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COMMITTEE FOR DEVELOPMENT PLANNING

REPORT ON THE THIRD SESSION

(29 April - 10 May 1968)

ECONOMIC AND SOCIAL COUNCIL
OFFICIAL RECORDS : FORTY-FIFTH SESSION
SUPPLEMENT No. 7

UNITED NATIONS

New York, 1968

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL
OFFICIAL RECORDS
FORTY-FIFTH SESSION

SUPPLEMENT No. 7

COMMITTEE FOR DEVELOPMENT PLANNING

Report to the Economic and Social Council on the third session of the Committee,
held at the headquarters of the Economic Commission for Africa
(29 April - 10 May 1968)

INTRODUCTION

1. The Committee for Development Planning held its third session at the headquarters of the Economic Commission for Africa (ECA) at Addis Ababa, Ethiopia, from 29 April to 10 May 1968. The Committee decided that the following officers, elected at the first session, 1/ should remain in office:

Chairman:	Mr. J. Tinbergen
Vice-Chairman:	Mr. M.L. Qureshi
Rapporteur:	Mr. J. Pajestka

2. At the opening meeting on 29 April 1968, His Excellency Ato Haddis Alemayehu, Minister of Planning and Development, Ethiopia, welcomed the Committee to Addis Ababa. On behalf of the Economic Commission for Africa, the Committee was welcomed by Mr. Robert K.A. Gardiner, Executive Secretary of ECA. Mr. Philippe de Seynes, Under-Secretary-General for Economic and Social Affairs made a statement (see E/AC.54/SR.30).

3. The Committee adopted the following agenda (E/AC.54/3):

1. Opening of the session.
2. Adoption of the agenda.
3. Problems of plan implementation (with special reference to Africa).
4. Preparation of guidelines and proposals for the second United Nations Development Decade.
5. Other business.

1/ See report on the first session (2-11 May 1966) (Official Records of the Economic and Social Council, Forty-first Session, Supplement No. 14).

6. Arrangements for the fourth session.

7. Adoption of the report of the Committee to the Economic and Social Council.

4. The Committee wishes to express its gratitude to the secretariat of the Economic Commission for Africa for its generous co-operation in convening the session at Addis Ababa and for facilitating the work of the Committee in every respect. This co-operation has been particularly helpful in the Committee's examination of problems of planning and plan implementation in Africa.

I. PLANNING AND PLAN IMPLEMENTATION

A. General considerations

5. The Committee, in its last report to the Economic and Social Council, ^{2/} pointed out that while many developing countries had drawn up national plans for economic and social progress few had been successful in implementing them. Although there are instances of continued drive to make planning a more effective tool for economic development, it is still a matter of concern to the Committee that planning has made no significant progress in developing countries since the preparation of that report.

6. In this connexion the Committee wishes to reiterate its basic position that planning should be viewed, not solely as a technique, but also - and to a much greater degree - as the vigorous pursuit of harmonized policy measures for economic and social development. Only in this fashion is it possible to fulfil the numerous tasks that are the constituent elements of a development policy. If development planning has not proved efficient in many instances, it may well be because of deficiencies in the planning machinery itself, or because of shortcomings in designing and carrying out appropriate policy action. Experience in developing countries has commonly demonstrated that such deficiencies or shortcomings often go hand in hand. The Committee particularly wishes to stress that not even the best planning methods can be a substitute for vigorous policy action. Planning is merely a way of making such action more coherent, forceful and efficient. If vigorous and sustained policy measures are not intended and adopted, planning is not worth the cost that it entails.

7. Essentially national planning consists in designing a proper development strategy. It is in the strategic issues confronting a country - such as expansion of critical sectors, transformation of social structures and institutions, mobilization of resources, development of human qualities and initiative, and improvement of spatial patterns - that there lie the principal solutions to the problems involved in speeding up its rate of progress. The pragmatic and vigilant use of appropriate planning methods should make it possible for developing countries to identify the crucial strategic choices and thus to spearhead their economic and social advance. Some of the planning models and approaches do not meet this requirement and often even ignore the basic problems of the socio-economic strategy. In the opinion of the Committee, developing countries need to put strong emphasis on the leading strategic issues in the planning process.

8. The Committee also wishes to reiterate its position that appropriate relationships have to be developed between planning experts or technicians on the one hand and the policy-makers on the other. Indeed, direct participation of policy-makers - the authorities who have to take crucial decisions - in the planning process constitutes the key element for both correct plan formulation and

^{2/} Report on the second session (10-20 April 1967) (Official Records of the Economic and Social Council, Forty-third Session, Supplement No. 7).

efficient plan implementation. Although it is easy to visualize the underlying difficulties, this element is of great importance and therefore worth emphasizing even at the cost of repetition.

9. While it may now appear somewhat trite, it also needs emphasizing that planning has to be adapted to the social and institutional conditions prevailing in a country and to its development objectives. This does not imply that these conditions would remain unchanged. In fact, one of the principal tasks of planning is to bring about fundamental changes in them. At the same time, however, it has to be remembered that the prevailing circumstances of a country play an important role in determining the content of its planning. Undoubtedly, a considerable pool of planning experience in various parts of the world is now available. However, an uncritical application of foreign experience will not be helpful for a developing country. Each country has to devise methods of planning that are in consonance with its prevailing circumstances. This conclusion applies to all developing countries but it seems to warrant special emphasis in the context of African countries.

10. Discussions at almost every international forum where development problems are discussed have emphasized that favourable trade and aid policies provide the basic channels through which the economically advanced nations of the world can help to stimulate the pace of economic development in the less-advanced countries. The Committee too, in its last report to the Council, expressed some thoughts and suggestions on this subject. Unfortunately, the events since then offer little room for optimism. As a result of the economic situation in the rest of the world, the external environment for the economic advancement of the developing countries appears to have become more unfavourable. The export earnings of developing countries in 1967 were not even 2 per cent larger than in the preceding year, a rate of expansion well below the average for the world as a whole. As for foreign economic assistance, the net flow of resources to developing countries, expressed as a percentage of the gross national product of developed countries, has remained insufficient. At the same time, to make matters worse, the foreign debt burden of developing countries has been increasing at an alarming rate. Against this background, standing on the threshold of a new Development Decade, the world community has to decide the pivotal question whether the establishment of goals and objectives for such a Decade will have any meaning if parallel steps are not taken to improve measurably the external trade and aid environment encountered by developing countries. The Committee is strongly of the opinion that steps need to be taken urgently by the richer members of the world community to ensure that well-formulated and viable plans of developing countries are not thwarted by the lack of favourable external climate. The Committee concurs with the view that developing countries can effectively absorb an additional flow of external resources of \$3-4 billion per annum; it believes that a large part of this additional flow needs to be channelled through the International Development Association and other multilateral institutions.

11. In accordance with General Assembly resolution 2305 (XXII), the Committee in its deliberations on the strategy for the second Development Decade has considered the results of the second session of the United Nations Conference on Trade and Development (UNCTAD) held at New Delhi. The Committee notes with satisfaction that a broad consensus has been reached on the diagnosis of the problems connected with the acceleration of development in the developing countries and on the importance of international policy measures required for supplementing the efforts of the

developing countries to mobilize their domestic resources and to put them into effective use, leaving open for the time being the question whether in this connexion the centrally planned economies and the developed market economies can be considered to be in an equivalent position. It expresses its satisfaction specially in relation to (a) the commitment that each economically advanced country should endeavour to transfer annually to the developing countries financial resources of a minimum net amount of 1 per cent of its gross national product at market prices and (b) the agreement in principle, as expressed in various resolutions, that international trade measures on a non-reciprocal basis, as well as generalized preferences for manufactures and semi-manufactures, be adopted to provide better access to the exports of the developing countries in the markets of the developed countries. However, the Committee is greatly disappointed that very little progress was made at the second session of UNCTAD in translating the above principles into concrete action. The Committee thinks that the developed countries allowed themselves to be unduly influenced by their existing problems in respect of international liquidity and budgetary and balance-of-payments difficulties. The Committee is of the opinion that these are essentially short-run problems and that there are reasonable prospects of their being satisfactorily tackled by the end of the current Development Decade. A more imaginative approach is, therefore, called for with regard to the tasks to be undertaken for the success of the second Development Decade. The Committee expresses the hope that expeditious follow-up action will be taken by the international community and individual countries on the resolutions adopted at the second session of UNCTAD, particularly as regards the setting of dates at which the proposals (a) and (b) above will come into effect. The preparatory work for the second Development Decade, now under way through the co-operative efforts of the organizations of the United Nations system, is discussed in a subsequent part of the report (see paras. 100-106 below).

