

UNITED NATIONS MEETING OF EXPERTS ON ADMINISTRATIVE

February 1964

ASPECTS OF NATIONAL DEVELOPMENT PLANNING

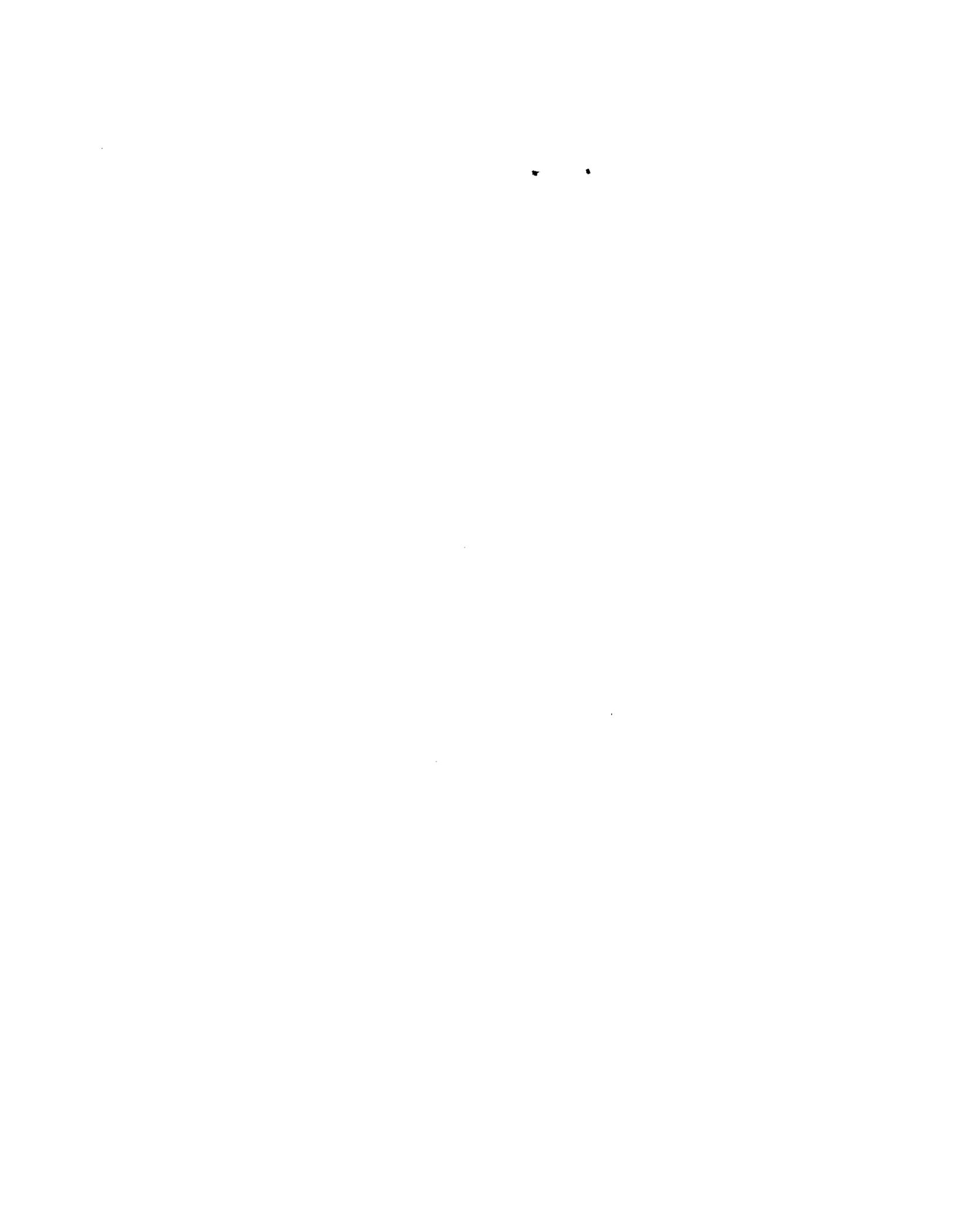
ORIGINAL: FRENCH

Paris, 8 - 19 June, 1964

ADMINISTRATIVE ASPECTS OF PLANNING

IN DEVELOPING COUNTRIES ^{1/}

^{1/} Report of Preliminary Study conducted for the United Nations by a team of consultants under the directorship of Professor François Perroux and his deputy, Michel Debeauvais of the Institut d'Etude du Développement Economique et Social, Paris. This report does not necessarily express the views of the United Nations.



CHAPTER II	: The external relations of the central planning organization	
Section I	: The central planning organization and government.....	14
	1. Liaison with parliament	
	2. Liaison with political organizations	
	3. Participation of the Executive	
Section II	: Liaison between the central planning organ and the administration.....	18
	1. Liaison with central administration	
	2. Liaison with the regional administration	
Section III	: Liaison between the central planning organ and socio-professional bodies..	23
Section IV	: The central planning organization and foreign aid.....	25

PART II

	The formulation of the plan.....	29
CHAPTER I	: Statistical information.....	31
	1. The powers of the planning organ with regard to statistical information	
	2. The standardization of data	
CHAPTER II	: The determination of priorities...	37
CHAPTER III	: The preparation of detailed objectives.....	43
Section I	: Determination of sectorial objectives	45
	- The participants	
	- The participating organs	
	- Procedures regulating participation	
	- Arbitration procedures	
Section II	: Determination of regional objectives.....	52
CHAPTER IV	: The approval of plans.....	57
	1. The approving authority	
	2. The legal scope of approval	
	3. Publicizing the plan	

PART III

	The execution of the plan.....	62
CHAPTER I	: The conditions of execution	
Section I	: Administrative problems related to finance.....	66
	- Capital budgets	
	- Recurrent budgets	
	- Relationship between capital and operation expenditures	
	- Extra-budgetary finance	
Section II	: Administrative measures.....	73
CHAPTER II	: The execution process	
Section I	: Central administration.....	76
	1. Execution entrusted to the planning organ	
	2. Execution entrusted to the specialized ministries	
	3. Execution entrusted to autonomous administrative units	
Section II	: Execution at the regional and local levels.....	82
	1. The adjustment of administrative machinery	
	2. Public participation	

Section III	: The execution of the plan by the private sector.....	93
	1. Means of action of the administration	
	2. Foreign private investment	
	3. Foreign aid	
Section IV	: The human factor in the execution of the plan.....	99
	1. Planning for administrative needs	
	2. Training methods	
CHAPTER III	: Planning control, adjustment and revision.....	102
	1. Control of the execution process	
	2. Evaluation of results	
	3. Revision procedures	
CONCLUSION,	107

INTRODUCTION

A study of the administrative aspects of national development planning presupposes a rigorous definition of the two terms involved.

In accordance with a generally accepted view, we will here take national development planning to mean a coherent body of medium- and long-term objectives, so designed as to ensure the optimum development of material and human resources and specifying the means and stages involved in achieving that development.

We will therefore not concern ourselves here with specific investment projects which are not linked together in an overall context: the setting up of industries, infrastructure work, regional development programmes. Nor will we deal with forecasting studies which are not used as a basis for governmental decisions.

Then again, the administrative aspects of planning do not include planning as a whole nor the whole field of public administration. Planning embodies political aspects which are undoubtedly the most important. The plan is only the instrument of a development policy; it expresses the economic and social priorities and the long-term national objective in conditions and measures required for achieving that objective. Without a clear preliminary definition of the basic alternatives and the structural reforms and without sustained political determination during its implementation, a plan is nothing but an empty frame. The key political aspects might be analyzed from the political science angle but this lies outside the scope of the present study.

Planning likewise includes technical aspects on which attention has hitherto been mainly concentrated. Almost all studies of planning are devoted to techniques of preparation and projection and to models of growth involving complementary or alternative factors. Such studies of the development of an economy also lie outside the specific subject with which we are concerned.

It is nonetheless worthwhile examining the specifically administrative factors in planning. Once the political authorities take the basic decision to plan development, certain administrative choices must be made:

- a) What body is to be entrusted with preparing the plan? What powers is it to be given? What relations will it have with the political authorities, the administrative departments, the economic and social groups?
- b) What administrative procedures are to be employed in the preparation and approval of the plan?
- c) Who is to be responsible for executing the plan? Who is to supervise its implementation? Who is to evaluate the results?

All these organizational problems deserve to be studied as such since the choices made in this field have both short- and long-term effects on the smooth running of the planning process: to a large extent, they condition its success or failure.

In order to analyze these administrative factors, it is not enough merely to describe those bodies which, in various capacities are responsible for the preparation and execution of the plan. A wide range of structures exists in the various countries and even an exhaustive inventory would provide very few indications of general significance.

If we are to appraise administration as the instrument of a policy, we must first define its functions: what task is entrusted to the administration in planned development? We can then consider the problems raised by the choice of administrative structures suited to that function.

We will therefore endeavour to specify the function of planning in relation to the whole complex of tasks handled by the administration.

I. The function of planning

The administrative aspects of planning do not include a study of all the problems of public administration. Although the administrative bodies as a whole are concerned with the preparation or implementation of the plan, their task cannot be confined to this. For purposes of this study the planning functions will be distinguished from the management functions. The latter includes the traditional tasks of the administration which consist in applying the economic and social policy defined by the political sphere to the existing situation: managing the public services is a way to ensure the fulfilment of the principal tasks assumed by the state and reconciling opposing or divergent interests of the individuals or groups making up the nation. The former consists of altering the existing situation in order to achieve the objectives of the plan. It is this particular function which we shall study here.

To separate these two functions in a cut and dried manner would of course be arbitrary. The administration should concern itself with both but such a distinction can lead to a choice having to be made between the present and the future. The future rôle of development is

largely determined by investment, that is, the share of available resources which must be set aside in order to ensure further development. This interrelation between present and future most often takes the form of opposing or even contradicting interests, on the one hand, of the requirements of present needs (consumption, immediate utilization of all available manpower) which have an immediate impact and, on the other hand, of future needs which are specified in the plan.

This opposition of influences is seen in every field of administrative activity; but it must be continually overcome by the integration of the administration's economic and social policy in the long-term context defined by the plan. In respect of administrative activity, therefore, we shall distinguish the "planning function" from the "management function", still bearing in mind that we are dealing with two complementary aspects of administrative activity.

Furthermore, the administration is made up of specialized bodies, each one with a specific function. The projects or plans of these different units are not necessarily compatible with the objectives of the plan and their harmonization raises administrative problems which must be studied. The **tension** which is often seen to exist between the planning body, the Ministry of Finance and the technical ministries is typical of this conflict between the two functions.

The administration is not organized only according to the principle of specialized functions; it also contains central bodies which initiate and decide matters as well as local bodies (provincial, municipal, etc.) responsible for applying general directives. As regards planning, the problem of devolution of authority arises at every level, i.e. the extent of participation in the elaboration of the plan and autonomy in its implementation.

The administrative factors in planning, therefore, cannot be studied unless they are situated in this complex system of specialized bodies, whose drive, powers, and preoccupations are different and sometimes divergent.

The elaboration and implementation of a plan introduces a new dimension into administrative activity. Through the interaction of the planning function and the management function, the plan may alter the behavior of all the administrative units or alternatively come up against their resistance to any change.

But the administration itself is not an isolated whole. It is connected with the political authorities and the economic and social groups within the country. How are these relations organized in connection with its planning function?

The traditional concept of a separation of authority provides an initial answer to this question. At the highest level, the political authorities take decisions of a general kind which involve governmental responsibility and the future of the country. It is the administration's job to bring up the technical implications of the objectives before the political authorities, study their compatibility and suggest what steps should be taken but the ultimate decision rests with the political authorities. The administration is responsible for the application and supervision of the plan. Representing, as it does, the concept of the general interest, the administration uses the means allotted to it in such a way that the collective project, which is the plan, guides the decisions of individuals and independent economic and social groups and where necessary to arbitrate conflicts between specific interests.

In actual fact, these legal boundaries are continually called into question. The administration is also an authority. In certain cases, it may oppose the implementation of a plan which the political authorities wish to carry out. In other cases, it may ensure that the plan enjoys a certain continuity despite political changes. Within limits, it may orient the activity of independent groups along the lines of the plan. On the other hand, it may find itself powerless to alter decisions in the private sector which run counter to the plan in spite of its legal possibilities of offering stimulus or imposing restraints. Finally, it may be dominated by private interests. This network of interrelations can only be understood through a dynamic analysis.

Accordingly, we will study planning as a process of decision making in which the administration's rôle consists of preparing and implementing the plan in this political, economic and social environment.

II. The Process of Decision Making

1. Preparation

The preparation of the decisions which make up the plan may be considered as a network of organized communication.

Whether it is a case of assembling the documents necessary for preparing the plan, submitting to the government the principles of the political alternatives to be settled, consulting administrative services, professional groups or representative associations, collecting

the advice of administrative personnel or supervising their activity - whatever the case, it is the information exchanged through the administrative circuits which must be defined; that is, information in writing (letters, reports, statistics, etc.) or oral information (meetings, committees, etc.).

In its dynamic aspect, this process implies a certain reciprocity in the exchange of information which alters the behaviour of the personnel. The information required for drawing up the plan is not necessarily the same as that collected for other purposes; national accounts and basic statistics must be adapted to planning requirements; professional groups will also be induced to assemble new information in order to satisfy the needs of the planning body; the elaboration of the detailed points within the general framework determined by the planning body will lead individuals consulted to alter their projects to ensure that they coincide with the direction taken. On the other hand, the general direction may be altered by this exchange of information which may reveal incompatibilities or impossibilities. In all countries, the experience of planning shows that information does not flow in a single direction and that the flow between the centre and the periphery is a dynamic process, a dialogue which represents a reciprocal enrichment.

Similarly, the exchanges established between the administration and the political authorities when the major alternatives are set out and when the plan comes up for discussion and final approval enable the responsible authorities to appreciate the long-term implications of the choices and make their decisions on a more rational basis while enabling the administration to take the non-technical factors of planning into account.

Exchange of information and participation are two complementary aspects of the same process. The broader the exchange of information, the greater the possibility of ensuring the participation of the various agents at all stages of planning.

The circulation of information can be organized on an impersonal basis. But the participation of the various groups in preparing the plan involves the question of human relations. The human factors constitute an element which is as vital to administrative activity as the organizational factors. The problems of co-ordination, persuasion and training, highlight the importance of the human element in planning.

2. The Decision

Approval of the plan by the political authorities constitutes a legal act of a new kind, the nature and scope of which must be examined. On the one hand, approval of the plan is not an isolated decision but the culmination of a multitude of rulings at all levels and stages of its preparation. On the other hand, the plan is only a framework for the orientation of subsequent decisions; it cannot possess the same power of compulsion in the private sector as it does in the case of the administration and the public sector and it is this which distinguishes it from ordinary legislation or regulation.

Furthermore, the continuity of the plan calls into question the prerogatives of the government or legislature to the extent that it constitutes a commitment over a long period.

But the analysis of decision making cannot be limited to this juridical aspect. Once a decision has been taken, it still has to be implemented. The transition from decision to action exists in every

administrative process but it is still more important where planning is concerned since the decisions involved must be applied over a long period. Implementation, therefore, must not only be immediate but also continuous. Hence the importance of supervising the application and the necessity for flexibility which might take the form of adjustments or periodic revision.

Finally, the implementation of the decisions connected with the plan cannot be analyzed merely from the official point of view. The implementation of the plan depends not only on the decision and control of the administration but also on the changes in the behavior of people outside the administrative apparatus. For this reason, the rôle of the administration becomes more of mobilization than supervision.

This relatively new task may be partly entrusted to specialized administrative units (agricultural extension services, community development and social services). It may also rely on existing institutions or those to be set up in the future (political parties, local collectives, professional groups or trade unions, village leaders, youth movements, etc.) but it likewise implies an attitude geared to development on the part of all the administrative services, i.e. based on animation, impetus and co-operation rather than hierarchy and authority. This is where the human factors come in and they are of decisive importance to the success of planning.

3. The Specific rôle of the administration

The political decision, therefore, is only a stage in the process which occurs midway between preparation and implementation. In these two stages of preparation and implementation the administration has a

specific rôle to play as intermediary between the political authorities and the economic and social groups. It fulfils this rôle to the extent that it is capable of organizing this social dialogue and ensuring a balance between the objectives to be achieved and the means available for their achievement, between what would be desirable and what is possible, between the present and the future.

This does not merely involve technical factors and financial resources which, because they are limited, imply an order of priority between the competing targets, but also the human resources in that the limited number of administrators or skilled workers likewise imposes serious restrictions which must be borne in mind. This human factor implies the preparation of training programmes in connection with the integration of economic and social planning, and, above all, the adaptation of the plan's objectives to the administration's capacity to prepare and implement programmes. The preparation of the plan should thus be worked out in relation to the possibilities of application, even if the two phases are distinct in time.

There is no general principle for determining this point of balance nor are there any forms of organization which can a priori be recommended. The administrative problems are invariably specific and depend on the particular circumstances prevailing in each country at any given moment. But while administration may be "the art of the possible", its rôle consists of noting the contradictory aspects of each problem so as to allow for these in preparing and implementing decisions.

At each of these planning stages, therefore, an effort must be made to define the specific functions to be fulfilled, to reveal the contradictory aspects and to indicate the various forms of organiza-

tion which have been tried out. A more complete analysis that we have been able to make should show to what extent the solutions adopted have met the requirements of the tasks to be carried out.

Having thus defined the rôle of the administrative factors, it becomes necessary to indicate the limits of the rôle more especially in the developing countries.

III. Administrative problems specifically connected with planning in developing countries.

It is obvious that the rôle of the administration in planning is conditioned by the political, economic and social structures. Imperative planning in countries with a centralized economy and indicative planning based on forecast, instigation and persuasion, represent the two opposite poles between which lie various combinations.

These various combinations represent different tasks incumbent on the administration. The more limited its means of taking action the greater the danger that the plan will be a mere frame of reference without any practical significance for either the private sector or the administration as a whole. Ultimately, there is a duality between the planning function, which is directed towards expansion, and the management policy which is motivated by a concern with stable currency, budgetary considerations and balance of payments. "Stabilization plans" are superimposed on "development plans" without either co-ordination or arbitration.

Where the state plans all economic activities this contradiction is overcome but the initiative of the economic units may be hindered by the bureaucracy which centralizes the decisions. In the two

extreme cases there are organizational problems to be resolved although the question still remains as to how to organize a more or less self-sustained growth.

What is lacking in the underdeveloped countries are these internal impetuses. It is not enough to classify countries according to the range of the public sector in order to measure the administration's rôle in planning. Any analogy or transposition would be misleading if we were to restrict ourselves to a description of the administrative structures and procedures without allowing for the particular characteristics of their economic and social structures which limit the administration's effective means of taking action. These concepts are now fully understood and we will do no more than reiterate the important ones:

a) The administration is not yet adapted to the management functions required in a modern state: the separation between the political, the administrative, and the private interest is not sufficiently defined and the concept of the general interest insufficiently recognized. The competence of personnel, stability, the impersonal nature of official activities, the delimitation of responsibilities are not ensured to a satisfactory degree.

