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CO-RDINATION OF DEVELOPMENT PLANS IN EAST AFRICA

by

Paul G. Clark

## I. Studying the Possibilities of Co-ordination

Supporters of closer political and economic relations among the three East African countries commonly cite as one of the main objectives co-ordination of development plans. More vigorous economic development than in the recent past is clearly a key social goal, and the presumption that there are mutually beneficial ways of co-ordinating the three countries' development efforts is a reasonable one. It therefore appears quite relevant to examine the present course of development plans in the region, and to seek to identify specific fields of planning where co-ordination is likely to be most beneficial.

The development programs of the three East African governments are now proceeding quite independently. Uganda has a five year plan covering the fiscal year 1961/62-1956/66, and is in the midst of implementing it, subject to considerable financial constraints. Tanganyika is now completing the final year of a three-year plan, and is in the process of drafting a new five-year plan covering the fiscal years 1964/65-1958/69, using a quite elaborate methodology. Kenya is operating under a one-year extension of the last three-year plan, and is in the process of preparing a new three-year plan for the period 1964/65-1966/67 and a tentative outline plan for a further three-year period. There has been little consultation among the three planning staffs.

At the same time some of the most important economic policies which influence the path of economic development in the three countries are kept essentially uniform because of the *de facto* common market. This applies to the level and structure of business taxation, which might be a key instrument of industrialization policy; to rates of customs duty, by which protection policies are implemented; to monetary and credit policies, now operated through the common currency board; and to investment in railways and communications, now operated as common services. These essentially uniform economic policies are co-ordinated through a variety of intergovernmental channels under the general aegis of EACSO, but it is notable that there is little direct connection between the present development plans of the three governments and these common policies.

The gap between separate development plans and essentially uniform economic policies for the common market is both a source of opportunity and a source of tension. On the one hand, attempts to make development plans more comprehensive and more energetic seem bound to lead to explicit consideration of how to employ more effectively the common economic policies. On the other hand, there is already considerable discontent with the constraints of the common market, particularly in Uganda and Tanganyika, and increasingly independent development actions by all three governments pose a threat to continuation of even the present degree of economic integration in East [illegible] he gap between plans and policies needs to

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[illegible] per is a piece of a continuing study of [illegible] velopment plans in East Africa. The study [illegible] set of interrelated studies on East African [illegible] t problems being undertaken by participants [illegible] Economic Development Research Project.

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My particular study has three main objectives: (a) to compare the current development programs of the three East African governments, (b) to analyse the relationships between current development programs and recent economic trends in the three countries, (b) to identify possibilities for mutual assistance in the development programs, including joint financing.

The first step in the study is simply to describe in detail the current development programs of the three governments. The idea is to start with the plans and proceed to the budget documents indicating current actions under the plans. In the case of Tanganyika and Kenya, the immediate focus will be on the plans being completed, but it will be important to introduce indications of the lines of future plans as they become available. It will also be necessary to examine EACSO investment expenditures. The aspects of the programs which I expect will be of greatest interest are the following: (a) the strategy and methodology employed in drawing up the plan; (b) the size of the plan as an annual rate in comparison with various indicators of the size of the economy; (c) the composition of the plan by economic sector, and the detailed composition of planned expenditures within some of the main sectors; (d) the expected pattern of financing, in particular distinguishing domestic sources and foreign sources; (e) the actual development expenditures under the plan, both in total and in relation to the composition by economic sector, and the actual pattern of financing.

Section II of the present paper describes and compares the current development plans of Uganda and Tanganyika. This essentially descriptive section is a little bare without Kenya and without an analysis of how the plans relate to recent economic trends in the two countries. However, several suggestive points about plan co-ordination emerge, and in addition I hope the description of the plans will be of interest in its own right.

Section III of the paper offers certain hypotheses about promising lines for future plan co-ordination, derived partly from broader considerations. Naturally at this stage in the study the hypotheses cannot be considered anything like conclusions, but I hope they will be stimulating to consider.

## II. Comparison of Current Uganda and Tanganyika Plans

### A. Nature and Method

Both the Uganda and the Tanganyika plans (see Tables 1 and 2) are public project plans, in two different senses. In the first place, their scope consists of expenditures by the central government and public agencies. The share of public agencies is much larger in Uganda, because of the role played by the Uganda Development Corp., the Uganda Electricity Board, and the Uganda Credit and Savings Bank. But the relevant point is that in both plans private investment is for all practical purposes not included, except for expected private participation in public projects. There is a chapter in the Uganda plan about private investment intentions, but the survey on which it is based was experimental, and the main thing it reveals is the common pattern of declining investment plans for years further in the future. There is only a historical discussion of private investment in the Tanganyika plan, and it is simply assumed that private investment will continue as in the past. Neither plan sets targets for private economic activity; an exception is the Uganda objective of raising cotton production from 370,000 to 500,000 bales.

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In the second place, the method of constructing both plans was pretty clearly that of selecting and adding together the projects which appears to be most promising within a rough estimate of the amount which might possibly be financed. There was no explicit analysis of a set of desired developments in the economy as a whole from which the development program itself was derived. It is true that both plans took advantage of broad economic surveys undertaken by visiting IBRD missions, and employed economic analyses in selecting promising projects. The Uganda plan estimated by two rough methods that the overall development effort would result in expanding gross domestic product somewhere between 3½% and 5% per year; the Tanganyika plan essentially projected continuation of the past rate of growth of about 5% per year. Thus in both plans the method was clearly not that of comprehensive planning.