12. For their part, developing countries also need to adopt appropriate measures not only to mobilize their domestic resources but also to improve their external environment. There is, fortunately, a growing desire on the part of these countries to strengthen and enlarge economic co-operation among themselves. Measures that help to generate further momentum for a greater degree of economic integration among groups of developing countries deserve full support. Similarly, steps to undertake some form of multinational planning, whether it entails the establishment of joint projects among countries or harmonization and co-ordination of their development plans or general expansion of their mutual trade, should help to accelerate the economic growth of developing countries. To bring about such far-reaching changes in external economic relations requires vision, dedication and perseverance. It is incumbent upon decision-makers in developing countries to do their utmost to meet this challenge. In Africa, where the problem of economic and political fragmentation has been particularly acute, the search for new approaches to bring about varying degrees of economic integration figures as a major policy issue; and therefore the Committee has devoted special attention to this aspect in a subsequent section of the report (see paras. 68-99 below).

B. Planning and plan implementation in Africa

1. General characteristics

13. As in other parts of the developing world, national planning has come to be widely practised in Africa. Since the attainment of independence in many African

countries, development planning has gathered considerable momentum. The general acceptance of planning as a means of accelerating economic growth does not mean, however, that this tool has become sufficiently potent and efficient in Africa. A large number of African countries, as self-governing entities, are relatively young, and perhaps a natural corollary of this fact has been that they are often not well experienced in deploying national planning to the best possible use. Planning, thus, has often been of an experimental character in Africa.

14. Nevertheless, development planning has generated several beneficial effects in Africa. Planning has proved useful in providing a focus for initiating and strengthening forces for economic and social development. It has served as an important element for delineating and harmonizing national objectives; the very process of drawing up a development plan has been instrumental in directing attention to what a nation can and ought to do. It has also helped to an extent in improving and strengthening national policies for achieving development objectives; for even if there were shortcomings in the design and execution of policy measures, without a blue-print for national development the impact of policies would have remained still weaker. Further, by drawing attention to the intimate relationship between resource availability and development potential as well as to the priority needs, planning has helped in obtaining and in improving the utilization of foreign economic assistance. ✓

15. On the other hand, the available evidence suggests that African plans have often been rather weak in devising an appropriate strategy of development. The development strategy has frequently not been formulated in a precise manner and in harmonious accord with the prevailing economic and social conditions. Technical details have tended to overshadow the crucial development issues; in particular, considerations relating to social change and to development of the human factor have been neglected. ✓

16. In terms of wider international scope, too, there have been weaknesses in African planning. The structural changes that a development plan seeks to bring about in the economy have their counterparts in external economic relations and particularly in regional co-operation. An integral part of the development strategy has to be to ensure that these links will prove a source of strength rather than a hindrance to development. Thus, policies aiming at greater multinational economic co-operation have to be rooted in this premise. Although African planners are increasingly aware of the importance of forging a wider international framework for improving efficiency of planning, a great deal still remains to be done.

17. The implementation of development plans has also been weak in Africa. A plan can be implemented only if it is implementable: goals and targets which are divorced from realities of available supplies of material and human resources are bound to be in the nature of aspirations rather than operational tasks. And even if objectives are realistic and well-formulated by planning experts, they would not be achieved without firm commitment on the part of political leaders who in the final analysis are responsible for policy decisions and without dedicated efforts on the part of civil servants who have to bear the responsibility of day-to-day execution. For speeding up the development of African countries, much greater efforts would have to be made on all these fronts than in the past.

2. Planning machinery

(a) Central planning agency

18. The structure and position of the planning apparatus in the governmental hierarchy is of crucial importance for better planning and implementation. In African countries, the central planning agency does not always occupy the best possible location in the governmental set-up. Its functions have often been considered as of relatively minor importance by the major ministries of the Government. Treated as an advisory body whose advice may or may not be accepted, or accepted outwardly but ignored in reality, the influence exerted by the central planning agency has commonly been weak. This has been particularly so in countries where the planning agency has not been headed by a prominent political figure.

19. If in a number of countries the planning agency has not been able to exert sufficient influence within the governmental set-up, it follows automatically that its role in policy-making in general has been of comparatively small importance. In Africa, as in other developing areas, the bulk of economic activity takes place in the private sector of the economy, and therefore the skill and vigour with which policy instruments available to Governments are deployed are of profound significance in steering the course of economic activity. This task is greatly facilitated if the expertise available in the planning agency is fully utilized in giving content to policies for development.

20. A politically uninfluential planning agency is not only unable to carry out the best possible dialogue with decision-makers at the ministerial level but also with various governmental agencies and other organizations. Such a weakness may particularly appear where foreign experts play a major role in the planning process and for one reason or another fail to establish correct interrelationships with various government agencies. This is by no means to belittle the importance of foreign experts in carrying out the important tasks of development planning, but the fact remains that in the final analysis decisions have to be taken by the nationals of the country in the light of what is deemed appropriate for their circumstances. This reinforces the need for according a place of major importance in the planning agency in the governmental apparatus.

21. Experience in a number of developing countries suggests that the central planning agency functions effectively if the Chief Executive of the country - the President or the Prime Minister - is actively involved in the planning process. Such a set-up helps to get other leaders of the Government closely involved in the planning process and strengthens the role of planning in government actions.

22. The Committee believes that in the light of the foregoing considerations the African countries need to review the set-up and location of their planning agency and its relationships with other governmental organizations so as to strengthen the role of planning in all activities of the Government and at all levels.

(b) Other planning apparatus

23. While most African countries have worked out the framework of development planning, the sectoral constituents of the plan have commonly remained deficient or weak. It has to be remembered that the macro-economic framework of the plan is not sufficient by itself. Although such a framework helps to provide a check

on the over-all balance and to outline its general development strategy, the important content of the plan is to be found in sectoral programmes; and greater degree of detail provided in this respect may make it easier to fulfil the tasks.

24. In Africa, the problem of planning at the regional (sub-national) level is of importance in only a few countries where the geographical size is comparatively large. (This does not refer to urban planning.) However, in so far as the problem exists, it may be necessary to establish planning units in the constituent regions of the country. In some cases such planning units have already been in operation, but a close scrutiny may well reveal the need for further strengthening and dovetailing with the central planning agency. By contrast, in a far greater number of African countries, where the national economic size is small, a major task would seem to be planning at the multi-national level. To this important issue the Committee has devoted separate attention in a subsequent section of the report (see paras. 95-99 below).

25. It need hardly be emphasized that the details of numerous projects which constitute the sectoral and regional programmes have to be fully worked out. Yet this aspect has not been given sufficient attention in African planning. The inadequate capabilities of project preparation and appraisal have constituted a major bottle-neck for plan elaboration. African countries would be well advised to strengthen the apparatus for project preparation, including the research required for this purpose.

(c) Planning personnel

26. Many African countries are very short of qualified and experienced development planners. This has adversely affected both plan formulation and plan implementation. The shortages of other trained personnel to carry out development tasks has also been a major problem. Solutions to such problems, however, are not easy and quick. Each succeeding plan has to make provision for expanding the supply of qualified people at various levels. It is only through such a systematic procedure that the critical shortages of personnel will be gradually eliminated. In helping to meet shortages of planning personnel in Africa, particularly through training activities, the United Nations system should continue to give maximum support to the regional and national training institutes already strongly supported by Governments.

3. Medium-term and annual plans

27. The formulation of a comprehensive medium-term plan represents an important step on the road to economic development - a step which a large number of African countries have already taken. However, there is a growing understanding that the medium-term plan has to be translated into operational plans which coincide with the financial cycle and procedures of Governments. In practice, this implies the formulation and execution of annual plans as constituent elements of the planning system.

28. Annual plans are in essence instruments for providing far greater details on targets, projects and policies than is possible in medium-term plan. These plans, moreover, offer a means of introducing flexibility into the planning system. Such a flexibility is particularly important in the African countries which are open

to both internal and external vicissitudes. For instance, if unexpected changes in agricultural output or in external trade emerge, annual plans provide a framework for coping with them without at the same time losing sight of the development objectives set out in the medium-term plan. In order to be effective, the development plans that are now being drawn up in Africa not only need to contain much more details themselves concerning targets, projects and policies than did the first generation of development plans, but they also need to be supplemented, as their operational arm, by annual plans which provide even greater detail concerning the stream of activities to be undertaken and the policies to be adopted. The Committee believes that it would be desirable to introduce operational annual planning as an integral part of the planning system.

29. Effective implementation of annual plans, in turn, requires that the traditional systems of budgeting give way to newer forms that are more in tune with the needs of planning. The fiscal budget of the Government performs a varied role: it not only serves as a mechanism for gathering resources for financing public sector programmes but it also influences and guides the activities of the private sector. It is necessary for many African countries to improve co-ordination between the fiscal budget and the development plan in order to achieve development objectives.

4. Adoption of policies favourable to plan implementation

30. The widespread adoption of planning by African Governments has not by itself been able to assure a uniformly close adherence to national development plans. In particular, many of the modifications and reorientations of government policies that are required to facilitate the successful implementation of the development plans have not been made. In all too many cases when sudden contingencies, especially those arising from foreign trade and external financial assistance, have occurred, the first victim has been the development plan. There are too few instances where African Governments have been able to insulate the course of planned development to any reasonable degree from the recurring shocks arising from internal and external events. There are also too many instances where the Government's ability to implement its own development plan has been undermined by other aspects of its own policies particularly those relating to domestic political affairs and external relations.