All these negative observations are inadequate to convey the problems existing in the administration in these countries. A more thorough analysis would have to **try** and understand these phenomena by relating them to their historical and social context. But the fact remains that the administration is in no position to ensure that the services of the state function adequately. It is still less suited

to the new tasks of planning. These particular difficulties will be specified in the course of the present study.

b) The economy is inarticulate: the market mechanism works badly, growth fails to spread, global and indirect administrative measures are of limited effectiveness. The interests of the various economic and social groups are ill-organized and poorly represented, thereby making any social dialogue difficult to establish. The traditional sector (rural and urban) represents a specific sphere which is not adequately linked to the modern sector while the administration's ordinary means of action have no effect on it. There is a tendency for the unevenness of regional development to increase and planning comes up against considerable difficulties in attempting to supplement action on the various sectors through regional action.

c) The laying down of priorities involves grave choices because of the tremendous gap between needs and resources. In the industrial countries, planning relates to the distribution of new resources deriving from economic growth and the choices made involve fewer sacrifices. Elsewhere it is necessary to decide (explicitly or implicitly) which fundamental human needs cannot be satisfied for a long time. The political and social pressures against the plan are accordingly all the greater.

d) Dependence on the outside world tends to distort the establishment of objectives and the means for achieving them: fluctuations in export prices, the freedom of foreign firms and investors to make independent decisions, and the divergent strategies connected with foreign aid.

e) The size of underpopulated states is also a hindrance to planning

within a national framework; it results in multinational associations for which the political conditions do not yet exist.

Although an analysis of these problems does not come within the scope of this study, it is necessary to remind the reader of their importance. The administrative factors in planning cannot be studied unless they are put in this over-all context of complex relations. There is no single model of administrative organization which can be used as a criterion for classifying the different national experiments.

There are also successive stages of development and, at each of these stages, changes must be made in the organizational forms. Just as planning is a process of continual creation so the administration must continually adapt itself to such development in order to encourage progress.

The design chosen for the study follows the normal chronological phases in the planning process even though these do not always follow in the same order in all countries.

The following points will be examined in turn:

1. Choice of the planning body
2. Administrative procedures in drawing up the plan
3. Implementation and supervision of the plan; adjustments and revisions.

PART I - THE CENTRAL PLANNING ORGAN

Planning introduces into the administration of a country a new factor that affects its entire functioning, and therefore its execution cannot be limited to the creation of a supplementary unit. The functions of planning and management must be linked, but not confused. To arrive at this, a balance between opposing requirements must be sought.

In fact, this new function, which needs to be carried out on a permanent basis, leads to the establishment of a new type of central organ. However, every new administrative establishment leads to resistance on the part of the existing machinery. Yet, planning cannot be properly carried out without the close cooperation of the already existing administrative departments.

Consequently, the first problem to be solved is to decide whether:

- a) a special organ should be established, in which case particular attention must be paid to its relationship with the other administrative departments;
- b) to entrust the responsibilities of planning to an existing ministry, e.g. finance or economy. However, this entails the risk that planning might lose its specific character, or else that the performance of the traditional tasks of the ministry might be endangered;
- c) to adapt the structure of an existing organ to enable it to undertake the functions of planning.

The selection of the best formula cannot be made a priori. It depends on the political, economic, social and technical conditions of the country concerned. It is principally subordinate to two basic factors, i.e. the nature and scope of the plan and the availability of trained staff.

CHAPTER I - THE CHOICE OF A PLANNING ORGAN

Section I - The scope of the plan

The planning operations entrusted to the administration are merely reflection of a fundamental political choice. The importance a government assigns to planning depends principally on political considerations. A government cannot plan the development of its country without altering its economic structure and the relationships between the various social groups. Planning is not a "neutral technique". The content and scope of a plan are at the outset determined by a choice situated somewhere between two opposing concepts:

1) Planning restricted to a few sectors

Planning already exists when co-ordination takes place between certain programmes and projects in a limited number of key sectors, and between these sectors themselves. It then affects only a part of investments, mainly or entirely in the public sector, while the private sector retains its autonomy to a large extent, bearing in mind that indirect State interference may occur in certain cases.

The main features of this idea of planning have been adopted in Uganda, Morocco and most Latin American countries.

It is also the concept that prevails in France where, to use the term of Mr. P. Massé, the plan is "a reducer of uncertain factors".

This concept of flexible planning does not basically alter the structure of the liberal economy of the countries concerned. A general orientation is indicated and backed by a more or less co-ordinated policy of public investment. However, there is no direct action on the private sector or even on all forms of public investment.

2) The planning which covers all national activities is referred to as "imperative", while that described above is known as "indicative" planning. The standard example comes from the U.S.S.R., where Gosplan (the State Planning Commission) is responsible for co-ordinating the activity of the various branches of production and of the economy in general. It is also responsible for co-ordinating the expansion of production and of consumption, the financing of production, the supply of raw materials and the socialist distribution of the productive forces.

Obviously, this classification is only very sketchy. The scope of a plan varies from one country to another and often, from one stage to the next in the same country. It has been noticed that the scope of plans often expands with time, to the extent to which public financial and skilled manpower resources increase. In many developing countries, a beginning was made by undertaking limited programmes, after which they were co-ordinated into an emergency programme or a short-term plan, this preparatory phase preceding a more systematic and more general medium-term plan. For a thorough description, every country should be considered separately and the historic evolution in each of them described. However, whatever concept is adopted, planning remains a specialized function which is usually entrusted to a new type of central organ.

While the field of application of a plan, which reflects the degree and nature of State intervention in the economy, depends essentially on a political decision, which varies with the country considered, on the

administrative level, a general trend to entrust the preparation of planning to a single central organ can be observed. From the moment a government takes the political decision to plan development, i.e. to act on the economic structures by defining economic objectives and the methods of achieving them, this overall conception involves a central, specialized and permanent administrative structure.

An examination of this central planning organ may be related to the scope of its duties, which depend directly on the political decision referred to above. Its fields of competence may be assessed on the basis of the economic and social activities involved, which are usually provided for in the legislation by which it is created.

It can also be studied more thoroughly on the basis of the real nature of the planning powers it actually exercises over the various sectors of economic activity: imperative planning covering all the economic sectors; indirect planning based on overall or selective methods of action; purely indicative planning limited to registering the forecasts of autonomous economic agents.

The choice of a responsible planning organ also raises other administrative problems connected with its size, its location and the organization of its contacts with the government, the administration, the private sector and the outside world.

Section II - The Size of the Central Planning Organ

The size of the central organ depends on the scope allotted to planning, but also on the availability of trained staff. The wider the scope of the plan, the greater the need for competent officials with a wide range of qualifications (economists, administrators, specialized technicians) becomes.

The size of this body also depends on the duties allocated to it. In certain fields it may be responsible for the execution of the plan, a fact which influences the size of its official staff.

When there is only a limited number of trained staff available, its distribution between the planning organ and other administrative divisions involves a choice, in which the extent of the duties entrusted to the planning organ and the administrative tasks carried out by the various ministries must be taken into account. The size of the planning organ may be assessed in the light of these two criteria.

A reduced staff may correspond to a restricted part of planning, or to the desire of facilitating liaison with the other branches of the administration. A larger staff, in which the planning organ would contain the administrators, economists and technicians, might be able to fill the extensive planning tasks, or be based on the desire to provide the various administrative divisions (whether national or regional) with technical assistance for the preparation of the specific programmes for which they are responsible. Only a few examples to illustrate these various aspects will be mentioned here.

1) A small organ corresponding to the concept of a highly qualified general staff, responsible for maintaining co-ordination with the decision-making bodies of the various branches interested in economic and social development. This is generally an organ for research, co-ordination and study.

This system is used in Morocco, where the Division for Economic and Planning Co-ordination has a staff of about 60, less than 20 of whom are highly-qualified experts. This relatively rudimentary structure also corresponds to the rather limited rôle played by this organ in the organization of the Moroccan economy.

In the Sudan, the Under-Secretariat for Economic Affairs and Planning has a staff of only 32 officials and experts. This small group is mainly concerned with the co-ordination of specific projects prepared by the various administrative divisions.

In France, the permanent staff of the Planning Commission is limited to about 50 administrators and economists. This is not due to a shortage of personnel, but to the concern that overlapping and rivalry as to competence with the ministries be avoided, so as to facilitate their co-operation with the Commission.

In India, the staff of the Planning Commission is small in comparison to the vast and dense population of the country. It employs about a thousand officials, about 370 of whom are experts and technicians divided up among the horizontal or functional units (general divisions) and the vertical or sectoral units (subject divisions). The Commission co-ordinates individual projects, prepares the overall plan for the public sector as a whole, and makes forecasts for the private sector. In some cases, it provides technical assistance for the preparation of operational projects, although the responsibility for preparing projects devolves on the ministries of the Central Government or the State.

2) The central planning organ may have operational functions in the case of indicative planning;

An example of this is the Corporation for Chilean Production Development (Corporación de Fomento de la Producción de Chile or CORFO). This is an autonomous public body managed by a board of directors which includes representatives of the executive and the legislature, private industrial and commercial associations and public organs. CORFO has a very elaborate structure. The Corporation has a planning section, five

specialized sections, three sub-sections, a legal department, nine other departments and an agency in New York. It employs a total of 300 technicians and 150 office staff at headquarters and a staff of 40 in New York. Consequently, the staff employed is relatively large, although the Chilean plan is an indicative one, designed to promote the development of the country within the framework of private enterprise. In fact, CORFO performs several functions. It undertakes surveys and research, prepares the plan, establishes and manages certain enterprises in co-operation with the private sector (shares in capital, loans, etc.). The size of the staff of this organ can be explained by its operational activity.

3) Where planning is of an imperative type, the central organ is generally very well staffed for in an economy where all production sectors are government controlled, the administrative organization of the plan has many ramifications and requires a large staff.

The Planning Commission of the Uzbekistan Soviet Socialist Republic (Gosplan) employs a staff of 380. It has a chairman, an advisory council, four vice-chairmen, and the rest of the staff are distributed among two large categories (six sections responsible for the preparation of the plan and six specialized sections for industry, agriculture, transport, commerce, municipal economy, social and cultural affairs). Three specialized agencies working under the direct authority of the Chairman of Gosplan alone employ a staff of 318.

This highly diversified structure obviously complies with the needs of a fully-planned economy. A similar structure exists for the Soviet Union as a whole. Gosplan here is divided into two categories, i.e. the planning organs responsible for co-ordination and those in charge of specific projects.

The 1957 reform, under which an important proportion of the duties until then performed by the Gosplan for the U.S.S.R. and its constituent Republics was allocated to the Sovnarkhozes, led to a reshuffling of staff and the numbers employed by the central planning organs were considerably reduced.

In Yugoslavia, the central planning organization has undergone extensive changes since 1952-1953, following the political, economic and administrative decentralization. The Federal Planning Commission, which was responsible for preparing the plan and had a staff of 700, was replaced in 1953 by a Federal Planning Institute which has only technical and advisory functions. The Institute now employs a staff of about 180, including 40 economists, 20 senior expert technicians (law, agriculture, chemistry, geology, etc.) and 60 senior officials. This rearrangement became necessary as a result of the decision to grant more extensive powers to the planning organs of the individual Republics, districts and public enterprises.

In Mali and Guinea where the plan covers all the economic sectors, the central planning organization is very poorly staffed for lack of qualified personnel.

These examples show that the size of a central planning organ depends on political considerations, related to the extent of the mission entrusted to it, and administrative considerations, based on the rational distribution of the available qualified staff between the planning organ and the management organs, i.e. the other administrative divisions.

Otherwise, the central planning organization may well be a head without legs devoted only to conceptual tasks which might remain purely academic without being ever translated into facts.

Section III - The Place of the Central Planning Organ in the Administrative Structure as a Whole

When a country establishes a special organ for preparing the plan, it must decide on its location within the administration as a whole. The view most generally held is that the authority of this organ should be guaranteed through its being attached as closely as possible to the executive. Moreover, as planning is a specific function, it is often held that this body be given a wide degree of autonomy vis-à-vis the existing administrative machinery. Such administrative autonomy is sometimes supplemented by financial autonomy through the allocation of resources for its own use (Iran, Iraq, Chile).

Nevertheless, experience has shown that authority and autonomy in planning are not the only factors to be taken into consideration. The planning organ should also be integrated into the administrative machinery, so that it can exert an influence on it and benefit from its co-operation. The problems related to the status of the planning organ should be assessed in the light of these opposing requirements. The following examples stress the administrative aspects of the choice involved, which fall between two extreme conceptions, i.e. attachment to an existing ministry and an autonomous organ directly attached to the chief executive.

1) Where the function of planning is entrusted to an existing ministry

In the great majority of cases, the ministry of finance has been appointed for this purpose. It might happen that the traditional opposition between finance and planning would disappear through this arrangement. In reality, short-term problems (because of their urgency) are usually given preference over long-term ones, a fact which involves the risk of sacrificing the very objectives of planning.

Moreover, the planning service is not always properly integrated within the ministry. In that case, the traditional administration resists either actively or passively any new attempts that may overthrow long-standing concepts related to financial, budgetary and economic policy.

In Morocco, the central planning organ has neither authority nor influence over the administrative machine as a whole. Established in 1957 by a decree of the Minister of Finance and National Economy, the Division for Economic and Planning Co-ordination is under the jurisdiction of that Ministry. Although the Minister of Finance was at the same time Vice-President of the Government between 1956 and 1960, the Planning Division never gained any real authority as a result, and was often on the losing side in matters subjected to arbitration. In the rivalry existing between the Planning Division and the Budget Bureau within the Ministry, the latter frequently carried the day.

In Tanganyika, a separate division, mainly responsible for development planning, has been established in the Treasury, while in Kenya, the development section also forms part of the Treasury Department. In the Central African Republic, the Ministry of Finance contains a planning division. However, a reform is being adopted as a result of which this division will become a mere management body, and a "group for specialized studies" will be established to take care of the central operation of planning.

In the Ivory Coast, the central organization of planning is divided up among two separate branches of the Ministry of Finance and Planning. These are (a) the General Planning Administration, which consists of a group of experts occupied with the tasks of study and conception, and (b) the Administration of General Surveys, responsible for organizing the work of the Development Commissions and the Inter-Ministerial Development and Planning Committee.

In the Sudan, the Under-Secretariat of Economy and Planning attached to the Ministry of Finance has also divided up the functions of planning among two distinct units.

In the case of Latin America, a Central Study and Programming Office was established in Peru in 1961 for the purpose of preparing a development plan. This office was attached to the Ministry of Finance and Trade. In Uruguay, a Commission for Investment and Economic Development was established in 1959 by the Ministry of Finance. These two countries have just begun planned development, and these bodies are a first step rather than a final structure.

In Senegal and Mali, where the plan puts emphasis on the agricultural development, the central planning organization is attached to the ministries concerned with rural development.

2) Where planning functions devolve on a new type of autonomous body

This conception of a central planning organ, which is opposite to that just examined, also gives rise to administrative problems.

Tension may arise between the central planning organ and the existing ministries. If the planning organ is not endowed with sufficient authority, it is then in a situation of de facto subordination, even if it does not fall under the authority of a particular ministry.

Such authority may be conferred upon it through its being allocated a high rank in the administrative hierarchy. But this is not enough in itself. An autonomous body can only give the necessary impulse to the development planning of a country if the plan effectively modifies the activity of the administration as a whole for that purpose. The personality of the senior official or minister responsible for planning is just as important for the real authority of the planning organ as the written legislation. On-the-spot studies have shown the extent to which reality often differs from theoretical descriptions based on legal texts.

Many African countries have established autonomous planning organs.

In Ethiopia, the Imperial Planning Board prepares the long-term development programme. The planning division is divided into four main sections, i.e. general economics (national income, balance of payments, etc.) particular economics (branch and sector surveys), social services and statistics.

In Ghana, two main organisms have been established. The first, which is responsible for preparing the plan, is the State Planning Commission, now called the National Planning Commission; this change of name is due to the extension of the Commission's activities which now cover the social, economic and technical development of the country as a whole. The second is the State Control Commission, which keeps a check on the general economic and financial situation of the country and recommends any necessary adjustments.

Planning Commissions also exist in Niger, Dahomey, Chad and Madagascar, and similar agencies independent of the other ministries have also been established in the Republics of Congo-Brazzaville, Mauritania and Gabon.

In Asia, a Planning Commission was appointed in India in 1950 under the direct authority of the Prime Minister. In Pakistan, the Government, when it launched its six-year plan in 1951, appointed a Planning Commission with administrative autonomy.

In the Soviet Union, the planning commissions of the Union and its Constituent Republics are autonomous bodies.

In Latin America, an attempt is now being made in Brazil for the various regional programmes to be integrated into an overall plan through the agency of the National Planning Commission. In Venezuela, the Central Co-ordination and Planning Bureau prepares the four-year plan of economic and social development and the annual plans. In Bolivia, the autonomy and authority of the central planning organ have been reinforced, and empowered to fix the amount for public expenditure and its distributions among the different ministries,

while the role of the Budget Department has been reduced to the purely technical one of preparing the draft budget.

No general trends can be distinguished among this wide variety of systems. Moreover, the large number of modifications made in several countries to the status of the planning organ show that there is no ideal formula. The studies of individual countries annexed to this document show that the authority of the plan depends as much on personal factors as on legislation. While the attachment of the planning organ to the Ministry of Finance partly explains the minor influence of planning in Morocco, in Tunisia, where a similar form of organization has been adopted, the plan has de facto priority. Although in Senegal the State Planning Secretariat has been entrusted with the compilation of the investment budget, so as to strengthen its authority, there still exists a conflict between the Secretariat and the Ministry of Finance at the appropriation stage. In Mexico, a State Secretariat to the Presidency has been established. It has all the necessary powers related to planning, but in fact does not even co-ordinate the branch programmes prepared by other bodies.

In some countries the role of the central planning organization is not well defined. The functions relating to formulation, implementation and control are often distributed empirically. For example, in Senegal the Ministry of Planning being entrusted with community development is conflicting with the Ministry of Rural Economy. A well-cut determination of the responsibilities of the central planning organization is of primary importance for rationalizing its relations with the administrative machinery as a whole.

In fact, development policy covers the whole of political, economic, social and administrative activity and cannot be the work of a planning organ alone. The powers of the planning organ are submerged in a complex sea of

powers, i.e. the political parties; the financial powers of the Ministry of Finance; the technical powers of the specialized ministries; the powers of management chiefs, trade unions, etc.

