is not possible, the project should be considered at successive meetings of the Committee. After the receipt of the project by the agencies concerned, they should communicate about clarifications considered necessary by them on different aspects of the project with the Central Planning Organization which should in turn make a comprehensive enquiry from the sponsoring agencies. Generally, 7-10 days would be sufficient for the agencies for such clarifications. In so far as the detailed examination of the projects by the agencies involved and circulation of comments thereon are concerned, a time limit in this respect should be fixed by the Central Planning Organization in relation to the different projects depending on their nature and importance. When undue delay in examination occurs on the part of any department or agency, the Committee should submit the project to the approving authority, viz., the Cabinet, the National Board, etc., indicating the position for its decision. In case of pending projects, the Central Planning Organization should also submit periodically to the National Planning Board or the Cabinet a list of all pending projects indicating their status and reasons for delay in their clearance.

Normally the whole process of submission of projects to the Project Review Committee and their review and approval should be completed within 3-4 months. In the case of emergency projects, it should be provided that this process is to be carried out much more quickly. After the project has been approved, there should normally be no further reference to the Department of Finance except in cases where there may be a contract for the services

of a consultant or the employment of a foreign technician. The list of approved projects should be circulated periodically to all departments/agencies by the Central Planning Organization. As already stressed earlier, the sectoral allocations in the plan should be fully backed up by approved projects and no half-baked ideas and schemes and lump sum allocations provided for. In case the projects are substantially revised subsequent to their approval due to increase in costs, change in design or other circumstances, the revised project should again require review by the Project Review Committee and approval by the Cabinet, National Planning Board or other competent authority. Any variation in original cost of the project by more than 5 per cent or any such limit may be fixed as the criterion for the submission of revised project to the Project Review Committee. The sponsoring department or agency should be required to explain fully the reasons for such variations in the revised proformas of projects.

The Central Planning Organization should keep a roster of all projects approved from time to time. A list of all projects included in the plan should be compiled sector-wise and circulated along with the plan document. In case of lump sum allocations in the plan, proper explanations for the lack of detailed approved projects and the stage of their approval should be given. In the final analysis, the success of the procedures discussed above for the formulation and review of development projects would depend on the availability of trained personnel in the sponsoring agencies and the Central Planning Organization. It is essential, therefore, that progress towards the establishment of Planning Units and providing training facilities for the personnel of these units is accelerated as a matter of priority.

APPENDIX 'D'

Project Serial No.*
Sector and sub-sector*

(To be filled by the Central Planning Organization)

MODEL PROFORMA FOR DEVELOPMENT PROJECTS

Part I - Project Digest

1. Name of Project:
2. Is project in the Plan? If so, what allocation is provided?
If it is not included in the Plan, explain why it should now be included and how it is to be fitted into Plan allocation?
3. Administrative authorities and delineation of responsibilities:
 - (a) Sponsoring authority
 - (b) Central/provincial/local
 - (c) Department/Agency
4. Location of project (attach map, where necessary) together with its justification:
5. Cost of project:

| | | |
|----------------------------|----------------|-------------|
| Already incurred | to be incurred | Total |
| Total cost | | |
| Foreign exchange component | | |
6. Annual recurring expenditure after completion:
7. Proposed dates of commencement and completion of project:
8. Agencies other than sponsoring department involved in the project:
 - (a) General or special consultants:
 - (b) Construction agencies, whether local or foreign, on turnkey basis or otherwise:

(c) Agency for operation and/or maintenance:

9. List of preparatory surveys, feasibility reports and project reports (indicate whether attached):
10. List of surveys and reports under preparation and the expected date of their completion:
11. Name and designation of officer responsible for preparation of this Form:

Signature and designation of
officer or sponsoring authority

Date

Part II - Description, purpose and benefits of Project

12. If this form is for a revised project, describe progress of work on the project in financial and physical terms, changes in original project and reasons for them. In case of faults of original designs or excessive variations which could have been avoided, responsibilities should be fixed and recommendations made for avoiding such lapses in future:

Part III - Estimated Cost of Project

13. Give date when cost estimates were made:
14. Give breakdown of costs by major items according to the way they have actually been estimated (attach detailed abstract of costs if available):

| Item | Total cost | Foreign exchange component |
|------|------------|----------------------------|
|------|------------|----------------------------|

15. Indicate whether the following items are included in cost estimates, and if so, explain the basis of estimation:
- (a) Overhead costs of the sponsoring department
 - (b) Acquisition of land
 - (c) Construction machinery and equipment
 - (d) Import duties, sales and excise taxes or other taxes
 - (e) Transportation of materials and equipment to site
 - (f) Buildings and works
 - (g) Consultant's and contractor's charges
 - (h) Interest charges
 - (i) Working capital in case of commercial or industrial projects.

16. Estimate annual recurring cost after completion of Project:

| Item | Total | Foreign exchange component |
|------|-------|----------------------------|
|------|-------|----------------------------|

Part IV - Financing of Project

17. Estimate annual phasing of expenditure: (specify years)

| Already spent | 1st | 2nd | 3rd | 4th | 5th | After 5th year | Total |
|---------------|-----|-----|-----|-----|-----|-------------------|-------|
|---------------|-----|-----|-----|-----|-----|-------------------|-------|

Total

Foreign
exchange
component

If the plan period covers more or less than five years the yearly columns of phasing of expenditures should be amended accordingly.

18. Indicate sources and amount of internal financing of both development and recurring expenditure on the project and dates on which these should be available:

- (a) From government resources (indicate central/provincial and local):
 - (i) investment

- (ii) loan
 - (iii) grant
 - (b) From sponsoring department's own or corporation's resources
 - (c) From non-government borrowing
 - (d) From private investment
19. Indicate sources and amount of external financing and dates on which these should be made available:
20. State views, if any, on sources of foreign exchange financing:
21. The possible ways of recovering the cost of the project are from the sale of capital assets, from betterment levies on beneficiaries, increased land taxes or water rates or user charges:
- Is it proposed to recover cost of project from beneficiaries, and if so, how?
22. Estimate annual recurring income from operation of project in the form of sales, rentals, fees or interest:
23. Give in a summarized table the sources and uses of funds, sources of financing, income and expenditure budget and amortization of credits:

Part V - Manpower, Materials and other Requirements of Project

24. Total manpower - Total number of full-time employees
(attach list of manpower requirements by occupations):

| <u>Managerial, Professional and Technical Personnel</u> | <u>Workers</u> | <u>Others</u> | <u>Total</u> |
|---|----------------|---------------|--------------|
|---|----------------|---------------|--------------|

| Local | Foreign |
|-------|---------|
|-------|---------|

- (a) For execution
- (b) For operation/maintenance

25. List expected shortages of manpower by occupation and indicate steps which should be taken to ensure availability of requisite manpower:
26. Public utilities: indicate access roads, railways sidings, power, water and other utilities required for project:
27. Materials and equipment:

| <u>Item</u> | <u>Unit</u> | <u>Quantity</u> | <u>Likely Sources of</u> <u>Supply</u> |
|--|-------------|-----------------|---|
| (a) for execution | | | |
| (b) For operation/maintenance (annual requirement) | | | |

CHAPTER VII

PUBLIC ENTERPRISES AND NATIONAL DEVELOPMENT

1. Introduction

There does not appear to be any agreement among experts as to the precise definition of "public enterprise". Some have defined it as an economic project in which the government has financial interest, irrespective of the amount of such interest. What is important is the investment of public funds in an undertaking. This concept is in line with the views expressed at a recent all-Africa Seminar on public enterprises, where "it was agreed that public utilities should be regarded as a category of public enterprises. What is important is not the extent of the participation of the public sector in these enterprises in the past or at present, but that their nature, especially with regard to the sale of the units of the services provided, certainly makes such services as telephone, electricity and to some extent water, fall under the category of 'enterprises' ..." ^{1/} Others argue that the over-riding purpose for establishing public enterprises by a government is for that government to be able to use such enterprises as instruments for promoting economic development and other national objectives. Therefore, enterprises which are, and can be, directly controlled by a government or its agencies should be regarded as public enterprises. By this definition, enterprises in which the government has a minority shareholding are excluded from this category. Consequently, public enterprises may be classified into three:

- (i) Public Utilities;
- (ii) Public Enterprises under Complete Government Control;
- (iii) Public Enterprises with Major Government Participation. ^{2/}

^{1/} UNECA Report of the Seminar on the Role of Public Enterprises in Planning and Plan Implementation - Mauritius, 16-26 September 1969 (E/CN.11/463), p. 4.

^{2/} UNECA Seminar on Administrative Framework for Development (Addis Ababa, 7-17 December 1970). ECA Document (171-201), p. 19.

It is in recognition of the diverse nature of public enterprises that their role in planning and plan implementation deserves serious attention by the various governments.

In recent years, governments, especially those in the developing countries, have embarked on the establishment of public enterprises for a number of reasons. Some of these are the need to diversify their economy in order to improve the standard of living of the people; the need to preserve foreign exchange earnings by the production of import-substituting products, having regard to the deteriorating terms of trade against primary products; the need for technological training of local manpower and less dependence on expatriates; the need for infrastructural services for expansion of administrative, commercial and industrial activities; the need for large-scale industrial projects to provide employment for the growing numbers of urban dwellers especially school leavers; the need for a large industrial and commercial wage-earning population to create effective demand for the products of the agricultural sector which would encourage a reasonable proportion of the rural population to remain on the land instead of drifting to the towns in search of better wage employment. Public enterprises could offer a leadership role in the establishment of industries which are not very attractive to private investors, and they could participate in the vast fields of industrial opportunities in developing countries. Public leadership in industrialization helps to reduce wasteful duplication of projects by competing private investors. It also helps to co-ordinate the production programmes of projects which are inter-dependent in terms of supply of raw materials and disposal of finished goods.^{1/}

Where some of these needs exist, the government may decide to embark on the establishment of public enterprises. Another reason may arise, when private initiative is lacking in a certain sector of the economy which is considered essential for a country's development, either

^{1/} UNCTAD Report of the Seminar on the Role of Public Enterprises in Planning and Plan Implementation - Mauritius, 16-26 September 1969, T/C (1970), p. 5.

because engaging in it is unprofitable in the short run or will never be profitable, or because the information is lacking on investment opportunities. On the other hand, if the government is involved in an economic activity that requires a large degree of autonomy and freedom from cumbersome bureaucratic interference, the activity can be detached from normal government machinery to ensure smoother operation; or if in certain sectors of the economy (e.g., services) the general interest of the public is seen to outweigh private interests which are almost solely concerned with making profit. Again, if the private sector consists mainly of foreign investors they might not be allowed to engage in strategic economic activities in which case the government may decide to establish public enterprises to cater for these strategic economic activities. When local capital and expertise have been acquired, national private enterprise may be encouraged to engage in these activities.^{1/}

2. The Role of Public Enterprises in Planning and Plan Implementation

This section examines some of the institutional and administrative arrangements which enable public enterprises to play an effective role in national planning and plan implementation. The extent of the application of some of the proposals to any African country would depend on the size, the social structure, and the political pattern of its government and institutions. It would also depend on the role which existing administrative and financial organizations, like banking and mortgage institutions, are already playing in the industrialization of the country. For the purpose of this discussion, various public enterprises may be classified into three categories: public utility enterprises; agricultural and industrial public enterprises, with total or major government participation; and enterprise under the complete control and management of the State.

^{1/} UNECA Report of the Seminar on the Management of Public Enterprises, Bizerte, Tunisia), 9-20 December 1963, (169-34), p. 4.

(a) Public Utilities

A key question in respect of public utilities is the measure of authority which the government allows the management of such enterprises in the planning process, i.e., whether the government assumes the role of "master" or "partner" in the planning process. In the planning policies governing the establishment, location or expansion of such public utility projects as electricity or telephone, public enterprises have had very little influence if any. Very often decisions had been made by the government with very little contribution made by the corporation's management in reaching such decisions. The public corporation was, therefore, only an instrument in the plan implementation process. Where some form of consultation existed, this was usually as a result of the public corporation trying to get the government involved in such matters as government guarantee for a loan for a big project. There are known cases where the public corporation's management considered an undertaking already approved by government to be uneconomic. It, therefore, requested the government to underwrite any losses which in the opinion of the management were likely to accrue, and the government decided to take the risks, e.g., where a government decided that an automatic telephone exchange should be installed in a town with only 40 subscribers in preference to another town with 1,000 subscribers.

Where situations of this nature arise, it would appear that what is needed is to have feasibility studies carried out by the corporation in advance, and use them as a basis for advising the government on various alternatives to the government's proposal. This arrangement would place at the disposal of the government a list of alternatives and enable the corporation to have development-oriented plans. In this way, the government and the corporation mutually share responsibility in planning those projects which the latter has to construct and maintain; it also enables the government to determine viable projects which could be financed from the corporation's own resources without any assistance from the government. Alternatively, the government would be in a better position to shop such viable projects for capital funds from external sources, e.g., World Bank.

In respect of those projects which a public corporation finds less viable but are none-the-less economic (after feasibility studies have been carried out by the corporation), government, in consultation with the corporation, could decide as to who should bear the responsibility for funding the construction depending on the resources available. This would be determined by priorities established by the two parties. On the other hand, as a result of a feasibility study carried out by a public corporation, it might be unwilling to implement a project because it is satisfied that it would be unviable. If in such a case, the government still wishes to implement the project for reasons other than economic ones, it should bear the cost of funding it. This is a procedure adopted by the Electricity Corporation of a West African country. In such a case, it is advisable to keep the management of the project separate, and to have separate records and accounts so that the government will be made regularly aware of the progress made, and the consequences of its decision so as to enable it to determine if the project should continue to be subsidised, or other means found for reducing the subsidy, such as increasing the charges for the service provided. It could also serve as a useful lesson to the corporation if the project proves viable because of, e.g., generated demand not foreseen during the planning period.

It should be borne in mind that the distribution of public utility services is a political instrument which affects the position of every elected African government. In recognition of this, it is desirable that the management of such public utilities should endeavour to gain an inside knowledge of government's thinking in terms of the latter's priorities and planned geographical distribution of projects. On the basis of this information, a public corporation should then carry out feasibility studies within the framework of the development plan. Such feasibility studies would assist the government to obtain information on projects which a corporation can finance from its own resources; projects which require government funds; and projects which can attract private funds locally or externally.

(b) Public Enterprises with Major Government Participation

In planning the establishment of industrial/commercial public enterprises, with major government shareholding, it is recommended that the policy of the government and its corporations should be guided by the following factors:

- (i) the corporation should know in what fields the government wishes to give priorities and the possible locations of projects;
 - (ii) having known government's order of priorities, feasibility studies should be carried out by the corporation;
 - (iii) the corporation should obtain information and assess the possibility and extent to which genuine firms/entrepreneurs are willing to participate in partnership with government, especially those experienced in the appropriate fields.
- On the basis of this information and feasibility studies, the corporation should then prepare and assess the priorities and possible financial involvement in the execution of the projects.

The project could be phased on the basis of:

- (i) internal capital contribution by the corporation in the execution of the projects;
- (ii) government loans and investment based on information available from government as to the funds likely to be allocated in its own development plan for projects falling under the ambit of the corporation concerned.
- (iii) possible private participation.

It may be mentioned that in order to give reasonable guarantee of good management of commercial and industrial enterprises in which a government is interested, such a government should, as a first step, seek joint participation with the private sector on the understanding that nationalization may be affected as and when the government considers it opportune to do so in the public interest.

Once the government approves the plan of the corporation as an integrated part of the national plan, the corporation should be given a free hand to initiate negotiations with technical and financial partners for the implementation of the projects in accordance with the priorities set by the government. But when the negotiations get to a stage where technical details are settled and loans have to be negotiated, the Departments of Finance, Economic Planning and the parent department should be brought into the negotiations after which the final approval of the government could be sought. If, for any reason, the corporation wishes to depart from the priorities, e.g., on the discovery of more attractive projects especially where private participation is forthcoming, the corporation should then make a formal approach to the government for a revision of its development plan. For projects which have to be financed internally, the corporation should be left free to proceed with their implementation within the framework of the plan.

In respect of projects for which the government has to provide funds, the corporation should submit its annual development budget covering all the projects it wishes to implement during the coming year, indicating the extent of possible government financial contribution and other sources of finance for the projects, and seeking government approval for the development budget. In approving the corporation's budget, the government should reflect its planned capital contribution in its annual capital budget. The corporation should bear in mind the fact that its own periodic plan, e.g., 5-year Plan, is only a blue-print and that it is through the medium of an annual development budget that it can obtain government's firm financial commitment to the implementation of specific projects in the corporation's plan.