31. The capacity to persevere over a period of time in carrying out a coherent programme of development is one of the necessary requirements for successful plan implementation which has to be deliberately cultivated by the Governments themselves. It is necessary for the political leaders, the civil servants and the population at large to be made aware that a plan can still have validity as a guide to action even though its specific quantitative predictions are not exactly realized.

32. The most common reason why development plans in Africa do not get implemented is that the promised financial resources do not appear as planned. In these situations the essential question for planned development is how the shortfalls are distributed over different programmes. Some of the planning agencies have lacked the capability of producing alternative programmes in which the order of priorities underlying the plan is applied to the changed circumstances; however, almost as frequently the Government's reaction has been to fall back immediately on ad hoc decision making. There is need for substantial improvement in this area in the future so that African Governments continue to observe an order of priorities which is most conducive to accelerated growth.

5. Improving information for planning in Africa

33. Planning and plan implementation in Africa have been hampered by a widespread lack of information not only about the basic characteristics of many sectors of the economy and their interrelationships, but also about the current state of activity in various sectors. There is a need both for improving traditional types of statistical information and for collecting new kinds of information essential for socio-economic planning. Better statistical information on agriculture, consumption, income distribution and social aspects of demography is necessary. United Nations assistance is urgently required for this purpose.

34. To establish facilities for collecting and systematically processing such information is bound to prove expensive in both money and manpower. However, the importance of accurate information to successful planning and plan implementation is so great, and the experience resulting from the absence of such information has been so unfavourable, that in the course of the next generation of development plans in Africa serious consideration needs to be given to undertaking the necessary improvements.

35. The planning authorities need to be advised, on the basis of careful research, on the selection of a minimum range of controlling data that have to be collected and the most economical way to process and present these data for planning decisions. The analytical methods used for planning in Africa have thus far remained relatively simple. As the amount and variety of information increases - and the economies become more complex - planning organizations in the region will need to employ some of the more advanced techniques for organizing and analysing data which have been found useful elsewhere. For the present, the employment of excessively complex techniques to give a spurious precision to plan calculations would in many cases not only involve a waste of the scarce manpower resources available to the planning authorities but would tend to bring planning itself into disrepute.

36. There is also the question of the timeliness of the data required for planning and for current decision-making. Much of the most routine information seems to become available in African countries long after the event and when it is of relatively little use to planning authorities. This is of particular relevance to the question of strengthening the day-to-day machinery of economic policy.

37. For development planning it is not only necessary to collect and utilize information relating to the country concerned; it is equally important to have information about the external environment. It might also be noted in this connexion that the lack of statistical and other information within the country can sometimes be offset by information collected internationally. This sort of "external" information has a great role to play, particularly in the young developing nations. For example, data on economic characteristics of various investment projects, on markets, on consumer behaviour and on the efficiency of various policy measures might be collected internationally for the use of many countries. The Committee notes with satisfaction that recently various organizations of the United Nations system have undertaken such activities; however, these activities need to be expanded in order to help improve the informational basis for planning in the African countries.

6. Planning for structural change

38. African people are still largely rural and predominantly engaged in agriculture; they also live at a very low level of material prosperity. The strategy of many development plans is based on the premise that there is a causal relationship between the predominantly rural and agricultural structure of the economies and their low levels of development, and that consequently emphasis should be placed on structural changes in the pattern of production and employment. The structural change looked for in Africa consists primarily in industrialization. The development of industry is rightly considered by African planners as a very important strategic issue which will help to solve the crucial problems of economic development both of individual countries and of the continent as a whole. The growth of industrial production not only makes possible increased consumption and the expansion of productive capacity in all sectors but it also has a strong impact on agriculture. The strategy of industrial development in Africa, however, needs to be devised within the framework of multi-national planning closely tied to national planning in individual countries. The emphasis which is being given in this report to economic co-operation and multi-national planning is closely connected with the role of industrialization in the social and economic development of Africa. At the same time, it must also be stated that the formulation of industrial development strategy for Africa is still at an early stage and much remains to be done in this connexion.

39. In some African countries the problem of inadequate food supplies has already assumed serious proportions, and the same would happen in many more countries if strong measures were not taken to stimulate domestic food production. The adverse change in the food supply situation in recent years has been in contrast with the region's supplies of other agricultural products. This seems to indicate that in many countries development policies failed to foresee the emerging imbalances or were unable to apply appropriate measures. Owing to the prevalent absence of knowledge on the means of increasing food production the problem of choosing between different policy instruments for stimulating an increase in output has usually not been solved in African development plans. Both the general planners and the agricultural expert seem to be rather uncertain as to which of the possible measures they should rely on most to induce an increase in output in particular regions and for particular crops. Often research, embracing technical, economic and socio-institutional aspects, has yet to be undertaken even in those countries which have the strongest civil service and research establishments. For the time being, thus, many African plan targets in the immensely important sector of agriculture cannot be backed up with adequate and dependable programmes of action for their implementation. This suggests that one of the most important inputs into the planning process itself should be agricultural research to discover what should be put into the plans and programmes for agricultural development. In addition to the present volume of international assistance to African agriculture, a considerable amount of resources have to be found for applied research to discover the means of inducing change and expansion, and for training programmes and operational structures which would give the human agents of rural transformation, the African farmers and agricultural officers, the knowledge and the organization with which to apply these means.

40. While attempting by means of planning methods to change the structure of the economy and the character of the society itself, development policy in Africa needs to take into account the special situation arising out of the relatively

large share of subsistence production in the economic activity and the exigencies of what is often called a "dualistic structure" of the economy. This structure, characterized by the existence of the modern sector side by side with the traditional (or subsistence) sector, each having radically different patterns of social relations, performance, and consumption standards, represents a striking feature of the African economy. The dualistic structure is further aggravated by the predominance of foreign enterprises in the modern sector. It is self-evident that the African countries should seek continuous expansion of the modern sector and the gradual transformation of the traditional sector. While the development of the modern sector is determined by the availability of scarce resources (primarily capital and managerial skills), the transformation of the traditional sector presents very intricate problems of an economic, social and political character. Problems connected with this transformation are largely neglected by African planners though they are of the utmost importance to the social and economic development of the continent. Without economic and social progress in the traditional sector and its gradual and continual transformation, an increase in the living standards of the broad strata of African people will not be possible; nor will it be easy to gradually transform the dominating social and economic patterns of behaviour, thereby creating the basis for the modernization of the African economy and society. The great and sometimes impenetrable separation between the islands of the modern sector and the dominating patterns of the traditional sector creates a tremendous obstacle to development in Africa. Therefore, the devising of channels of influence and methods for the transmission of economic and social forces needs to be a very important task of strategic planning.

41. Although structural change is still in its early stage in Africa, it is important that planning be based on a long-term view of the strategy of socio-economic transformation. Thus, adequate attention needs to be paid to bring about, as an ultimate objective of planning, fundamental changes in society itself. Moreover, the problems of social change, including social development objectives, the social factors in progress and the social implications of the various economic patterns, need to be viewed in their entirety. This is not always the case in Africa where the basic issues of the strategy of social change are not sufficiently appreciated and are sometimes forgotten altogether. This may be partly due to the compartmentalization of the planning work and of the government agencies and the resulting neglect of such a broad and complex issue. The development of education as a means of improving the human factor is relatively appreciated in Africa, though there are great differences in this respect among countries. A dynamic education policy is justified in African conditions, but it has to be remembered that formal education alone is not sufficient; the educational effort may fail if it is not accompanied by a policy which permits full utilization of human abilities. It is also important to pay due attention to the efficiency of educational activities. In many African countries the gains from educational investments in terms of increased productivity could be improved by further changes in the pattern of education. While the need for the development of formal education is understood and supported in Africa, other measures for the social and professional advancement of the people are often neglected. As mentioned earlier, policies for transforming the traditional sector and therefore for the advancement of its members are far from satisfactory and often entirely absent. Well-defined policies aimed at introducing the African people into such sectors as commerce and industry are absent in many countries. Training activities for the improvement of the working force are also largely lacking. Schemes for the better utilization of manpower

resources are extremely rare. While a more equal distribution of income is often a declared policy, measures for its implementation are vague or non-existent. These are a few important examples of the problems connected with the socio-economic strategy in African conditions. The Committee considers it particularly important for planning in Africa that emphasis be placed on these problems by devising a comprehensive long-run strategy of social change.

7. International technical assistance

42. As the new round of planning gets under way in Africa, some fresh thinking has to be done, in particular by all the international sources of technical assistance to African planning, in order to determine how this assistance can be most effectively rendered. To be adequate to the problems posed, the programme of assistance would have to cover the drawing up of the plan itself and the following up of the progress of implementation, as well as the making of national economic policy on a day-to-day basis. This latter is too often treated as a separate subject (e.g. technical assistance to ministries of finance or trade) by advisers who have a rather tenuous involvement in drawing up or consistently carrying out a development plan for the country as a whole.