An analysis of these powers goes far beyond the scope of the administrative aspects of planning. Nevertheless it is just as important. The splitting-up of administrations is one of the forms for exercising effective control. Seen in this perspective, the organizational location of the planning organ should be appreciably high in the set-up of the administrative machinery. Until now, more attention has been paid to ensuring the authority and autonomy of the planning organ than to developing its relationship with the rest of the administration and other public bodies. An examination of this system of contacts and communications follows.

CHAPTER II - THE EXTERNAL RELATIONS OF THE CENTRAL PLANNING ORGANIZATION

The relations of the central planning organ with the government, administration, social and professional organizations and foreign countries will be considered in turn.

Section I - The Central Planning Organization and Government

In all countries, the division between the political and administrative spheres, clear in theory, is much less so in practice. In theory, it is the function of the political authorities to define the aims of planning, of the central planning organization to prepare the plan from the technical aspect and of the administration to implement the plan either directly or indirectly. In actual fact, political interference may bring reversals into the fixed long-term objectives, while the administration tries to ensure the continuity of the plan in spite of ministerial changes. On the other hand, the administration may, either deliberately or through its own inertia, hinder the development policy decided on by the government.

Rather than discussing an abstract scheme of separation of powers or countervailing powers, it would be preferable to consider the relations of the central planning organ with the political authorities in the light of planning requirements. A long-term development policy covers every aspect of society:

- on the political level, it is a basic choice of structural changes;
- on the administrative level, it implies that planning techniques reflect these choices on the desirable structural changes and are not merely "neutral" techniques of projecting into the future past trends or present balances;
- it also implies the orientation of the daily activity of the administration as a whole in the light of these long-term objectives;
- it assumes that the instruments of the economy (employers and workers) adapt their projects to this definition of collective aims and that the public as a whole understand the significance of the plan and co-operate in its achievement.

Consequently, the planning organization can only carry out its official functions if its relations with all these spheres of activity are organized, in the first place with the political authorities.

1) Liaison with parliament is always maintained through the agency of the government. It will be examined in the chapter devoted to the preparation and approval of the plan, as it is at that stage that it can be most usefully associated with the definition of a long-term policy and its legislative implications.

2) Relations between the planning administration and political organizations

A vital condition for the success of a plan is the continuity of planning policy, not only because any decisions taken have long-term implications but also because a long-term programme involves consistency in the general tactics of development, and consequently a relative degree of political stability.

In the new states, more particularly in Africa, the ruling party (or the single party) is often presented by its leaders as one of the important factors in this policy. It can even influence the work of the central planning administration directly, since the planning organ is often directed by a member of the party in power. Moreover, close de facto relations also exist between the party machine and the central planning organ and the essential projects of the plan, sometimes even down to figures, which are discussed and decided on by the party congress.

The advantage that such close liaison may have is that it associates the political leaders with the basic planning options that will influence the future of the country. However, it may have the disadvantage of leading to technically questionable decisions, if the relationship is a one-way direction and merely means that the planning organ is subordinate to the political party.

An effective liaison must work both ways and be based on mutual discussion. It is easier to bring this about between the central planning organ and the government, or between the government and the ruling party, than between the planning organ and the party.

3) The participation of the Executive may take different forms. Most planning organs consist of a permanent secretariat under the supervision of a board, which almost always includes government representatives.

- a) Firstly it is possible to allocate all or the majority of seats on the board of a central planning organ to members of the government.

In Ethiopia, for example, the Imperial Planning Board includes all the ministers interested in the country's economic and social development, under the presidency of the Emperor.

In the Sudan, the Technical Planning Committee, a very large majority of which consists of ministers, submits recommendations to the Ministerial Development Committee, which in turn prepares them for the Economic Council, over which the Prime Minister presides and which includes those ministers who are not members of the first two bodies.

In India, the Planning Commission now consists of eight members, four of whom are ministers and the other four prominent individuals who have the ear of the Cabinet. The Prime Minister acts as chairman, and the Minister of Planning as vice-chairman. There are constant exchanges between the Commission and the Government and this two-way flow, i.e. plan-government-plan, not only contributes an element of realism to the recommendations of the Commission but also injects new vitality into the Administration (P.P. Aggarwal).

On the other hand, this type of solution may bring an element of confusion between political and technical and economic criteria. D.R. Gadgiff, an Indian economist, has observed in this connexion that it has become impossible to distinguish between the activities of the Commission and those of the Minister and Cabinet.

It is therefore necessary that, in the case of co-operation between technicians and directors on the administrative level, the field of competence of both parties is carefully defined.

- b) In many countries, there is liaison between the central planning organization and the executive at a very high level.

In the Ivory Coast, an Inter-Ministerial Committee for Development and Planning is responsible for supervising the various phases of the work of preparing the plan, after it has informed the planners of the general orientation and imperatives of government policy. In the last resort, this Committee decides on the rate of expansion, while it is responsible for all arbitration during the preparatory stage.

In Mali, the political authorities participate in planning through the agency of the National Committee for Planning and Economic Policy. This Committee, which is under the presidency of the Head of the Government, includes members of parliament and representatives of the party.

In Cameroon, a National Planning Council is responsible for defining and orienting development policy. Moreover, because of the federal structure of this State, there is an Inter-Governmental Committee for Planning and Economic Development, which includes several ministers and secretaries of state, the Chairman of the Economic Commission and the Chairman of the Social Affairs Commission.

In India, the supreme authority is the National Development Council consisting of the Prime Minister, the 15 chief Ministers of the Federated States and the members of the Planning Commission. This Council defines general development policy and gives an opportunity for the views of the different States to be heard.

Section II - Liaison between the Central Planning Organ and the Administration

In those parts dealing with the preparation of the plan (Part II) and its execution (Part III), the problems arising out of co-ordination during the planning process will be studied. In the first phase, dealt with in this Chapter, consideration must be given to the question of how a new organ, established for new tasks, fits in with the traditional administrative machine. Its organic liaison with central and regional administrations will be considered in turn.

1) Liaison between the central planning organization and the central administration

Planning is a new function in which the central administration must of necessity share, while continuing to carry out its traditional management tasks.

This fact necessitates:

- permanent liaison, so that the central planning organization obtain from the central administration the information it requires, associate it with the preparation of the plan and be kept informed of the execution;
- that such liaison should be flexible enough not to slow down the work of the various divisions through the creation of too many committees, too many new units or too many meetings;
- that such liaison be closer where qualified officials are less numerous.

There is no ideal solution, but two forms appear to be most favoured:

a) The representation of the central planning organization in the existing administration

This is the case in the U.A.R., where a planning bureau attached to the minister or director general exists in every ministry and every public board.

This bureau forms planning committees in every ministerial department, which consists of senior officials and experts. An observer, belonging to the technical staff, is appointed by the Planning Minister to attend the meetings of these committees, but he has no vote.

In Syria, liaison committees have been established in every ministry and every public and semi-public administrative office. These committees pool the projects of their administrations and those of the private sector falling within their competence, which they transmit to the Ministry of Planning with their comments.

A very similar system has been introduced in Ceylon, and planning bureaux also exist in the various ministries in Peru.

These planning units constitute a network of central planning organization links in every ministry and this system facilitates communication to the extent that a sufficient number of qualified officials to establish such units is available, and on condition that they perform the function of an active link, and are not merely ornamental.

b) The traditional administrations may be represented on the central planning organization

Very often, this participation is obtained in the various committees which, although they do not really form part of the machinery of the central organ, carry out a large part of its duties, under its co-ordination. In many cases, ministries play a very important part on these committees. In the Sudan, for example, heads of ministries are ex-officio chairmen of these sub-committees.

2) Relations between the central planning organization and the regional administration

In all countries, there is a regional sub-division of the administration. The vertical liaison with the various ministries and the horizontal liaison at the regional level are a result of historic conditions and traditions, which planning must necessarily take into consideration. The plan cannot be restricted to national aggregates, but must also be related to regional sub-divisions. It is rarely possible for development regions to coincide with administrative regions.

At both the preparatory and execution stages of the plan, the central planning organization must have regional correspondents, which constitute a communication network adjusted to development requirements. It should be possible to effect a two-way exchange, i.e. the association of the regions in

the planning process through the mutual overall study of the prospects of economic and social development of the region concerned, and the redistribution of national resources with a view to reducing regional inequalities. These are two complementary, but often contradictory, aspects of the same process.

In some countries, new administrative machinery has been set up on the basis of a large-scale project which can be regarded as a pole of development, e.g. the Damodar Valley Authority in India, and the Gezira region in the Sudan. In other countries, development regions embracing several administrative regions have been created, e.g. SUDENE in Brazil, and regional prefectures in France. In most other cases, attempts have been made to adjust the existing regional machinery to planning tasks.

In Mali and Senegal, the administrative regions have been modified so as to coincide with homogenous development areas.

In Senegal, liaison between the planning organ and the different regions is assured by the Regional Development Committee, presided over by the regional Governor and assisted by two deputies, i.e. an administrative and a development deputy, the latter together with the Governor and the Regional Committee, being responsible for the execution of the plan in the region. The Governor receives his instructions from the Government, which delegates to him certain powers. In fact, the Senegalese authorities realize that the Governor is not yet in a position to carry out this task efficiently.

Congo-Brazzaville has been divided into nine programme regions, each of which covers several prefectures. The prefect of one region co-ordinates the planning activities of the public services and supervises the work of the technical and administrative chiefs of these services. He is assisted by the regional planning co-ordinator whose main function is to maintain liaison between the central planning organ and the prefect.

In the Sudan, the Provincial Councils, which are responsible for planning co-ordination on the provincial, district and village levels, maintain permanent liaison with the Technical Committee of the Sudanese planning authority for matters related to the local implementation of development projects. The Head of the Council represents the Government and is in charge of the provincial administration. He is appointed by the Supreme Council of the Armed Forces.

However, all these descriptions are still theoretical, and should be improved through thorough case studies. These should not be limited to a list of regional development bodies, but should include an analysis of the liaison process which actually links them with the central planning organ, e.g. how are two-way exchanges of information possible, how should they be organized, and how can they influence decisions?

The regionalization of the plan not only involves the theoretical aspects (still inadequately studied), but also the administrative aspects, as the relations between the planning organ and the different regions must be put on a regular basis.

It should be pointed out that this relationship is one of the most difficult of all the administrative aspects of planning, and which until now has been among the most neglected. This fact is not merely due to the lack of trained personnel on the regional level, but also to the fact that regional planning raises more complicated problems, the importance of which has only been realized recently. It is only in the countries with a centralized economy - more particularly the Soviet Union - where planning is already based on long experience that the central planning organ is properly linked up with the regional organs.

Some countries have tried to alleviate their lack of qualified personnel by maintaining liaison at the regional level by means of mobile organizations. In Mali, a section responsible for regional liaison has been created within the Planning Department. In Senegal, the control Department send mobile teams into the field.

Federal countries are obviously a special case. As their constituent States are responsible for the preparation of their own plans, there cannot be permanent relationship between the Federal planning organization and the second-degree planning authorities. In actual fact, liaison is maintained by means of an ascending or descending process at the stage of preparation of the national plan. This will be considered further in Part II.

Section III - Liaison between the Central Planning Organ and Social and Professional Bodies

In the developing countries, one of the essential conditions for the success of the plan is the mobilization of all the economic and social forces of the nation.

Only the effective participation of all social and professional groups can make it possible for the plan to become "an institution of social dialogue and collective creation". Moreover, in view of the shortage of qualified officials, the central planning organ must obtain the positive help of all educated groups. The participation of social and professional leaders is all the more necessary in view of the vast scope of the plan extending over a large part of the private sector.

The way in which the relations between the central planning organ and the representatives of organizations of employers, workers and other social groups are organized raises a political problem which must be decided by the government. By a generally recognized principle of constitutional law, the administration can only act by virtue of a delegation of powers on the part of the executive, which has the monopoly of relationships with economic and social, as well as political, organizations. In practice, there is a tendency for this legal distinction to be weakened. To the extent that the State intervenes more and more in economic and social activity, the development of tripartite bodies, on which the administration, employers and workers are represented⁽¹⁾, can be observed. Moreover, the administration seeks to establish a new

(1) The ILO recommendations on tripartite bodies illustrate this development.

relationship with the public, by explaining the significance of its activity⁽²⁾. Planning accelerates this development and tends towards the institution of a new liaison network between the administration and social and professional bodies. Such relations could be established at three different levels:

(a) The representation of social and professional bodies on the planning organ

When the administrative organ is supervised by a deliberative or advisory council, the latter sometimes includes representatives of employers' or workers' organizations.

In Morocco, the Higher Planning Council, over which the King presides, includes ministers, senior officials and representatives of agricultural interests (three members), the trade unions (three members), craftsmen (one member), trade (one member) and industry (one member). The Higher Council does not appear to have played any effective part since November 1960.

In Mauritania, the Planning Commission is supervised by an advisory body, the National Planning Committee, the membership of which is decided by the Government. This Committee includes representatives of political and trade union organizations. It examines the problems submitted to it by the Government and suggests solutions contributing towards the achievement of the aims of the plan. The Committee also approves "reasoned recommendations" and suggestions concerning economic, cultural and social development of the country.

In France, the Higher Planning Council includes, among its 57 members, representatives of social and professional bodies. However, this advisory body has until now played only a limited role.

(2) The organization of the relations between administration and the public were studied at the Vienna Congress of the International Institute of Administrative Sciences in 1962.

Generally speaking, the participation of social and professional bodies in the central planning organ appears to have had rather limited effects, wherever it has been tried. In most countries, efforts at organizing such relationships have been concentrated rather at the stages of preparation and execution of planning.

(b) Relations between the central planning organ and social and professional bodies at the preparation stage

Discussions appear to have been most profitable in vertical and horizontal working groups. In nearly all the cases considered, the central planning organ arranges for the participation of social and professional bodies in the elaboration of the detailed objectives of the plan.

(c) Relations at the stage of execution

The central planning organization may be expressly charged with informing interested organizations and the public about the plan. It can carry out this task by publishing and distributing documentation on the plan and by organizing information campaigns. In some cases, a unit of the planning organization specializes in this work.

Liaison between the planning organization and the bodies responsible for decisions prior to the execution stage of the plan will be considered in the chapter on the execution of the plan.

Section IV - The Central Planning Organization and Foreign Aid

In the developing countries, public and private foreign aid make an important contribution to planning. Foreign grants and investments are among the means of achieving planning objectives and technical assistance in the form of foreign experts, and scholarships for studies in overseas institutions help to overcome to some extent the lack of qualified staff.

However, such foreign aid may also have its negative aspects. It is dependent on autonomous governing bodies and its objectives do not automatically coincide with those of the plan. The fact that projects financed out of foreign public grants are easily accepted even if they upset the priorities set out in the plan has often been stressed. That is why the wish has sometimes been expressed (particularly in India) that foreign aid should be granted in an overall form and not for specific projects.

Moreover, private foreign investments have their own objectives, based on their international policies. When foreign firms are already established in the country concerned, the preparation and execution of the plan involve negotiations where the power on both sides is unequal. The influence of large international firms in small countries deserves special examination in this respect.

When the plan includes new foreign investments for achieving its aims, the interests of those investments must be reconciled with the needs of national planning. An economic analysis of these "asymmetrical" effects can be carried out in rigorous fashion. Political science studies making use of positive examples would show how such unequal relationships influence decision-making in planning. Therefore, the complex inter-action between national planning and foreign aid cannot be excluded from any study of administrative aspects of planning.

While administrative measures alone cannot alter this unequal balance of forces, it is nevertheless possible to organize the relations of the central planning organization with external decision-making bodies, either by granting it sole responsibility for negotiations related to foreign aid or by submitting to it for consideration all decisions taken in that regard. In India and Nigeria, the central planning organization must not only be consulted on any project involving external finance, but also participate in the negotiations.

It has often been suggested that a similar co-ordinating function be entrusted to the central planning office with regard to foreign expert missions and the sending of students abroad, so that a check can be kept on the way in which multilateral and bilateral technical assistance conform to the plan's objectives. In several countries (India, U.A.R., Tunisia), measures of this kind have already been taken. However, other ministries (finance, education), also claim this co-ordinating responsibility, while the technical ministries often try to maintain direct contacts with foreign organizations offering technical assistance. In many cases, the result has been that the partial programme prepared by experts for their particular fields are not in conformity with the priorities of the plan and the general recommendations on administrative organization⁽¹⁾.

The fact that a large number of small States are undertaking plans raises the new problem of inter-regional planning co-ordination. Obviously, political factors are most important in this connexion, principally in the form of diplomatic negotiation. However, consultation and co-operation in the preparation of plans also has its administrative aspects, as it involves close, if not permanent, relations between the planning organs of countries belonging to multi-national economic areas.

Several countries of North Africa, Tropical Africa and Central America have tried to organize exchanges of information through periodic consultation or the establishment of mutual administrative bodies. However, the systematic organization of working relations necessary to guarantee a balance among the aims (particularly with regard to export forecasts) is still a long way off, and so is any organization to decide on the location of industrial projects in regional areas involving more than one nation.

(1) In this regard, see the Report of the Secretary General of the U.N. on public administration programmes, E/3630, 7 May 1962.

Some preliminary studies for the formulation of the plan are often undertaken by foreign experts under multilateral or bilateral technical assistance programmes or by foreign contracting firms.

As regards statistical information, the role of the planning organ could be varied depending on whether it undertakes this task entirely by itself or only partially. In any case, the planning organ must be in a position to collect all available information from both public and private sources, modify where necessary the established procedure of administrative statistics, carry out the necessary studies and establish a long-term programme designed to improve essential information on the use of existing resources, trained personnel and credit facilities.

PART II - THE FORMULATION OF THE PLAN

The methods of preparing a plan naturally differ greatly depending on the nature of political and economic systems, which determine the scope of the planning activity.

In the socialist countries, where the principal means of production are State-owned, the plan is an integrated body of decisions, which both determine the objectives of economic and social policy and the means of achieving them. Consequently, the plan is imperative and must necessarily be carried out by the various organs of the economy.

While, on the central level, it is prepared by the planning organ, it involves the participation of every administrative branch and every economic unit.

In economies based on private enterprise, or in mixed economies, this activity is carried out essentially by individuals or firms acting in the light of their own economic assessments and of market conditions. In such cases, the plan is conceived of as a means of guiding and co-ordinating direct or indirect State action with reference to coherent production and investment goals for the principal branches of the economy. In such cases, the plan is a group of forecasts rather than decisions. It is not a substitute for private enterprise, the decisions of which it respects and is often described as "indicative" as opposed to the "imperative" plans of socialist countries.

In most of the developing countries, planning takes place within a free-enterprise economy, in which the existence of private enterprise is acknowledged. However, the importance of foreign firms, on which the plan has only limited means of action, and the shortage of national private undertakings compels the State to take an important share of the initiative in economic development and the public sector plays a vital role in planning. Furthermore,

plans are designed to make deep-going changes in the economic structure and the public sector is the principal agent of such changes.