After the government has approved the annual development budgets both of the government and of the corporation, it is desirable that government's approved contribution should be automatically released by means of warrant on an annual basis through the department responsible for controlling the capital budget. The procedures for releases should follow the same pattern as that laid down by the government for departmental capital works.

Projects which require government's guarantee for capital loans should be included in the corporation's capital budget, indicating the financial involvement for the repayment of the loans (including interest) over a number of years. This would also include any profits that are likely to accrue from the projects during the same period. This information would enable the government to provide fully for the annual loan repayment instalments in its own capital budget before giving approval for the inclusion of the projects in the corporation's capital budget. The corporation should make at least a token provision for reimbursement to the government of part of the annual loan repayment to be made by the government. In this manner the corporation acknowledges ultimate responsibility for the repayment of the capital loan for every project as a basis of the profitability of the project. In subsequent years, provision should be made for the full reimbursement to government by the corporation of the capital loan repayment.

(c) Enterprises under the complete control of the State

For enterprises which are operating under complete State control, including nationalized industries, the policy for the preparation and approval of both the corporation's development plan and its annual development budget, could follow the same pattern as that proposed above, save that the question of the participation of private entrepreneurs does not arise. Both the plan and the budget would provide for capital funds which could be derived from both the government's and the corporation's resources. As this type of enterprise is typical of a socialist-oriented economy, where the government has fairly reasonable control over the financial transactions between the country's public sector and foreign financial institutions, there are two possible procedures for budgeting for external loans for public enterprises within such a system. One could be that the government provides fully in its own Development Plan and Annual Capital Budget for all external loans for the financing of State-owned public enterprises in the country and earmarks for re-lending these sums to such public enterprises. In such a situation, for projects which a corporation is unable to finance from its own resources,

it can only provide in its development plan and annual capital budget for them to the extent which the government and the local financial institutions, such as the building societies, are prepared to grant capital loans to the corporation. If, however, the government wishes to keep tight control over its public enterprises, it might prefer that all loans whether external or internal should be channelled through its Treasury. In such circumstances, the corporation's plan and annual capital budget would only provide for projects to be financed from its own internal resources and from government loans and grants.

In many African countries, the responsibility for the negotiations for external and internal loans for public enterprises tend to be that of the government, on request from, and in consultation with, the public corporation concerned. This is also usually the procedure for negotiations for the supply of imported capital equipment and for any management agency which might be required for the initial operation of a plant.

The main purpose of government's involvement in public enterprises is to use them as instruments of development. The principal objective of planning and plan implementation in these public enterprises is that they maintain a consistency towards the achievement of that goal. For the procedure already set out above, what are the major instruments of achieving success in planning and plan implementation ? Broadly, these may be classified as:

- (i) Control of Public Enterprises;
- (ii) Recruitment and Staff Development;
- (iii) Management;
- (iv) Feasibility Studies.

3. Control of Public Enterprises

In keeping with the saying that "He who pays the piper dictates the tune", it is generally accepted all over the world that the ultimate responsibility for the general policy governing the activities of every

economic organization, whether public or private, rests with the shareholders. It is in this light that the control of public enterprises by the African governments has to be considered. As the accredited representatives of the people (whatever may be the method of the appointment of the members), the government has the responsibility of ensuring that the taxpayer's money invested in these enterprises is properly managed in order that it can yield fair returns in the form of profits and/or services.

Another reason why control has become even more necessary in recent years is that these enterprises are instruments of achieving economic and social development of the country within the context of the national plan. Some measure of co-ordination is, therefore, necessary at a level higher than that of the management of each enterprise in order to ensure that the planning and plan implementation of the enterprise's programmes accord with the national plan objectives. As one of these objectives is usually to provide employment for the citizens, care should be taken to ensure that the employment provided is not only for a certain section of the community at the expense of other sections - in other words, what has come to be popularly known as "the national cake" should be properly distributed among the various ethnic groups in order to maintain political stability which is an essential prerequisite for overall nation-building and national development. The sharing of the "national cake" is not limited to employment; it also involves a fair distribution of the projects of the various public enterprises to different parts of the country so as to give the various communities an opportunity of benefiting directly or indirectly from the activities of the enterprises.

In some cases, the government might decide in the national interest, to acquire controlling shares in some strategic on-going private concerns, like the distributive trade and mining in Zambia, the banking business and distributive trade in Tanzania or the banking business in Uganda. In such a case, control by the government becomes a necessity if it is to accomplish the main aim of acquiring the shares so as to keep the activities of the organizations within the context of the national deve-

development objectives. There are other reasons for government control such as the regulation of prices of the products of the enterprises in order to ensure that monopoly or quasi-monopoly enjoyed by the enterprises is not used to exploit consumers, e.g., electricity and telephone services or the supply of such consumer goods as sugar and bread.

A politically elected government has some election promises to fulfil and these usually include the provision of certain public enterprise facilities and projects like water, electricity and telephone services, as well as industries. While giving due consideration to the economic viability of these projects, the government has to ensure that by means of some co-ordination and control, it is able to fulfil as many of the promises as possible in the location of projects. For these political and social reasons, it is natural that the government has to appoint at least some of the members of the Boards of Directors of the public enterprises or of the controlling corporations, from among persons who have some political sympathy with the government in order to use them as instruments of control of the policies of these enterprises.

(a) Parliamentary and Cabinet Control

In many English-speaking African countries, Parliamentary control of public enterprises has been minimal. This control usually takes the form of the annual reports of the public corporations (controlling a number of enterprises, or through which government makes some of the investments in these enterprises) being laid on the Table of the National or State Parliament, for the information of the Members. The reports of other public enterprises in which the government has substantial or minority shares are not usually submitted to Parliament even for information. As the annual reports laid before Parliament are generally submitted between 9 and 13 months after the close of the financial year in question, the Members of Parliament in particular, and the public in general, take very little interest in these reports, since most of the information contained therein are of little current value. The result is that apart from a few parliamentary questions, there are rarely any full-scale debates on the activities of any corporation unless it is

involved in a serious political or financial crisis. In effect, the reports are meant for the consumption of government departments and the corporations which in some cases, know all about the contents before the reports are issued, and consequently put them quietly away in the departmental libraries.

Although the practice varies from country to country, nevertheless there are some common patterns in the system of Cabinet control over public enterprises. The Minister in charge of the department supervising the public enterprises is theoretically responsible for the appointment of the Board of Directors and of the Chief Executive of each of the enterprises, in practice he usually makes recommendations to the Cabinet either for approval or support. It is the Cabinet also which generally considers, on the recommendations of the Minister, policy issues affecting enterprises, including their plans and projects; in fact it approves these in the absence of any effective parliamentary control by means of the approval of the enterprises' development programmes and annual budgets.

The Minister's responsibilities for each of the public enterprises under the portfolio of his department include the following: he speaks for and represents it in the Parliament and the Cabinet. The extent to which a Minister intervenes in the internal affairs of an enterprise may depend on the nature of parliamentary questioning. If the Parliament asks questions about details, the Minister inevitably would concern himself with details. The Minister is a co-ordinator and if he is to fulfil this responsibility, he should ensure that enterprise programmes are co-ordinated effectively with other programmes within the department and those under other Ministers. The Minister may be responsible for approving or making recommendations to the Cabinet for specific decisions such as major capital investments, the budget, prices, borrowing, major appointments, etc. He may appoint members of the Board of Directors and perhaps serve as chairman; he may appoint, recommend or approve the appointments of the chairman and the general manager. He is responsible for providing policy guidance with respect to national objectives,

either in writing or by more informal means. The Departments of Finance and Economic Planning may also have a right to intervene in enterprise affairs and in some countries the Minister of Finance may have more power than the responsible Minister.^{1/}

Recent events, especially those connected with the findings of a number of official studies and commissions of enquiry, have revealed the relative ineffectiveness of ministerial control over public enterprises. This weakness may be traced to a number of factors. One is that sometimes the chairman and some of the directors hold very important positions in the ruling political party, vis-a-vis that of the Minister. They sometimes take advantage of this and by-pass the Minister to receive instructions directly from the Head of Government on matters relating to the enterprise; they sometimes do this with the support of other influential Ministers who might wish to benefit from such top level decisions. It is, therefore, not uncommon for the chairman, either through the political party caucus or otherwise, to get advance approval on certain major policy issues affecting investment funds and the location of projects, even before the proposals are submitted to the parent department for consideration. If the responsible Minister is anxious to remain in the good books of his Head of Government and of his senior colleagues in Cabinet, he usually takes the line of least resistance by supporting the fait accompli proposals even against the considered technical advice of the staff both of his department and the enterprise concerned. Sometimes the Minister himself compromises his position by taking undue interest in the detailed administration of the enterprise instead of concentrating on the broad policy issues. He occasionally does this in order to influence the Board of Directors and the senior staff of the enterprise to grant him such favours as the appointment of his party supporters and relations. He thus weakens his position as an impartial "supervisor" of the enterprise - one whose interest should be in the overall efficiency of the organization.

^{1/} UNECA Report of the Seminar on the Management of Public Enterprises, Bizerte (Tunisia), 9-20 December 1963, (M63-54), p. 9.

Another factor is that some of the large corporations had (or still have) such substantial resources, especially soon after independence, that they could undertake projects without seeking the Minister's support for government financial assistance, either in the form of direct loans or of a guarantee for other loans. In the absence of any system of comprehensive periodic development plans, the Minister has only the annual budget of the enterprise to use as an instrument of control. Since the preparation of the budget is often delayed, a politically powerful Board of Directors could take advantage of this and involve the enterprise in uneconomic projects, even before the budget is approved. The Minister's financial control is further weakened by the fact that initially, most of these corporations had no comprehensive financial and staff regulations. The regulations they had, if any, were so loose that they were left with much room for the directors to manoeuvre, especially where there was no strong general manager or chief accountant to offer serious advice against irregular board decisions. Again, in the absence of regular reporting, it was difficult for the Minister to know the current management or financial situation in the enterprise early enough to warn the board or to advise the government on ways and means of applying a brake to any unhealthy trend in the administration of the enterprise.

(b) State Control through Board of Directors

Another level of control is at the Board of Directors'. Some of the reasons for the appointment of these Boards have been mentioned. Soon after some of the elected governments of the various African countries were established, they appointed full-time Boards of Directors for the large public corporations. This had the merit of providing directors who could devote a reasonable time in planning the activities of the enterprise and keeping in regular touch with the government on its various problems. These appointments were particularly necessary in cases of large corporations such as the Electricity Corporation, which were involved in the rapid development of the country.

It has, however, to be recognized, that the system of full-time Boards of Directors has some disadvantages. One is that in the absence of any established distinction between the policy-making and the executive functions of the board and the management of an enterprise, the members of the board tend to struggle with the general manager and his management team over the allocation of functions, especially where there are full-time Executive Directors assigned with some specific portfolios, e.g., Executive Director (Administration). The board members sometimes interfere unduly, particularly in staff matters, to the detriment of efficient performance of the employees of the corporation. They also tend to involve the corporation in excessive administrative expenses such as the construction and lavish furnishing of luxurious living quarters, the purchase of expensive limousines and other perquisites. In at least one known case, the chairman got a big housing loan to be made to him for the construction of a building for his private quarters. Although these perquisites usually raise the cost of the administration beyond the financial ability of these public enterprises, many of these directors argue that they are equal in status to State Ministers and should, therefore, be fully entitled to the perquisites which the Ministers themselves enjoy.

Another problem is that some of the full-time board members have enough time to manoeuvre or otherwise influence the corporation into the location of projects within their own "portfolios" in areas where the projects are not likely to be viable. Cases have **even** been known where either the chairman or some members of his board interfered with the marketing operation of the enterprise. In one case, the chairman was actually directing the sales operation of the enterprise to the detriment of the corporation's financial interest - not without some personal consideration.

Owing to these and other problems connected with the appointment of full-time Boards of Directors, there appears to be a move in a number of African countries like Ghana, Nigeria, the Gambia and Zambia, to having either part-time Boards of Directors (including part-time

chairmen), or as in Gambia, to have full-time executive chairmen and part-time directors. Although this has to some extent the disadvantages of full-time directors, such as occasional interference with staff matters, nevertheless as the experience of The Gambia Oil Marketing Board has shown, the interference is usually minimal, as the general manager and the senior staff are left free to work within the policy-framework established by the board.

Another advantage is that board meetings tend to be less regular, say, quarterly, instead of bi-weekly or monthly and this leaves the senior staff to concentrate on their administrative functions, including the implementation of policy decisions taken by the board. The system is less expensive for the enterprise in terms of administrative overheads. For example, in a West African country, as against the annual salary of £2,500 in addition to housing and other allowances totalling about £1,500 for the former full-time chairman of a board, the new part-time chairman now gets only £600 plus occasional vehicle mileage allowance. The new arrangement enables the government to use the part-time services of those who have business and management experience and who otherwise would not wish to leave their private business for full-time membership in the public enterprise's Board of Directors. In this manner, it was possible for the Ghana Industrial Holding Corporation to secure the services of an ex-Principal Secretary of the Department of Foreign Affairs and then a legal practitioner as Chairman and also a director of another reputable company as Vice-Chairman.

In one or two countries, Ministers have been appointed members of Boards of Directors. While this might enhance the chances of the enterprise being closely tied up with the government plan objectives, it has a number of weak points. One of them is that if a Minister has no business experience he might tend to allow political considerations to outweigh the economic factors which should be taken account of in the interest of the viability of the enterprise's projects. Furthermore, if he is proved to be ineffective, because of his position in Cabinet, it might be more politically difficult to replace him than if he were

a chairman brought from outside the Cabinet circle. The Minister may also tend to run the enterprise as a boss, using his position in government to unduly influence most of the directors to support him at board meetings. This is particularly the case if he is to recommend the renewal of their appointment to government. For the same reason, the general manager whose appointment he had to recommend initially, also has to maintain allegiance to him or face the possible risk of losing his job if he vigorously disagrees with the Minister on policy matters. The fact is that if the Minister is not a member of the board but can receive the board's report and take an independent position in viewing objectively the general policies of the organization, this might tend to reduce the chances of his interfering unnecessarily with the day-to-day administration of the enterprise.

A number of countries are experimenting with the appointment of boards with mixed membership. In Kenya, members of Parliament, civil servants and businessmen are appointed as directors of public enterprises. In Federal Nigeria, civil servants predominate in number on the board membership, with top civil servants functioning as chairmen. While it is being contemplated that more non-civil servants will be appointed, it is planned that in future some civil servants shall continue to sit on the boards to protect the government's interest. In Midwestern Nigeria, businessmen and other non-officials are appointed as board members, with some government officials, representing such key department as Finance, Economic Planning, Trade and Industry, sitting as non-voting board members; their responsibility being that of ensuring that the board's policies accord with the government's development objectives. While there are merits in the appointment of civil servants on the Board of Directors, the shortcomings of such an arrangement should be known. Amongst such shortcomings are:

- (i) Since civil servants have already their civil service duties to perform, they may not be able to spare enough time and thought for their additional assignment. They should not, therefore, normally be appointed chairmen of public enterprises.

- (ii) When they are appointed by office, they may at times delegate their duties to their subordinates or assistants.

One of the advantages of mixed membership arrangement is that while the officials are trying to ensure that the board's policies accord as far as possible with national development objectives, the other members are there to ensure that these policies are also in line with the business expansion and profit-making consideration - economic viability - as well as being in line with the political and social aspirations of the people. The civil service membership also enables the Minister to get early information on any decisions which are not likely to be in the long-term interest of the enterprise and/or of the State so that he is able to bring this to the notice of the government for urgent remedial action. The presence of the officials on the board also means that the enterprise has "friends at court" to pursue their case at the official level, whenever any financial or other forms of government support are required; for these officials are now in a better position to understand the internal operation of the enterprise. The arrangement also reduces the chances of officials operating as external "watch dogs" - a situation which breeds distrust in the relationship between these government officials on the one hand, and the directors and management staff of the public enterprise on the other. It thus improves the chances of the government and the corporation personnel operating as partners in solving the corporation's problems, in planning its development and efficient management, instead of both partners operating with an imaginary or real feeling that a master-servant relationship exists between them.