43. It is clear from recent experience that a lack of coherence between development plans and economic policies is one of the fundamental weaknesses in the implementation of African plans. Therefore technical assistance programmes which are narrowly focused on the exercise of plan formulation are seriously inadequate. A more comprehensive and long-range approach would enable the foreign experts themselves to learn more about the African situation, thus becoming more effective, while it also gave them sufficient time to impart basic technical skills to their African counterparts.

8. Implementation of quantitative targets

44. The targets that are set out in development plans in Africa should be of different types and mean different things in the different sectors. Usually, however, aggregative growth targets for the economy as a whole are set out as a broad indication of the rate at which the well-being of the country is sought to be increased. These targets of over-all growth rates are commonly specified as single precise figures, often up to the decimal point. Given the nature of the data underlying most of these plans it is hardly meaningful to characterize the fractional shortfalls in attaining these targets as an indication of "failure". It might be useful for development plans, especially in Africa, to specify their growth targets as ranges of achievement to be aimed at. ✓

45. It is also desirable to give performance in specific areas of development as much attention as is given to the targets of over-all growth. In particular, the problems of food supply, of balance of payments, of budgetary stability and of manpower utilization are so important that independent assessments of performance in each of those areas is as essential as the measurement of over-all growth. In addition to the random shortages of total resources, shortages of particular types of resources have hampered the smooth development of a number of African countries.

46. Failure in one or other of these crucial sectors would affect the general stability of the economy, even where the over-all performance is adequate. Thus, in a number of countries, while the growth of the industry and services sectors has been sufficient to assure a reasonable over-all growth rate, the failure of food production to meet the requirements of a growing population has presented acute problems of internal stability and of balance-of-payments equilibrium. Where, as in many cases, rising government expenditures have been accompanied by rising deficits on the budget, they have contributed to inflationary pressures which in subsequent periods have undermined the ability of the country to continue on a smooth path of development. These increased government expenditures have also often been due more to rising recurrent expenditures than to investments. Their contribution to the development of the country must therefore be assessed in more analytical terms than can be inferred from crude figures on the growth of total government expenditure.

47. There is thus a need in the development plans, and especially during the process of their implementation, to have separate targets for the major sectors in a form that is most relevant to each of them. Systems of assessment also need to be established to enable the decision-making authorities to judge in a meaningful way their performance in the implementation of all the important parts of the plans. The system of targeting and assessment has to be comprehensible to the decision-makers and the civil service echelons who have to deal with these matters. Experience in other parts of the world and already in some countries of Africa suggests that once the plan becomes a focal point of national action the task is not impossible in Africa.

9. Problems of financing

48. The familiar problem of insufficient financial resources has affected the ability of many African countries to implement their development plans. There is first of all the question of the realism of the plan forecasts with regard to the availability of finance, especially of external financial assistance. Sometimes the difficulties caused by an inadequate volume of financial resources have been compounded by the fact that such financial resources are often not available at the time when they are required. An additional complication has been that in a number of cases when resources have been mobilized - for example, through the budget - they have not been devoted to the purposes planned. Typically the recurrent expenditures of government have increased much faster than planned, often too fast in relation to the growth of taxable capacity. Foreign aid has sometimes been used to cover budgetary deficits and not developmental purposes. There is also increasingly in Africa the problem of "tied" financial resources supplied from abroad and the distortions that these produce in the growth and structure of the economy.

49. The experience of African countries in mobilizing resources through the budget has been rather varied, as has been the case in other countries. Several countries seem to have managed to increase the share of the Government in the use of the total resources in the economy. In a number of instances, in the face of inability to raise the estimated revenue and at the same time the unwillingness to curtail programmed expenditure, there has been a persistent resort to inflationary financing methods.

50. The measures aiming at increased mobilization of domestic resources for development have been weak in many countries of Africa and not sufficiently studied. The financial policy follows traditional patterns and is not connected with general lines of income-distribution policy. Many of the financial and other measures are not being looked at from the viewpoint of the long-run impact on the mobilization of resources and on income-distribution patterns. There appears to be a pronounced inability in many African countries to check the outflow of capital to outside the region. The policy measures to cope with this problem are often inadequate and far from exhausting all possibilities, and there is an urgent need to strengthen them. It is suggested that appropriate studies be undertaken for Africa, examining the problems involved in resource mobilization and income-distribution policies.

51. External finance has remained crucial for the implementation of African development plans; this is only natural, given the low level of development and the scarcity of resources. However, the general uncertainty as to what amount of resources will in fact become available has added to the difficulties in development planning. The general stagnation in the flow of public aid in recent years has aggravated the situation. The problem has been particularly grave in the countries where the development plans were postulated largely on expectations regarding inflows of official and private funds from abroad. Many a country has placed too great a reliance on external finance - which has often proved to be over-optimistic - without adequate attention to measures for mobilizing domestic resources. African countries need to become aware of the borrowing opportunities and how to utilize them effectively.

52. For a number of African countries which are associated with the European Economic Community (EEC), the total amount of foreign aid to be granted by the EEC group is set by a contractual arrangement. However, no individual associated country is assured of the amount that will be available to it. And since the associated countries have not undertaken joint planning, the full potential advantages presented by this arrangement cannot be realized. If the attempts to draw up programmes of industrialization covering the African countries associated with the EEC as a group are carried further, it should be possible to formulate and implement industrial development plans in those countries with greater certainty. Among this very group, for those countries which are associated with the French franc zone, the process of planning is in practice intimately co-ordinated between their Governments and the French authorities responsible for foreign aid, and this has helped to lessen the element of uncertainty regarding external resources.

53. As regards private foreign capital, it is necessary to ensure that its role is compatible with basic plan objectives.

54. The uncertainty inherent in the flow of short-term financial resources from abroad has also affected the implementation of development plans in Africa. More recently, a number of African countries have been able to make use of the special arrangements under the International Monetary Fund for obtaining temporary accommodation to cope with the effects of fluctuations in export earnings. The Committee hopes that the projected scheme for supplementary financing will be realized, thereby adding a degree of certainty.

10. Linking national plans to multinational development

55. If the policy of economic co-operation to which almost all African countries subscribe as a means of accelerating and rationalizing their development is to be actually realized, then the national development plans must fully reflect each country's portion of the agreed multinational programmes. Especially, the requisite budgetary and other local resources have to be provided for the implementation of multinational projects which are located in the different countries. In order to be sure that this will happen it is desirable to have some means whereby multinational decision-making becomes an integral part of the national decision-making processes during the course of plan formulation and implementation. At present these two activities of African Governments are generally carried out separately, although the proposed involvement of national officials and political leaders at various levels in the machinery of subregional co-operation provides a basis for pulling national and multinational planning closer together.

11. Popular participation in plan implementation

56. In African countries the successful implementation of any far-reaching programme of national development will depend upon the active participation and adequate performance of the masses of the people. The planning system therefore ought to include adequate mechanisms whereby its objectives are communicated to, and get widely accepted by, the people at large. Only thus can they feel that degree of involvement and commitment which is required to elicit the necessary co-operation from them.

12. Preparation and execution of development projects

57. It has been widely felt that one of the most common reasons for inadequate performance in the implementation of development plans in Africa has been that from the beginning the plans themselves were not based on an adequate number of fully prepared projects and that during the course of their implementation the ability to prepare projects has also not increased in line with the requirements of the plan. The consequences of drawing up development plans without an adequate backing of project details have often been adverse: in general, costs have tended to be underestimated, especially the foreign exchange component of development programmes; gestation periods, and in the case of social services the consequential increases in recurrent expenditures, have been underestimated; the degree of inflationary pressures arising from the implementation of the plan has tended not to be foreseen; and in the case of productive enterprises, the returns to investment have tended to be overestimated.

58. In the execution of development projects, supervisory capacity at all levels has turned out to be a bottle-neck to which in the future greater attention will have to be paid. The widespread occurrence of the trend towards rapid increases in construction costs indicates that the process of plan implementation will need in the future to be supported by much more effective capability in the execution and supervision of development projects.

59. However, the preparation of development projects with an adequate degree of detail is an expensive undertaking when the costs are considered in relation to the budgetary resources of the typical African country. Especially for those major development projects which will typically be financed with external assistance, further thought has to be given to this question of project preparation.

60. A good development plan is one that is based on well-worked-out projects. While the international community has given relatively greater help to the African countries than to other parts of the world for pre-feasibility and feasibility studies, and similarly greater technical assistance for project identification and preparation, more still needs to be done to strengthen the capability of the African countries in this respect. At the same time, more needs to be done to harmonize the various requirements of the different donor nations to minimize the need for African countries to produce different information for different donors on the same project. Essentially, donors should be satisfied with the basic analysis that is necessary for the national Government itself to establish the economic soundness, feasibility and priority of a particular project. Given a commitment, however preliminary, that financing for the projects will be available, it becomes more feasible for the Government to commit its own resources to the relatively costly process of detailed project preparation.