Their restricted resources in trained staff and capital compel them to distribute those resources in the most possible rational way, which is based on an overall plan, thereby reducing their possibilities of action. The dependence of the plan on income from exports and foreign aid is an uncertain factor which influences preparation.

It is not enough to draw a distinction between "imperative" and "indicative" plans, as all plans are a combination of imperative and indicative objectives. It would be better to distinguish them in accordance with the respective extent of these two types of objectives, as preparation procedures differ for exact programmes and operations and for overall aims covering an entire branch of activity.

Furthermore, the economic and social development of the under-developed countries differs widely and, even within single countries, there are considerable differences between regions. Consequently, planning methods and the administrative aspects of planning may vary considerably within the same country, depending on the stage of economic and social development reached and on regional differences.

Although preparation techniques differ from country to country, certain stages are generally followed. Essential information must be collected, the priorities and main choices must be defined, the detailed objectives of every branch of activity must be prepared, the necessary adjustments made and the plan finally approved.

All these stages involve administration. The functions to be performed must be defined, the appropriate machinery and procedure selected and its operation organized.

CHAPTER I - STATISTICAL INFORMATION

No plan can be prepared unless a minimum of statistical information on the economic and financial situation of the country concerned is available.

Importance of quantitative information

In this case, the problem is to decide on the minimum of information required for the preparation of the plan, in the light of the available data (regarding credits and staff).

It is perfectly clear that the amount of data required varies according to whether the plan is overall or sectoral, as to whether it is based on long-term or short-term forecasts, whether it is imperative or indicative and whether it includes regional development programmes.

For the preparation of a general development plan, extensive information is required on every branch of activity, on the relations between them, on their past development, on regional differences, etc. When such information is lacking, partial plans of immediate action, affecting a few key sectors, must often be prepared.

During this transitory stage, the basic information necessary for a more comprehensive plan could be completed. Most of the African countries are now at the stage of partial planning on a restricted number of specific projects.

The Sudanese plan consists of a series of projects chosen because of their economic profitability or their social importance. In Uganda, the plan reflects essentially the anxiety that a specific ceiling for capital expenditure is not exceeded. The Development Council takes into account principally the revenue expected for the period covered by the plan. Partial interim programmes are the rule in Mauritania, Chad, Niger, etc., while in Togo a number of basic surveys, which will enable a plan to be prepared subsequently, are still being carried out.

However useful they may be for enabling the main directions of economic and social policy to be defined, partial planning has the disadvantage of not being integrated into the general scheme of needs, resources and possibilities of the economy as a whole. Consequently, there is a risk of error. In fact, the possibility of implementing plans depends on general factors, such as savings and investments, the manpower force and the balance of payments.

Therefore, every effort must be made to collect as quickly as possible the documentation required for the transfer from partial to overall plans. This stage has already been reached in some African countries.

Regional information is all the more necessary since regional differences are more marked in the under-developed than in the industrialized countries. There is a danger that any planning prepared without reference to local differences may be of greater benefit to richer than to poorer regions and consequently accentuate social and political disequilibrium and tension.

However little developed a country might be, some statistical data is always available. If better use were made of them, some of them might already be useful for planning purposes. In other cases, the data must be interpreted before being used. In conclusion, new data must be sought.

In general, the main sources of information are as follows:

- (a) the various ministries (particularly the Ministry of Finance, which supplies information on foreign trade, available foreign currency, tax allowances);
- (b) public and semi-public bodies (particularly the central banks);
- (c) private bodies (trade unions, trade associations, industrial enterprises, etc.).

Two administrative problems arise:

In the first place, the planning organ must have the necessary authority to collect all the statistics required for the preparation of the plan;

Statistical data must be adjusted in order to be used in accordance with planning needs.

1. The powers of the planning organ with regard to statistical information

Information is collected from:

central administrations;
economic and social groups;
regional authorities.

(a) In order to be in a position to obtain all the necessary information, the central planning organ should have clearly defined powers.

In Morocco, the Division of Economic Co-ordination and Planning, which occupies a subordinate position in the Ministry of Finance and Economy, finds difficulty in obtaining the information it requires from other ministries. As a result, it is unfamiliar with certain economic data, a fact which explains the difficulties met with in the preparation of regional programmes.

(b) It is still more difficult to collect statistics from the various economic and social organs. The question that arises here is what powers of investigation should be granted to administrative organs. It is difficult to reconcile information needs and the respect for business secrecy, when such secrecy is a vital part of economic organization.

In some cases, opposing needs can be reconciled within liaison bodies. In France, for example, a private information office is responsible for ensuring liaison between the private sector of the economy and the administration, while it at the same time protects business secrets.

Different situations can be illustrated by two African examples in which the administration and business circles confront one another, demonstrating their respective strength of force.

In Morocco, the Division of Economic Co-ordination and Planning has come up against the resistance of private economic circles which are not in any way compelled to provide information about themselves, even if such information may be of the greatest usefulness for the plan.

On the contrary, the Ministry of Planning in the U.A.R. which controls the main statistical and documentation organ, may, by the terms of Presidential Decree No. 232-1960, demand all the public or private information it may require. Furthermore, the Planning Committee may itself conduct investigations.

The legislation in Ceylon, which reflects the same spirit, provides for sanctions in cases of refusal to communicate information.

(c) There should be another flow of information between the centre and the periphery, i.e. between the capital and the various regions, and it is generally in this case that the exchange of information leaves most to be desired. Consequently, the central administrative organs are often badly informed of the regional situation with regard to problems requiring solution.

To overcome these difficulties, it would appear desirable not to over-centralize the collection of information but rather to make use of the information that the regional and local branches of the various ministries can supply.

In Mali, for example, regional "information and documentation bureaux" have been established.

2. Harmonizing of statistical data for planning needs

The data collected is often characterized by two specific features:

- it is partial, in which case additional information is necessary;
- it differs in kind to a large degree and must therefore be reclassified and made comparable.

Every organ that can supply statistical data submits it in a form peculiar to itself. The information thus available has generally been collected for a specific purpose and cannot be adapted to planning requirements.

Therefore, in the initial stage of preparing the plan, it is important for the organ responsible for studying the existing situation to have a homogeneous group of statistics, i.e. statistics which have been drawn up in accordance with the same definitions and on a uniform basis. It follows that the question of co-ordination is important.

The organs collecting information work independently, without having adopted in advance common definitions that would result in comparable statistics. This results in contradictions and mistakes and is just as much an obstacle to planning as a complete lack of statistics.

Co-ordination may possibly be achieved on the basis of the statistical series already available, which are then reduced to common denominators. Is there any need to stress that this problem arises even in the most advanced countries?

In the U.A.R., the co-ordination and control of the information gathered is carried out by two bodies, i.e. the Central Committee for Statistics and the Committee for Statistical Control. In India, a Programme Research Committee was established on the initiative of the Planning Commission in 1953. This Committee took the view that the inadequate presentation of the projects to be included in the five-year plan is a major difficulty in the way of their rapid approval. Exact formulae have been sent to the central ministries, which have not been able to supply the minimum data required, so much so that information on the large number of projects included in the five-year plan is far from adequate. This shortage can be blamed both on the shortage of trained staff and on a lack of organization which caused delays in the preparation of a project. Consequently, the Planning Committee has expressed the view that,

in preparing the third five-year plan, the ministries should carry out preliminary surveys and collect the statistics necessary on the projects they wish to be included in the plan.

In Senegal, the Secretariat of State for Development and Planning contains two divisions, i.e. the Division for Statistics and Economic and Social Information, and the Division for Development Surveys and Planning, which are responsible for the tasks previously carried out by specialized survey companies. A distinction must therefore be made between the collection of statistics and the operations involved in surveys. The Division for Development Studies makes use of the data collected by the Statistical Division.

Furthermore, a documentation service attached to the Presidency collects statistical bulletins and the surveys conducted by various ministries and other bodies and publishes a classified monthly bibliography of their work.

The central planning organ may also request the assistance of universities or public, semi-public or private research institutes.

In this connexion, the Indian Planning Commission is assisted by the Indian Statistical Institute, a semi-public body mainly concerned with carrying out public opinion surveys and theoretical and practical statistical studies. This Institute has played an important part in developing the concept and methods of Indian planning.

Certain preliminary studies on the preparation of the plan are often carried out by foreign experts in the form of multilateral or bilateral technical assistance, or by foreign investigation companies working under contract.

Consequently, the role of the planning organ with respect to statistical information is variable, as it may also carry out this task itself, either wholly or in part. Whatever the case may be, it must be in a position to collect the public and private information available; to alter, if need be, the way in which administrative statistics are compiled; to carry out or

arrange for the carrying out of the necessary studies and to prepare a long-term programme for improving the essential information, in accordance with the anticipated resources both in skilled staff and credits.

CHAPTER II - THE DETERMINATION OF PRIORITIES

It is the task of the Executive to determine the major planning objectives. A plan is essentially the tool of a development policy. There is a frequent tendency to accord exaggerated importance to preparation techniques and to expect from planning experts technical solutions to problems derived from a political choice of structural reforms.

However, political choices must be prepared on the administrative level and it is the function of the administration to present the long-term implications of the various alternatives offered in a coherent way.

When this procedure is followed, the central planning organ prepares the first draft of the plan and submits it to the government.

Before any public or even governmental discussion on the selection of major objectives takes place, provisional drafts are prepared by the planning organ, in which it tries to shed light on the possible consequences of certain choices and to indicate the conditions necessary for the anticipated rates of expansion to be obtained. It underlines possible incompatibilities between the aims that the plan is intended to achieve.

Very often, it is at this stage that the planning organ attempts to carry out its preliminary consultations, e.g. with experts, civil servants and the private sector. It frequently restricts itself to consulting a small group of senior officials among whom financial experts predominate. Nevertheless, consultation on a wider basis is desirable at this stage to the extent that economic and technical planning services become more efficient.

The definition of priorities determines the political, social and economic basis on which the work of planners during the preparation stage will be founded.

In the U.A.R., the preliminary draft of the 1960-1965 plan was prepared by the Planning Committee, a purely administrative body, but the general aims of the plan were fixed by the Higher Planning Council, with the Head of State as chairman. These were as follows:

- the expansion of production, so that the national income should be doubled within ten years (1960-1970);
- the establishment of an industrial infrastructure that might ensure the continued expansion of production.

The basic options were defined as follows:

- The private sector cannot contribute to the increase of national revenue to the extent and within the interval required by population growth, and this fact confers the main responsibility for development on the public sector.
- The achievement of a balanced development of the national economy is necessary.
- Thirdly, there is a social objective with political implications; "If the national economy were not planned, the difference (between the highest and lowest incomes) would continue to increase and lead to the division of our society into two distinct classes, i.e. a minority class possessing the income from production, and another class, which would continue to increase in size, which received only a minute portion of production revenue. It would be superfluous to stress the serious effects such a situation would have on the social level" (pp.9 and 10 of the Plan).

In Senegal, planning was originally founded on the choice of a number of general objectives.

- This choice was preceded by thorough studies aimed at diagnosing the economic, social and cultural situation of the country. After interpreting this data and after technical arbitration, the Government, in the light of these studies, defined a number of long-term objectives designed to channel the economy towards "African Socialism".
- This policy forms the basis on which it is intended to found subsequent plans. It was outlined in the "General Directives" issued on 1 August 1960.

This document is the long-term forecast plan for Senegal, and its aims are as follows:

- priority for the satisfaction of collective rather than individual needs;
- two basic cultural objectives:
 - the use of a common language by the population as a whole;
 - the integration of the various population groups into a common Senegalese civilization receptive to the contributions of the modern world;
- the State must ensure:
 - foreign representation and defence;
 - the operation of the renovated public services;
 - the installation of community equipment;
 - the gradual Africanization of State structures.
- the purely economic directives are aimed at orienting production in the light of the needs of the expanding domestic market and at balancing international exchanges.

The aims of the five-year plan in Mali are as follows:

- the expansion of agricultural and animal production on a socialist foundation;
- the establishment of the foundations of a planned and diversified economy (mining, oil and electric power research), and the industrial processing of the principal raw materials;
- the development of national consciousness, i.e. the training of officials, the mobilization of the masses.

These few examples show the importance of political factors in the choice of the main objectives, a fact which leads to the establishment of an order of priority among the economic and social aims of development policy. This stage is essential, as it renders possible the definition of the standards of selection to be applied by the central planning organ in preparing the detailed targets.

The decision-making body is a government organ. For practical reasons, since cabinet meetings are not held often enough and their agenda is too full, the main choices are decided on by an interministerial committee, over which the head of the government usually presides, e.g. the Higher Planning Council in Senegal, the Higher Council for National Planning in the U.A.R., the Economic Council in the Sudan.

Before making a decision, governments often consult either their parliaments or bodies on which political leaders are represented. However, consultation at the preliminary stage of preparation is rather limited. Wider participation might be considered, e.g. public meetings, but several problems arise in this connexion:

- Which organs should control such meetings?
- What procedure should be used?

For reasons of democracy and efficiency, it might be considered wise to submit the main choices, which it would be difficult to reject, for the approval of the political assembly.

Furthermore, consultation with a parliamentary organ would automatically give more weight to regional problems that might be overlooked because of the over-riding desire to make the best possible use of the available resources on a national level.

If the representatives of the national will are not consulted at this stage, their participation at the subsequent stages of preparation may well lose a great deal of its significance.

Parliamentary consultation may certainly give rise to difficult problems:

- Parliamentary participation can be effective only if the Assembly is presented with a choice of several alternatives;
- A parliamentary assembly may tend to vote in favour of the highest rates of expansion in every case, without always taking sufficient note of their implications;
- In these circumstances, should parliamentary discussion be concentrated only on choices of a political nature and exclude any discussion of technical choices?

Even in so restricted a form, and in spite of certain technical flaws, parliamentary consultation can provide the decision-making organs of government with a valuable idea of public opinion.

However, when a government seeks advice on the principal choices, it usually refers to small mixed committees consisting of both politicians and senior officials and, if need be, the representatives of employers and workers.

success) is to ensure the fullest possible participation of all those interested at the stage of preliminary discussion and at the same time guarantee swiftness of action and identity of views at the stage of final decision. Consequently, it is necessary to find a suitable machinery to facilitate the participation of interested groups, and thereby involve them directly with the context of projects to whose preparation they have themselves contributed.

In this respect, the developing countries have been faced with particularly thorny problems, as the lack of communication between social groups is one of the main difficulties confronting them.

Two methods should be attempted to promote this type of communication:

- (a) A horizontal method, in conjunction with the ministries and social and professional bodies, for the purpose of obtaining the widest possible participation in preparing the objectives. The planning unit can only fix a programme of work on the basis of the fundamental guiding lines of the plan. If these are to be transformed into a realistic and detailed programme of action, they must be submitted for the consideration of all those involved in decision-making, so that their opinions can be obtained and a collective project arrived at. Even if organized discussion does not do away with conflicting interests and relationships, the comparison of projects within the framework of an overall perspective does contribute to the modification of attitudes.
- (b) There should also be vertical communication, both in an ascending direction, i.e. the submission to organs on a higher level of information which enrich or alter the primary forecasts, and in a descending direction, in order to bring to the notice of regional or local

authorities the general principles of the plan and information which will enable them to prepare action programmes conforming with national objectives.

The volume and quality of the information gathered and exchanged among political, administrative, social and economic organs, furnish the concrete foundations for the preparation of planning, and often contribute towards limiting the number of cases of eventual arbitration and also giving the final decision a truly collective character which facilitates the execution of the plan.

An entire dialectical process is involved, in which are to be found on the one hand the interests of the various participants, and on the other the possibilities and limits (technical, human and financial), which are governed by the vital concern for cohesion. The way in which this is organized varies according to the special conditions existing in the country concerned.

Section I - Determination of sectorial objectives

At this stage, the central planning organ carries out a technical activity which usually involves determining the indicative aims for each main centre of activity in the light of the priorities and available resources, i.e. for rates of expansion, production targets, manpower needs, volume of investments, etc. The whole constitutes the working programme which serves as a basis for the preparation of detailed sectorial objectives. At this stage, the planning organ consults administrative, social and professional bodies.

The most important administrative task is to ensure the widest possible participation at the preparation stage of planning. The following aspects may be considered in this connexion:

- The number of agents associated in such preparation and the organizations they represent;

- The organizational procedures regulating such participation;
- The way in which the conclusions of the work done in each branch of activity are approved.

(a) The participants

It is desirable for the planning organ to be in a position to obtain the opinions of all those who will have to perform tasks set out in the plan and to be informed of the projects of the main, independent decision-making organs. Consequently, consultation with all the ministries and with the representatives of employers and workers is essential.

In those countries where the administrative machinery is firmly established and in which representative professional organizations and trade unions are staffed with qualified officials, the preparation of the plan is a collective task in which a large number of individuals share. This is particularly so in the U.S.S.R. and the Eastern European socialist countries, where all administrative and economic units share in the compilation of financial estimates, estimates of manpower resources and of raw materials. In India and France, the preparation is far less detailed, but it is carried out by several hundred participants.

However, in the case of very many developing countries, the shortage of trained administrative staff and the lack of competent officials in the professional and trade union organizations must be taken into account, for as much as this factor restricts the number of individuals capable of making a positive contribution to the task of preparation.

Nevertheless, a single yardstick of efficiency must not be applied. The participation in the task of planning is in itself a training process which enables participants to realize the great national objectives. The quality of such participation will improve with time, as is already noticeable in countries which have already prepared several succeeding plans.

(b) The participating organs

In most cases, the planning organ establishes working committees for the main branches of economic and social activity (agriculture, power, health, housing, etc.). These committees, often described as vertical, are sometimes supplemented by horizontal committees considering general problems such as finance, foreign trade and employment.

The number of such committees obviously depends on the number of sectors for which detailed objectives are prepared in the plan. However, administrative considerations also play their part. In fact, committees are fairly cumbersome bodies which periodically bring together a comparatively large number of participants whose time is precious. To be effective, their work must be carefully prepared, a fact which involves secretarial activities, e.g. the compilation of reports and working documents. The personality of the chairman is of great importance for the way in which the work is carried out, while the choice of the rapporteur is all-important. The restricted number of trained staff and the time available to participate must be taken into account.

Therefore, some of the developing countries prefer more flexible procedures, such as small working parties, ad hoc meetings and direct consultation with the planning organ.

When, as is the case in France, there are both horizontal and vertical committees, the participants are properly integrated into the process of preparation, since through their horizontal committees they are able to control the extent to which the proposals of the vertical committees are coherent and conform the government directives.

In the developing countries, it is vital to avoid too great a dispersal of effort, in view of the shortage of officials. Consequently, it does not appear advisable to multiply the number of vertical committees from the outset.

In Syria, mixed committees for each sector submit programmes to the Economic and Financial Commission, which synthesises them before submitting them, together with a list of priorities, to the Planning Ministry. In Mali, there is only one committee, which considers the projects prepared for each sector.