On balance, the part-time directorship, consisting of experienced businessmen from the private sector, possibly one or two political leaders and some top civil servants from key departments like Finance, Economic Development, Trade and Industry, Agriculture, Works and Transport, appears to meet the business, political and development plan objectives which public enterprises are expected to pursue. It has other advantages such as economy and the provision of scope for the initiative

on the management staff of the corporation. Its adoption by a number of African countries after the failure of a number of full-time politically oriented directorship seems to indicate that, subject to local modifications, it is a system that has a bright future as a means of government control of its enterprises.

For the system to operate efficiently and avoid some of the pitfalls of the former full-time Boards of Directors, it might require the support of a number of institutions. One is the Management Service Unit (discussed later in this chapter) which can feed it with information on the administrative, accounting and financial problems of the enterprise. This would reduce the need for personal investigations or inquiries by individual members of the board into the activities of the enterprise, since such interference tends to irritate the management and undermine confidence between the board members and the management staff. Another supporting institution is the Project Appraisal Unit (discussed in Chapter VI) which would give the board an objective assessment of the viability of new projects and the regular or occasional evaluation of existing projects. This would enable the board to take full account of serious economic considerations relating to development projects without being carried away mainly by political and social considerations. Another instrument which the government could use to ensure that the Boards of Directors account adequately to the public sector shareholders in the enterprises, is by a system of adequate reporting to Parliament. As mentioned earlier, the system which appears to be common to many English-speaking African countries is that of laying the annual audit reports of the public corporations which are entirely government-financed on the Table of the House of Parliament. For other enterprises in which the government is in partnership with other investors, little or nothing is reported normally to Parliament, on their activities. The annual audit of these enterprises should also be tabled in the House of Parliament. If the principle is accepted that in private enterprises the annual report of a company goes to the yearly meeting of the shareholders for discussion, it is not difficult to appreciate the need for the accredited representatives of the people in Parliament to seriously

debate the reports of the various enterprises in which the taxpayers' money has been invested. It has, therefore, been suggested that for public enterprises in which the government has majority shares, the annual report should not only be tabled but should also be fully debated in Parliament. However, in order not to allow the debate to degenerate into unnecessary questions of detail, the opportunity for such debates should be provided when the periodic development plans and the annual budgets of the public corporations sponsoring the establishment of these enterprises are being debated. This implies that government accepts the principle of a national plan which integrates the corporations' programmes with those of the government and its other agencies. So as not to expose to the public gaze some of the business secrets of these enterprises by means of parliamentary debates, certain Members' Questions could be answered in writing by the substantive departments in advance of the debates and if necessary, with footnotes that the Members concerned could meet the chairmen of the boards for further information relating to their questions.

In conclusion, it should always be borne in mind that the real purpose of government control of public enterprises is to ensure public accountability without impairing efficient management. Therefore, the relationship of public enterprises with various government controlling organs should be clearly defined so as to avoid confusion and meddlesomeness. Areas of responsibility should be clearly delineated in order to ensure co-ordination and consistency in overall planning and plan implementation.

4. Recruitment and Staff Development

(a) Staffing of Public Enterprises

The contribution which the effective performance of the employees of an enterprise makes towards the success of the organization is obvious. For the best machines could not produce goods and services unless they are properly operated by human beings; the life expectancy of these machines would depend on the manner of their operation and on

which technicians maintain and overhaul them regularly. Technicians require the supervision of competent and qualified maintenance engineers to function satisfactorily. For as a factory owner in Nigeria recently discovered, the absence of a maintenance engineer (as distinct from a production engineer) involved the factory in continuous plant breakdown with consequent loss of man-hours of idle factory hands and of production, until he heeded the advice of experts in the Nigerian Industrial Development Bank.^{1/} The technicians find it difficult to maintain the plant and machinery if the spare parts are not ordered on time by those in charge of the stores. As a government department in a West African State came to realize, the absence of technically trained store-keepers meant that vital spare parts for mechanical plant and equipment resulted in their lack of maintenance with consequent breakdown and non-availability for hiring them out to the farmers under the government's agricultural development programme. The products of the enterprise have to be disposed of and competent salesmen with sufficient drive are needed. Purchases, production, maintenance and sales programmes as well as other aspects of administration have to be planned and a forward-looking management cadre is required.

Serious attention should, therefore, be given to the administrative framework and procedure which would ensure that public enterprises are able to recruit and retain the services of qualified, experienced, competent and contented personnel who are able to plan and execute the enterprises' programmes so as to enable these enterprises to continue to function as viable and/or profitable ventures.

In view of the fact that a number of public enterprises in African countries were established at a time when no comprehensive salary structures for most of the posts in these organizations were in existence, it was not surprising that a large number of key personnel were recruited with salaries and conditions of service which were almost

^{1/} Orewa, G.O.: Report of the Public Administration Mission to Nigeria (1970-1976), p. 25.

entirely personal to them. These were usually determined according to such factors as the bargaining power of the individual officer, his relationship with influential members of the Boards of Directors or the management and his previous position and salary. After being employed, his progress in the service depended sometimes on his performance on the job or on his relationship with influential members of the government and the Board of Directors. This situation tended to weaken the morale of the less favoured group and tended to encourage them to spend more time on maintaining good relationship with influential directors and senior management staff rather than concentrating on improving their performance on the job. However, at the middle and junior levels, salary scales and other conditions of service tended to follow the civil service level.^{1/} On the whole, at all levels, the opportunity for advancement within the service tended to depend on the size of the organization and its scope for expansion. For staff with similar background, competence and responsibilities in different enterprises established by the same government, were not usually offered the same remuneration, particularly at the higher level. Perquisites for senior staff in the form of free housing, electricity, water and transport constituted a considerable financial burden on the young enterprises. These perquisites bore very little relationship either to the conditions of employment in the public service or in similar private enterprises. Once the staff of one corporation were given these perquisites, other corporations followed suit and soon every new public enterprise took its cue from the old members of the group. The side effect of this system is that in some cases it has become a means of getting senior staff to support some influential directors in the implementation of certain decisions which are not in the best interests of the corporation. How, for instance, can a chief accountant of a public enterprise be firm in the performance of his duties after he has accepted irregularly the furnishing of his private quarters at the corporation's expense ?

^{1/} UNECA Report of the Seminar on the Management of Public Enterprises, Bizerte (Tunisia) (E69-34), 9-20 December 1968, p. 24.

Because of the historical accident surrounding the establishment of some of these public corporations in that they had their early start during the colonial era as government departments, e.g., Electrici Department, or the Water Division of the Department of Works, when they were converted into corporations, the former civil service staff were automatically taken over by the corporations. This and other factors including the need to provide the employees with security of tenure of office, led to the introduction of civil service pension and other retiring benefits ipso facto, into the corporations' services as well as civil service regulations for handling personnel matters. Although these have the advantage of giving the employees greater security of tenure, particularly under conditions of undue political interference with staff matters, nevertheless they have some disadvantages. One is that the regulations make it difficult to take quick and effective disciplinary action against employees, particularly those in the production department. A production manager, for instance, cannot take disciplinary action on the spot against an offending factory or field worker as his counterpart can do in a private enterprise establishment. The result is that discipline cannot be adequately enforced and production targets are thus adversely affected, particularly if the offending employee has considerable influence over his colleagues. The second disadvantage is that some of the staff feel too contented that no matter what their standard of performance is, as long as they can just do enough to keep out of trouble, they are assured of comfortable retiring benefits at the end of their career. There is very little incentive to attain a high standard of performance in order to retain one's job in the event of any reduction of staff as a result of a contraction in the activities of the enterprise - as any private enterprise employee would try to attain.

These remarks are not meant to discredit the system of applying civil service regulations to public enterprises but they are only meant to show that there are circumstances peculiar to a number of public enterprises in Africa and which have their advantages and disadvantages.

They are also mentioned to emphasize the point that far too often those who make the case that public enterprises are short of qualified staff because of poor conditions of service, tend to gloss over the existence of the civil service security of tenure for public enterprise employees. It is also not sufficiently stressed that these conditions are not quite conducive to the growth of dynamism in business which can support the case for the payment of substantially extra remuneration over and above those paid to their civil service counterparts.

The recruitment into the public enterprises has been a source of problems to the efficient management of these organizations. The varying recruitment standards adopted by the enterprises are reflected to some extent in the different views expressed by the members of the Boards of Directors. Some of them hold the view that public enterprises are purely social services which are supposed to offer employment without any reasonable limit even if they are operating at a loss, and that it is the government's responsibility to subsidize the enterprises automatically. Other directors believe that as long as the enterprises manage to balance their budgets, as social service projects, they should not be subject to government's review or control. A few others consider these enterprises as economic projects whose employment policies should be in line with those of private enterprises and, as such, should be based on profitability and viability. It is those who belong to the first school of thought whose policies create problems for a public enterprise if they manage to have a controlling voice in its management. Judging from reports of studies and of public commissions of enquiry into the administration of various public enterprises in some African countries, there is evidence that a major factor responsible for their failure is the employment of redundant staff, usually in large number.

One main reason for this is that with the system of budgeting in the civil service which specifies the number, type and the remuneration for each post in the case of permanent staff and provides a block sum for the employment of daily paid employees, any civil service head of department who employs staff in excess of the provision in the approved annual or supplementary estimates renders himself automatically liable to sur-

charge. This is why it has been difficult for some political leaders and other influential persons in the community to use the public service as a dumping ground for the unemployed. The public enterprises offer a line of least resistance in this respect for the following reasons. One is that their budgets are not usually approved by Parliament where they could be subjected to parliamentary debate. The Minister or the Cabinet approves the budget usually several months after the beginning of the financial year and some of the major provisions are automatically approved, particularly if they have been previously discussed in high political circles. The second reason is that the existence of full-time Executive Directors, especially those specifically assigned with Administration, leaves very little room for the general manager and his management staff to exercise discretion and control over employment in the same manner as the head of department does in the public service.

There is also the point that since the public service has schemes of service setting out qualifications and experience required for appointment to each post, any irregular appointment of unqualified candidates could be the subject of audit surcharge against the head of department. This makes it difficult to push in unqualified relatives and political party supporters into the public service. In contrast, because of the fact that up to recently there were very few (if any) such schemes of service for corporation staff, there was little difficulty in using public enterprises as avenues for such irregular employment. The result has been that while there are some public enterprises' employees who are qualified and competent in their jobs, there are also a large number of politically appointed staff in key positions who are neither qualified for, nor effective in, their jobs. Since the latter are usually able to dance around the members of the Boards of Directors and other political leaders, it is not surprising that they manage to get more rapid promotion than their qualified and efficient counterparts. This is one of the features which weakens the morale of the service and dampens the enthusiasm and initiative of the more competent staff, with detrimental effects to the development efforts of the enterprises.

What is interesting is that these irregular appointments and promotions are defended with the argument that the beneficiaries are "dynamic" and that dynamism is the main criterion for advancement in service in private enterprises. The point is then forgotten that even in some private enterprises where high educational qualifications are not insisted upon as a condition of recruitment to certain posts, nevertheless, relevant previous successful business experience and/or technical competence are required for appointment to management positions. In addition, after recruitment, such staff are expected to use their dynamism to promote the profitability of the business either through improved productivity, sales promotion or greater economy in management. Unfortunately, most of the irregularly recruited and/or promoted public enterprise staff usually do not have these results to show for the dynamism which they claim to have. This is not surprising because since many African countries have only recently embarked on the establishment of large-scale infrastructural, industrial and agro-industrial projects, in which their public enterprises are engaged, it is not difficult to appreciate why most of the politically appointed public enterprise staff who do not have administrative, professional or technical qualifications, also do not possess previous on-the-job experience which is related to their present assignments.

The other problem is that in some countries a stage was recently reached at which the public enterprises were not only attracting management staff from the government but were also engaged in cut-throat competition among themselves by offering the employees of other corporations unduly high salaries to attract them to their respective services. This has led to a distortion of salary structure of the organizations to the detriment of their financial interests. For once the salary structure is disrupted at the top, the salary scales at the lower management and intermediate levels tend to follow suit and in the end, the public enterprises concerned find their personal emoluments bills too high to enable them to function economically.

It is in appreciation of these problems that a country like Tanzania has taken two major steps. One is the establishment of a machinery to control the movements of staff between the public enterprises in order to ensure that such movements are in the best interest of the organizations. The other step is to regulate the levels of remuneration in the public enterprise services at a level which allows a reasonable margin above those payable to their civil service counterparts in order to provide scope for such initiative and drive as are required to develop the enterprises. What is important is the introduction of a system into the payment of these remuneration. Nigeria went further to undertake a wholesale review of the remuneration of staff in the federal public corporations. This resulted in scaling down these remunerations to levels comparable with those in the public services. Objections have been raised in some quarters that this policy does not provide scope for the recruitment of candidates with initiative to assist in the rapid development of the enterprises. Perhaps, this is one of the reasons why the matter is being re-examined by that government.

It may well be that the Tanzanian approach will merit the consideration of any government which intends to introduce a system into the remuneration of public enterprise personnel. For other things being equal, there appears to be a case for giving qualified and experienced corporation staff slightly higher remuneration than their civil service counterparts to encourage them to put in their best (beyond the normal routine task performance), in the development of the activities of their respective organizations. However, this would be on the understanding that the public enterprises are prepared to ensure that only candidates with basic qualifications and/or relevant experience are recruited and on a competitive basis. For if the enterprises are to succeed as viable units, the best available personnel should provide leadership for their various departments. In an attempt to achieve this objective, Nigeria has recently established Corporations Service Commissions at both the national and state levels to handle centrally, the personnel administration of all employees of public corporations, including recruitment, promotion and discipline. These commissions have similar functions and

powers as the Public Service Commission. One other advantage of these institutions is that the system would facilitate occasional inter-enterprise transfers, particularly of senior staff, and thus increase the avenues for advancement for experienced and hard-working employees.

(b) Training

Turning to the question of training, it has to be accepted that in many African countries many large-scale public enterprises have been established only in recent years and they require personnel with a wide range of skills, professional and management training. It may, therefore, be too much to expect that all the areas requiring training or re-training could be identified and dealt with in the very short run. What could then be a realistic approach would be to identify the areas of critical manpower training needs and to concentrate efforts on each of them at a time. For this purpose, each of the large public enterprises might require the services of a trained Staff Development Officer who could work in concert with the Management Services Team (mentioned later), in pinpointing such bottlenecks in the different departments of the enterprise as are mainly responsible for poor performance of the employees. A group of small enterprises could jointly employ the services of a full or part-time staff development consultant to advise them on this subject on the basis of continuous or occasional (but regular) manpower utilization and training surveys. Alternatively, the government could employ such a consultant and provide him a central base in the same organization as the Management Service team to render regular service and advice to a group of, or all, its public enterprises.

It is doubtful if sufficient attention is devoted to the task of manpower development in public enterprises in a number of African countries south of the Sahara. For instance, although at an all-African Seminar on Public Enterprises organized by the United Nations Economic Commission for Africa in 1963^{1/} "concern was expressed at the shortage of Accountants in

^{1/} UNECA Report of the Seminar on the Management of Public Enterprises: Bizerte (Tunisia) 9-20 December 1963: op. cit., p. 23.

African countries and the Economic Commission for Africa was requested to assist member States in the establishment of institutes to set standards, provide courses and otherwise ensure the provision of adequate numbers of trained auditors and other scarce professional cadres", nevertheless so far only a few countries have taken serious steps to provide facilities for the training of accountants, particularly for public enterprises. In fact, some of them have established professional training courses within their respective countries. It is, however, discouraging to observe that other countries are leaving the problem to solve itself over a long period by means of overseas training for professional accountants who return home in very small numbers. The manpower shortage in this field is so serious that in one country the public enterprises are busy encouraging the few available professional accountants to break their training bonds with the government by offering them salaries which are about twice the amounts which the government is prepared to pay them. What is still more interesting is that these enterprises have no programme for training their staff to meet this manpower shortage. The shortage of accountants has been used as an example because it is mentioned by many observers that one of the reasons why some of the public enterprises run into financial difficulties is that they have no qualified accountants who can use up-to-date cost accounting techniques to evaluate the production and management unit costs of their products at regular intervals. It may well be that if these evaluation exercises were carried out and the results brought to the notice of the Boards of Directors at their regular meetings, they might have been able to appreciate better the need for more prudent management approach to the administration of these enterprises.