61. After financial backing has been assured, or obtained in a preliminary way, the intermediate steps between the preliminary study and the final project are still liable to take a considerable amount of time. The weaker the administrative structures and the local capability for project design, the longer the period of gestation and the more expensive it becomes. The long delay involved in completing many projects has been a major factor responsible for the non-fulfilment of plan targets. Consequently, one after another, African Governments have stretched out their development plans or have postponed many projects and drawn up transitional programmes, emergency plans and stop-gap arrangements of all sorts.

62. There is another problem which many African countries have encountered in the process of project preparation. Sources of finance which operate on banking principles tend to limit their involvement in the initial processes of project preparation in order to leave to themselves the necessary freedom about final decisions on actual financing. In the case of bilateral agreements, moreover, aid-providers attempt to get the recipient Government to spend its own money (usually not budgeted for) as an earnest of the seriousness of its intentions. Or often they leave project preparation to private consulting firms which are very expensive. Or, at the other extreme, they corner the project from the start, the assistance for project preparation being tied to supply of equipment, construction and financing in a package operation which leads to many problems. The recent changes in the approach of the International Bank for Reconstruction and Development (IBRD) and its affiliates, and the assistance increasingly rendered by the Economic Commission for Africa, the African Development Bank and the United Nations Development Programme should help to improve project preparation and this needs to be matched by the bilateral agencies.

63. Still another problem relating to project preparation has been the insufficient attention paid in the past to the allocation of projects among sectors of the economy in order to avoid critical imbalances or shortages. For instance,

the inadequate expansion of food output or of power facilities has caused serious bottle-necks in a number of African countries. This points to the need for clearer decisions on priorities among projects in the context of available resources. Where, as is usual, the supply of project design engineers and even of architects is inadequate to cope with the demands of all ministries, it would have to be decided whether for instance water conservation and rural roads should not have priority over office buildings. Similarly, it would have to be decided whether it might not be a mistake to commit domestic budgetary resources to a primary school building programme, while the agricultural programme has to face all the delays and uncertainties connected with foreign aid. The task of setting up such priorities would require certain changes in the present planning practices of African countries.

13. Administrative capacity for economic and social change

64. The majority of African Governments have not taken enough steps to improve their own chances of success in implementing their development plans by carrying out the minimum necessary measures of administrative reform. While the existing systems of administration may not be in most cases positively hostile to planning, that by itself is not sufficient to assure successful implementation of plans. Conscious, and often far-reaching, reforms of the machinery of Government are needed in order to assure that the people and the various institutions on whose efficient performance successful plan implementation depends will understand what they are supposed to be contributing and will have the means, within the day-to-day organization of their work, to carry out the tasks expected of them.

65. The rigid structure of administrative capabilities may become an important obstacle to plan implementation. For bringing about basic changes in the economy - an important objective of plans - appropriate adaptation of the administrative organizations is necessary. Whenever a plan envisages changes in development priorities and seeks introduction of new policy measures, it is essential to make appropriate changes in administrative services to cope with these problems.

66. The traditional concept of the capacity to absorb capital may in this connexion not be entirely adequate. Apart from the existing situation where in certain places investments which have already been made are now poorly utilized, and apart also from the tendency in many countries towards a stagnation or even deterioration in the standards of public services, there is the problem of the continued or increased dependence on foreign personnel as it is sought to modernize the countries to higher levels. Proposals have been made to develop a number of centres of excellence for Africa, including centres for the training of the highest level of specialists, multinational research institutes which would facilitate the application of the most modern research methods and undertake the task of adapting foreign technology to African circumstances, and some centres of engineering capability for the design of the most complicated development projects. These are the sort of proposals that should be pursued if Africa is to be able to absorb a substantial degree of structural change during the coming decade.

14. Periodic evaluation of plan implementation

67. It would be very useful and instructive if in every planning organization there was provision for some experienced and independent people to analyse continuously the reasons behind good or bad performance in plan implementation.

Such research would assist in establishing the values of various parameters of the plan and also in changing them. The results could readily be disseminated and could be a powerful force for improving the performance of all the participants in the implementation of development plans.

C. Multinational economic co-operation and planning in Africa

68. Multinational economic co-operation and gradual economic integration are of particular importance for the economic development of Africa because of the continent's present political and economic fragmentation. The creation of unified multinational markets would make possible faster expansion and greater economic diversification of the African economy and particularly of its industry. It would also enhance productive efficiency by permitting increased specialization and the operation of industries on a more economic scale. Further, it would help in overcoming barriers to development appearing in foreign trade with the developed parts of the world.

69. Since the purpose of multinational economic co-operation is the acceleration of economic development, the traditional approach to integration through the formation of customs unions is insufficient and other measures of co-operation need to be devised. In this connexion multinational planning and the co-ordination of national plans are of crucial importance in integration efforts. Most African countries have adopted planning as the chief instrument of development policy. Within the economic and political conditions in Africa national planning has tended to encourage some degree of economic nationalism. The purpose of multinational planning and of co-ordination of national plans is to achieve faster growth and higher efficiency within the national as well as multinational framework without superseding national planning activities. Economic co-operation and further integration is bound to have an impact on the region's social and political interrelations. It would promote closer bonds and develop greater social and political unity of the continent. Those results are viewed favourably in Africa.

70. Recent attempts to achieve more integrated economic development in Africa have taken place against a background of multinational arrangements of various types some of which were instituted during the colonial period. These arrangements include the grouping of African countries which were previously administered by the same metropolitan Power. These groups have been mainly trading arrangements of the customs union type. In the absence of sufficient arrangements protecting the interests of individual members development within these groups has polarized, underlining the fundamental weakness of an economic integration policy which is limited to trade liberalization, where the benefits tend to become very unevenly distributed in favour of the more developed members of the group. These unfavourable effects have proved a disintegrating influence within some of the existing groupings.

71. There also exist the special links of a number of African countries with the former metropolis. In this connexion the special trade links of some countries with the European Economic Community (EEC) are particularly important. The obligation to grant tariff preferences to members of this system could hamper economic co-operation and integration within a broader African group. The expansion of economic co-operation may well require the modification of these extra-African links in order to allow for the granting of preferential concessions

by such African countries to other members of the new African groupings without any loss of financial or technical assistance from the EEC.

72. The Economic Commission for Africa has sought to encourage the creation of a framework for co-operation on the basis of four subregions and thus provide a basis for co-operation in other fields as well as trade. These subdivisions of the African region are regarded as having a chance to become economic units within which economic and particularly industrial development could be planned on an integrated basis. At the same time every effort is made to keep open and encourage the existing economic links of the boundary countries of the various subregions and to allow for the continued operation of the existing smaller subgroups within the larger units. Increasing the number of participating countries certainly makes the groupings a more effective basis for economic development, though it does increase the difficulties of obtaining agreement on the co-ordination of programmes and policies in industry and agriculture and the joint development of infra-structure.

73. Multinational co-operation on a subregional basis is at a very early stage of development in Africa. The process may develop in several directions and the resulting structure take many forms. Because of the preliminary nature of most of the national development plans in Africa early action should be taken to encourage Governments to formulate their plans so as to take advantage of the benefits offered by co-operation.

74. It is important that the programmes and policies designed to promote integration be prepared with maximum flexibility in order that they may be readily and effectively adapted to changes in the strategy of national development. A flexible approach is also necessary to enable members of existing economic grouping within the subregions to retain benefits which accrue to them from their participation in these arrangements and to permit the progressive adaptation of their mutual links and joint institutions to the subregional framework.

1. African approach to co-operation and integration

(a) Proposed measures

75. Recent efforts at economic co-operation and integration in Africa aim to build up viable and dynamic subregional groups. While the declared objective of all the subregional integration schemes is to overcome obstacles created by the fragmentation of the market, trade liberalization is to go hand in hand with the formulation and implementation of a variety of programmes of co-operation.

76. One of the main long-term purposes of subregional co-operation is the creation of conditions favourable to foster industrialization. The elaboration of programmes for industrial development in a multinational context is therefore given particular emphasis in the subregional integration schemes. It is not proposed that all industrial development be planned in the subregional context: typically small-scale industries catering to local markets would continue to be developed within a purely national framework. The need for decision-making and planning at the subregional or multinational level arises primarily with respect to the establishment of industries which could only operate economically on a scale exceeding that appropriate to any one national market. This principle will mean

very different things in individual areas and its meaning will change with time. In the least industrialized areas in which the countries mostly have very small markets for industrial goods, the industries to be allocated will initially be of a rather simple kind: the more advanced areas will be increasingly concerned with allocating large-scale industries, including some kinds of investment goods and basic industries, the absence of which would hamper industrial development in Africa. Multinational planning might be extended to certain other industries, notably to those using the output of basic and intermediate goods industries as inputs.