(c) Procedures regulating participation

In Syria and Egypt, consultation with the administration on the one hand and with economic and social organizations on the other takes different forms. In Syria, the liaison committees existing in the various ministries, administrative divisions and semi-governmental organs are responsible for pooling the projects within their spheres of responsibility and covering the private sectors which are their concern. In this way, they add their own proposals to those of the mixed sector commissions. The distinction is clearer in Egypt, where projects may originate in the following ways:

- They may come from six mixed committees, which are in turn subdivided into 64 sub-committees consisting of a total of 500 individuals drawn from both the public and private sectors. These committees give their opinion on a draft drawn up by the National Planning Commission, which is an inter-ministerial body free to consult outside sources and responsible for keeping the Planning Ministry informed.
- Projects may derive from the planning committees of the ministries and public boards, which are themselves co-ordinated by inter-ministerial committees. The latter submit such projects to the National Planning Commission. These two types of projects are synthesised only at the stage of final decision.

There are other less-organized procedures, such as the round table meetings called by the Planning Commission in India, whenever necessary. The success of this system largely depends on the authority and prestige of the planning organ.

In a limited number of cases, where the plan covers only public investment programmes, the planning organ should ensure the active participation of at least the administration. The most common procedure is to establish planning units in the principal ministries interested, which act as links between the planning organ and the ministerial units.

Sometimes the question is raised as to whether it is advisable for the number of representatives of every economic and social sector to correspond exactly to their real influence in the national activity. Such a form of strict proportional representation appears to have too many disadvantages for it to be adopted as a general rule. Indeed, if it is adopted, there is always a danger that the committees will be neutralized through opposing interests or that objectives incompatible with the total resources available which cannot form the basis of a workable plan, are approved.

Furthermore, where such proportional representation is not the rule, it is possible for independent leaders of acknowledged ability to be appointed to the committees. In addition, strict proportional representation must be periodically reviewed, a fact which involves a committee decision. The rule only has real importance when the opinion of the committee must be followed compulsorily, which is never the case.

(d) Arbitration procedures

Even when the planning organ has defined the scope of the tasks and the financial limits for each sector of activity, the detailed objectives almost always exceed their forecasts. This necessitates adjustment operations and inter-sectoral arbitration. Such arbitration may be either administrative or

political. The establishment of arbitration machinery is an important administrative factor which influences the cohesion of the plan.

At the administrative level, arbitration occurs at the end of a process of constant inter-communication between the planning organ and the working committees for each sector. The more extensive such negotiations are, the greater are the chances of mutual agreement with regard to adjustments. However, the multiplications of exchanges and discussions may well complicate the procedures, blurring the clarity of the choices made at the outset and harming the vigour and unity of the plan.

The planning organ frequently conducts arbitration before submitting a synthesis to the government. This is the case in most of the French-speaking African countries.

When there are items of disagreement with regard to problems of some importance, arbitration is carried out by the government, as and when such difficulties develop. This procedure is logically justifiable for two reasons:

- As all the problems involved are inter-dependent, final solutions must be found for each in turn, so that the work of preparation can continue.
- The committees may submit alternative proposals to the political body, readily acquaint themselves of the decisions taken and keep track of their activities.

In the Ivory Coast, the Inter-Ministerial Committee for Development and Planning first decides on general guiding principles and on rates of expansion, after which, during the preparation of the detailed targets, it conducts all the necessary arbitration, either on the proposal of the working committees or on its own initiative.

In the U.A.R., on the other hand, parallel but distinct consultations take place and the task of submitting the synthesis to the Government is not the responsibility of the planning organ. For the government to act as the final arbitrator two groups of projects are submitted to the Higher Planning Council by two different bodies - namely the Planning Ministry which submits projects proposed by the mixed committees, and the National Planning Commission which submits projects prepared by the other ministries. In both cases the planning organ makes only a purely technical contribution.

The government sometimes issues detailed directives after a preliminary synthesis of the sector reports. These directives are sent to the planning organ, which uses them as new working bases.

In Madagascar, after the Government has considered a preliminary project submitted by the Planning Commission, it adopts detailed directives which are then circulated by the Commission to the administrative divisions responsible for the 37 sectors into which economic activities have been classified and to the 18 prefectures.

As governmental decisions are usually connected with the amount and distribution of investments, this process is in fact a kind of arbitration between the planning organ and the Ministry of Finance, the points of view of which reflect the opposition between current balances (financial equilibrium, a positive balance of payments, etc.) and long-term objectives. Attempts are often made to diminish these differences by associating the Ministry of Finance closely with every stage of planning preparation by means of formal procedures (the participation of representatives of the Ministry on working committees) or on an informal basis (regular consultations).

In some countries, the planning organ and the budget division have been combined into a single ministry, e.g. the U.A.R., Tunisia, Morocco. Part I has shown that the success of this formula depends on specific considerations more than on the type of structure involved.

In other countries, the Ministry of Finance is allotted an important function in the political organ on which the planning organ depends. In Syria, the Inter-Ministerial Planning Committee, which assists the Head of the Government, includes the Ministers of Finance and the Budget and the Directors of the Loan Institute and the Development Bank.

Section II - Determination of regional objectives

Regional planning is still very imperfectly developed, not only in the developing countries but also in most of the industrialized countries. This is generally true, although there are very many examples of territorial and regional development, which are connected with large-scale projects constituting a nucleus of development, or of aid programmes to zones in a particularly acute state of economic depression.

But although these programmes may involve a long-term plan of action, they are prepared independently in the light of specific conditions. They are rarely integrated into overall national development plans. Most plans define priorities on the scale of the country as a whole. Projects are prepared in the light of national needs, and regional needs as such are not taken into account. In these circumstances, there is a risk that planning may aggravate regional inequalities. The most immediately profitable operations (which are almost always located in the richest areas) may in the long run involve a very high social cost, i.e. the acceleration of the drift from the country-side to already overcrowded urban centres, increased town-planning expenditure, and stagnation or decline of agriculture, etc.

Consequently, this problem deserves mention in spite of the small number of regional integrated planning experiments.

The procedure to be followed in regional planning is to compare the national plan drafted by the central planning organ and projects submitted by regional authorities. On the administrative level, therefore, it involves

sending to the regions directives setting out both the national objectives for every sector and their indicative regional distribution. It also involves the existence of regional planning organs capable of supplementing such data, discussing it and formulating exact objectives, which are based on it and correspond to the overall needs of the region.

The question of statistical information was considered in Chapter I. It is obvious that the lack of regional data due to the centralization of statistical machinery is a preliminary obstacle. It can only be overcome gradually, through defining the minimum of information that must be collected on a regional basis (and on a basis of standard terms of reference, so that subsequent reclassification may be possible) and by strengthening the regional statistical units through a policy of training qualified staff or as the case may be, through the redistribution of centralized staff.

The second administrative problem is to define accurately the extent to which regional preparation must be detailed and to draw up a time-table giving the final dates for preparation. In some countries, a distinction has been made between national, regional and local projects. Most social programmes can be classified under the last two headings, as can economic projects of little or average significance.

The most important problem is that related to the regional machinery of plan preparation. Should the existing machinery be used or should new machinery be created? As has already been noted, this problem also arises on the national level. However, on the regional level, the shortage of qualified officials, the water-tight nature of the administrative divisions and the lack of social and professional organizations are in most cases far more serious obstacles.

All these difficulties have induced most countries to restrict the distribution of investment credits to the various ministries, giving them the responsibility of allocating them among their own regional branch offices, once the plan has finally been fixed.

However, this simple procedure does not guarantee that the needs of the regions will be considered in the overall perspective covering the various forms of public and private investments.

The procedures involved in regionalization can be considered from the point of view of regional administrative participation in the preparation of the plan. In some countries, e.g. Mauritania, regional commissions of the central planning organ have been established because of the lack of adequately-equipped administrative organs. As a general rule, the planning organ transmits national and, if need be, regional objectives to organs with the function of discussing them and proposing projects.

In the Sudan, the Provincial Councils in existence since 1960, are responsible for a wide field of activities, i.e. education, culture, social welfare, agriculture, health, animal resources and public works. They are also competent in the following matters:

- To formulate and recommend to the ministries provincial development plans;
- To study local problems covering all branches of administrative activity and to submit suggestions;
- To advise the central government on legislation and any other matters which the Cabinet may request of them.

The provincial authority, consisting of the regional representatives of the ministries, must prepare the work of the provincial councils by studying the reform and development projects submitted to them.

In Senegal, the regional development committees are informed of national objectives and their regional distribution. They also receive information of the means the State intends providing for such purpose. The regional authorities must themselves assess the resources they are in a position to provide and may request that the objectives be extended or reduced. The regional

committees, which include civil servants, trade unionists, co-operators, local members of parliament and industrialists, are assisted in this task by an expert official attached to the Provincial Governor, i.e. the Development Officer.

The provincial Governor and the Development Officer attend working meetings held by the Ministry of Development, at which preliminary surveys are considered. In this way, liaison between the central and regional authorities is assured.

In Madagascar, efforts have been made to integrate regional planning and national planning in two ways:

- A travelling team including a member of the planning organ and a number of technicians co-operates with the 18 regional development and planning committees. This ensures the cohesion of regional programmes.
- The 18 regional programmes are integrated into a preliminary synthetic programme prepared by the Regional Planning Commission and combined with the objectives of the 37 sectors of activity distributed among the various ministries.

This preliminary synthesis is submitted to the Government, which rearranges it and draws up final directives for the administrations responsible for sector targets and the 18 regional committees. These committees then resume their work and the Planning Commission prepares a second synthesis which becomes the final draft of the plan.

In the socialist countries (U.S.S.R., Eastern Europe), the preparation of national and regional programmes is a single process. Each of the economic units plans its programmes in the light of national priorities and the total local and regional objectives constitute the national plan after necessary adjustments at every level to ensure a positive balance for material finance and manpower.

In Yugoslavia, the regional decentralization introduced in 1954 has led to a new distribution of functions. Before this reform, the Federal Planning Commission fixed targets for 2,000 products which were then the subject of 2,000 detailed programmes prepared by the ministries. The Federal Planning Institute is now only an organ for surveys and co-ordination. It fixes indicative targets for branches of activity (and not for products), but the detailed targets are prepared by the local municipalities and public enterprises. On the basis of self-management, these decide on their purchase and sales programmes, their prices and their wages. In every region, the trade unions and chambers of commerce and industry are associated with the preparation process.

In France, planning until now has been put on a regional basis only at the stage of execution. However, for the next plan (1966-1969), the introduction of a regional preparation procedure, which will be standardized in the same form as the procedure for national preparation, is being considered. At the preparation stage of the main options to be submitted to the Government (and then to Parliament), regional surveys will be conducted on the needs of public and private social and economic equipment. At a subsequent stage, during the preparation of the detailed branch targets, regional authorities will examine the economic development prospects of the region and the effect the various investment operations projected will have for the region as a whole. The "Plan Commissariat" has established a national regional development commission which will define the orientation of the region concerned, determine the general criteria to be applied and prepare the directives and statistics that will decide the working programme for each region.

The division of regional ministerial units will be gradually changed so as to coincide with the 21 programme regions. Representatives of the various ministries will meet at inter-departmental conference. Regional expansion committees, containing representatives of both the public and private sectors, will serve as advisory bodies.

These examples show the administrative implications resulting from the preparation of regional programmes integrated with the national plan. It is not only the preparation procedures that must be altered, but regional administrative machinery must also be adapted for planning purposes.

CHAPTER IV - THE APPROVAL OF PLANS

This is the culmination of the decision process, for which the way has been prepared during the preceding stages, and which renders the plan ready for execution. This approval procedure can be examined with a view to determining the authority making the decision and the legal scope of the decision. It also involves a wider political significance.

1. The approving authority

The plan is neither a mere forecast survey, an administrative act, nor an ordinary act of government. As a long-term enterprise, it raises problems of a new type and the decision-making authority must be defined.

- a) Where there is no parliament, the plan is usually approved by the government or the Chief Executive, as in the case of Sudan and Pakistan. In the U.A.R., the approval takes the form of a decree issued by the President of the Republic. In Morocco, the sovereign approves the plan submitted to him by the Higher Planning Council.
- b) Where there is a parliament, the government generally submits the plan for its approval. Where parliamentary regimes exist, the legislature may overthrow the government and thus instigate a change in economic policy. The continuity of the plan can only be guaranteed if parliament is associated in the definition of long-term policy. Even in countries with a presidential system, parliament has the power of decision with regard to the

annual budget. It alone has the power of granting the investment credits covering several years, necessary for the execution of the plan.

However, parliamentary approval may raise difficulties, for although parliament may amend or reject a bill or the budget, it is difficult to consider amending the plan at its final stage, without harming its unity. In Senegal, the parliamentary procedure for amendments has given rise to serious adjustment problems. In other countries, parliament has expressed its regret at being unable to accept or reject the plan as a whole, a fact which reduces the significance of its approval.

To avoid this state of affairs, the suggestion has sometimes been made that the plan be submitted to parliament before the final stage, so that it can give its views on the principal priority objectives and several alternatives. It is intended to use this procedure for the Fifth Plan in France. In Mauritania, the Government submitted the basic objectives of the plan to the National Assembly, but the Executive is responsible for deciding on the detailed objectives and specific projects through regular channels.

In all cases, final parliamentary approval of the plan signifies a long-term undertaking. The legal scope of this undertaking still remains to be considered.

2. The legal scope of approval

While the plan covers a large area of economic and social activity, it does not give in detail all the specific steps to be implemented during the several-year period of its execution.

Consequently, it cannot be compared to an ordinary law, nor to a decree, even when it is approved in such legal form. It should rather be regarded as a general undertaking to the effect that subsequent governmental and parliamentary action shall conform to the aims set out in the plan, i.e. a

government undertaking to take the necessary measures for execution and the parliamentary undertaking to make the means of execution available.

In reality, it is often difficult to define the legal scope of the plan as it is not always clear whether the plan is merely a study published by the government (as is the case in several Latin American countries), or a statement of intentions, or whether it is a positive undertaking. In France, the Government undertakes to take the plan into account only in connexion with the preparation of annual investment budgets or projects for programmes covering several years, but it does not consider itself absolutely bound by the public investment aims detailed in the plan. In countries with centralized economy, approval binds all economic organs to implement the plans.

In the developing countries, uncertainty on the amounts to be provided through foreign aid and foreign trade make approval purely indicative in scope, i.e. an undertaking to make available the public funds that may exist in conformity with the plan.

Neither the government nor parliament are empowered to bind the private sector through their decisions. In countries of the free enterprise system, the approval of the plan involves only an undertaking to take the legislative or regulation steps necessary to promote, either directly or indirectly, the channelling of private investment along the lines of the priorities set out in the plan.

Therefore, governmental and parliamentary approval constitutes a new type of legal act, the scope of which must be defined explicitly. If the plan is to be more than a mere forecast survey, and if it is to be capable of orienting short and long-term economic policy effectively, approval must involve definite undertakings:

- on the part of the government, i.e. an undertaking to allocate public investments (whether of domestic or foreign origin) for

the planning targets; an undertaking to orient economic, financial and monetary policy in accordance with the plan; an undertaking to take steps to encourage or control the channelling of private investment towards the priority sectors of the plan;

- On the part of parliament, i.e. an undertaking to approve the investment credits provided for in the plan and the measures necessary for its execution.

3. Publicizing the plan

Once approved, the plan must be disseminated and publicized. To have it implemented, the plan must be made known to the administrative departments which will have to apply it; to the independent organs of decision which will have to contribute to its execution, and to the public which will have to co-operate actively.

The task of information can be entrusted to the central planning organ, which sometimes contains a unit for publicizing the plan. This is the case in Tunisia, where a recent edition of the plan is sold at bookstalls. In Madagascar, an illustrated pamphlet has been distributed in rural centres. In India, information meetings are held in most villages.

In Africa, liaison with the public is often maintained by the single party, e.g. Mali, Guinea, etc.. The radio and press also help to publicize the plan.

This communication process might be considered from the point of view of the extent to which plans are disseminated, i.e. how many organizations help to publicize the plan and in what manner? What proportion of the public is familiar with the plan and to what extent?

However, information about the plan is not enough to arouse popular enthusiasm and the active participation of the public as a whole. If the plan

is to gain some significance for the entire community, its general objectives must be appreciated and above all, everyone must be able to assess how his activities can be adjusted to conform with the plan and to appreciate the improvements it might contribute to his standard of living.

This task requires intensive efforts which can only be undertaken in co-operation with all social and professional organizations, e.g. trade unions, youth movements, political parties, co-operatives, etc.. Any study of the methods of dissemination must take into account this vital aspect by attempting to define the methods used to present the plan to the various classes of the population, the positive meaning it may have for them and the way in which this information process alters their behaviour and contributes to the moulding of national consciousness with regard to a collective project.

PART III - THE EXECUTION OF THE PLAN

The act of approval with which the preparation stage ends is not the final stage in planning. The most serious difficulties arise in implementing the plan. In considering them, a distinction must be made between administrative factors and political or technical factors.

1 - Political factors

These are naturally the most important. In some cases, planning has been undertaken to provide a basis for the use of foreign aid. In this case, the plan is designed from a technical point of view by the preparation of projects for which financial aid may be forthcoming rather than as a tool of development policy based on internal activity.

The mobilization of effort for the purposes of the plan is based on an assumption of political continuity, which does not depend merely on governmental stability. During the execution period, internal or external pressure aimed at altering the targets or the decisions related to the application of projects is inevitable. Plans are drawn up on the basis of a list of priorities which benefit some objectives through sacrificing other possible choices and which benefit some interests to the detriment of others. The approval procedure does not lead to the final disappearance of this kind of opposition, which extends itself in efforts to bring back into question the decisions taken or to carry out discarded projects independently of the plan.

Furthermore, plans are usually based on optimistic hypotheses, e.g. the stability (at any event relative) of prices and wages, regular expansion of export trade, foreign aid, public revenue and public and private investment. Therefore, it is not possible for every eventuality to be anticipated in planning, so that unforeseen events may very often re-open the whole question of priorities.

Foreign aid and foreign investment projects often have a similar effect when new proposals are made during the period of execution.

Finally, the plan does not include every aspect of economic and financial policy, and short-term exigencies which may call for urgent measures for carrying out the plan may have been overlooked. The desire to balance the budget or to maintain a positive balance of foreign exchanges may result in steps being taken which are incompatible with long-term development targets. A planning policy must be closely linked with the policies referring to manpower, the budget, credit and taxation, all of which must rest on continuity in governmental policy.

These political aspects of plan execution may be studied on the basis of clearly-defined standards:

- the measurement of the internal mobilization of resources, both a priori (the ration of internal public and private investment to the anticipated amount of foreign resources) and a posteriori (according to the results noted);
- the extent of actual "extra-plan" investments, both domestic and foreign;
- the extent to which short-term and long-term economic and financial policies concur or diverge.