Whatever areas of training needs are identified, it has to be appreciated that each enterprise has its own peculiar staff development problems as well as those which it has in common with other enterprises. For its own peculiar needs, the enterprise may have to rely partly on its internal programmes, for on-the-job training, especially in the technical field. It may also do this with the assistance of similar private enterprises in the developed countries, particularly those connected with the government's partners or with the management agents appointed for the enterprise. This is why it is important that in selecting these agents care has to be taken to appoint those who can adequately provide such training facilities over a long period after the project has gone into production; for training has to be regarded as a continuing process. For such more general forms of training, as connected with the

management staff at the different levels, it might be more economical and profitable for the public enterprises to go into partnership with the private sector in the establishment of management training centres or institutes with the possible support of an international organization like the International Labour Organization. Countries like Nigeria and Kenya have adopted this approach. One advantage which is obtained by this partnership is that in the attempt to achieve maximum efficiency in management as a means of maximizing their profits, private enterprises tend to invest more in obtaining information on the latest innovations in management techniques. The public enterprises would, therefore, gain from the exchange of such information through the establishment and participation in the courses provided by a common management training centre.

In conclusion, it might be emphasized that if public enterprises want to achieve viability and profitability they should orient their personnel and training policies more and more towards those of private enterprises in the fields in which they are respectively engaged.

5. Management

As reports of commissions of enquiry into the administration of corporations and enterprises in some African countries have revealed, financial mismanagement accounts for a considerable proportion of the failures of these organizations. In most of these countries, the governments are at present satisfied with receiving published annual reports and audited accounts of these organizations which are usually prepared nine to eighteen months after the end of the business year in question. These "post-mortem" audits have been found to be fairly ineffective in checking abuses in the use of the organizations' funds and property. Certainly this arrangement makes it difficult to recover any losses or funds irregularly spent from those concerned. It is in appreciation of this defect that countries like Zambia have established Central Management Services and Inspection Units and Federal Nigeria, an Accounting Inspection Unit (based in the Federal Ministry of Industry). The main function of the units in Zambia is to carry out regular inspections of the financial and other business records of all public enterprises

and to submit their reports to the chief executives of the substantive corporations, who if necessary, can bring the very serious aspects of the reports to the notice of the Boards of Directors. Without the services of such a unit the members of the Board of Directors of the public enterprises are not in a position to know of any malpractices going on in the day-to-day administration of the enterprise. Even where some of them get intelligence information of such a phenomenon, they are not normally in a position to carry out detailed inspection of the records during their occasional meetings. What is more, if such an ad hoc inspection is attempted, the suspicion which the exercise raises may destroy the confidence which exists between the board and its management.

For these and other reasons, it would be useful for each government to consider establishing a Public Enterprise Management Service, manned by specialists in Organization and Management (O & M) and professional accountants with experience and training in organization and management work. This Service should conduct a planned administrative review of the organization and management of public corporations and enterprises, as well as advise and assist in planning and organizing such new organizations. A planned review envisages the scheduled appraisal of the structure, procedures and management practices - the organization and management - of public enterprises, to measure their management effectiveness and overall performance, with a view to achieving improvement. It will appraise indecisions, delays, wastages, and seemingly bad decisions as well as complaints and criticisms. It will analyse plans, periodic statistical reports, budgets, standard costs, actual results, and the formal means of rating, promoting, and communication between management and employees. It will seek answers to a lot of questions. Are objectives and policies stated clearly, made known to and understood by those who would carry them out? Is the division of work logical, appropriate and equitable? Are lines of authority and working relationship as well as duties and responsibilities clearly defined and understood by all concerned? Are there adequate decentralization and delegation so that timely decisions are made, and action taken, at the lowest

possible level, where and when needed ? Are work procedures and forms simple and sound as to enable better use of manpower, skills, materials, facilities and other resources ? Are there comprehensive and equitable performance standards for quantity and quality of production ? Is there a planned programme for effective appraisal of results, e.g., audits, inspections, statistical studies and reports ? Is there effective personnel administration, including equitable position classification and salary scales as well as personnel training and development ? How sound and effective is the management of supply, forms, registry and archives, property and space ? Is work simplification encouraged and a climate of continuing improvement fostered ? How sound are the budgeting and accounting systems and the overall financial management ?

The time schedule of appraisal could be established by a raffle so as to give no reflection on the management and performance of any enterprise. Enterprises drawing numbers 1, 2 and 3, etc. shall be examined in that order, according to the schedule; when the first round of review has been completed, the succeeding rounds will follow the same sequence. The goal should be that each enterprise should be appraised at reasonably regular intervals. All the reports of the Public Enterprise Management Service should be submitted through the chief executive of the substantive corporations and companies for the simultaneous consideration of their Boards of Directors. The authority in whose jurisdiction this service is placed should report to the Cabinet (through the substantive department), cases where the consideration of recommendations of the service had not been made within three months of their submission and where there is undue delay in the implementation of accepted proposals. As a supplementary or complementary action, the auditors should be required to refer to the service what they consider need appropriate studies within its province. The service itself may undertake promotional activities to encourage public corporations and enterprises to take advantage of its experience and expertise.

In order that this unit should occupy an independent position similar to that of an audit organization, it is suggested that it should be placed in either the Department of Economic Planning or Finance, whichever may be

suitable to the country concerned. In countries which cannot afford to have a Central Management Service for the Public Services and a separate Public Enterprises Management Service, because of its size and economy, one Central Management Service may be charged with the responsibility of performing the work of the two.

To make the Management Service Unit to function efficiently, it is necessary that it should be guided by a set of rules and regulations. It has often been said that because public corporations and enterprises are operating on a commercial basis, they should not be constrained in their operations by rigid financial regulations similar to these used by government. While one agrees to some extent with this statement, the fact has to be recognized that in private business organizations the managing directors of the big companies or the proprietors of the small business houses, who have financial stakes in these enterprises, are also in a position to influence their day-to-day management. It is, therefore, not difficult for flexibility to exist side by side with efficient financial management. Even with this flexibility, most large public companies have certain rules such as the non-payment of large sums of money by cash and rules covering such subjects as the control of the use of company property. In contrast to this, the situation in the public enterprises in which the government has substantial shares is that the general attitude seems to have developed in the developing countries that the investment in these institutions is not the personal property of any individual.

It is then not surprising that irregular financial management assumes a magnitude in these public institutions which is rarely equalled in private companies, as has been revealed by a number of commissions of enquiry. Neither is it difficult to appreciate the need for the government to make some broadly outlined financial regulations for all its public enterprises, especially for the control of administrative expenditure. Such regulations could cover the procedure for making bulk purchases of the materials and for the disposal of the products of the enterprise. These regulations would guide the management of these organizations and

enable the Management Service Unit to relate its queries to specific regulations. This subject would appear to merit serious consideration because firms of auditors hired to audit the accounts of public corporations had in some cases given an excuse for not querying some irregularities which were subsequently discovered by commissions of enquiry; the excuse being that in the absence of financial regulations, they could not professionally query any expenditure which had been duly authorized by the competent authority in a corporation.^{1/}

If the unit is established it might find the following procedure as a useful operational instrument:^{2/}

- (i) An internal system of control could be established including, e.g., measuring costs against performance and measuring productivity either in terms of scientific designed standards or against past performances.
- (ii) Comparisons of expenditure on selected goods and services in similar enterprises could be made and budget estimates earmarked against the various enterprises. Performance analyses of groups of public enterprises with comparable functions could also be made.
- (iii) A detailed classification of expenditure and costs could be prepared, to enable effective cost-control to be undertaken by the use of standard costing. The "principle of exceptions" or "management by exception", could then be used and variances from norms as set up within the organization carefully analyzed.
- (iv) The staff complement, especially the ratio of supervisors to operatives, in the organization should be kept under review and variations in the level of wages and overtime, the rate of

^{1/} UNECA Report of the Seminar on the Role of Public Enterprises in Planning and Plan Implementation, Mauritius, 16-26 September 1969, Paper by Drowa, G.O. and Mr. Mazinge, M.P., op. cit., pp. 1-16.

^{2/} UNECA Report of the Seminar on the Role of Public Enterprises in Planning and Plan Implementation, Mauritius, 16-26 September 1969, op. cit., pp. 28-29.

absenteeism and contracts and payment for services at different levels of operation should be analyzed.

- (v) A careful and regular review of inventory levels for materials and finished products should be established.
- (vi) Meaningful monthly, quarterly and annual reports should be prepared and a carefully built-up performance evaluation should be made based on different levels of achievements, which must be related to the goals and objectives of the enterprise. Performance data may include an analysis of cost production, relation of overhead charges and their growth to the levels of sales or of expenditure. It is important to ensure that correct evaluation standards are set as wrong yardsticks may mislead and create false impressions. The monthly reports should be utilized principally as a tool for management, while quarterly and/or annual reports should be addressed to Boards of Directors and the responsible Ministers and supervising authorities. It is essential that the reports should be co-ordinated both horizontally and vertically and should be made available as appropriate to the auditors for comments.
- (vii) The government should clearly indicate to the external auditors the type of reports and information which they require to ensure a full coverage of normal auditing and budget achievement analysis.

The foregoing review exercises have not yet been specifically directed to the public enterprises in which the government has substantial or minority shares but which are under the administration of management agents or built with supplier's credit/contractor finance. So far, in many countries, the management agents have been given a considerable amount of freedom to determine employment policies. Where the management agents have substantial shares in the capital of the enterprises they usually do their best to ensure that they are properly managed and that their employment policies are efficiently and economically oriented in

the quality, quantity and remuneration of the staff. This is natural as they are anxious to make profits for the shareholders - they and the government. In fact, the management agents are often reluctant to keep abreast with the levels of remuneration in the public service, particularly in the agricultural and agro-industrial projects, as they consider the levels too high for the maintenance of the viability of these projects. They usually try to tie themselves to the levels of remuneration in similar enterprises in the private sector. While a plantation owned by a government corporation in one country was paying the field workers about US\$1 per day, in a neighbouring plantation in which the government had about half the shares, the management agents and partners insisted that they could not afford to pay more than 30 cents per day if the project was to maintain reasonable viability.

The problem, therefore, is mainly in the control of management and employment policies of "turn-key" and other projects in which the management agents have the minimum shares and do not consider that they have much to lose if the business fails. If the management agents are expatriates (as they usually are), they compromise the staffing policy first by importing a large number of unnecessary senior expatriate staff whose transportation, housing and other perquisites in addition to high internationally oriented salaries constitute an unduly heavy burden on a young enterprise trying to establish itself. To obtain support for this irregular practice, the management agents are prepared to accommodate some of the local leading personalities in recruiting their relations irregularly, in terms of qualifications and numbers. In the end, if the enterprise fails partly as a result of poor personnel and management practices, the management agents are the first to place the responsibility entirely on the local politicians.

These are some of the problems with which a number of African countries are still trying to wrestle. While no set solutions can be prescribed, one or two suggestions might be useful. One is that to forestall any excessive employment of expatriates, when the Management Agency Agreement is being negotiated, specific provision should be included on the

number of posts which expatriate staff would fill and the duration of the contract of each of them and if necessary, the possible salary ranges as well as allowances and other perquisites to which each will be entitled. These could be roughly calculated and their projected costs included in the feasibility study report to form a basis for determining the profitability or viability of the project. The agreement should also include the schedule of posts which local under-studies or counterparts would held, including the programme of the formal and on-the-job training as well as the possible dates when they should take over specific senior posts in the organization. Their projected remuneration should also be included in the cost projection of the project. The reason for this suggestion is that management agents, sometimes under the pretext that there are no qualified indigenous staff to take over from expatriates, tend to extend unduly the contracts of expatriate staff at an unreasonably high cost to the enterprise. Another advantage of the proposal is that the cost projections of hiring both the expatriate and local staff would provide guidance for the future regulation of remuneration in the establishment, instead of placing the directors in a situation where the management agents would have to coerce them into accepting expatriate staff at unnecessarily higher rates of remuneration with the excuse that it is difficult to find alternative candidates at more reasonable salaries.

A means of introducing and maintaining an equitable and progressive system of salary and wage structures for these enterprises is to obtain information on the current salaries, wages, and perquisites payable to the employees of existing private enterprises in similar or related fields within and outside the country (preferably in neighbouring countries), for use in drawing up the schemes of service for various public enterprises in which the government has substantial shares. When obtained, it would be useful in the preparation of personal emoluments projections at the time when the feasibility study report of new projects are being prepared. If the schedules are revised regularly in the light of current information, it would help in ensuring that salary and wage levels in the various public enterprises are kept in line with other competing indu-

stries within and outside the country. In addition, the government should resist any attempt by the management agents to induce it to guarantee loans in excess of the proportion of government's shareholding in such joint enterprises. In many cases in the past, these agents had saddled various governments with excessive liabilities in the form of foreign loans received with government guarantee. The activities of machine-peddlers should be closely watched by every African government. These machine-peddlers are usually only keen to sell out-moded and often un-serviceable machinery at exorbitant prices without making adequate arrangements for the provision of maintenance and spare parts or the training of local staff to operate them. Fees for management service should be based on profit and not, as hitherto, on production.

6. Feasibility Studies

As experience in many African countries has shown, many government-sponsored industrial and agricultural projects have failed because of the lack of proper pre-investment feasibility studies. Soon after independence, many African governments, in their anxiety to achieve large-scale industrialization of their countries, did not give themselves sufficient time to carry out feasibility studies; they also did not have sufficient qualified indigenous experts to advise them on what projects were viable or not. As a result, new foreign entrepreneurs and advisers (usually from places outside the former metropolitan country), deliberately or otherwise, prepared feasibility studies without sufficient knowledge of local conditions, e.g., market potentialities. Some of these foreign entrepreneurs, not being sure of the viability of the new projects, were often reluctant to take substantial shares and were content to assume the role of paid management agents, the fees for whose services were often based on production rather than on profits. Such projects varied from government plantations to glass factories and oil refineries. In the case of agricultural projects, such factors as over-capitalization and the payment of high salaries and wages contributed to their failure.

As regards industrial projects, over-capitalization, excess capacity in relation to the internal market for the products, overstaffing with highly paid management staff, and poor financial management all contributed in one way or the other to the non-profitability of the projects.

As far as public utilities are concerned, the main criterion for the establishment of a scheme and the point which a feasibility study should bring out is the viability of the scheme. The basis of viability is the ability of a scheme to generate enough revenue from its customers not only to meet its recurrent expenses but also to cover the annual repayment of any loans raised for its construction, as well as the depreciation allowance and renewals fund contributions. Often, because reliable feasibility reports are not available, government and public corporations establish public utility projects which are not viable for several years either due to size or location or for such other reasons. Sometimes, this is done with the excuse that these are social services and that the question of viability should be regarded as secondary. A corporation which has such projects is caught between two fires: on the one hand, it is told by the government that it should be self-sufficient in financing its capital and recurrent budgets and maintain the viability of its projects, and on the other, it is forced into a situation of being involved in a number of "pure service" projects which have no consideration for viability, e.g., electricity plan, VHF telephone service in isolated villages. The only reasonable course open to a corporation in such a situation is to ensure that it gets government's indication well in advance of the plan period about its proposed priorities in the establishment and expansion of public utilities in the country. Within the context of these priorities, the corporation should then commission feasibility studies of as many projects as possible. These reports should form the basis of the development plan of the corporation described above. The availability of a large portfolio of viable projects would greatly help the government and the corporation concerned in deciding the priorities.

The staffing functions and the modus operandi of the Project Appraisal Unit which has responsibility for undertaking feasibility studies for government departments and agencies (including public enterprises) have already been mentioned. In order to strengthen the hands of the officials of supervising departments and of the public enterprises concerned in the support which they give to the recommendations of the Project Appraisal Unit in respect of feasibility study reports, the need might arise for the establishment of a Project Review Committee. For it is appreciated that one of the reasons why some governments will not give full support to the views of their technical experts, in the field of agricultural and industrial development, is that sometimes the experts do not take sufficient cognizance of the social and political implications of their recommendations. For instance, there might be the tendency, purely for economic consideration, for recommending the concentration of projects in a particular area which is fully supplied with infrastructural services like water, electricity and port facilities. In order to provide an institution which is not too politically involved but yet sufficiently close to the government to appreciate its policies, it is recommended that each country should have a Project Review Committee, whose role and composition are dealt with in Chapter VI.