77. Multinational industrial planning would of necessity have to be accompanied by the co-ordination of national industrial development programmes since the subregionally planned projects would have to be implemented at the national level. The co-ordination of national plans could significantly improve industrial efficiency by eliminating duplication of investment in industries which can be established within the confines of national markets though not at optimal capacity or levels of capacity utilization. A number of African countries have set up or are planning to set up plants in these branches.

78. Work on the preparation of subregional programmes for industrial development needs to be pursued and made a continuing responsibility of the subregional institutions, when they are established. Adequate and timely preparation of technical and economic studies is essential if subregional planning and plan co-ordination is to have an impact on investment decisions and the pattern of industrial growth.

79. Possibilities for co-operative action in the field of agricultural development need to be more thoroughly explored than has hitherto been the case. Africa needs to expand and diversify food production in order to increase the living standards of its populations and minimize existing and future requirements for imports from outside the region. A significant degree of specialization in the production of certain foodstuffs already exists in the African subregions and trade in foodstuffs among neighbouring countries is quite substantial in some cases. But in recent years a number of African countries have developed the production of foodstuffs such as meat and dairy products, sugar and some cereals, in spite of the fact that lower cost producers in the region could supply their market. The emergence of autarchic tendencies of this kind highlights the importance of co-ordination of agricultural programmes. Since the development of agriculture is essential for accelerated economic development in Africa integrated programmes should include plans for this major sector.

80. Multinational co-operation is also needed to expand and improve research and training facilities. It seems very advisable for this purpose to undertake elaboration of the long run programme of development of the most important educational and research facilities covering all the continent.

81. No less important than the co-ordination of programmes and policies for industry and agriculture is co-operation in the development of an appropriate infra-structure. Adequate systems of transport, telecommunication and energy are basic requirements for economic integration. The elimination of trade barriers and the multinational planning of industrial development will be ineffective if the lack of low-cost transport prevents the exchange of goods among members of integration groups. Since the African subregions do not possess comprehensive

and efficient transport networks oriented towards intra-subregional trade, co-operation in the construction of appropriate transport links needs to be given high priority in their respective integration programmes. In view of the interdependence between production, trade and transport the planning of subregional transport development needs to be closely co-ordinated with that of subregional industrialization and agricultural specialization. But since the development of land transport involves long construction periods, it might often be necessary to proceed with the implementation of transport plans as soon as Governments have committed themselves to a concrete programme for the integrated development of production, even if a precise estimate of the prospective volume of traffic cannot be made at that time.

82. In view of the importance of coastal shipping for intra-subregional trade, the available capacity may have to be increased as integration proceeds. The co-ordination of existing facilities and the joint planning of shipping and port development are among the objectives of the regional integration schemes. It is encouraging in this connexion that some co-ordination of maritime as well as air transport has already taken place.

83. While trade liberalization is not regarded as a sufficient instrument for economic integration in the African sub-regions it is an essential part of all integration programmes. While awaiting the completion of detailed negotiations in connexion with the establishment of the integrated subregional groups tariff negotiations have commenced on a commodity-by-commodity basis. Intra-subregional trade at present is mainly confined to a limited number of primary products. After a few rounds of negotiations a selective system of tariff preferences might bring most of the mutual trade of countries under a subregional free trade system.

84. The successful implementation of an integrated industrial development programme requires the elimination of barriers to trade in the products of the industries established within the subregional framework and the setting up of a protective common external tariff for these goods. Specific provisions along these lines are included in the subregional integration programme for Eastern Africa. As the number of industries established within the subregional framework increases, the proportion of free trade within the group would rise, resulting in the gradual evolution of a customs union covering the subregion.

85. Wide international experience in multinational economic co-operation suggests many measures which can play a positive role in strengthening and improving co-operation in Africa. Among these the following merit particular attention: trade liberalization as indicated in paragraph 83; special treatment for agricultural production and certain traditional consumer goods industries; preferential treatment for the less developed among the developing countries in the integration area (with respect to commercial policy, technical and financial assistance particularly for the establishment of an infra-structure and integrated industrial activities); sectoral agreements for strategic industrial activities; infra-structural programmes; regional development programmes in border areas; multinational programmes for the development of river basin and lake areas; technical and financial assistance for the promotion, adaptation and possible reconversion of activities; co-ordination of national plans and policies; institutional arrangements for the promotion of integration process.

(b) Principle of equitable distribution of integration benefits

86. The experience of customs unions or common markets in Africa has demonstrated that integration among developing countries which is based solely on the elimination of trade barriers tends to foster economic development and especially industrial growth to a greater extent in the more developed member countries than in their economically weaker partners. New enterprises seeking to exploit the opportunities offered by the creation of an integrated market tend to gravitate towards areas of a relatively higher degree of industrialization which possess already an adequate economic, social and commercial infra-structure. The less developed countries consequently forgo integration benefits, which they might have reaped from the establishment of these new activities. In addition to their failure to share fully in these benefits they are often also at a disadvantage in other respects. In many cases, productive efficiency is lower and costs are higher in industries located in African countries than in those operating in developed countries. The establishment of a common protected market obliges its less industrialized members to import from their more advanced partners higher priced or inferior goods than they could have obtained from suppliers outside the market, they suffer a loss which is directly attributable to their participation in the integration scheme.

87. The unequal distribution of integration benefits among members of customs unions and common markets has been in large measure responsible for the instability of these arrangements. It is now generally recognized that integration schemes would be viable only if they include measures to ensure that integration benefits would be equitably shared among the participating countries. But in order to devise appropriate measures to correct the tendency towards polarization of development in integration groups, countries would need to agree on the rules of "equitable distribution".

88. A fundamental difficulty in the implementation of a scheme for the equitable sharing of integration benefits among members of an integrated group arises from the conflict between their general interest and the individual interests of each member in securing as large a share as possible of the economic gains that the integrated market permits. This conflict has made political agreement on such a programme difficult to obtain. Conflicts of interest among the members of an integrating group cannot be avoided, but they can be resolved. Members need to learn how to resolve such conflicts and establish for this purpose appropriate procedures for negotiation and decision-making.

89. The chief means which have been employed by various integration groups in Africa to correct imbalances in the distribution of integration gains have included financial transfers from the more advanced countries to their economically weaker partners, the establishment of development banks to channel resources towards the less developed members and measures enabling the latter to give protection to infant industries. While all these measures have helped to alleviate hardships and have encouraged development in the economically weaker countries, to some extent, they do not provide an adequate solution for the problem of polarization of development within integrated markets.

90. It is now widely recognized that measures to secure an equitable distribution of integration benefits need to ensure as far as possible that the integration process itself will have an equal impact on economic growth in the

member countries of an integration group. This could be achieved through the elaboration of a scheme for the allocation of new lines of production which are to be developed within the framework of the integrated market. The wider the range of productive activities covered by such a scheme the greater would be the possibilities for achieving an equitable distribution among the countries concerned. But the formulation of a comprehensive scheme presents considerable technical difficulties and in practice allocation schemes have confined themselves to a limited range of industries. Such schemes have been prepared by ECA for each of the four African sub-regions but they have, as yet, not been considered in detail by the Governments concerned.

(c) Role of external assistance

91. Many of the new possibilities for development that will arise from economic co-operation in Africa cannot be exploited without external multilateral and bilateral assistance, both financial and technical. There is a need for the establishment of arrangements for mobilizing external aid behind joint development programmes of the African sub-regions. Foreign public lending agencies could contribute significantly to the objective of locating projects within the framework of an integrated market, if they made it their declared policy to assist economically justifiable projects that are consistent with an integration scheme. The clear support of multilateral and bilateral aid agencies for integration-oriented and infra-structure projects within the framework of integration schemes would also encourage the adoption of multinational plans for industrial development by national Governments and facilitate their implementation.

92. The sub-regional groupings offer a framework for the granting of assistance to projects which would be unavailable if requested by the smaller individual countries. This assistance may be co-ordinated on the donor side in the form of consultative groups of aid-giving countries and international organizations as in the case of the IBRD consultative group for the three East African countries. On the recipients side these groupings provide the framework for the channelling of international assistance to sub-regional projects through the sub-regional bodies and its better allocation for the development of the sub-region.

93. External assistance is also needed in the preparation of the plans for integrated development and in building up the technical secretariat which would support the representative institutions at the sub-regional level. In addition, support has to be expanded for the existing African institutions concerned with development in the region which have a significant role to play in the promotion of sub-regional integration. Without external technical assistance, multinational action may be unduly delayed even after agreement on measures has been reached. Failure to produce concrete results within a reasonable period of time could easily destroy the confidence of Governments and populations in the basic soundness of the co-operative approach to economic development.

94. International assistance in sub-regional planning supported by the co-ordinated provision of financial assistance for its implementation, is among the most important new departures that are required to ensure that Africa's economic progress will measure up to the requirements of an international policy.