It is possible to go beyond this descriptive survey by considering the deployment of forces on the political and economic levels between the various public and private organs of decision. Which interests are in favour of the plan? Which interests are against it? How are these opposing interests expressed on the economic and political levels? To what extent do governmental decisions take into account planning needs?

2 - Technical factors

Technical difficulties may also crop up during execution.

- The plan may turn out defective because of the lack or inaccuracy of data; because the methods used have not been adjusted to local conditions, e.g. rash extrapolations, the use of forecasts based on unchecked propagation mechanisms or technical relationships; because there are contradictions between the targets forecast and the means of execution (in credits, products and staff).
- The technical preparation of projects may also have been inadequate.
- There is no co-ordination for the technical execution of projects, e.g. machinery is delivered before the factory has been built and, by the time it is ready, the machinery has deteriorated through lack of maintenance.
- The available resources may turn out lower than anticipated. This is frequently the case in the developing countries, which have to contend with a wide range of fluctuation in the prices for their exports; a fall in prices results in a loss of revenue, and consequently in a cut in their budgets. Furthermore, foreign aid may be cut for reasons over which the beneficiary has no control.

3 - Administrative factors

Even when the political will to execute the plan exists and the technical problems have been solved satisfactorily, the administration may be an obstacle to implementation:

- because the plan does not fit in with administrative activity and the steps for its execution are not taken. This is due

to the lack of communication between the conceiving organ and the executive organs and to the fact that the various responsibilities have been too vaguely defined;

- because the plan arouses resistance on the part of administrations which prefer to carry out their own specific projects without bringing them into line with the general policy or directives involved in the plan. Specialization tends to reinforce the rigidly watertight independence of the various administrative divisions and thus handicap the co-ordination required for the implementation of the plan.

Another snag affecting the execution of planning is the shortage of trained staff in the services responsible.

In considering the reasons for the administrative obstacles, a distinction must also be made between the various problems arising out of the execution of the plan. There is no doubt that the execution stage is to a large extent conditioned by the preparation stage preceding it, for a realistic plan in which the limitation of the material and human resources actually available has been taken into account has more chance of being achieved. The same is true if the planning organ has taken the precaution of obtaining the widest possible participation of the various branches of the administration and of the private sector. However, problems of execution arise even in the case of a perfect plan.

The steps conditioning the execution of the plan will be considered distinct from the implementation of the various programmes contained.

CHAPTER I - THE CONDITIONS OF EXECUTION

The programmes included must in the first place be financed and administrative steps for their execution must be taken. This stage involves principally the central administrations, as it is still the preparatory phase of the execution process.

Section I - Administrative problems linked to finance

These can be classified under three main headings:

- Which administrative body is responsible for financing the plan?
- What relationships does it enjoy with other interested administrations?
- What administrative procedures should be used for the inclusion in the annual budget of the programmes covering several years of the plan period?

These three problems arise for the various types of finance, i.e. capital or investment budget, recurrent budget, extra-budgetary finance.

It is usual for the plan to determine the amount of public investment required for the achievement of the proposed targets. However, governmental or parliamentary approval of these amounts does not in itself imply the opening of the relevant credits. Consequently, financing the plan is a stage in its execution and involves administrative problems.

a) Capital or investment budgets

In a growing number of countries, because of the special nature of the expenditure involved, separate investment budgets are now compiled in addition to the operational budget. This distinction makes it possible to separate the annual operational expenditure for the public services from the non-recurrent expenditure for public economic and social investments. It also makes possible the allocation of certain sources of income (foreign aid, taxes, export or import levies, etc.) for investment purposes, a fact which ensures their being used for increasing the economic potential of the country, and not for compensating budgetary deficits. Furthermore, an equipment budget is better suited to the execution of investment programmes covering several budgetary periods.

Equipment budgets are often prepared previous to planning. In such cases, their relationship must be defined, namely, whether the plan should cover all public investments and correspond to the capital budget, or only part of them.

To some extent, the measure of priority allotted to the execution of the plan can be assessed in the light of the total credits allocated for it in relation to the anticipated investment targets, and also in the light of the ratio of those credits to the overall total of public investment.

Naturally, the former solution is more desirable. However, it often meets with the resistance of various ministries attempting to retain part of their autonomy.

In Iran and Iraq, the seven-year plans are financed from oil levies. However, ministerial opposition has led to the revision of this procedure and the plan will no longer benefit from more than a fraction of that income.

Frequently, several phases can be distinguished in the procedure of financing the plan. These include the authorization of programmes, which enables the administration to undertake programmes covering several years; the obligation of credits, by which the annual allocations for authorized programmes is fixed; payment credits (including brought-forward credits) which set out the total sums to be paid by the State for a budgetary period (forecast credits and credits actually utilized). This distinction is made more particularly in the French-speaking countries of Africa.

The capital budget may be approved simultaneously with the operational budget or before it (as in India). It may also be voted on in several parts, when programme-laws (dealing with undertakings covering several years) are submitted to parliament for specific operations.

Responsibility for decisions on financing the plan devolves on ministers of finance (most frequently) or on the central planning organ (Senegal). The

organs of execution may make proposals, e.g. in the Sudan. However, the vital problem is to organize the relationship between the Minister of Finance and the central planning organ.

In the first case, the planning organ must be given the possibility of ensuring that the capital budget corresponds to the plan's objectives.

In fact, the main concern of ministries of finance is to keep public expenditure within the limits of the available resources and it is far more difficult to repress State operational expenditure than investment expenditure. Therefore, it is vital for the planning organ to be able to participate in the preparation of the capital budget in order to safeguard the interests of the plan and if necessary to bring about arbitration at government level.

In the second case, a procedure for possible political arbitration between the planning organ and the ministry of finance is necessary.

In France, the procedure for financing the plan was amended in 1962 for the purpose of creating a closer link between preparation and execution. Instead of being a mere frame of reference for the various ministries which negotiate singly with the ministry of finance for the preparation of their annual equipment budgets, the plan is now divided up among operational instalments, in which the location, priorities, methods of finance and four-year distribution of payments due for the operations to be undertaken are defined for every branch of activity and each of the 21 programme regions.

These directives, drawn up jointly by the Planning Commission and the ministry of finance, have been circulated to every minister and every regional authority, together with a request for detailed operational projects for their specific sectors and regions and to undertake a regional synthesis of public (national, regional and local) and private investments, at the same time assessing their influence on development and employment prospects. This step towards regionalization, still limited at the execution stage of planning,

brought out the difficulties of co-ordinating the activity of the Planning Commission and the ministry of finance with the technical ministries on the one hand and with regional organs (regional prefects, co-ordinators, departmental ministerial delegates) on the other.

The shortage of staff trained for the preparation of detailed projects and the lack of regional statistical information have also hindered the synchronization of these tasks.

In Morocco, the plan is not sub-divided into annual investment programmes. Public investments are fixed annually by the Capital Budget Division. In principle, the planning organ studies every project before the insertion in the budget but, in fact, it possesses too few means of assessment and too many projects are submitted to it, in relation to the limited time available and the lack of trained staff. Moreover, many projects do not seem to have any clear connexion with the plan, while the projects prepared by the ministries are insufficiently studied from the angle of their economic implications.

Finally, the credits included in the capital budget are not always used in practice, as some projects are not carried out. However, this is a problem of execution rather than finance.

b) Recurrent budgets

In some countries, there are not special capital budgets, and the procedure that has to be followed is to insert the anticipated expenditure for the plan into the recurrent budget in the form of annual instalments.

The U.A.R. provides an example of the relationship existing between the financial authorities and the plan in such cases. In view of the role assigned to the public sector in the execution of the plan, the annual budget is prepared in the light of the forecasts and projections included in the annual plans. These plans must be approved in preliminary form before the preparation of the budget. If necessary, minor details of the plan are amended, so

as to comply with the financial provisions of the budget. The procedure used for this is in the form of negotiations between the Ministry of the Treasury, which compiles the national budget, and the planning committee, which prepares the five-year plan and the annual investment programme. In order to facilitate this administrative co-ordination, planning and finance were entrusted to the same Minister as a result of the ministerial reform of 30 September 1962.

c) The relationship between capital and operational expenditure

In all cases, investment expenditure has an effect on operational budgets:

- (i) In the sphere of social planning, the building of a school or hospital involves new operational expenditure, which is rarely provided for in the plan.

In some cases, large-scale investments are included in the plan because they are to be financed through foreign aid. However, additional operational expenditure, to be met by the State, has often risen within two or three budgetary periods to an amount equal to the original investment.

- (ii) Even in the case of economic planning, recurrent expenditure is not always estimated in advance. This is the case more particularly for road building, which involves annual maintenance costs, and of harbour construction, which involves not only maintenance costs but also additional investment (hoisting equipment, etc.).

Foreign aid in the form of equipment received by the Upper Volta also raised considerable problems: the supply of public works and transport equipment raised the national budget by 12%, because of the consequent expenditure for fuel, staff, spare parts, maintenance, etc..

The special case of the African States, in which the plans provide for large-scale investments, although only a limited amount of finance is available, brings out the importance of knowing as accurately as possible the effects of investment on public finance.

Currently, there is concern in Cameroon on the extent of the recurrent expenditure involved in the large-scale programme of social investment (health, education) to be undertaken. It is proposed to calculate the average ratio between social investment expenditure and the operational costs involved, and to study ways and means of reducing such costs to a minimum.

In India, the relationship between investment expenditure and additional operational costs is systematically studied through a unified finance procedure, i.e. current expenditure for all investment operations is included in the capital budget for the first five years of execution and it is only at the beginning of the sixth year that these operational expenses are included in the ordinary budget.

d) Extra-budgetary finance

For some specific programmes included in the plan, extra-budgetary finance is provided for - either public, private, foreign or a combination of several of these.

In many countries, public and semi-public bodies have been established for the financing of such programmes, e.g. development banks for general or specific purposes (agricultural, industrial, crafts, etc.), development corporations, boards, etc..

In all such cases, the methods of financing these institutions must be provided for and the way in which the financial methods instituted are applied in practice must be controlled.

In Morocco, two separate institutions have been established:

- an industrial holdings and survey bureau, with State capital, responsible for examining industrial projects and financing them on a long-term basis, with the co-operation of private capital;
- a national economic development bank, 60% of the capital of which is Moroccan and 40% foreign (banks and insurance companies), which supplies medium or long-term credits beyond the scope of private banks to public or private enterprises working for the achievement of the planning targets.

In Senegal, the Senegalese Development Bank is controlled by the Prime Minister, who is a member of its Board of Directors. Apart from supplying co-operative credits, its main functions are to mobilize all financial resources for external and internal investment (the Planning Ministry acts through its agency). It is therefore the financing tool for the plan execution.

In former British East Africa, the African Development Fund, which obtains its capital mainly from certain marketing boards, was established in 1952 to finance public projects in the Federation of East Africa (Uganda included). Its resources stem entirely from expert levies. In other countries with marketing boards (Nigeria, Ghana, etc.), a large part of their resources are devoted to public investments.

The main problem arising at this stage is to reconcile the desire for a unified State financial policy (the principle of budget universality) with the financing of specific programmes.

The allocation of certain financial resources to the plan is a guarantee that it will be implemented. However, it also entails the risk of dissipating the State's financial means. The ministries of finance, traditionally responsible for safeguarding such unity, must be associated with the decisions

and management of such bodies and of the planning organ. This procedure contributes to overcoming the disadvantages resulting from the existence of a large number of autonomous units by providing permanent arbitration machinery in the case of the opposing needs of long-term economic policy as set out in the plan and of monetary and budgetary policy.

Section II - Administrative measures

The solution of the problems of finance is not enough to render the execution of the plan possible. In most cases, the existing administrative machinery must also be adapted to carry out the new tasks assigned to it through the application of the plan.

a) Such measures may have been specifically provided for in the plan, e.g. in the IVth French Plan alterations to the procedure for school building were provided for.

b) When the administrative measures for execution are not defined in the plan, which is most usually the case, this must be done during the process of execution. In the first place, the responsibilities for execution must be defined and co-ordination established between the central planning organ and the administrative divisions charged with execution:

- by making use of the existing administrative structure. In this case, the responsibilities of programme management are entrusted to the various ministries, in the light of their terms of reference. However, in this case, it is often necessary to amend existing administrative procedures which are not adjusted to these new tasks or to redistribute the various duties. The relationship of the various ministries with the planning organ must also be defined in a way to establish as close liaison as possible between the preparation and execution of the plan.

- by establishing new administrative machinery, where the tasks involved in execution cannot be performed by existing services. This procedure has the advantage of facilitating the implementation of the plan, but the numerical expansion of new units also raises difficult problems of co-ordination.

In countries where planning is based on projects by the various ministries, the former of the above solutions is generally adopted.

In the Sudan, no capital budget or development plan existed before 1946. In those circumstances, development projects were undertaken by public enterprises or ministries with the use of loans contracted in London or from budgetary revenue.

The establishment of development organs and the appearance of a capital expenditure budget have not altered the execution procedure for development programmes, which continue to be carried out by the ministerial departments, the provincial authorities or the public boards which initiate them and succeed in having them incorporated in the development budget.

However, the Development Division of the Ministry of Finance may assist the execution bodies in their budgetary task and the officials responsible for the achievement of programmes by transmitting to them the government directives on project execution. The form of execution is flexible since the organs responsible for programme execution are:

- either the ministries and their local representatives, with the provincial council acting as co-ordinator. (There is some degree of decentralization in the case of primary and secondary education and for certain health matters.)
- or committees or public boards responsible for the execution of individual projects. Some of these have their own operational budgets, but the funds for capital expenditure are specifically allocated by the government.

On the other hand, there is a noticeable tendency to establish new autonomous bodies when the plan provides for new activities or structural reforms, e.g. regional development boards, trade development boards, community or rural development divisions, co-operative organizations, agricultural reform and irrigation boards, land development service, etc.. In such cases, the co-ordination of such organs with the planning organ and with the existing ministries must be reconciled with the autonomy of management that governs their efficiency. The State administrative machine is a whole and the addition of new services necessitates reviewing the mutual relations of all its component parts.

CHAPTER II - THE EXECUTION PROCESS

Once the question of finance has been settled and the necessary measures for application taken, the following factors are included in the execution stage:

- technical factors: the transfer of the plan to specific projects involves clear-cut tasks, e.g. the compilation of specifications, the offer of tenders or contracts, the supervision of work, etc.;
- administrative factors connected with programme management and the co-ordination of the activity of the various services involved.

A distinction must be made between:

- those aspects of concern to central administrations;
- problems involved in execution on the regional or local levels.

Section I - Central administrations

The administrative unit responsible for the preparation of the plan at the central level is rarely charged with its execution, which is entrusted either to the technical ministries concerned or to specialized organs.

This division of the tasks of preparation and administration raises the problem of the relationship between the planning organ and the ministries: the specialization of the functions of execution must be reconciled with the unity of the plan.

1 - Execution entrusted to the planning organ

Attempts have sometimes been made to abolish this dualism by entrusting both tasks to the same body. In Burma, the administrative reorganization of the plan carried out in 1958 represented an attempt to combine the functions of preparation, execution and control. The Ministry of National Planning and the Economic and Social Bureau were merged into a single National Planning Board under the direct authority of the Prime Minister. In Iran, the office of the seven-year plan was originally responsible for its execution.

However, this system has a number of disadvantages. In the first place, the tasks involved in execution may hamper the performance of preparation tasks. Furthermore, there is the problem of the relationship between the planning organ and the technical ministries which are already equipped for the performance of the tasks involved in execution in their relevant fields. The development of new administrative activities outside their terms of reference inevitably leads to confusion and rivalry with regard to the respective fields of competence of the two bodies.

Consequently, wherever this system has been attempted, it has generally been abandoned. Far from strengthening the authority of the planning organ, it undermines the efficiency of its execution operations.

Even in the countries with centralized economy, a growing trend is noticeable whereby the planning organ is relieved of its execution responsibilities. Since 1957, the planning organ in Poland no longer carries out execution functions, while in the U.S.S.R., recent reforms have considerably reduced those functions, although they have not been abolished entirely. It had been observed that the planning services could not pay sufficient attention to their tasks of preparation and forecasting, because of the extent of the daily tasks involved in execution. Furthermore, the independence of the economic units vis-à-vis the planning organ in decision-making has been increased for reasons of efficiency.

2 - Execution entrusted to the specialized ministries

Any overlapping of functions may be avoided by entrusting execution to the specialized ministries. However, the water-tight independence of administrative units must be remedied. Most of the activities provided for in a plan concern several ministries and the stages of execution of the various projects must be synchronized. This implies inter-ministerial co-ordination and the possibility for the planning organ to intervene in order to ensure the unity of the plan.

a) The use of the existing machinery often entails many difficulties due to the independence of the different services and to the traditions handed down from the colonial era. H.K. Paranjape, an Indian author, lays the blame for some of the obstacles encountered in the implementation of the Indian plan on the fact that the organization and administrative procedures and personnel have not been successfully adjusted to the performance of new tasks. According to him, the Indian civil service is a closed hierarchical system. The procedures and methods used were devised by a foreign government and designed for the maintenance of order, and are quite unsuitable for a development policy. Independence and the introduction of parliamentary democracy contributed to aggravating the situation. The administration of the plan

necessitates the delegation of authority and responsibility to agents working in the field. Such delegation has not yet been effected.

b) The planning organ must be able to influence the technical ministries in order to stimulate and co-ordinate the execution of the plan. This is one of the reasons for which it is often placed under the direct authority of the Head of State or the chief of the government.

In India, the Planning Commission, which prepares the plan, has no executive functions. Co-ordination with the various States on the political level is maintained through the agency of the National Development Council, which includes the Prime Minister, the Chief Ministers of the various States, the members of the Planning Commission and the ministers of the central government.

On the administrative level, de facto co-ordination is ensured through the permanent liaison maintained by the Planning Commission with the Federal and State ministries with reference to the preparation of their annual budgets.

Liaison between the ministries and the central planning organ may also be maintained through units established to participate in preparing the plan, e.g. ministerial planning committees including the principal directors or planning units forming part of the ministries. For example, the planning committees set up in every ministry and public board in the U.A.R., maintain liaison between the planning services and the traditional ministries. In the same way, each ministry and every public or semi-public administration in Syria has a liaison committee to which the planning ministry transmits the final government decisions related to the achievement, postponement or rejection of the branch plans submitted by the administration and the interested private sector. The Committee is then responsible for the execution of the programme accepted.

c) The planning organ must be able to ensure that the technical ministries do not use the investment allocations they have received to meet operational costs. This occurrence has been observed in several African countries in which the planning organ has not had the means to control the execution of projects.

3 - Execution may also be entrusted to autonomous or semi-autonomous administrative units set up specially to execute the plan in a given sector or to implement a particular project.