CHAPTER VIII
FINANCIAL INSTITUTIONS

1. Introduction

Basic to the concept of the so-called "vicious circle of poverty" thesis in developing countries is the inadequacy of financial institutions for mobilizing savings for productive investment. Even in instances where there is excess of income over expenditure, a lack of organized savings institutions for mobilizing such excess funds generates a propensity to consume which, in turn, reduces the level of savings. This is a phenomenon that can be true of any country in whatever stage of development; consequently, the development of savings institutions has become one of the basic pillars of policy for providing resources for economic growth.

Co-operative societies, trust and credit unions, thrift societies and other financial intermediaries are typical of institutional arrangements in the primary stage. For the nation as a whole, and to meet the requirements of a modern and complex economy, planned development of the financial and monetary system must necessarily attain the highest possible level of specialization in much the same way as efficient performance in the production system is a function of specialization. As economies advance, it becomes obvious that commercial banks alone cannot cope with the investment needs of agriculture, industry and commerce; financial institutions required for special purposes such as agriculture, small enterprises, housing, etc., need to be fostered and brought to bear on the development process. The fostering of institutional arrangements should also be accompanied by the establishment of facilities for projects appraisal and viability studies designed to aid potential borrowers. Development institutions should seek consciously to bring business plans to fruition through the

involvement of essential management competence, and governments might well need to provide a generous subsidy in the early days.

2. Savings Institutions

Within this group of financial institutions, commercial banks are best known as savers' depositories. They offer the public a variety of obligations in form of savings and time deposits and provide customers with facilities for using their current income to acquire financial assets. Because of the rudimentary nature of non-bank financial intermediaries, commercial bank credit is essentially of short-term nature, restricted mainly to providing working capital requirements of customers. For developed economies which have alternative financial intermediaries of specialized nature to supply long-term capital, the short-term nature of commercial bank credit can be accommodated. However, in developing countries where facilities for medium and long-term financing are inadequate, the result is that a critical credit gap develops.

Insurance companies, especially life insurance companies, play a vital role in mobilizing savings and promoting financial markets. Life insurance companies accumulate large amounts of personal savings through the sale of life policies. Two important characteristics of savings through life insurance are that such savings are contractual and regular, and of long-term nature; because of their long-term nature, these savings are available for long-term finance.

It is essential that this form of savings should be vigorously encouraged in developing countries, not only because their capital needs are urgent, but also because of the social and security benefits of life insurance. Steps should be taken to popularize life insurance through education, especially in the rural areas, and through exemption

from tax of life insurance premiums. Life insurance companies should be encouraged and induced by legislation to invest the bulk of their resources within the country in long-term assets in form of securities, equity shares, debentures and government stocks. In particular, steps should be taken by developing countries to discourage the transfer of resources. Of late, a number of countries have insisted on local incorporation of insurance companies and have also instituted arrangements for re-insurance with a government-backed insurance body. The fluidity of insurance funds, for example, from one market to the other, especially the developed markets of the world, has made developing countries particularly vulnerable to instability in fund movements. The result has been that developing countries try to exercise control over such flow of savings from their countries to another, since they themselves need such savings for their development. In Nigeria, under the Insurance Miscellaneous Provisions Act, 1964, insurance companies are required to invest in Nigerian securities at least two-fifths of all funds received from the risk insurance in the country during any financial year, and at least, one quarter of such investment must be in government stocks. Under appropriate conditions, it would be desirable to require insurance companies to invest a high proportion of the insurance funds collected in a developing country in that country. However, in fixing such proportions, other investment opportunities for insurance funds should be taken into consideration. In countries where long-dated securities are not available, or not readily available in sufficient quantity and reasonable yields, it would be up to the governments concerned to devise a mutually beneficial arrangement bearing in mind the capital requirements of the countries and the need to employ life funds profitably.

National provident funds and other social security schemes, such as contributory pension and social insurance, are designed to solve a basic social problem - that is, provision for old age or for dependants in case of death. But the development of these schemes has important implications not only for the insured worker but for the economy as a whole. In view of the many barriers to the promotion of voluntary savings in the developing countries, this form of savings is particularly suitable for the low income group. Given effective organization and management, national provident fund and other social security schemes could become major sources of investible funds in the developing countries. In Nigeria, the National Provident Fund was established in 1961 and by 1970 the total net contributions amounted to £33.2 million; the fund is now the largest single source of long-term savings in the country and the largest single holder of government stocks.

Building societies are highly specialized institutions; the main function of the societies is the collection of small personal savings and long-term investment in private housing loans on the security of houses and land. In developing countries, most building societies, or housing development boards, or corporations are government institutions; since there are hardly any private institutions to meet the credit demand in the housing sector, governments will have to establish these institutions to provide finance for housing developments.

Premium bonds, savings certificates, and stamps are all savings instruments designed mainly to serve the needs of small savers. Premium bonds, because of their lottery feature, are especially attractive to the low income group. These three institutions were established in some countries in West Africa in the early sixties and have helped to some extent in mobilizing the resources of small savers.

3. Investment Institutions

The objective of development banks is to provide medium and long-term finance for productive investment.

Development banks in developing countries should not be content to serve merely as banks but as development agencies; the dual nature of their function calls for a combination of banking and development criteria for guiding their lending and investment policies. There might well be projects which are "bankable" but which may not satisfy the criterion of "development" from the point of view of their priority and economic significance. Unlike other financial institutions for which earnings are the exclusive test of economic efficiency, development banks need not reduce all the ingredients of investment decisions to a single measurable standard. As banks, they are primarily concerned with the financial results of investment; they should at the same time be concerned with the total impact of a project on development. The distinguishing mark of a development bank lies, therefore, largely in combining banking and development finance in investment decisions.

A number of other investment institutions like credit unions, and co-operative societies operate on self-help basis. To this end, savings and credit co-operatives, agricultural co-operatives, marketing co-operatives and consumer co-operatives are established for purposes of providing savers' credit, sales and purchase facilities; they constitute an adequate form of co-operatives for people living in rural areas given competent and honest administration. Experience in a number of developing countries has, however, shown that political interference, corruption, administrative and technical incompetence, etc., have featured prominently in the management of these credit institutions, especially government sponsored ones. One of the tasks to which governments must therefore address their minds is that of removing or mini-

mizing these inefficiencies so that these institutions could make effective contribution in mobilizing local savings for national development.

Agricultural credit is unique by virtue of the problems peculiar to agricultural production. The cost of administering financial assistance to farmers is very high compared with relative costs in manufacturing industries; the conventional form of selling securities is often difficult to execute; and the difficulty of transmitting modern techniques, required to make effective use of financial resources to a multitude of small farmers, makes the problem of farm credit exceptionally difficult. It is for this reason that agricultural credit to peasant farmers often assumes the character of a subsidy. Adequately planned and managed, the scheme should confer great benefits by way of ensuring the supply of raw materials for industry and essential food supplies.

At the marketing end of agricultural production, marketing boards in developing countries have virtually become instruments of economic development. In the absence of a conscious plan to insulate farmers from price fluctuations, farmers would be caught in alternating uncertainties of booms and depressions; this would be ruinous not only to the farming industry, but to the economy as a whole. It, therefore, becomes necessary to guarantee stable crop prices to the farmer both within and between seasons, thereby protecting him from fluctuations in the world price for his crop. The marketing boards are thus involved in savings for development finance. Apart from price stabilization, research, and other functions, including investment in, and the establishment of agricultural and industrial projects, the boards make grants and loans to the governments for development purposes. In effect, they constitute a major instrument of fiscal policy and of economic development.

4. Capital Marketing Institutions

The stock exchange is the best known in this group of institutions. The main purpose of a stock exchange is to provide an efficient market for the purchase and sale of securities. It provides an avenue for easy contact between those who have securities (stock and shares) to sell and those who wish to purchase such assets; thus, it helps in the mobilization of savings for productive investment. Investors would hesitate to invest in securities unless they know that the securities could readily be disposed of when the need arises.

In most developed countries, stock exchanges are purely private institutions; but in the developing countries the formation and operations of stock exchanges have to be guided by governments. The pattern of investment in the past had been such that developing countries need to take active interest in the ownership and price of shares as well as the transfer and sale of a good proportion of old and new assets to citizens of these countries. Because of the liberal industrial policies of most developing countries by way of pioneer tax concessions, etc., capital appreciation is of a very high order. It seems desirable, therefore, to institute measures which would ensure fair returns on investments while due cognizance is taken of the contribution of governments to the prosperity of manufacturing industries and hence regulate the flow of funds away from the country. The shortage of supply of securities is often due to the fact that most public companies in developing countries are wholly owned by foreign concerns who consider it in their interest to exercise absolute control and are, therefore, reluctant to make their securities available to the public through the stock exchange. One solution to such a state of affairs would be to make quotation on the exchange of a proportion

of such holdings mandatory for all companies of certain sizes and categories. Prescriptions would vary depending on prevailing circumstances in each country.

Central banks in developing countries can help promote the development of financial institutions; the challenge which the sophistication of a growing and dynamic economy poses is such that a new approach ought to be evolved about the role which financial institutions should play in the future development of these countries. The degree of government and central bank involvement in promoting the growth of these institutions and in participating in their share capital will depend on the economic and social philosophy of those in authority and the kind of economic set-up envisaged. At all events, it should be borne in mind that no economy, whatever its orientation, remains unregulated either by direct intervention or partnership participation. In the circumstances of most African countries today, it would seem that increased participation is to be preferred to outright nationalization, if only for reasons of maintaining management efficiency and the flow of investment funds in their favour.

In the developing countries, the primary responsibility for promoting financial institutions properly belongs to the central banks, and, as such, these banks are expected to do more than pursue monetary stability. But the formulation of policy goals for development is achieved through the closest co-operation between government departments and agencies on the one hand, and the private sector on the other. An efficient financial system is a part of the essential infra-structure without which economic development is hardly possible; it acts as the channel through which the impact of monetary policy on the economy is transmitted, and as the pipe-line through which the savings of the community are transferred to the ultimate users. In the deve-

loping countries, deliberate steps have to be taken through the instrumentality of the central banks to create such markets, where they do not exist, and to promote their development and efficiency, where they do exist but are inefficient or inadequate.

5. Collaboration with foreign financial Interests

While central banks should be the centre of organic growth of financial institutions, the structural, directional and supervisory development of such institutions will depend on a number of factors that tend to combine efficiency with economic development. In this connexion, the governments of developing countries should evolve a conscious policy designed to bring about an orderly change in collaboration with the private sector. For example, the desired shift in commercial banking philosophy from short-term financing to medium-term financing for purposes of promoting industrial and commercial growth ought to be pursued in the spirit of understanding and co-operation with established interests. The practice in some commercial banks, especially foreign-owned banks, to discriminate among borrowers both in the terms of structure of their lending and in the nationality of borrowers need not provoke rigid control or outright nationalization of these banks. Often, neither rigid control nor nationalization proves the correct remedial measure for the ailment which one seeks to cure and there have been instances where the medicine prescribed was known to have killed the patient.

One of the criticisms against commercial banks is that they concentrate their activities in urban centres. But banks follow where there is business; and until such business exists in rural areas, any artificial distribution of banks by means of government commercial banks will amount to the transplanting of a few trees into a wind-blown desert. In order to fill genuine gaps,

the fostering of co-operative societies and credit unions by small savers will help provide funds for small-scale industrial and agricultural enterprises which will in turn open up rural areas to business and commerce.

The extent to which governments can participate in the establishment of financial institutions will depend on the rapidity with which existing institutions and their management can meet the pace of development and operate within the framework of declared objectives. In the field of commerce generally, business interests which make little or no contribution to resource base of such economy are dictating the pace of governmental intervention in a number of developing countries. This is particularly true of a large part of internal trade, and also of some key sectors of the export trade. Large combines not only sell wholesale but also engage in retail trade through their chain of department stores distributing both imported and locally produced goods. In the export sector, mining operations are owned by large international combines which determine the destination and terms of trade of their products. In some cases, agricultural exports derived from plantations are owned and controlled in much the same way. There might be a case for state intervention in some of these areas. A judicious licensing administration, the establishment of bulk purchasing units by governments etc., will obviate the necessity for radical and sudden reform and will also serve to maintain the goodwill of the private sector which is vital to management competence and the flow of investment funds.

CHAPTER IX

CONSULTATION WITH THE PRIVATE SECTOR

1. Introduction

Apart from a few socialist-oriented economies, many English-speaking African countries have mixed economy in which the private sector plays a significant role. Until a few years before independence, when nationalist governments were established, and national development planning came to be taken seriously in practically every English-speaking African country south of the Sahara, the role of the public sector was almost entirely limited to the provision of infrastructural and social services, and the private sector was left to maintain the bulk of the economic activities of the country. Even in a socialist-oriented economy like that of Tanzania, apart from the recent establishment of a number of new industrial and agro-industrial undertakings by the National Development Corporation, and the nationalization of a number of key financial and commercial institutions, the private sector (including the Co-operative Movement), still serves as the backbone of the economy. In the United Arab Republic, the importance which the government attaches to the contribution of the private sector to the economic development of the State is such that the Committee for National Guidance had to be established with both the public and private sectors being represented, thus providing a liaison with the people and generating enthusiasm in the business community^{1/}.

In the circumstances, it has to be admitted by national planners in Africa that the private sector's economic decisions would affect

^{1/} United Nations Economic and Social Council : World Economic Survey, 1966 - Part I - Implementation of Development Plans - Problems and Experience, page 37.

the course and extent of the implementation of public sector programmes. In the first place, the private sector supplies substantial proportions of the capital goods such as plant, machinery and cement, which the public sector requires for the construction of major infrastructural projects like roads, dams, electricity and water plants. Unless there is adequate liaison between both sectors on such issues as the provision of import licences for the importation of adequate supplies of raw materials for the manufacture of, or for the importation of some proportion of, the finished capital goods, and unless the private sector has a rough indication of the extent of increased demand for these commodities by the public sector from time to time, it might be difficult to plan ahead to ensure that adequate supplies are available to meet both the needs of the public and private sectors. What could happen in the course of implementation of the national plan programmes would be the creation of supply bottlenecks which could delay the completion of such major projects as large water dams, on the completion of which a number of industries had pinned their hopes for the establishment of new plants or the expansion of existing ones.

Secondly, it has also to be accepted that the disposal of the products of public enterprises being established in these countries, (especially those producing consumer goods) depends to a great extent on the demand from the private sector. It is, therefore, reasonable to take the possible distributors of these products into confidence at the planning stage so that they may be in a position to adjust their own programmes to facilitate the distribution of the products accordingly. For example, for failing to undertake this consultation, the planners of the Ghana Sheet Metal Works at Tema, found the factory running at a loss during the first year of operation, its production of drums being far in excess of demand at a time when the oil companies

in the country were importing oil in drums. It was only as a result of a "post-mortem" consultation with a major oil company (after the factory had been temporarily closed down) that it was agreed that the company should import oil in bulk and use the drums supplied by the factory for distributing the products, that it was possible to resume production, even with the prospects of expanded output^{1/}.

Thirdly, large foreign and indigenous commercial organizations have over the years established goodwill for the sale of their goods, particularly consumer goods. Public enterprises could exploit this goodwill to introduce their products into an already sophisticated market. In a continent, where prevailing prejudice against locally-manufactured goods has not been completely eliminated, public enterprises have to face the realities of the situation. The fact is that short of a complete or partial ban on the importation of competing goods, as happened in Nigeria during the civil war, it is generally difficult to convince many consumers to patronize locally manufactured goods just coming on the market (even if they were cheaper), without the support of the large commercial undertakings. It is for this reason that the management of a textile factory in a West African State decided to enter into an agreement with a restricted number of large-scale textile merchants to purchase over 80 per cent of its products directly from the manufacturer for distribution to petty traders. The factory refrained from advertising its products; nevertheless the dealers received large orders from the petty traders for these goods in the belief that the materials were imported from abroad. The

^{1/} A Report on the Administration and Operation of State Enterprises under Work Schedule of the State Enterprises Secretariat for the period 1964-65 (Accra, Ghana), pp. 65-66.

result was that the factory had no difficulty in disposing of its products. In the same manner, the Sierra Leone Forest Industries Corporation has been disposing of its locally manufactured furniture through both the expatriate and indigenous commercial firms which have long been established in the country and had built up goodwill.