2. Need for multinational planning

95. In many cases the reason for delays in proceeding effectively with industrialization and transport development on a multinational basis in Africa is the lack of systematic multinational planning. Many possibilities for development which do not appear in a sector-by-sector analysis may be revealed by a more global approach where the interrelations between the sectors and the countries are systematically explored. Such planning is also needed to estimate the costs associated with alternative locations of industrial projects, and to indicate the possibilities for complementary industrial projects in different countries. Furthermore, a planned and reasonably distributed programme of integrated industrial development could contribute more significantly to the improvement of the balance of payments than the haphazard establishment of import-substituting industries. Lastly, planning is needed to put economic integration on a longer-term basis and hence improve its chances of success in Africa.

96. It has been contended that since national planning is inadequate in many African countries, sub-regional planning would be even less effective. It is true, however, that effective multinational planning may assist the smaller countries in their planning process, since the projects included in the sub-regional plan for agriculture, industry or transport would be taken over for implementation as national projects. Timely preparation of multinational plans is essential if their acceptance and implementation by Governments is to be ensured. Assistance could be provided by the organizations of the United Nations system in the preparation of these plans which could form part of the global strategy of development of the second Development Decade, and also in the establishment of institutions which would support sub-regional consultation and negotiation. Consideration might be given to the preparation of a study of the possible structure of the African economy at a future date with a higher level of per capita income. This study might reveal new perspectives of African economic development and particularly throw new light on the spatial developmental patterns of all the continent. Such a study might also indicate possibilities for co-ordination at a national level.

97. Both the removal of internal trade barriers and the attempts to develop industries on a multinational basis require a certain minimum harmonization of the fiscal and monetary policies of partner Governments, dealing in particular with taxation and investment legislation. The policies of partner Governments have also to facilitate the uninterrupted expansion of trade and other economic links between individuals and business entities in their respective countries.

98. Since these questions touch upon some of the most sensitive aspects of national economic policy, the attempts at policy harmonization are likely to encounter resistance or hesitation. In part this arises from the fact that discussions of economic integration tend to be conducted in terms of ideal models in which the harmonization of policies is shown to lead to a situation akin to that prevailing in a political federation. In practice, what is required is advanced consultation and a certain minimum harmonization of policies. This is particularly important in regard to the policies for influencing investment decisions of foreign private enterprises which are at present dominant in the industrial and certain agricultural activities in many countries.

99. Multinational planning in Africa needs to be given full support by international agencies. The Economic Commission for Africa has already acquired some experience in the elaboration of multinational programmes. This work needs to be continued and strengthened to meet the changing circumstances and requirements of the continent. In view of the importance of multinational economic co-operation and planning for economic development, the Committee considers it useful to review at a future session the problems and experience in this field in various parts of the world.

II. PREPARATION OF GUIDELINES AND PROPOSALS FOR THE SECOND UNITED NATIONS DEVELOPMENT DECADE

100. The Committee has given further attention to the preparation of guidelines and proposals for the second United Nations Development Decade. In this connexion, on the basis of recommendations set out in paragraph 84 of its last report, 3/ it has discussed the tentative outline or sketch of the international strategy for development, which, after considerable further work, might be recommended to the Economic and Social Council and, through the Council, to the General Assembly.

101. The Committee believes that the preparation of a sound framework of international strategy for development in the nineteen seventies requires a great deal of careful thought and technical work. Objectives have to be clearly defined and where relevant supported by quantitative analysis. The technical work under way, the preliminary results of which the Committee has examined at its present session, has already suggested interesting new possibilities. The implications of the alternative rates of economic growth of developing countries during the coming decade which the Committee has discussed suggest that the accelerated economic growth of developing countries will require concerted national and international efforts, but the task is certainly not beyond reach. The technical work in progress is being carried further in the light of new and revised data. It has to be emphasized that such work involving long-term projections for the world economy has continually to take into account alternative methods and new information, not only about the characteristics of the economies of developing countries but also about the numerous policy changes which determine the pace of their economic and social advance. The results of this continuing work will be discussed by the Committee at its future sessions.

102. One purpose in formulating the framework of an international development strategy is to facilitate the preparation of a co-ordinated programme of action by organizations of the United Nations system, each acting within its appointed field of responsibility. This makes it necessary to associate these organizations closely both in the task of defining the objectives of the strategy and the means of attaining them, and in the execution of the preparatory technical work. The Committee, on the basis of valuable information placed before it at its present session regarding the current work of various organizations, notes with satisfaction that co-operation has already been established between them and the Centre for Development Planning, Projections and Policies. It hopes that this co-operation will be as broad as possible so as to avoid the adoption of conflicting hypotheses and to draw the fullest benefit from the experience of each organization. The Committee is greatly encouraged by the statements made at its present session by the representatives of organizations indicating that their organizations are fully willing to participate in this challenging work.

3/ Official Records of the Economic and Social Council, Forty-third Session, Supplement No. 7.

103. After careful deliberation the Committee has come to the conclusion that it will be extremely valuable to have a working group meet at Geneva from 26 to 28 June 1968 to finalize the document setting out a preliminary sketch of international development strategy for the coming decade in accordance with the observations made at the present session of the Committee. The working group will consist of the Chairman, the Vice-Chairman and the Rapporteur of the Committee - Mr. J. Tinbergen, Mr. M.L. Qureshi and Mr. J. Pajestka - and four other members - namely, Mr. Nazih Deif, Mr. A.N. Efimov, Mr. Jean Ripert and Mr. Germánico Salgado. As at the present session, written comments and suggestions from other members of the Committee that might help the working group will be welcome. The Centre for Development Planning, Projections and Policies will furnish further technical and empirical details in time for the meeting in June. In view of the limitations of time and since in any event one of the main purposes of the working group will be to decide the nature and scope of documents to be sent to the organizations of the United Nations system for detailed comments these organizations will not be invited to the working group's meeting in June. However, the organizations would be welcome to submit relevant material for the information of the working group. The Committee hopes that it will be possible to make the necessary arrangements for the working group to meet in June to carry out the responsibility entrusted to it.

104. On the basis of the working group's decisions, the Centre for Development Planning, Projections and Policies will make as early as possible formal contacts with various organizations of the United Nations system. It is intended to send the following documents for comments and suggestions to the organizations:

(a) A preliminary sketch of the international strategy for development in the nineteen seventies on which organizations will be invited to comment so as to arrive at a common view of the strategy;

(b) A paper on quantitative implications of alternative rates of economic growth of developing countries in the coming decade and a comparative analysis of the available studies that are relevant for this subject;

(c) A list of specific questions addressed to each of the organizations, taking into account the area of competence of the organization concerned;

(d) A time-table indicating the completion, by the organizations of the United Nations system, of various stages of work on guidelines and proposals for the second United Nations Development Decade, taking into account the existing obligations of the organizations.

The organizations will be requested to send their replies to the Centre as early as possible but no later than January 1969 in order to permit the Centre to prepare a synthesis of replies in time for the fourth session of the Committee. These replies and the work in progress in the Centre will be of great help to the Committee in preparing a framework of international development strategy in accordance with the decisions of the General Assembly and the Economic and Social Council.

105. It is inherent in the nature of this work that it be spread over a reasonable length of time to ensure careful estimation of technical and empirical underpinnings as well as systematic consultations. The Committee hopes that the

various stages of work of the Centre as well as of the organizations will be completed by the end of its fifth session, envisaged to be held in May 1970, thereby paving the way for appropriate decisions by the General Assembly in the latter part of 1970.

106. Once the second United Nations Development Decade is launched, it will be extremely valuable to establish appropriate machinery for regular reporting and evaluation of progress on the objectives and targets of the Decade. The Committee has already given some preliminary thought to this important subject. It is intended to explore the subject further at the meeting of the working group in June 1968 and also at future sessions of the Committee as part of the discussion on the preparation of guidelines and proposals for the second Development Decade.

III. ORGANIZATIONAL MATTERS

107. The Committee has considered the organizational matters referred to it for comments and action by the Economic and Social Council through Council resolutions 1264 (XLIII), 1267 (XLIII), 1275 (XLIII) and 1281 (XLIII) and through the decision 4/ taken by the Council at its 1507th plenary meeting on 4 August 1967. In this connexion the Committee has been guided in its deliberations by the Council's thoughts reflected in these resolutions and by the documents mentioned therein as well as by General Assembly resolution 2292 (XXII).

108. The Committee concurs with the views expressed by the Assembly and the Council regarding the need for economical and efficient methods of work on the part of their subsidiary bodies. In formulating its own programme of work, the Committee has stressed the need for limiting the volume of documentation. As a further step in this direction, it has decided to dispense with summary records at its future sessions.