In the U.A.R., an important function in the execution of the plan has been entrusted to 39 public boards (the Petroleum Organization, the Suez Canal Authority, the Farming Co-operative Organization, the M.I.S.R. Organization, which is responsible especially for the implementation of industrial projects, etc.). These boards exercise authority over the various national enterprises concerned in the execution of programmes and co-ordinate their activities. Reference has been made earlier to the fact that the Sudan has adopted this system which, although flexible, does not exclude control on the part of the central government.

A similar solution has been adopted in Morocco, where the execution of specific projects devolves on public agencies (the Land Board, the National Rural Modernization Board, the National Irrigation Board, etc.), which have been allocated the functions previously distributed among several ministries.

In Senegal, the important tasks of execution are also entrusted to technical agencies which are bound to transmit the governmental directives to the various competent services and to the new socio-economic organs, the establishment of which is provided for in the plan to cover the entire population. Consequently, the Agricultural Trade Board, under the joint control of the Ministry of Rural Economy and the Ministry of Trade and Industry, is managed by a Board of Directors which includes the Minister of Planning and the Minister of Finance or their representatives. This Board is responsible for organizing the marketing of agricultural products, although it is actually doing so only for peanuts. On the regional level, this Board is represented by the Regional Committees for Development Assistance.

Relations between the plan, the technical ministries and the various boards raise different problems, depending in whether the boards are under the jurisdiction of a ministry or the planning organ.

a) Boards depending administratively on the Central Planning Organ

Although from the administrative point of view, these Boards depend on the central planning organ, they may nevertheless follow a management policy which differs from the general policy outlined in the plan, e.g. with regard to imports, the fixing of selling prices, relations with other sectors of the economy, etc. Two contradictory requirements must be reconciled, namely the autonomy these Boards require and the overall economic policy of the plan.

The distribution of duties among these Boards and the technical ministries also raises problems of co-ordination. Administrative procedures to overcome them should be provided for either within the Boards themselves (the participation of ministerial representatives in their management policy) or at the level of the planning organ, through associating the ministries concerned in formulating the instructions given to the Boards.

b) The attachment of the Boards to the technical ministries

Even when they come under the jurisdiction of the technical ministries, a general trend towards the autonomy of such Boards, set up to carry out specific functions, can be observed. Their own management needs do not automatically coincide with the policy of the ministries any more than with planning policy.

The recruitment policy conducted by the Boards, which are more interested in efficiency than in adhering to the civil service scale of salaries, may lead to salary differences influencing the attitudes of ministry staff. Furthermore, their policy of fixing selling prices or investments is often opposed to that of the ministries under which they serve. Consequently, administrative jurisdiction may be either non-existent or too restricted.

Even if the powers of decision and delegation of authority are defined in the best possible way, and with an eye to efficiency, the human factor continues to play a decisive part.

Organic links facilitate co-ordination, but the personal relationships between the Board Directors, the senior ministerial officials and the officials of the planning organ are just as important a factor.

c) The Boards enjoy complete administrative autonomy

This contributes to efficiency. However, the administrative relationships of these Boards with the planning organ on the one hand and the technical ministries on the other must be regulated.

In reality, the legal differences between autonomous boards and boards attached to the ministries are insignificant. Even when they are entirely autonomous, there are always representatives of the administration among their directors, and even if they come under the jurisdiction of a ministry, they enjoy a wide degree of de facto autonomy.

The question of the authority to which the Boards must submit is of far less importance than the institutional co-ordination existing in fact. The Boards are neither administrative services nor private enterprises but something of both. If they are to make a valuable contribution to the achievement of planning objectives, they must be managed with the same standards of efficiency of a private firm as well as conform to the priorities of national development. This difficult balance can only be obtained by special solutions taking into account the conditions prevailing in the country concerned.

Problems of co-ordination among central administrations, central planning organs and public or semi-public bodies are not limited only to the execution of the plan. Specialization tends towards the scaling-off of the various divisions concerned and hinders unified administrative action.

In the Philippines, the Committee of Enquiry and Administrative Re-organization, established in 1954, noted that every administration attempts to be a complete government in itself instead of co-operating with other administrations, and thereby co-ordinating their activities. The same is true for other countries.

By the fact that it stresses the unity of development policy and extends the sphere of State economic interference, Planning makes all the more necessary the methodical organization of co-ordination of administrative activity, e.g. co-ordination between short and long-term measures, co-ordination among the development operations conducted by different ministries and boards. Administrative procedures for liaison comply with this need, i.e. inter-ministerial committees, councils, working groups or periodic meetings.

A spirit of co-operation, which can be developed through methods of education and training for civil servants, may also contribute to a marked decrease in such prevailing selfish attitudes.

Finally, the personality of the Minister or the senior official responsible for the plan is an important factor, while the support of the chief executive is a vital condition for the effective execution of the plan.

Section II - Execution at the Regional and Local Levels

The execution of a plan involves co-ordination, not only between the central administrations and the planning organ, but also at the regional and local levels. The plan defines only general guiding lines for public and private investment except in the cases of the most important single projects.

The transfer of these overall objectives to the implementation of individual action programmes and the regional allocation of such programmes necessitates the concerted action of several administrative services. Two categories of programme can be distinguished:

- investments of a modern type, involving mainly technical problems;

- programmes for the transformation of traditional environmental social institutions, e.g. agricultural reforms, the promotion of co-operatives, changes in cultivation methods, community development, social health and education equipment, etc.

The most difficult administrative problems arising in the developing countries result from this category of operations.

The execution of the plan is subject to several conditions:

- The directives of the central administrations must be communicated to regional and local authorities and the means of execution put at their disposal in good time;
- The agents of execution must have the necessary power of initiative to adapt programmes to local conditions;
- The action of local administrators and technicians must be co-ordinated with that of elected local authorities;
- The active support of the public must be encouraged and the efforts of the population supported by the representatives of the administration.

These requirements are often contradictory. They go far beyond the question of decentralization (or deconcentration) and run into obstacles related to the shortage of skilled personnel, the sealing-off of administrative services and the resistance of social institutions threatened by the changes involved.

However, even where it is competent, the administration may be hampered by political obstacles. For example, in many Latin American and Asian countries, the large landowners were able to block agrarian reform programmes, as a result of the support of central or local authorities.

A plan cannot be implemented without the active participation of the public. In many countries, efforts have been made to associate the public in development operations by allowing it the initiative for local projects intended to improve the economic, social and cultural situation. In such cases, the authorities supply only limited technical and financial assistance.

In many countries, efforts have been made to overcome administrative inadequacy and the resistance of traditional local communities by entrusting an important role to the single or predominant political party. Its function is to explain the plan, issue orders and to stimulate enthusiasm for development.

Trade unions, youth movements and voluntary organizations are sometimes used as liaison bodies for the execution of the plan. The success of their action obviously depends on the enthusiasm of their local branches and the competence of their officials. This may also lead to the overlapping of functions, while the action of local party representatives or the representatives of social or economic organizations may in some cases lead to hindering the efficient operation of the administration.

The execution of the plan by administrative organs and the participation of the public will now be considered in turn.

1 - The adaption of administrative machinery to the application of the plan

On the regional and local levels, the problem of knowing which administrative authority is responsible for the execution of the plan is complicated through the super-imposition of interested organs, e.g. the decentralized units of the technical ministries, the local representative of the central government, and elected local authorities.

This leads to problems related to the definition of functions and coordination that can be resolved in different ways. However, whichever

administrative authority is entrusted with the principal responsibility for execution on the local level, the sealing-off of different services must be avoided.

Integrated regional development programmes, which include a large number of different activities, often necessitate the establishment of administrative organs to co-ordinate such activities (SUDENE in Brazil, the Damodar Valley Authority in India, the Rio Balsas Commission in Mexico, etc.).

In some countries, regional planning commissions including the representatives of the various administrations concerned have been established (India). In others - Senegal and Madagascar - this co-ordinating function has been entrusted to the head of the regional administration (Prefect).

In Senegal, systematic efforts have been made to adjust regional and local institutions to the needs of plan execution. In 1961, the boundaries of the different regions were altered to correspond with the unitary economic zones.

The Governor, who is the official actually responsible for the regional execution of the plan, exercises authority over the heads of the ministerial technical units. He is chairman of the Regional Development Committee and co-ordinates the activity of the technicians composing that Committee. He receives instructions from the Prime Minister on the implementation of government economic policy, and from every minister on the execution of regional programmes. The development deputy who assists him is responsible for putting into effect the programmes of the Rural Expansion Centres (CER), to which he issues directives through the agency of Circle Commanders.

The Regional Development Committee, an advisory body, prepares the regional programme for the utilization of the overall investment credits allocated and may decide on certain specifically regional operations. Its members include technicians and individuals elected by the public.

The Regional Development Aid Committees (C.R.A.D.) provide technical assistance for peasants working in co-operatives (farming equipment and credits) and encourage the mobilization of savings. While they receive their instructions from the Minister of Rural Economy and the Minister of Planning, they are under the jurisdiction of the Governor and must accept the opinion of the Regional Development Committee.

The Rural Expansion Centres (C.E.R.) are the basic unit of development, more particularly in agricultural matters, and must work directly with the inhabitants of the villages, although they are installed at district level. These centres are staffed by teams of technical officials, who are experts in several fields.

The Circle Commander supervises the execution of programmes by the C.E.R. and reports to the Development Deputy assisting the Governor. He thus acts as a liaison officer in economic matters, but he must also co-ordinate the technical services of his area and encourage the co-operative sector on which the Senegalese development plan is based. These co-operatives are not State bodies, but independent economic units which benefit from the services and loans supplied by the C.R.A.D., which are intended to enable the peasants to market their products according to a modern marketing system.

This example of regional and local administrative organizations is an attempt to reconcile the distribution of functions among administrative officials and technicians at every level and at the same time to ensure their liaison and co-operation with the local population. The monograph on Senegal illustrates that the machinery is complicated, that the hierarchical structure is sometimes vague and that the lack of qualified officials is delaying the establishment of the necessary organs.

2 - Public participation

Most plans recommend the active contribution of the traditional population to the execution of the plan. Such participation can only be obtained by re-organizing institutions. It is based on the assumptions that:

- the population has become conscious of the new tasks;
- clearly-defined tasks within their realm of possibility are proposed to the peasants;
- there is a technical and administrative staff to back and supervise the community.

This type of activity raises administrative problems of a new type:

- the liaison of development organs with a central or regional administration;
- their co-ordination with other local administrative services;
- the status and training of the agents of execution (civil servants, peasants working voluntarily, etc.);
- the integration of the projects carried out with the planning targets.

The main problem is to reconcile the freedom of initiative of the population, which should be able to decide on a choice of projects, and the harmonization of such projects with planning objectives. In India, investments for social programmes are greater than for economic programmes. However, this may result in a lack of balance between social progress and the improvement of the means of production. To remedy this situation, efforts have been made to channel the action of the people into operations supplementing the large infrastructural projects carried out by the State, e.g. secondary irrigation systems, secondary roads, changing methods of cultivation in newly-irrigated regions, etc.. State technical assistance to the

operations undertaken by the local communities enables the administration to orient local efforts in the directions indicated by the planning priorities.

It appears that when the rural masses have been successfully aroused, political problems rapidly come to the fore. The awakening of a population to new tasks leads it to rise up against the political and economic institutions that hinder its development, i.e. traditional chiefs, system of land tenure, etc..

It is undoubtedly possible to initiate the co-operation of the masses before making institutional reforms but - and this is the major cause of the difficulties now being encountered in several countries - this co-operation cannot become effective unless those reforms are carried out.

The success and difficulties encountered with regard to the transformation of traditional community institutions provide information that is generally valid. The systematic efforts of India and Senegal in this aspect of planning are therefore worthy of special mention.

Community Development in India

A United Nations mission described community development as being the most important experiment undertaken in economic and social development in Asia. Mr. Nehru stated in April 1957 that these projects were the most revolutionary undertaking that has occurred in the world in recent years.

The programme of community development is conceived as a specific technique of co-operation between the administration and the community, which should enable the population to appreciate the meaning of development and to participate in it.

- Community development draws on popular enthusiasm and creative effort. It is intended to be a mass movement. It is designed to persuade village dwellers to give up their traditional behaviour and habits and to exhibit a dynamic spirit which is new to them.

- Moreover, it is designed to associate the population in development activities. Village dwellers must form teams of unpaid workers to participate in works of local concern which are suggested to them, but they themselves decide on the order of priority.
- Finally, the aim of the movement is to obtain co-ordinated development for the community as a whole, e.g. rural credit reform, the establishment of co-operatives, water utilization, etc..

This vast programme requires the installation of an administrative organization and a training programme for officials in several fields who, in addition to their technical functions, may contribute to the solution of the serious social problems involved in the accelerated development of a community and which alter the peasant outlook.

- This psychological mobilization of the population is the fundamental condition for the success of the movement. However, this awakening of the rural masses has come up against three main obstacles, namely the hasty way in which the movement has been organized, the caste system and the lack of a radical agrarian reform.

According to Indian statistics, the community development programme affects about 400,000 villages with a total population of 173 million. It employs some 60,000 officials.

Each programme is headed by a Project Executive Officer and is divided into three development blocks covering about a hundred villages (60,000 to 70,000 inhabitants). About ten village organisers (Gram Sevak), each of whom is responsible for ten villages, work under the Block Development Officer. These many-sided officials, who carry out administrative,

agricultural, educational, health and other functions, form the base of the administrative pyramid.

Every Block Development Officer is assisted by a team of from seven to twelve experts (agriculture, public health, education, co-operatives, small industry and crafts). This team, in addition to performing technical development tasks, provides basic and advanced training for farmers and tradesmen. The work of the blocks is co-ordinated by the Project Development Officer.

The general community development policy is decided on the highest level by the Community Development Committee, over which the Prime Minister presides. At the lowest level, the Panchayat (elected village council) decides on the method of application for the community. If these organs are regarded as the legislature of community development, the Ministry of Community Development and Co-operation is the executive. The Gram Sevaks, Block and Project Officers and some of the experts work under its responsibility (the other experts belong to the local administration).

Staffing is one of the principal problems in rural development. In spite of the training efforts made (91 schools for gram sevaks, 13 for social education experts, 66 for health personnel, 19 for co-operative experts and 8 training centres for block officers), there is a shortage of staff at all levels.

Rural development in Senegal

This differs from community development as conceived in India and other countries in one vital respect, i.e. the deliberate effort to replace traditional community institutions through the formation of a new elite. The emphasis is placed on voluntary village organisers and no longer on polyvalent officials.

The aims of this movement are defined as follows in the Senegalese plan:

To alter peasant attitudes so that they can assume the responsibility for their own future and to terminate internal divisions of a political, clan or family nature; to unite and mobilize the masses by overcoming internal village rivalries; to dissipate conflict among peasants, traders, headmen, traditional chiefs, etc.; to orient traditional forms of community mutual aid by mobilizing the under-employed in the form of "human investments"; to involve the peasants in the process of preparing and executing planning targets; to initiate and encourage efforts for mass self-structuring.

Although rural development is not an administrative service, a development division on the central level (attached to the Ministry of Planning) has nevertheless been established. It has regional representatives and centre chiefs. The fundamental function of this division is to plan and administer training centres for village organizers. It arranges:

- introductory courses of about 20 days for future organizers selected by the village. At the courses government officials explain their working methods and the peasants describe their problems;
- refresher courses, for three to five days, for organizers coming from a group of villages which are faced with common problems (e.g. the administration of a co-operative).

In the monograph on Senegal, the results of this system, which are in general satisfactory, are described. However, the Senegalese authorities themselves admit that difficulties are still being encountered. In this respect, special mention should be made of the relations between organizers and the administration, the technical services and traditional authorities and the connection between locally-decided programmes and the general orientation of the plan.

A policy of small-scale programmes carried out by the villages can contribute to the achievement of the plan objectives if it obtains the technical and financial support of the administration. However, it cannot in itself satisfy development requirements. Therefore, it must count on the allocation of a large proportion of the resources available for the plan.

Furthermore, the training received by organizers is inadequate and must be supplemented by frequent refresher courses.

Consequently, in spite of the differing administrative and political concepts involved, the difficulties encountered are similar to those of community development mentioned above.

In the light of the problems raised by the execution of planning on the local level, a report issued by the Food and Agriculture Organization has formulated recommendations on the administrative conditions for a rural programme:

- When the funds allocated for a project are beyond the administrative capacity of those carrying it out, they may be induced to use such funds for unconsidered purposes, namely for projects other than those planned or for the acquisition of material unsuitable for the work involved, without having consulted an expert in advance.
- All aspects of agricultural development must be taken into account, from health inspection to public works, education, irrigation and water supply.
- Projects approved must be decentralized, through increasing the responsibilities of the local representative of the Ministry of Agriculture or of a team constituted in the same

way as the central administrative unit responsible for the project. Wherever possible, the co-operation of representatives of the local population should also be obtained.

- All local experts working on planning projects should have the same rank and salary.
- Communications between the centre and the outskirts should be rapid, so that delays in execution can be reduced and local conflicts resolved immediately.
- Bottlenecks in a ministry, e.g. poor organization of a personnel office affects the activities of the agents of execution.
- Before a project is begun, the necessary means (money, equipment, seed) must be made available to the local co-operatives or the local officials required for the execution of projects.
- The officials responsible for encouraging the farming population should not have control duties, which weaken the confidence of the population in them.

Section III - The execution of the Plan by the private sector

In the countries with a centralized economy, the unplanned sector of the economy is only of marginal importance. In other countries, the overall production targets generally defined in the plans also apply to the private sector and their execution depends both on the independent decisions of the firms concerned and the direct or indirect measures of the administration.

The extent of administrative action on the private sector depends on the political options of the plan. If the plan is restricted to listing

the forecasts for the various enterprises, the function of the administration is to bring economic policy and public investment into line by reducing unbalance and market bottlenecks. However, if the plan is conceived as a tool for changing institutions, as a bridge from what does exist to what should be, its execution involves a modification in the projects of private firms.

In most of the developing countries, the second road is followed more or less explicitly. In such cases, the means available to the administration to enforce the execution of the plan by the private sector must be defined, the branches of the administration responsible for it named and the measures by which they exercise their powers described, as to whether they are overall or selective measures and whether they are measures of encouragement, control, compulsion.

Furthermore, the action envisaged by the administration differs with respect to domestic or foreign firms.

Consideration will be given to:

- the means of action of the administration;
- the special problems raised by foreign investment.

1 - The means of action by the administration

In order to ensure the execution of projects which it does not itself carry out directly, the administration may:

- a) promote the investments provided for in the plan by measures of direct or indirect aid in respect of taxation, credit, subventions, investments, or import licences;
- b) restrict investments considered unfavourable to development (luxury building, building speculation, etc.) by systems of control or by pure and simple bans.

In all these cases, the fundamental administrative role belongs either to a ministry (Finance, Economy) or to a specialized organ. The methods of intervention of the planning organ must then be defined.