Other ways in which private sector decisions affect the public sector's plan implementation capacity are via the levels of investment, profits and employment. Owing to the absence of reliable data, most of the recent national development plans of the African governments are only indicative of the development trends in the private sector; planners make assumptions on the possible growth rates of savings, investment and employment usually with little or no consultation with the private sector. With the limited expert manpower resources available in these countries, while it may be too much to expect accurate and reliable statistical information in all the fields of private sector activities for planning, a possible first step could be taken by selecting a few key industries for more comprehensive consultation with a view to obtaining data on the planned and achieved growth rates in investment, employment and profits. The result of the analysis could provide more reliable guidelines for possible modifications of the existing plan targets in respect of the development revenues anticipated from customs duties on imports of raw materials and equipment, and on exports, as well as in respect of tax revenue expected from company profits tax and on income taxes from the increased industrial labour force.

Looking at the other side of the picture, the provision of public sector infrastructural services affects the siting of private sector projects as well as of the public sector key agricultural and agro-industrial projects. As the location of these services, e.g., power

and water supplies, can influence the decisions of the private entrepreneurs to establish new projects or to expand existing ones, it is desirable that they should be consulted in advance so that they may be in a position to offer suggestions on the proposals in terms of sizes and locations. For instance, if prospective industrialists are consulted and they indicate firmly that they propose, subject to the availability of adequate power supply in an area, to establish a number of industries which could utilize X kilowatts of energy, the government might decide on substituting a large power plant for a small one originally planned for purely domestic use in the area.

In the plans of public industrial enterprises, the supply of raw materials by the private sector should not be taken for granted, especially if the raw materials were to come from a large number of peasant farmers. The absence of consultation with farmers resulted in a canning factory established by a government of an African State some years ago, being in short supply of locally produced fruits on which the factory had planned to rely for regular supply of raw materials. The result was that the factory had to be working under capacity for a year or two, at some loss, until the farmers had been given adequate guarantee of a stable market which enabled them to go into intensive production of fruits for the factory.

In certain fields, such as large-scale plantations, the private sector has had longer experience in the location and management of projects. The government could, therefore, utilize their technical experience in the siting of new projects of this nature. It may well be that the controversial location of a large rubber plantation in one African country, which was responsible for the plantation not going into production for several years after its establishment owing

to the poor growth of the trees, could have been avoided if the government had sought the advice of one or two private companies which had long experience in the rubber production industry in the country.

Although very little research has been done on the application of modern techniques to the production of agricultural goods in many African countries, yet governments have a lot to gain from the experience of local farmers. Had the planners of the British Government's East African Groundnut Scheme consulted the local farmers on the peculiar problem of groundnut production in the area, the disaster which befell the project might perhaps have been averted. Similarly, if the planners of a large rubber plantation in a kola nut growing area of a West African country had consulted the local farmers at the planning stage, the experience of these farmers would have reinforced the views of experts that both the rainfall and the soil conditions in the area were more suitable for kola nut than for rubber production - a fact which was proved later by post-implementation experience.

The government development policies might involve the institution of some control measures affecting imports, foreign exchange, etc., and any misunderstanding of the government's intention might discourage investment in certain sectors, especially by foreign businessmen. It is, therefore, necessary that the leading entrepreneurs in such sectors should be briefed on the government's intention, and, if possible, on the probable duration of such restrictions if they are of a temporary nature. This would give them confidence to plan ahead in addition to creating a better atmosphere for co-operation from the private sector in the implementation of the government's measures.

The machinery for consultation would depend on the sector concerned, the distribution of production points as well as the extent to which private sector decisions could affect the course of implementation

of the plan. Whereas in a country with a few industries, the contact points would equally be few and consultation could be established entirely on the national level; in a country with a large number of peasant farmers, the points of contact might be mainly on the district or circle levels in order to give adequate representation to the farmers on the consultative bodies, not only in terms of numbers but also on the basis of specialization in production.

2. Consultation with the Industrial, Mining and Commercial Sectors

In a developing country with limited number of industries, it might be useful, at least at the initial stages, for the Planning Organization to establish contact with a few key industries whose lack of support would affect seriously the course of plan implementation. In the same manner, contact could also be established with a few key commercial organizations which are leading distributors of some major products, the non-supply of which would also affect the plan implementation process adversely. A few commercial firms, which are leading distributors of some major products to be manufactured by industries being established with government's support in accordance with plan priorities, could likewise be consulted with a view to popularizing the products.

Consultation with both the industrial and commercial sectors could be at the policy-making and technical levels. One or two representatives of these sectors could be appointed to the National Planning Board or Commission. In this respect it is not just enough to allow the Chamber of Commerce and Industry to nominate any one they choose. The government could indicate the specific fields to be represented, e.g., strategic industries like those relating to energy, construction or leading distributive trade activities, in order to get the right

point of contact for consultation. The reason for making this point is that large expatriate firms might put forward an indigenous Public Relations Officer who has very little insight or knowledge of the internal policies of the company, in order to give the impression to the political leaders that local staff are holding key positions in the organization. The government should insist on getting representatives who are in the "inner court" to ensure that they speak with authority on problems which could arise from the government planning policies and who could commit their sectors to the government's objectives.

In view of the significant role which the mining industry is playing in the economy of a number of African countries, special mention on consultation with representatives of this sector might be useful. As mining is a capital-intensive activity, only very few large organizations are engaged in this business on a commercial and continuing basis, and they generally have a national Chamber of Mining to protect their business interests. There is, therefore, no difficulty in getting the Chamber to provide a top executive of one of the mining companies as the Chamber's representative on the National Planning Commission or Board.

At the technical level, the point of consultation should be concentrated on the major industrial sectors. This purpose can be served by representation on multi-sectoral committees suggested in Chapter I, and by additional ad hoc consultation with particular groups affected by the activities of any large-scale industrial venture being planned or promoted by the government, e.g., iron and steel mill. In these committees, it might also be necessary to have representatives of small-scale and other industries the development of which is provided for in the plan, even if they do not at the particular time contribute substantially to the country's gross domestic product. This

would enable them to benefit from the experience of the more developed industries in the economy, through the exchange of views at the committee meetings. It would also give them an opportunity of putting their views across to the government, on ways and means of ensuring that they are given adequate attention in the allocation of planned resources in order that they can at least maintain their existing relative position in the economy, in the face of competition from the giant industries.

It is appreciated that there are problems of identifying the points of contact and determining the basis of representation of such a large group. A decision on this could be based on the relative priorities which are accorded to the various types of small-scale industries in the plan, having regard to such factors as their potential capacities in the utilization of local raw materials, their employment contents and foreign exchange earning capacities; as well as the stage of the feasibility studies indicating the relative profitability and scope for production expansion in each sub-unit of the industrial group.

At the multi-sectoral level it would be useful to have at least one expert representative from the mining groups engaged in the exploration and/or exploitation of each mineral product, e.g., oil, coal, iron ore, etc. This is because each of these minerals has its own production and marketing problems which the planners would want to be fully acquainted with in designing the national plan.

As the multi-sectoral committees consist of experts, the government should lay down broadly the qualifications and experience of the representatives of both the public and private sectors if the committees are to be in a position to offer technical advice to the National

Planning Board/Commission through the Central Planning Organization. One of the reasons why this point is being stressed is that it has often been said that one of the factors responsible for the lack of confidence on the part of the private sector in the ability of the public sector to offer leadership in development is that government officials in some key development departments have little or no technical knowledge of the nature and organization of large-scale industrial projects which the government sponsors and, therefore, tend during consultation with the private sector to concentrate their discussions on irrelevant issues. There appears to be some element of truth in this if one takes an aspect of the subject - accountancy. Apart from a few countries, professional accountants are rare specimens in the Accountant-General's and Audit Departments. Is it any surprise that in one country, the principal accountant in the Department of Agriculture could not analyse the annual financial report and balance sheet submitted by a plantation company in which the government had a substantial share ? This is one of the reasons for suggesting that the government should not stretch its limited high-level manpower resources by the establishment of many sectoral committees, and why the multi-sectoral committees might be of advantage.

Another reason for suggesting the limitation of the number of multi-sectoral committees is that other things being equal, it would reduce the number of meetings which the limited number of available experts would be expected to attend. For, if the meetings are too many as a result of the existence of many committees, the chances are that the experts may tend to send less qualified and experienced deputies to attend some of them, and in the end, the committees may cease to be effective technical advisory bodies.

Consultation with the industrial mining and commercial sectors could cover the provision by the public sector of infrastructural

services (such as roads, port facilities, electricity and water supplies as would enable these private enterprises to maintain efficiency in the production and marketing of their products. The consultation might also involve pricing policy in respect of the products being disposed of within the country, in order to ensure that a balance is maintained between reasonable profit margins, based on efficient production and marketing methods, on the one hand, and the price levels for consumers in line with current world prices for similar products, on the other hand.

Another aspect of the consultation could be between the public sector, and other industries which might be interested in the economic utilization within the country of mineral and other industrial products, in order to reduce the dependence of the industries on unstable world market conditions. This would particularly be the case with such "older" minerals as coal. These interested parties might be able to channel their joint efforts to the promotion of intensive research for the achievement of this objective of local utilization of the mineral and other industrial products.

Such consultation would also enable the government to appreciate the need for maintaining stability in any industry. One way of doing this would be the provision of tariff concessions to promote export drives for the capture of new international markets and for the maintenance of the industry's position in existing markets in the face of foreign competition. An instrument for the achievement of this goal could be to ensure the existence of stable wage levels in the industry during periods of difficult local and foreign market conditions. If these "propping up" policies, coupled with modernized production techniques and efficient management, still cannot keep a section of any industry

in full production because of ineffective demand for its products, the government would, through these consultations, be in a position to plan ahead in concert with other industries, for offloading part of the labour force in the ailing section to other industries. In addition, the government could provide in its plan for the sponsorship or promotion of new industries in depressed areas to absorb the redundant personnel. Through consultation, the industries could be persuaded by government to provide for the technological and management training of indigenous personnel for the localization programmes in the industries in the country. This would include internship and practical training for students in the higher institutions of learning as part of the academic courses.

3. Consultation with the Agricultural Sector

Consultation with the agricultural sector poses more formidable problems in many African countries where the bulk of the agricultural production is in the hands of peasant farmers scattered all over the country and engaged in the cultivation of a wide range of crops. In some of the countries, apart from the Co-operative Movements (which are fairly well organized in countries like The Gambia, Tanzania and the States in Southern Nigeria), there are very few farmers' organizations which are operating with the main objective of improving the production of particular crops. The situation was complicated by the existence, a few years ago, of politically supported farmers' alliances or farmers' councils in some West African countries which were mainly interested in giving open and active support to the political parties in control of the governments of the States concerned. Their political involvement discouraged membership of progressive and business-minded farmers, with the result that the leadership became very weak, and not truly representative of the farmers' interest.

In this sector, however, consultation could be on two or three levels, one on the National Planning Board/Commission, the other, on the multi-sectoral committees and the third, on the zonal level. In a country with a largely mono-crop agricultural economy, there might be little or no difficulty in identifying one or two representatives from the private sector for membership on the National Planning Board, particularly if there is a national farmers' council which is largely representative of the interest of the producers of that crop. In many African countries, where both the production of food and cash crops has assumed an equally important position in the economy, efforts should be made to give representation to both sections of the agricultural sector, taking into account the importance of the products in terms of their relative contributions to the foreign exchange earnings or the support of strategic local industries (in case of cash crops). If there are serious problems of identifying any other large organizations representing the interest of farmers it might be desirable, at the early stages, to use the national or state apex organizations of the Co-operative Movement as one of the bases of representing the agricultural sector on the National Planning Board. In addition, any medium- or large-scale firm with long and successful experience in the cultivation of one of the major crops of the country could be appointed to the Board if there is an initial problem of a truly representative national organization of such farmers.

At the multi-sectoral level, in view of the shortage of experts in the field of agriculture in the private sector, the government could feel free to appoint any farmer who has combined technical training with experience in the development of any major crop on a commercial basis. What is important is the expertise which the private sector representative can bring to the service of the committee. The nature of this representation may vary from one plan period to another depending

upon the particular crop, the production of which is being given priority attention during the period in question. Experts in the marketing of major crops of the country could also be represented on the multi-sectoral committees dealing with agriculture as their views on the existing and future problems of the disposal of these crops might help in re-adapting the production programmes and techniques to meet the challenge posed by these problems. Industries utilizing large quantities of these crops could also be requested to provide experts to serve on the multi-sectoral committee dealing with agriculture in order to participate in making proposals on ways and means of improving the quality and/or increasing the supply of the raw materials in question.

It is at the zonal and local levels that the problems of establishing contacts with the appropriate organizations for the representation of the agricultural sector become acute in the average African country. One reason for this is that in each geographical area, apart from the major crops, there are many crops being produced on a mixed-farming basis. A possible course of action would be for the government to zone the State into broad agronomic areas, roughly on the basis of specialization of existing major crops and on the potential production of crops which would be of importance to the national economy in accordance with the plan objectives of diversifying the economy, e.g., tea production in Mauritius. The agronomic zonal organization of the monocrop farmers would facilitate consultations on the platform of zonal committees in which the public and private sectors are represented.

There may be the need to adjust the areas of the Department of Agriculture field circles at present based mainly on existing political/administrative boundaries, if these are not co-terminus with the propose

agronomic regions. The main reason for this proposal is that if the extension staff of the department (who form the backbone of the public sector machinery for promoting agricultural development) are to provide high quality expert advisory service to the farmers, there is need for them to have specialized training and experience in the production of particular crops, in addition to the general graduate or technical qualifications in agriculture. They can only do this to a purpose if their post-training assignment gives them the opportunity of concentrating to some extent on the promotion of the production of particular crops in their respective fields of specialization. This objective might better be achieved by the existence of the appropriate agronomic zones to which they can be posted for service.

The existence of these zones would enable the government and its agencies, particularly the extension staff of the Department of Agriculture, to consult with the appropriate representatives of the farmers engaged in the production of the major crops in the zones. Where these are not properly organized into farmers' unions, this arrangement would encourage the formation of the unions of farmers engaged in the actual production of major crop(s) of each zone; for it would now be possible to identify the bona fide farmers in relation to the actual crops, in the production of which they specialize, and the location of the farms. The farmers of each crop in every sub-unit of the zone would know themselves fairly well and it would be more difficult for fakes to impose their membership and sometimes leadership on the genuine farmers than would be the case under the umbrella of the multi-purpose farmers' union organized on the basis of administrative areas. For even if the fake farmers for political and other reasons find themselves in the new mono-crop unions, the proceedings

of the meetings would be so technical and the interests to be served would be so specialized that non-bona fide farmers would soon lose interest in the organization.

The agronomic zones would enable applied research programmes to be implemented effectively within defined areas with similar conditions, and facilitate the exchange of ideas and experience between the field research workers and the farmers. For it is possible that by the appropriate modification of the principle of modern techniques of local production, the best results might be achieved in the long run.

The agronomic zoning organization would facilitate a more comprehensive arrangement to be made for the distribution of fertilizers, insecticides and equipment to the farmers engaged in the production of major crops. This might involve the submission of practical proposals for the siting of rural depots at strategic points which would enable farmers to collect their materials and equipment for their farms. It might further necessitate the construction by means of communal efforts, of some roads to facilitate the distribution of these materials and equipment. For it has been said in one or two countries that one of the major obstacles to the popularization of the use of fertilizers (even at heavily subsidized prices) is that either the local farmers are not aware of the availability of supplies which are locked up quietly in the Department of Agriculture field stores or that these stores are located outside the main arteries of communication. The establishment of these distribution depots may coincide with or provide the basis for the location of bulk storage facilities for the crops, once good roads are constructed. The availability of such facilities would further enhance evacuation and marketing arrangements for the particular product.

Whatever the basis of zonal and sub-zonal consultations might be, the headquarters organization of the department(s) responsible for the various facets of agricultural production should be prepared to delegate powers to the field staff serving on the zonal consultative committees which would enable them to take decisions that would commit the government to supporting reasonable development proposals put up by the farmers. This would necessitate a clear definition of the delegated powers in terms of the limit of the amount of public funds that each grade of extension staff could commit towards the implementation of the local programmes.

The emphasis on agronomic zoning of the country or State, in order to facilitate concentration on the development of the production of particular major crops in full consultation with the local farmers, does not rule out the possibility of the worthwhile existence of multi-crop zones. It is in recognition of the need to develop a number of products in each area, along the traditional patterns of agricultural production, that an African government recently re-organized its field circles. Under this arrangement, each of the five geographical circles of the Department of Agriculture is headed by a Principal Agricultural Officer, and each of the six Divisions of the department has an Agricultural Officer or Superintendent in each circle. These Divisions are Foodcrop, Animal Production, Rubber, Tree Crop, Research and Planning, and Training and Special Services. The Principal Agricultural Officer in charge of the circle co-ordinates the activities of the six officers while allowing them to exercise a measure of freedom to communicate directly with the respective Divisions at Headquarters on urgent issues, particularly those related to

their operational activities^{1/}. The architects of this new organization have, among other things, provided the field officers with the scope for a specialist approach to the peculiar problems in their respective fields in order to minimize the chances of the Principal Agricultural Officer creating a bottleneck to the quick solution of these problems.