109. The Committee is greatly appreciative of the invitation extended by the Executive Secretary of the Economic Commission for Asia and the Far East (ECAFE) to hold its fourth session at the headquarters of the Commission in Bangkok. Having examined the problems and experience in planning and plan implementation in Latin America and Africa at its second and third sessions - a task which was considerably facilitated by the help and co-operation it received from the secretariats of the regional economic commissions in these two continents - the Committee believes that the proposed session in Bangkok will provide a valuable opportunity to carry out a similar analysis for the developing countries of Asia. It hopes therefore that the invitation will be accepted and that arrangements will be made to hold the session at ECAFE headquarters in April or May 1969.

110. As part of its continuing work-programme and in line with the recommendation set out in the preceding paragraph, the Committee decides to put the following principal items on the agenda for its fourth session:

(1) Problems of planning and plan implementation (with special reference to Asia).

(2) Preparation of guidelines and proposals for the second United Nations Development Decade.

A number of questions on which the Committee has not yet concluded its deliberations would be taken up again under these items, as appropriate, at its fourth session. The working group at its meeting in June 1968 may take up the question of issues to be discussed by the Committee at its future sessions.

111. Following the customary practice, the Committee recommends that details on the documentation to be prepared on problems of planning and plan implementation (with special reference to Asia) should be worked out by the Centre for Development Planning, Projections and Policies in co-operation with the ECAFE secretariat. It will be useful, however, to focus attention in the documentation on a limited number

4/ Ibid., Supplement No. 1, p. 23 (Calendar of conferences and meetings for 1968 and 1969).

of specific issues or problems. The Asian members of the Committee are invited to convey in due course their suggestions to the Centre for this purpose.

112. For the documentation to be prepared in connexion with the preparatory work for the second United Nations Development Decade, suggestions have already been made earlier in this report (see paras. 100-106 above). Members of the Committee might also prepare short papers to assist in its deliberations on the question of a preliminary framework of international development strategy for the nineteen seventies.

113. The Committee is conscious of the fact that technical work is usually time-consuming and requires considerable effort. Further, as already indicated, a great deal of consultation and co-operation among organizations of the United Nations system is required to make full use of their expertise in fulfilling the important tasks that lie ahead. It is all the more important therefore that steps be taken to ensure that appropriate documentation is available to members of the Committee sufficiently in advance of the fourth session.

ANNEXES

ANNEX I

ATTENDANCE

Special guest

H.E. Ato Haddis Alemayehu,
Minister of Planning and Development, Ethiopia

Members of the Committee

Mr. Roque Carranza,
Economic Consultant, Argentina

Mr. Nazih Deif,
Institute of Nations Planning, United Arab Republic

Mr. Max F. Millikan,
Director, Center for International Studies, Massachusetts Institute of
Technology, United States of America

Mr. Saburo Okita,
President, Japan Economic Research Center, Japan

Mr. Józef Pajestka,
Director, Institute of Planning, Poland

Mr. M.L. Qureshi,
Member, Planning Commission, Pakistan, and Special Adviser, African
Development Bank, Ivory Coast

Mr. W.B. Reddaway,
Director, Department of Applied Economics, Cambridge University,
United Kingdom of Great Britain and Northern Ireland

Mr. Jean Ripert,
Director General, National Institute of Statistics and Economic Studies,
France

Mr. Germánico Salgado,
Director, Economic Affairs Department, Organization of American States

Mr. Jakov Sirotković,
Professor, Faculty of Economics, University of Zagreb, Yugoslavia

Mr. Jan Tinbergen,
Professor, Netherlands Institute of Economics, Netherlands

Mr. Zdeněk Vergner,
Director, Reserach Institute of National Economic Planning, Czechoslovakia

Adviser

Mr. V.N. Kirichenko,*
Deputy Director, Economic Research Institute of the Gosplan, Union of Soviet
Socialist Republics

United Nations Secretariat

Department of Economic and Social Affairs

Mr. Philippe de Seynes,
Under-Secretary-General for Economic and Social Affairs

Mr. Jacob L. Mosak,
Director and Deputy to the Under-Secretary-General for Economic and Social
Affairs

Mr. T.C. Chang,
Assistant Director, Centre for Development Planning, Projections and Policies

Mrs. Etta Benoit,
Officer-in-Charge, Economic Planning Section, Centre for Development Planning,
Projections and Policies

Mr. Omprakash Talwar,
Senior Economic Affairs Officer, Centre for Development Planning, Projections
and Policies; Secretary of the Committee

Mrs. Ruth Pfanner,
Economic Affairs Officer, Centre for Development Planning, Projections and
Policies

Economic Commission for Africa

Mr. Robert K.A. Gardiner,
Executive Secretary

Mr. Prosper Rajaobelina,
Deputy Executive Secretary

Mr. Y.S. Pandit,
Acting Director, Industry and Housing Division

* On behalf of Mr. A.N. Efimov, Member of the Committee.

Mr. G.E.A. Lardner,
Director, Natural Resources and Transport Division

Mr. A.L. Mullier,
Director, Research and Statistics Division

Mr. J.H. Mensah,
Director, Trade and Economic Co-operation Division

Mr. J. Pickett,
Economist

Economic Commission for Asia and the Far East

Mr. N.K. Sarkar,
Chief, Economic Development Branch, Division of Research and Planning

Economic Commission for Europe

Mr. Stein Rossen,
Director, Research and Planning Division

Economic Commission for Latin America

Mr. Manuel Balboa,
Deputy Executive Secretary

United Nations bodies

United Nations Conference on Trade and Development

Mr. G.D. Arsenis,
Chief, Trade Plans Section

United Nations Industrial Development Organization

Mr. G. Eleish,
Officer-in-Charge, Survey Section

Regional development institutes

African Institute for Economic Development and Planning

Mr. David Carney,
Acting Director

Latin American Institute for Economic and Social Planning

Mr. Osvaldo Sunkel,
Director, Research Project on Economic Development

Specialized agencies and programmes of the United Nations

International Labour Organisation

Mr. F. Paukert,
Research and Planning Department

Food and Agriculture Organization of the United Nations

Mr. W.H. Pawley,
Director, Indicative World Plan

United Nations Educational, Scientific and Cultural Organization

Mr. A. Elliot,
Chief, UNESCO Mission, Ethiopia

Mr. Ben Amor,
Office of Economic Analysis

Mr. K. Nilsson,
UNESCO Mission, Ethiopia

World Health Organization

Mr. O. Adenyi-Jones,
Liaison Officer, Economic Commission for Africa

International Bank for Reconstruction and Development

Mr. Andrew M. Kamarck,
Director, Economics Department

Miss Hayley Goris,
Planning Unit, Development Services Department

International Monetary Fund

Mr. Mamoudou Touré
Director, African Department

Universal Postal Union

Mr. Tadeusz A. Augustyn,
Regional Postal Expert, Economic Commission for Africa

World Meteorological Organization

Mr. A.M. Elamly,
Regional Representative for Africa

United Nations Development Programme

Mr. Robin Miller,
Chief, Evaluation Division

Mr. Willem Kovenhoven,
Assistant Resident Representative in Addis Ababa

United Nations High Commissioner for Refugees

Mr. P.M. Moussalli,
Regional Representative for Africa

Other inter-governmental organizations

Council for Mutual Economic Assistance

Mr. J. Kolarj,
Chief, Group on Plan Co-ordination

Mr. B. Elinek

European Economic Community

Mr. C. André,
Administrateur à la Direction générale de l'aide au développement

Organization of African Unity

Mr. Farah Warsama,
Chief, Economic Section

ANNEX II

LIST OF DOCUMENTS

<u>Document No.</u>	<u>Title</u>
E/AC.54/3	Provisional agenda for the third session of the Committee for Development Planning
E/AC.54/4	Recent decisions of the General Assembly and the Economic and Social Council concerning preparatory work for the second United Nations Development Decade: note by the Secretary-General
E/AC.54/L.24	Note on the session of a Working Group of the Committee for Development Planning, held at Geneva from 14 to 17 August 1967
E/AC.54/L.25	Strategic factors in economic development and some proposals for the second United Nations Development Decade: paper submitted by Roque Carranza (member of the Committee)
E/AC.54/L.26	Economic co-operation and integration in Africa: note by the Centre for Development Planning, Projections and Policies
E/AC.54/L.26/Add.1 and Add.1/Corr.1	Economic co-operation in Eastern Africa: paper submitted by the Centre for Development Planning, Projections and Policies
E/AC.54/L.26/Add.2	Economic co-operation in West Africa: paper submitted by the Centre for Development Planning, Projections and Policies
E/AC.54/L.26/Add.3	Economic co-operation and integration in Central Africa: paper prepared by Paul Borel (Consultant)
E/AC.54/L.27	Development planning and economic integration in Africa: paper submitted by the secretariat of the Economic Commission for Africa
E/AC.54/L.28	Comments on a procedure for reporting and evaluation of development progress during the nineteen seventies: paper submitted by Max F. Millikan (member of the Committee)
E/AC.54/L.29	Preliminary estimates for some key elements of a draft framework for international development strategy: paper submitted by the Centre for Development Planning, Projections and Policies