In Morocco, a State-owned body, the Bureau of Industrial Surveys and Participation, has been established. Its function is to finance, in cooperation with private capital, long-term industrial projects. In addition, the National Economic Development Bank was set up to grant loans for individual projects included in the plan.

In Puerto Rico, the Government Development Bank grants loans to the private sector for projects included in the plan. These loans may be supplemented by those granted by the Puerto Rican Industrial Development Company.

The Indian Government grants credits and subventions to private enterprises through the agency of the Industrial Financial Corporation, the National Industrial Development Corporation and the Industrial Credit and Investment Corporation of India. In addition, the Tariff Commission, a special body, makes it possible for a selective customs policy to be followed, whereby national industries regarded as priority concerns are protected.

In Malaysia, privileged status as pioneer industries is granted to firms whose expansion or establishment is considered valuable for the achievement of the plan.

In Tunisia, a system of "special facilities" favours priority enterprises.

In all these countries, the final decision is taken by the Ministry of Finance but the planning organ is consulted.

When such encouragement is not sufficient and when private investments are inadequate or held back, the administration may itself take the initiative in establishing industries, either in participation with private interests or

independently of them. When the political decision confers a vital role on private enterprise, public industrial investments are only of temporary importance, after which the State cedes to the private sector the shares it has taken up in industry or agriculture.

The encouragement of private enterprise may be entrusted to the planning organ. This is the case in Chile, where C.O.R.F.O., if the private sector is slow in taking the initiative, establishes enterprises that may be ceded to private interests subsequently.

C.O.R.F.O. to some extent resembles the Italian Institute for Industrial Reconstruction (I.R.I.). In both cases, the State makes up for the shortcomings of private enterprise, but does not deny it the leading role.

On the other hand, when the vital development role is attributed to the public sector, public enterprises are not ceded to the private sector as soon as they become profitable. In both the U.A.R. and India, the profits of State-owned firms are used to contribute to financing the plan.

The powers of compulsion of the administration with regard to the private sector are mainly negative. The effective control of profits and their employment, the control of prices and wages, etc., are often illusory and the State cannot compel private enterprises to make new investments provided for in the plan. In the last resort, the nationalization of firms which cannot, or refuse to, execute the plan is the extreme form of compulsion. However, the decision to do so is political and not administrative.

2 - Foreign private investment

The plans of most of the developing countries make provision for foreign investments. A distinction must be made between firms already established in the country concerned and new investments.

a) In the former case, such firms may be of such importance for the economy as a whole that their role in the execution of the plan is decisive. Their relations with the administration are influenced by the fact that their decision-making organs are outside the country, that their policy covers several countries and that the bargaining power of the two sides is unequal.

Even if agreement has been reached during the preparation stage of planning, the administration has little means of controlling execution and even less of altering decisions it may consider detrimental to the execution of the plan. However, discussions between the administration and the foreign firms concerned may to some degree contribute to a compromise solution between the long term interests of the firms and the success of the plan, which will condition the expansion of the domestic market. Multi-national planning may, in the case of small States, create the conditions required for less one-sided discussions.

b) When the problem is to attract new foreign investments, general measures may be taken. The guarantees requested by potential foreign investors have been defined by the International Chamber of Commerce. Many of the developing countries have already implemented a foreign investment code setting out the guarantees they are prepared to provide.

However, every investment project requires special negotiations by which the administration tries to reconcile the desires of foreign firms for profitability or security (the free repatriation of capital or profits, stimuli, etc.) with its own concern for such investments to have the most favourable possible effect, whether directly or indirectly, on the expansion of the national economy, e.g. on-the-spot transformation of raw materials or semi-manufactured products, the ratio of local products to imported goods, the reinvestment in the country of part of the profits, contracts for the training of local technical staff, etc..

Such negotiations are usually conducted by the Ministry of Finance. However, the planning organ is regularly associated with them in some countries (India, Nigeria, Senegal, Tunisia, etc.), so that long-term economic interests should not be sacrificed for immediate financial advantages.

It should be noted that administrative factors are of very little importance in this extremely important aspect of execution. The problem of foreign investments is solved mainly on the political level in a rather unsatisfactory way. A true solution would require a new definition of the economic relations between industrial and developing countries, which is outside the scope of this study.

3 - Foreign aid and the execution of the plan

Foreign aid takes the form of grants or loans, and not of investments. Whether multilateral or bilateral, it always makes an important, if variable, contribution to the execution of the plans of the developing countries.

The conditions attached to such aid may cause deviations in the execution of the plan:

- The interests of the donors, or their concepts of aid, do not necessarily coincide with those of the beneficiary countries;
- It is often provided on an annual basis. This is an uncertain factor which in many cases necessitates the revision of the plan during its execution;
- It may be subject to economic (not to speak of political) conditions which restrict its possibilities of employment, e.g. the obligation to buy a certain quota of goods produced by the donor country or those included on a special list of products, or for transport to be made in ships acceptable to the donor country.

The procedures involved in the granting of aid may hold up the implementation of projects. There may be a lack of co-ordination, or even rivalry, between the various sources of foreign aid, which may lead to investments overlapping, not in line with the priority aims of the plan, etc..

Some of these disadvantages may be overcome through proper organizational procedures, by which the unity of negotiation would be ensured and the power of negotiation left to the planning organ. In India, the U.A.R., Nigeria and Tunisia, all negotiations related to foreign aid and investments are conducted by a single ministry and the planning organ is consulted in every case.

In some countries, a similar procedure has been applied for technical assistance (experts and fellowships), so that it should be more closely linked with the achievement of planning objectives.

Stress has been laid on the co-ordination of all administrative units and on the definition of a single responsibility for the implementation of every project. There are no ideal solutions for these opposing problems, and continuous compromise is necessary in each particular situation.

Section IV - The Human Factor in the Execution of the Plan

If the planning objectives are to be achieved, it is not enough to adapt administrative machinery and methods. The number and standard of qualification of administrative staff are just as important, as has already been stressed frequently. Special attention should be paid to the following connected factors: the significance of personal relationships for obtaining co-ordination at the preparation and execution stages of the plan; the selection of projects compatible with the number of qualified staff available, who would be capable of implementing them; the division of staff among preparatory tasks for the plan and individual projects and tasks of execution; the framework required for the implementation of action programmes in a

traditional environment. All these problems imply the most rational possible use of the available manpower. Such resources may be improved or increased after a more or less lengthy period of time through a consistent training policy.

The training of officials is one of the principal means of executing a plan. Manpower planning, which is designed to integrate educational and economic planning, involves administrative factors which have been examined in a separate study on social planning.

The related training of administrative officials raises specific problems: it should be the subject of programmes in step with the different stages of the execution of the plan; training methods and programmes must be adjusted to the needs of planned development.

1. Planning for administrative needs

The needs in administrative staff may be assessed in the long run in the same way as the overall manpower needs, i.e. in the light of the duties to be performed and within the limitations of the financial allocations for civil service salaries.

These quantitative and qualitative conditions cover several categories:

a) for branches of activity:

- purely administrative tasks, the expansion of which should be restricted to the minimum compatible with the efficient operation of government machinery;
- social administration (education, social services and health), the expansion of which conditions social development;

- economic administration (planning services, the public industrial and trade sector), the expansion of which conditions economic development;
- staffing the traditional sector.

b) according to standards of qualification (senior officials, intermediate officials, skilled and semi-skilled staff) corresponding to the relevant levels of education (university, higher secondary, secondary, primary). These gradings take into account the stage of development of the country concerned.

c) according to disciplines: general services and technicians. This overall estimate of needs should be translated into basic and advanced training programmes, the various stages of which should be in line with the needs for the achievement of the objectives fixed by the administration for the implementation of the plan. It may be supplemented by more accurate estimates of the staff requirements for the most important single projects.

This type of long-term programming for the requirements of staff has until now been undertaken only partially. Estimates of this type are prepared by the planning organs in Tunisia and India. In most other countries, administrative officials are trained, when the need for them becomes apparent, under the responsibility of a centralized division (the "Direction de la fonction publique" in the French-speaking countries, the "Treasury" in some of the countries following the British administrative system) or on the initiative of the ministry concerned (Latin America, the Middle East).

2. Training methods

The recent establishment of a large number of schools of administration or public administration institutes in the developing countries reflects the view that civil servants should be provided with special training in addition

to their general education. However, such training often appears to be more suitable for specialization in the different administrative branches than for the new development requirements. The methods and curricula are often too theoretical and encourage bureaucracy more than they do the spirit of co-operation between administrators and the public. Planning problems still take up only a very small part of the syllabuses and are studied from their technical rather than their administrative aspects. Furthermore, technical staff obtain no administrative training.

These problems have received the attention they deserve primarily in the training programmes for community development officials and rural organizers. In this case, new methods have been used, i.e. in-service training courses, the first-hand study of local development problems with the participation of local officials and technicians, short refresher courses, etc.

More effort is often devoted to the training of new officials than to improving the standards of those already in service. A systematic policy of basic and advanced training of officials should form one of the activities involved in the execution of plans everywhere. Refresher courses for officials selected by the ministries for which they work are already being held by a number of public administration institutes, which normally provide training for young civil servants. However, this tendency has not yet developed sufficiently and most officials are not yet ready to tackle the new problems of planning. This is one of the main administrative obstacles to planning execution.

CHAPTER III - CONTROL, ADJUSTMENT AND REVISION OF THE PLAN

The purpose of control is to ascertain whether the plan being applied is in conformity with the decisions made, to reveal difficulties in the execution process and delays and their causes, and to take appropriate steps to solve all the problems encountered.

1. Control of the execution process

Control is not peculiar to planning, for every administrative activity is subjected to control procedures, e.g. technical control of the quantity and quality of operations and financial control of the use of funds.

Administrative control is a normal function of the services responsible for execution and is interwoven into the hierarchical structure. Control functions are always distinguished from functions of execution. The distinction between those ordering expenditure and the auditors who check on the regularity of payment orders exists in every country, although in different forms. Controllers are usually employed by the Ministry of Finance for a priori control, i.e. control before payment or during execution to verify the entries made, or a posteriori control, usually carried out by parliamentary auditors (Comptrollers of Accounts).

Technical control is generally performed by inspectors, who form a special body in the ministry concerned and are under the direct jurisdiction of the minister. The reason for which this body is outside the normal personnel structure is to ensure its independence and simultaneously to safeguard the single command system. The powers of these inspectors vary with the extent to which the administration is decentralized, and they constitute the necessary corrective.

Control of the implementation of planning may be performed by existing control and inspection units or by new bodies. The choice between the two depends on the specific conditions of the country concerned. In every case, however, the special requirements of the task to be performed must be taken into consideration.

Financial control is not only intended to prevent over-spending or to check whether expenditure conforms with the estimates. If the allocations are not spent, the objectives of the plan are clearly not achieved, while

in some cases additional expenditure is required if the operations are to be terminated on due date. Planning control should be inspired by the desire for efficiency as much as for savings.

In most countries, efforts have been made to avoid superimposed controls, which the establishment of a special body of inspectors implies. Efforts have been concentrated rather on making it possible for the planning organ to keep a check on the rate of progress of the various operations, through being kept informed of the difficulties encountered during execution, so that it should be capable of taking or suggesting appropriate steps to overcome them:

- by determining minor adjustments to be introduced;
- by investigating in conjunction with the ministries concerned, problems within their spheres of competence;
- by submitting for political arbitration differences relating to the fundamental choices of the plan.

Consequently, there is a difference of degree in control methods, depending on the importance of the difficulties in execution and the measures required to overcome them.

In order for planning organs to have the necessary means, they must have power of initiative. In India, Malaysia, Senegal and the Sudan, the central planning organ has established mobile teams or can send technicians to examine the progress made in operations in the field, to supply technical assistance to the execution services, to settle on the spot any questions that may arise and to report to the planning organ on the difficulties requiring high-level solution or which bring up political problems.

In India and Senegal, the planning organ is kept informed constantly of the progress made on individual projects, through the use of control files

that are sent regularly by the interested ministries. In Malaysia, this system has led to the installation of a kind of strategic map in the control room where the senior planning officials meet once a month.

This type of permanent control is designed to ensure the necessary flexibility in the day-to-day execution of the plan. It must be supplemented by a systematic procedure for the regular evaluation of results.

2. Evaluation of results

The purpose of evaluation is to reconcile the flexibility required in executing the plan with the coherence of the plan as a whole. In those countries where the plans are actively being applied, the ministries responsible compile regular reports on the execution. These are sent to the planning organ, which compiles a general report for submission to the government. In this report, the achievements are compared with the estimated objectives. It also recommends appropriate administrative measures to overcome any obstacles encountered. This feed-back procedure is even more effective as it brings out clearly the various difficulties, comes out at regular intervals, and widely distributes its conclusions.

Where these reports are published, as in India and Nigeria, they constitute a kind of a democratic control of the plan by public opinion. The general information they include is of great interest for other countries, which may make profitable use of this experience.

Quarterly evaluation reports are studied on the government level with a view to making the necessary adjustments during the period of execution (U.A.R., India, Tunisia, etc.). Annual reports are usually submitted to parliament during the debate on the capital budget.

A great many of the developing countries have not yet established administrative evaluation procedures, for reasons that the plan is not being applied in practice, that it is only beginning to be implemented, that the

countries concerned are satisfied with using the usual financial control procedures, or that the task of controlling the activity of the administration is entrusted to the political party in power.

The critical evaluation of results is a new aspect of administrative activity. There is nothing surprising in the fact that its importance has not yet been fully recognized. It is only when all administrative activity is inspired by the idea of transformation for the benefit of the future society that self-criticism becomes a condition for progress and not a threat to the principle of hierarchical authority.

3. Procedures for Revision

While adjustments are mainly concerned with adaptation of measures, revision of the plan deals with the modification of its objectives.

The decisions are mainly political in nature. Very often, it becomes apparent that the objectives are too ambitious to be achieved with the means provided for, since the allocations made are lower than the estimates. In such cases, the function of the administration is to submit to the government evaluation factors indicating the need for revision.

In the developing countries, most examples of revision are to be found where the previous plan was not properly applied (Latin America, Ghana). In other cases, what are in reality changes in political orientation are presented as technical or administrative revisions.

The importance of studying planning as a decision-making process, which distinguishes between the political, technical and administrative factors, is to define more clearly the function of each of these factors and thereby avoid confusion resulting from making technical adjustments, revising the objectives or purely and simply burying the plan.

CONCLUSION

The present study proposes a general framework for consideration of the administrative problems involved in planning along with an analytical method. It is intended as a basis for discussion rather than an exhaustive synthesis and can hardly claim to provide conclusions of a general nature. The monographs appearing in the annex may be criticised but nonetheless they demonstrate how great an extent a survey of an administration is linked to specific concrete situations. At the same time, an effort must be made to clarify those concepts which enable a methodical analysis to be carried out, an analysis which in turn is a prerequisite for the existence of a discipline of "administrative science".

A mere classification of the various structures and procedures tried out by various countries for planning purposes would provide nothing but a largely meaningless enumeration. Between one country and another, similar bodies employ different forms of planning. By the same token, different administrative structures carry out similar functions. It may happen that co-ordination procedures fail to operate in practice while, on the other hand, informal networks of communication dependent on personal contacts make up for the absence of any liaison machinery.

A classification of the administrative obstacles confronting planning would be no more satisfactory since it would result in conflicting observations:

a) in certain countries, administrative centralization would seem to be a hindrance to both the preparation and the implementation of a plan. It restricts the regionalization of development programmes and interferes with the flexibility required if they are to be carried out.

In other countries, however, it is the "compartmentalization" of the central administrative departments, the autonomy enjoyed by local adminis-

trations, the duality of management and planning departments and the growth of independent bodies which endanger a unified planning policy and make a greater centralization in decision-making seem desirable.

b) The lack of co-ordination which has been observed on various occasions impels certain bodies to work in isolation from the rest of the administration. This hinders the integration of social and economic planning and prevents effective application of plans.

In other cases, however, it is the multiplicity of co-ordination procedures which interferes with the precise definition of responsibilities at the implementation stage and the plan is endlessly worked out and altered but never put into effect.

c) One sometimes feels that the concept of public service is lacking when civil servants fail to distinguish between official business and their own views or personal preferences. On such occasions, one is tempted to believe that a sense of public welfare and an impersonal approach to official activities are essential to successful planning. In other cases, however, it is the impersonal bureaucratic routine which seems to hinder any change in structures and attitudes such as sound planning requires.

- Sometimes it is an "authoritarianism" based on seniority, an excess of supervision resulting in a lack of initiative at all levels which one finds regrettable; and at other times, it is the independence of individual departments, the lack of discipline imposed from above and the element of corruption, that makes one realize the need for additional controls. One may argue in favour of a greater stability for officials so as to ensure the plan's continuity and, at other times, we may find that it is the rigidity of the regulations governing public officials which hinders the necessary changes.

- One may feel that administrative training programmes are needed to raise the level of the officials' competence and yet realizes that excessive concentration on "qualifications" runs counter to an appreciation of the value of practical experience.

It is not enough to contend that there is a "middle course" to be found between these two extremes, because these contradictions have an objective basis in fact. Plans have the double aspect of innovation and organization. They are "creative predictions" and instruments for a change in economic and social structures designed to achieve a more human society. But they must also be incorporated in the world as it is if they are not to remain mere visions without any practical reality.

These aspects are not merely contradictory but also complementary and, to some extent, may replace each other. If a plan fails to offer new solutions, to encourage innovations, to gain the active support of the people, then it is all the more necessary to order and compel.

But it is impossible to orient public and private activity to the long-term advantage of the community without organizing, i.e. without exercising authority.

Planning means going beyond the conflict between private enterprises representing innovation and the "organizers" in the administrative sector. Planning means simultaneously altering existing structures and organizing innovation. The administrative factors are not the only ones which must be considered but they play a specific part: it is the task of the administration to organize the dialogue between planning technicians, the political authorities and the economic and social groups so that each is equipped to make an effective contribution to the overall process of planning. It is likewise the administration's responsibility to compare objectives with the possibilities existing for their achievement and to take the necessary steps on the basis of a rational use of resources, given the target.

In order to allow for these specific administrative factors, it would seem that more thorough comparative and national studies might make use of the analytic method suggested in this paper;

a) first, establish the functions which the administration must fulfil as regards planning, considering each of such functions in relation to the global tasks incumbent on the administration and recognizing the conflicting requirements for which allowance must be made;

b) then consider administrative structures in all their diversity. Each type of structure tends to favour either the particular function concerned (where a new body is being set up) or its relations with the administration's overall tasks (where a new role is entrusted to an existing department);

c) then deal with administrative procedures in order to analyze the theoretical and actual process whereby decisions are made and communication maintained between the administrative units, the political authorities and the economic and social groups.

A fuller appreciation of the administrative factors involved in planning would not only be of the greatest interest from the point of view of administrative science but, by establishing a closer link between planning in theory and practice, would help to clarify the political choices which must be made.