The subjects for consultation could include traditional and national constraints to the production of particular crops, plant breeding, the application of modern production techniques (including the use of fertilizers) storage, distribution, and marketing problems and possibilities, and the provision of agricultural credit; land use, soil erosion, water conservation, weather conditions, insect and rodent control. Other subjects for consultation are those connected with infrastructural facilities for transportation of agricultural implements and materials, and those relating to animal production and health control, fisheries, forestry and forest products.

4. Consultation with the Trade Unions

In considering the representation of trade unions on the National Planning Board and on the Consultative Committees, a number of questions have been raised. One is that in a country where there is no single central Trade Union Congress, there is the difficulty of determining the basis of representation on these planning bodies. The second is that trade unionism is still in an evolutionary stage in a number of African countries, and as such, it is difficult to provide responsible representation on such a high-powered body as the National Planning

^{1/} Orewa, G.O.: Report of the Public Administration Mission to Nigeria (1970), pp. 107-109.

Board and there is the danger that the representative might regard the Planning Board as a forum for bargaining for better working conditions for the unions. The third problem is that many of the leaders do not have adequate training or experience to understand the complicated technical terms which are used in the planning documents and a few enlightened deputies of these leaders may not be regarded as sufficiently "progressive" to get the support of the workers for representation on the Consultative Committees, the deliberations of which are rather technical in nature. There is also the problem that in countries where the tradition has been established that the best trade union leaders are those who easily precipitate strike action as often as possible in support of higher wage claims, it is difficult to get union leaders with such an approach to economic problems as to appreciate for example, that unreasonable wage claims are not in the best interest of government's development efforts. Nor do they appreciate the fact that government's reluctance to yield to pressures for the arbitrary use of direct anti-inflationary instruments, such as price control of many consumer goods, is based on the government's realization that it lacks adequate administrative machinery to apply these instruments effectively.

While it may be admitted that the government would not normally wish to coerce the trade unions in the country into the formation of a single national labour movement, there is the possibility that if provision is made for trade union representation on the National Planning Board (as in the Philippines) it could provide a challenge to the trade unions to close their ranks in order to produce truly representative leaders from among whom someone can be appointed to the National Planning Board. An alternative interim solution, which could meet the problem of responsible representation, would be for the government to use its

initiative in appointing a mature trade union leader from among the executive officials of one of the major factions of the National Trade Union Movement. In this respect, government should ensure that he is someone who could adopt a reasonable attitude to the mutual problems of development planning and implementation and would exercise restraint in dealing with government and employers' representatives on the Board. This method of selection might also ensure that the trade unionist appointed understands fully the intricate problems of development planning and implementation.

As far as possible, each National Union having the support of the majority of the employees in any industrial or commercial sector should be represented on the multi-sectoral committee which has a representative of the respective employers' organization. In order to meet the intellectual demands imposed by the technical nature of these committees, the government might consider prescribing the minimum qualifications and experience of the members of these committees, leaving it to the respective unions to try to provide qualified representatives.

The subjects on which the trade unions could be consulted are the same as those mentioned in the foregoing sections of this chapter in respect of the various sectors in which labour is engaged in large numbers. It should be made clear through government policy papers that the basis of consultation is the industry or the production sector concerned and the essence of consultation is to ensure that the industry or sector expands its activities with a view to contributing, among other things, towards the plan objectives. This clarification would enable labour unions to appreciate that government is not taking sides unnecessarily with employers on issues affecting national development, and that the union representatives on the National Planning

Board and multi-sectoral committees need not adopt a defensive attitude towards the work of these bodies.

Another purpose of the consultation is to give trade unions an opportunity of understanding that the interests of employers and of labour in the development efforts are not mutually exclusive. For, by being brought closer to the task of evolving broad policies for economic and social development as a process of nation-building, the trade unionists would gradually appreciate, for example, the ill-effects of excessive wage claims which are out of step with the level of the economic development of the country. One such effect is that if the industry concerned cannot shift the burden of a substantial part of the extra wage costs to consumers of the products through higher prices, in the face of competition from other products, and if the existing profit margin is already minimal, the industry might be forced to resort to indirect measures of reducing production costs, including the introduction of automation, with resulting reduction in the labour force. Alternatively, it might adopt direct measures of retrenchment - all to the detriment of those affected. If, by means of a general strike, a national union forces a large number of industries producing mainly for the domestic market, to concede to the grant of an excessive wage increase and it is possible to shift the burden of the consequential increased cost of production to the consumers, an inflationary spiral could be set in motion with imported commodities sharing in the boom. In the final analysis, the workers might gain nothing in real income as a result of the increase in wages.

The representation of labour in the large plantations on the appropriate multi-sectoral committee would give trade union leaders an opportunity of studying various agricultural project proposals

This would enable them to understand the level of profits from these projects in a world where primary products have to compete with synthetics in the international markets. In this manner they might come to realize, for instance, why the wage level in the agricultural sector could lag behind that in the industrial sector.

CHAPTER X
RESEARCH FOR NATIONAL DEVELOPMENT

1. Introduction

A country's natural resources are its potential sources of wealth. The rational development, conservation and utilization of these resources constitute a major pre-requisite for accelerating socio-economic development. This rational management of natural resources must be based on science and technology, and not on traditional ways and methods. "How can we seek to diversify agricultural or livestock production if we do not know the ecological conditions which will permit the acclimitization of new, or the wider distribution of the known, species? How are we to break away from dependence on a single traditional resource - mineral or agricultural - if we do not collect data on sources of wealth which have not yet been exploited but which nevertheless exist?^{1/} Most African countries have hardly begun the rational management of their natural resources for economic development. This may be partly due to the historical fact that in the colonial era the exploration and exploitation of natural resources in Africa were geared to the economic and industrial needs of the metropolitan powers. With independence, however, the rational exploration, development and utilization of these resources became the responsibility of African countries. For rapid economic development, there is urgent need for these African countries to transform their natural resources into products demanded by national and international markets. This transformation requires urgent and integrated research, studies, inventory and management of the natural resources based on modern advances in science and technology.

^{1/} Guidelines for the Application of Science and Technology to Latin America Development: UNESCO 1965, p. 81

It is, therefore, necessary for African countries to take action to strengthen the impact of science and technology in programmed development by:

- (i) establishing research organizations and institutes (including local universities) for directing the exploration and development of natural resources for long term economic development;
- (ii) increasing accessibility of modern and efficient techniques of research to the countries;
- (iii) developing programmes for the education and training of essential manpower for research and the application of science and technology to the problems of economic development;
- (iv) devising practical ways of assembling and utilizing data at present available but widely scattered and hardly ever used.^{1/}

2. Agricultural Research: Need and Scope

One of the common features in the development plans of many African countries is the inadequate resources allocated to such research as is directed to the production, utilization and processing of local agricultural products. It is worth recording that in Africa, where over 80 per cent of the population live in rural areas and the majority of them are engaged in peasant agriculture and animal husbandry, only 3 and 5 per cent, respectively, of the agricultural research scientists were in 1964 engaged in research in

^{1/} Gornung, Michael B.: Some Problems of Natural Resources for Development in Africa; (M69-1862), p. 90.

food technology and pastoral improvement^{1/}. This phenomenon can be traced to the history of agricultural research in many ex-colonial African countries. Agricultural research started seriously, first during World War II, when the metropolitan powers saw it as a means of increasing the production and improving the quality of such cash crops as cocoa, palm oil, cotton and groundnuts, which were all required in large quantities as part of the War effort. Research into local food crops and animal production lagged behind. The only notable exception was in East Africa where the colonial government was anxious to encourage dairy production both for export and for local consumption. Research into breeding and acclimatization became a necessity for this purpose, hence, today East Africa has built up one of the best Veterinary Research Organizations on the continent.

To a great extent the research institutions established by the colonial powers managed to achieve their objectives and some of these organizations have continued to be sustained by independent African governments partly because their financing had been tied to the organizations responsible for marketing the particular export crops. For instance, the Cocoa Research Institute of Nigeria and the Nigerian Institute for Oil Palm Research, are financed from the funds obtained by the various Marketing Boards in the country for cocoa and palm produce marketing. Other examples are cotton research in Egypt and Sudan, and groundnut research in Senegal and Ivory Coast. Even in the field of export crop research, much still remains to be done. For example, although rubber is a big earner of foreign exchange in two West African countries, nevertheless, in one of these, there is no national institute devoted to rubber research and development,

^{1/} Cooper, St. G.C.: Policy and Manpower Issues in African Agricultural Research - The Implications for Africa (M69-1125), p. 62

and in the other, the Rubber Research Institute is left just as part of the State Department of Agriculture.

Research into food crops (especially those consumed locally) and animal production received very little attention until after independence. In seeking ways and means of conserving their foreign exchange earnings for financing development projects, independent African countries discovered that substantial portions of these earnings were being spent on the importation of food items which could be produced by local farmers in larger quantities. The governments, therefore, intensified campaigns for the production of these food crops, by the importation of improved seeds and breeds and the subsidization of the cost of seeds, fertilizers and animal feeds distributed to farmers, as well as by increased advisory services to the farmers. In Tanzania this resulted in self-sufficiency in maize production, and increased wheat production from 17,000 tons in 1962 to 32,800 tons in 1966^{1/}. In Kenya, it also led to an increase from 86,900 tons to 235,000 tons of maize produced and marketed between 1964 and 1967^{2/}. Kenya, together with Uganda and Tanzania, benefited directly from the research work and activities of the Inter-territorial Wheat Committee which was able to draw on external technical and financial assistance. Production yields, which in 1961/63 reached 1,010 Kg. (of wheat) per hectare in Kenya,

^{1/} United Republic of Tanzania: Second-Five Year Plan for Economic and Social Development, 1 July 1969 - 30 June 1974: Vol. I - General Analysis, p. 48 (Government Printer, Dar-es-Salaam, 1969).

United Republic of Tanzania: Background to the Budget - An Economic Survey, 1968-69, p. 45 (Government Printer, Dar-es-Salaam, 1968).

are expected to exceed 1,660 Kg. per hectare by 1972^{1/}. A similar effort in rice production in Sierra Leone reduced its imports of this commodity from 28,000 tons in 1966/67 to about 10,000 tons in 1968/69^{2/}. In the same manner, Ghana was able to increase its domestic fish catch from 57,970 tons in 1962 to 91,613 tons in 1964^{3/}. Nigeria which used to spend thousands of pounds on imported eggs until recently, has now become virtually self-sufficient in egg production. All these figures indicate that with better planning of investment research and mass participation in agricultural development, backed by institutional arrangements for extension services and marketing, many African countries could become self-sufficient in a variety of food products and could thus save reasonable sums of foreign exchange reserves (now spent on imports of these products) for investment in other productive sectors of the economy.

Although serious efforts have been made in the past few years by African governments to increase the production of import-substituting agricultural products, nevertheless, the need still exists for intensive research to reduce the import component of the inputs into the import-substituting agricultural projects in order to conserve more foreign exchange. For instance, there appears to be still so much dependence on imported chicken feeds, and day-old chicks, for

1/ Cooper, St. G.C.: Agricultural Research in Tropical Africa - An Introduction (East African Literature Bureau, Nairobi) (M69-2996), p. 86.

2/ Orewa, G.O. and Kallaghe, C.A.: Public Administration Mission to Sierra Leone, August 1969, (ECA Document 70-1915), p. 21

3/ Republic of Ghana: Economic Survey 1964; (State Publishing Corporation (Printing Division) Accra, 1965), p. 71.

the poultry industry in some West African countries. It was not until about 1966 that some States in Nigeria went into production of chicken feeds with the utilization of locally-produced maize. Even then, owing to the initial problems of co-ordination in raw material purchasing and storage arrangements, production fell short of local requirements in a country where there is usually surplus maize crop during the harvest season.

The question is sometimes raised why private organizations directly benefiting from the results of agricultural research should not be left to take the initiative and bear the cost of research in the same manner as large industrial undertakings in the developed countries. It is known that peasant farmers in many African countries are not properly organized into National Farmers' Councils. The Co-operative Movements still do not have the membership of the majority of the farmers in any country. With this lack of strong production organizations of the small farmers, it is unrealistic to expect that the farmers can individually or in small groups (of farmers' unions) undertake on their own or organize research on a modern scale. The point need not be forgotten that basic research does not yield direct returns in the short run and the small-scale farmer cannot, therefore, afford to tie up his capital in investment in such a long-term project, no matter how promising the ultimate results might be.

The mantle of leadership, in research, therefore, falls on the government and it has every reason to accept the responsibility. In the first place, if development is to proceed at an even and rapid pace, it is essential that the population must have adequate food supply at reasonable prices. This in turn means that as far as possible the country should be self-sufficient in the production of basic

food items. With the pressure on available good land everywhere, in order to achieve maximum production to feed the increasing population, there is the need to seek modern methods of increasing the productivity per hectare of available agricultural land. The urgent need for this approach is high-lighted by the fact that the "FAO estimate of calorie and protein supplies suggests that the average African diet between the Sahara and the Limpopo, supplies around 2,000 calories per day (compared with over 3,000 in Britain, the United States, Canada and many other richer countries), and 50-60g protein per day, of which up to one-fifth may be animal protein (compared with 80-100 g in richer countries, of which two-third may be animal protein)"^{1/}

As some of the basic food crops of the African countries are of little or no interest to the economies of the developed countries, especially as such crops do not enter into the export market, foreign research institutions are not likely to take any keen interest in development research affecting them except for mere academic interest. Even where some food crops, such as rice, enter the export market, the developed countries already have other sources of supply of these commodities where they are produced more cheaply as a result of applied research. Furthermore, even where such crops as maize can be produced cheaply in the African countries, the lack of adequate facilities for storage and preservation raises some problems. One is the great waste during the harvest season when a good deal of the produce is lost long before the "hungry season"^{2/}. The other is that in

^{1/} Cooper, St. G.C.: op cit, p. 93

^{2/} "Hungry season" is generally used to describe the period between the planting and the harvesting of the major foodcrops.

an attempt to reduce the wastage crops are sold at uneconomic prices and mostly consumed during the harvest season; eventually during the hungry season farmers and other consumers have to purchase the limited available quantities of the same crops at much higher prices. What makes the situation pathetic is that this is the season when the farmers really require more food to enable them to do the heavy farm work connected with planting and the maintenance of their farms. Quite often they lack the means to purchase adequate supplies to meet their needs. This situation militates against the efforts of the government to ensure the maintenance of reasonable and stable real income of its citizens in the various sectors of the economy. The situation is likely to become more serious as the population expands and the per capita income increases. Recent studies have shown "that in very poor countries, an increase of 1 per cent in the average income per capita may lead to an increase of food consumption per capita of 0.5 - 0.7. In the richest countries of the world, it is about 0.1 or even less"^{1/}.

The government's interest in research into soil conditions and other geographical factors affecting the production of cash crops is needed to enhance the output of these crops, both as a means of increasing the level of national income and of the foreign exchange earning capacity of the country. This leads us to another consideration why the government should accept responsibility for intensive agricultural research.

During the last few decades, the far cry "to return to the land" has had little or no effect on halting the movement of rural population

^{1/} Cooper, St. G.C.: op cit, p. 90

towards the urban centres in the African countries - in the quest of wage earning employment. A number of observers have attributed this phenomenon to the attractive social amenities in the towns. While this cannot be denied, a more weighty factor is the relatively poor cash returns from peasant farming as compared with the urban wages. There is no doubt that one of the factors responsible for the low income from peasant agriculture in the African countries is the lack of application of tested and improved agricultural inputs and techniques. One of such inputs is fertilizer. For example "the European farmer uses on an average over \$20 worth of fertilizers for each hectare of land, and adds to it other 'current' inputs of equal value. As a result, he produces \$325 worth of net output per hectare of land. Under dissimilar conditions, the West African farmer, in sharp contrast, puts in an average of 3 cents worth of fertilizers per hectare, and obtains no more than \$50 worth of crops as yield; but economic research must establish the 'benefit cost' ratio, the response ration and the plus value of fertilizers for the food and export crops of Africa^{1/}. Consequently, it is not surprising, for example, that the typical yields (of millet) for Africa are 500 to 700 Kg. per hectare compared with 2,580 Kg. per hectare in the United States^{2/}. Hence what is important to the African farmer and which can tie him down to his rural environment is the ability to earn a reasonable income from his agricultural pursuit which will make it more, or as, attractive as wage earning employment in the

1/ Cooper, St. G.C.: op cit, p. 115

2/ Cooper, St. G.C.: op cit, p. 103

town. This cannot be achieved unless by more intensive and better development-oriented research, the application of the results of which would enable him to increase his productivity considerably; and for the crops produced to have a regular market with fairly stable prices. The importance of such research to the success of the national policy on rural agricultural employment is thus obvious.

In the production of export crops and other agricultural commodities, very little research has been done in land use classification. In Nigeria, for example, while a number of micro-soil maps for individual projects exist - mainly agro-industrial projects - it is understood that there is a serious gap in the availability of intermediate soil maps which could be used by district planners throughout the country in advising the local citizens on the best agricultural and agro-industrial schemes on which to embark^{1/}. What, therefore, often happens is that there, as in other African countries, the farmer has to operate on the basis of the "trial and error" experiments made by other farmers in the area in deciding on what type of farm to establish.

There is also the need to devote some resources to the development of hybrids of crops and livestock, using the high-yielding imported strains to cross-breed with local low-yielding ones but which have better resistance to local diseases and weather conditions. For example, Kenya's success with high quality hybrid maize with a 30-40 per cent superiority over local varieties cultivated by African subsistence farmers has enabled them to overcome the problem of buying new high priced seed each year^{2/}.

^{1/} Orewa, G.O.: Report of the Public Administration Mission to Nigeria (M70-786), p. 17

^{2/} Cooper, St. G.C.: op cit, p. 47

Other fields in which intensive research for development is urgently needed include: selective plant and animal breeding, improvement and control of pasture land, use of balanced mineral fertilizers, pest and disease control, development of fisheries, forestry and forest products, climate, soil and water, proper adaptation of production techniques to the environment, the scope and application of power-assisted farming (including bullock farming), the preservation of crops, foodstuffs, and animal products. For example, in Ethiopia it is proposed to create a Water Resources Council^{1/} to advise the government on all aspects of water resources development and administration. In Mid-Western Nigeria a soil laboratory has been established by the Department of Agriculture mainly for soil research^{2/}.

3. Industrial Research : Need and Scope

Industrial research is usually based on existing and potential industries and this includes the development and improvement of designs and production processes. Owing to the fact that most countries in Africa south of the Sahara had traditionally agricultural economies, the people had only developed skills for the production of very elementary handicrafts for household use. Beyond these, very little attempt was made at large-scale production of manufactured goods for markets beyond the areas of the traditional kingdoms and city-states. It can, therefore, be said that the few industries which were in existence in most of these countries when they attained independence were mainly those promoted or established by foreign

^{1/} UNECA: A Work Plan of Action, Ethiopia, Survey of Needs and Priorities (M70-581), p. 23.

^{2/} Orewa, G.O.: Some Aspects of Development Planning and Administration in Africa (M70-786), p. 19.

firms usually as subsidiaries to the 'parent' factories in Europe or America. These were really few, because the principal aim of colonization was to promote the production of agricultural commodities and mineral ores in the colonies to feed the industries in the metropolitan countries^{1/}. In fact, it was only after World War II that some half-hearted attempts were made by the foreign firms to establish some local industries, usually for the production of beverages, textiles and cement. As these local factories were subsidiaries of those in foreign countries, the companies concerned chose to use the facilities in their 'home' laboratories for industrial research to meet their local production problems such as those arising from machine design or utilization of raw materials. This was done mainly for reasons of economy as it was cheaper to staff, equip and maintain one central laboratory than it was for two.

Since independence, however, African businessmen, with government encouragement, have made more serious attempts to participate intensely in the commercial activities of their countries. The technical know-how and the capital required for industrial ventures are such that so far, there are still very few large industrial undertakings owned by African businessmen in countries with 'mixed' economies. It is, therefore, not difficult to appreciate why, apart from a few government industrial research centres for the development of local products, very little has so far been done in the field of industrial research in most African countries.

^{1/} Lugard, Lord: The Dual Mandate in British Tropical Africa, pp. 615 and 617 (Frank Cass and Co. Ltd).

Perham, Margery, Native Administration in Nigeria, p. 62 (Oxford University Press).

It should be the role of research to provide guidance in the choice and adaptation of modern technology to the industrial problems of African countries. This may be achieved by (a) Adaptive research which is concerned with the transfer of technical know-how from an industrialized to an industrializing country: it should provide the basic data needed for pre-investment studies; modify the process and operations to suit the properties of locally produced raw materials, and select equipment to accommodate problems of scarcity of capital and skilled manpower; (b) Innovative research which deals with development of local technology, new processes and new products based on local raw materials; (c) In-plant research which embraces technical services such as laboratory analyses and testing of products; (d) consultative services on production management, industrial engineering, quality control, etc.

If applied research and development is to attain the main objective of enhancing economic progress, an effective mechanism for translating research results into commercial practice must be devised by each government. In industrial research, demonstration plants or factories should provide stimulus to business confidence and entrepreneurship. The staffing of industrial research institutes and the financing of such institutes should be integrated in the national plan. The goal of industrial research in providing the foundation upon which accelerated economic development can be built will only be realized if facilities for such work are adequate and its results implemented. This will depend on government financial support for a long time to come because of the low level of industrial capital, technical know-how and operations in most countries^{1/}.

^{1/} Akinrele, I.A.: Priorities for Industrial Research in Nigeria: UN Industrial Research and Development News, Vol. V No. 1: 1970 (ID/SER.B/11), p. 3

4. Training and Manpower for Research

The need for balanced policies for research, the effective machinery for the implementation of results obtained, and the development of manpower resources for these objectives, should be tackled realistically by African countries. The developed countries of Europe and America have found new techniques and methods of accelerating economic progress. If the African countries are to improve upon their performance, then research should be harnessed as a handmaid of national development. The application of science and technology to the problems of accelerated development should be integrated within the framework of national planning. Modern science and technology can place at the disposal of African countries the means of accelerating the inventory and assessment of their natural resources and the planning of their development and utilization. There is, therefore, need to embark on research and training programmes which would meet the long-term needs of the Continent. Even after independence, non-Africans form the bulk of scientific and technical personnel in most research institutions in Africa. The demand for such personnel from external agencies still remains high. According to a recent study in 14 West African countries, the tentative ratio of foreign to national research workers is approximately 1:1.5, although the position is heavily weighted by Ghana and Nigeria, whose proportion of the total number of nationals accounts for approximately 42 per cent. In eleven East African countries, the provisional ratio of foreign to national research workers appears to be of the order of 2:1 approximately. On the other hand, in 4 North African countries 80 to 99 per cent of these workers appear to be nationals of the countries concerned^{1/}. As some

^{1/} Cooper, St. G.C.: op cit. pp. 135-142

of these expatriate staff are usually working on research for higher degrees, it is not surprising that what is spent on research in such fields as soil and water conservation is not yielding commensurate results as far as the countries are concerned.

African countries should, therefore, include in their plan programmes for the production of manpower necessary for scientific research. Adequate education and training of specialized manpower should form a key element of the research programmes. The strengthening of science teaching in secondary schools, the creation of vocational and technical centres, the expansion of special programmes at universities as well as on-the-job training should be integrated in the national plans. The universities should be encouraged to undertake research projects of practical and economic importance to the country concerned. It is important to establish in each country high level training of the nationals who would organize and direct research studies so as to assist in designing national policies and programmes as part of the planning efforts. The development of natural sciences for the production of manpower required for research may be programmed as follows:

- (i) the establishment of special fellowship programmes for the training of local teachers in the sciences and effective science teaching in all secondary schools;
- (ii) the formulation of policy to strengthen new or existing facilities and institutions of post-secondary school level to serve the needs of high level manpower training for research^{1/}.

^{1/} Gornung, Michael B: op cit, p. 28

5. Financing and Establishment of Research Institutes

There are various methods of financing agricultural research. Where there is a large number of small producers who sell their crops to big marketing organizations, e.g., central marketing boards or the industries which utilize the raw materials, it may be more convenient for the marketing organizations or industries to provide block grants for central research institutes on the basis of the volume of produce handled or utilized by each of them. For instance, in Swaziland the financing of agricultural research is done by the industries concerned, e.g., by the Cotton Research Corporation, by the Pine-apple Board, by the Citrus Board and by the United Kingdom Government^{1/}. In other cases, the financing of research may be done on the basis of tax on production, especially where there are many large producers or where there is a central marketing agency. For example, in Mauritius, research is financed by a cess on each ton of exported sugar.^{2/}

Each country should decide on the methods of raising funds for research that is most suitable to its condition. In respect of export crops, while either cess or block grant made through large central marketing organizations or industries utilizing the products might be a convenient means of financing research, nevertheless in the case of food and animal products, consumed locally and produced mainly by small-scale farmers, this method of financing might be either impracticable, cumbersome or expensive. This is so because of the absence of central marketing organizations for most of these crops, especially in the West African countries, and hence such taxes might have to

^{1/} Cooper, St. G.C.: op cit, p. 118

^{2/} Cooper, St. G.C.: op cit, p. 119

be collected from a large number of scattered farmers. The government would, therefore, have to provide a reasonable amount of funds from its Exchequer for this type of research as well as to supplement the proceeds of cess and grants for cash crop research, on the basis of the recommendations of its National Agricultural Research Council.

With the growing pace of industrialization in many African countries, the need for industrial research is being appreciated by the various governments. The rate of transfer of technical know-how from the advanced to the developing countries of Africa bears direct relationship to their rate of industrial and economic development. Although there is still the lack of adequate research and development infrastructure in African countries which limits their capacity to adapt, utilize and improve on imported technology, it should be realized that if these countries are to reach the stage of self-supporting industrial and economic development, they must embark on industrial research programmes so as to adapt the technology of advanced countries to their immediate industrial needs and problems. In addition, they should venture into new research fields which may be peculiar to their countries. The need for programmed research for economic development cannot, therefore, be over-emphasized.

One way of encouraging local industrial research would be for the government to influence foreign industrial concerns to set up laboratories locally by giving them such incentives as capital allowances for tax purposes, and insisting that the laboratories be established as a condition for giving them licences to manufacture and sell prescribed quantities of the commodities for which they propose to establish local factories.

A second method is for the government to set up industrial research laboratories mainly to examine the possibilities and

problems of utilizing local raw materials in new industries or as replacements of materials being imported by existing local factories, e.g., vegetable fibres, rubber, timber and food processing. It may be mentioned here that one problem is that sometimes there is difficulty in applying the research results for production on a commercial basis - i.e., in designing plants which can utilize the local materials concerned ~~at~~ competitive rates of returns on investment. It is here that the government might find the need for a National Science and Technical Research Council, with a subsidiary Industrial Research Council, useful for co-ordinating the activities of government-sponsored research laboratories with the programmes of the industrial sector of the country, in order to ensure that the latter take a sufficient interest in following up the research results of the laboratories.

Under the conditions of 'mixed' economy which prevail in most African countries and owing to the limited resources at its disposal, it is clear that a government alone cannot undertake all the industrial research that is necessary; it may perhaps be best to undertake this in partnership with private industrialists. African Governments should encourage and offer financial assistance to businessmen and technologists (particularly the indigenous ones) to establish industrial research services. One aspect of such services is consulting engineering which is lacking in many African countries, particularly for small-scale industries. The industrial research laboratories which are suggested here should provide to the local factories, on request and at reasonable prices, such services as identifying and solving problems connected with plant operation and maintenance. These research services organizations could also provide testing and control services to industrial firms for periodical testing of the quality of

their raw materials and of finished products and this would be particularly useful for the food processing and beverage manufacturing plants. Certificates issued by the research organizations would both reduce the chances of the manufacturing firms purchasing raw materials of poor quality and at the same time ensure that consumers were getting finished products of good quality, especially in comparison with that of imported commodities.

The government could also, in partnership with private companies, promote research in the utilization of the country's mineral resources. Mineral resources are assuming increasingly important role in the development of many African countries. Development of these resources require a comprehensive survey and evaluation. There are obvious difficulties to the rapid recovery of new mineral resources, such as lack of capital and local expertise. The crucial factor, however, lies in the establishment of effective research organizations to carry out investigation directed to the exploitation and utilization of the mineral wealth of a country for its own development. Facilities for research and testing should be established as an instrument for the application of scientific knowledge and of technologies developed abroad in the field of geological exploration and mining exploitation^{1/}.

6. Co-ordination of Research Activities for Development

One of the obstacles hindering the acquisition of existing or new knowledge and the adequate utilization of research is the lack of co-ordination between the executive agencies and the scientific institutions concerned with research for development. Whereas in the United Arab Republic, the growing importance of scientific research led to the

^{1/} Gornung, Michael B.: op cit, p. 69

establishment of a Department of Scientific Research to co-ordinate all scientific research in the country,^{1/} in some other countries in contrast, scientific research is carried out by various organizations (Government departments, Research Institutes, the Universities, etc.) without any apparent co-ordination. This lack of co-ordination extends not only to institutions engaged in different object-research but also to those studying the same problems. Such a situation creates serious difficulties. Not only are research projects usually interdependent but proper co-ordination also eliminates expensive overlapping or serious omissions. For these and other reasons, it is usually better to group together related research schemes.

In deciding to offer leadership in development research, the first problem which the government has to face up to is that of co-ordination of the activities of the existing research organizations in order to make them effective instruments for achieving its development objectives. While it may be true that some duplication is necessary in research in order to cross-check the results arrived at by different units, nevertheless, a multiplicity of institutions which have no co-ordinating body, such as exist in some East and West African countries, is likely to lead to more human and financial resources being devoted to research with relatively little results. One obstacle here is that those at the head of some of the existing research organizations are not keen on giving up their independent status. It is, however, encouraging that countries like Ethiopia^{2/}, Nigeria and the countries of the

^{1/} Gornung, Michael B: op cit, p. 13

^{2/} United Nations Economic Commission for Africa: World Plan of Action: Ethiopia, Survey of the Needs and Priorities, (M70-581), p. 21.

East African Community have set up national or multinational Scientific and Technical Research Councils (including Agricultural Research Councils) consisting largely of scientists, technologists, and government officials to co-ordinate and promote the various aspects of scientific research.

It is necessary for each Council to be given responsibility for the co-ordination of research programmes of the appropriate institutions within the country and for ensuring that they accord with the guidelines of the national development plan. These programmes should be given careful consideration for inclusion in the plan, with reasonable financial allocation made for them. This also implies that the Council should ensure that periodic reports are submitted to the Planning Department through the appropriate channels, of the implementation of the research programmes, indicating achievements in the various fields, especially in terms of results arising from the application of tested techniques by the local farmers. Occasional publicity of these results by the department responsible for agriculture and natural resources would not only popularize the application of the new techniques by some farmers, but would also encourage those who are responsible for the preparation and approval of future national development plans to allocate more resources to development.

Another objective of the Research Council and its agencies is to ensure that resources are judiciously distributed to research in various fields in order to ensure a balanced development of the economy. The situation should be avoided of concentrating, for instance, on export crops at the expense of foodcrops. An example of such an imbalance was reported of cotton production in French-speaking African countries having risen from 195,000 tons in 1960 to 320,000 tons in

1966 whereas rice imports for the period 1963-65 represented an average foreign exchange of over US\$32 million.

All agricultural and industrial research organizations in the country which are owned or supported by the government should, at the stage of the formulation of the national plan, submit their development proposals, indicating their priorities, to the National Science and Technical Research Council. The Council would examine and relate proposals in the agricultural sector with those in the industrial sector and co-ordinate these proposals in the light of the needs of the country. It would then assign priorities to them in accordance with the national objectives or guidelines of the plan before submitting them through the appropriate channels, if any, to the Central Planning Organization to be considered for inclusion in the Plan. For the execution of research programmes and projects finally approved, the annual budget of these research organizations should be submitted to the appropriate department for scrutiny and approval. Periodic reporting of progress in the implementation of these programmes and projects should be made regularly to the Central Planning Organization so as to give the government the opportunity of deciding on the utilization of research results of strategic importance in the development of the various sectors of the economy.