These points should not be interpreted as a sharp criticism of the current plans, in view of the manifold practical difficulties of carrying through comprehensive planning of major private as well as public activities. But they do suggest that future plans are likely to be more ambitious in scope and method. It is noteworthy that the new Tanganyika plan now being drafted does attempt to indicate growth perspectives to 1970 and 1980, into which planned public projects ought to fit. The Tanganyika government has also initiated quite extensive formal procedures for consultation with private producers. I would expect more comprehensive development planning approaches to be attempted in all three East African countries in the next few years. This trend should increase interest in co-ordination of the implications of more comprehensive plans.

B. Size

The Uganda development plan (see Table 1) envisions total development expenditures of £67.9 million over the five fiscal years 1961/62 to 1965/66. Since the main decisions affecting the plan were made after the first fiscal year was completed and while the second was in progress, there is some difficulty in interpreting the five-year total. Taking a simple average, however, this implies an annual rate of expenditure of about £13.6 million, which is about 12% of the 1962 level of monetary gross domestic product. Thus considered simply as a total, the plan represents a substantial development effort.

The current Tanganyika plan (see Table 2) envisions total development expenditures of £30.8 million over the three fiscal years 1961/62 to 1963/64. This implies an average annual rate of expenditure of about £10.3 million which is between 8% and 9% of the 1962 monetary gross domestic product. The impression that the total Tanganyika development effort is distinctly smaller than the Uganda plan is misleading, however, due to the fact that the Uganda Development Corp. are not counted because they are in private hands.

The planned central government expenditures are more nearly comparable. The Uganda plan implies an annual rate of expenditure of about £7.8 million, or 7% of recent monetary gross domestic product. The Tanganyika plan implies annual expenditures of about £8.4 million, also

7% of recent monetary gross domestic product. Looked at from another standpoint, planned annual development expenditures are about 38% of the 1962/63 level of recurrent expenditures in Uganda, about 36% in Tanganyika. Finally, both plans project annual development expenditures about half again the average level actually attained in the preceding three fiscal years. Thus for all practical purposes the two central government plans are about the same size in relation to the respective national economices.

In interpreting these figures it may be noted that a small amount of additional recurrent expenditures is explicitly charged to the development budget in both countries. In Uganda these are defined as the recurrent costs of development projects in commodity-producing sectors and in secondary education; Tanganyika's practice is not so clearly stated but appears to be similar. Beyond these designed recurrent expenditures, however, it should be kept in mind that many of the designated capital expenditures are really non-recurrent operating costs rather than fixed capital formation. In Uganda, for instance, half of the capital expenditures in agriculture are the costs of the cotton spraying subsidies scheme, and almost half of the capital expenditures for administration are overhead costs of the Ministry of work in carrying out construction projects. This practice of charging some recurrent costs to development is quite proper, but it means that the content of central government development expenditures is rather different from the content of capital expenditures by public agencies or private enterprises.

It may also be noted that the new Tanganyika plan seems likely to be substantially larger in size than the current one. The strategy which the planning staff have been following is to sketch more ambitious long-run growth perspectives, to urge ministries and other organizations proposing projects to raise their sights, and to assume that more attractive projects within a cogent plan will call forth the necessary finance.

C. <u>Composition</u>

Both plans project expenditures in a wide range of economic sectors (see Table 3). This broad distribution presumably stems partly from the methodology of the plan, assembling public projects presented by the various ministries and public agencies, and partly from the phenomenon that projects which are attractive in an absolute sense can be discovered in all sectors of a less developed economy.

Some significant differences in emphasis among major sectors can be discerned, however. The most striking difference in the figures in Table 3 is the much larger Uganda expenditures for manufacturing and for agricultural estates (2840 as against 359). Since these figures stem from the special role of the UDC, as discussed above, they do not necessarily imply greater investment in these sectors in the Uganda economy as a whole, but they do reflect greater direct public activity to promote manufacturing and large-scale agriculture. Another notable difference is that Tanganyika has planned expenditures nearly half again as large for electric power and roads (3398 compared to 2336). A third is that Uganda intends to devote between a quarter and a third more to education and health (1795 compared to 1408). Thus the difference in choice in Tanganyika and Uganda between economic overheads and social investment is substantial.

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The detailed composition of expenditures within each sector also reveals some interesting aspects of the development policies to be pursued. Thus within agriculture broadly defined (see Table 4), the most notable point in the Uganda plan is that almost half of the expenditures are to go into estate development under the aegis of the UDC. This implicit judgment that the economic returns from estates are relatively high in the present predominantly peasant agriculture is striking. The fact that the next largest activity is the cotton spraying subsidy scheme is also notable as this scheme represents a major effort to up-grade the technological level of peasant cotton culture throughout the country by introducing relatively simple non-agricultural inputs. Its success or failure will be either very encouraging or very discouraging for the prospect of raising general agricultural productivity at a rapid rate in the future. Next, the amount of expenditure allocated to promoting the use of agricultural equipment is four times that in Tanganyika. Finally, Uganda seems to be wagering much more on tsetse control as a means of raising livestock production. On the other hand, Tanganyika has planned to place relatively greater stress on training agricultural staff, on general extension as distinguished from specific crop development programs, and on irrigation and land development works. These differences in agricultural development policies are in part reactions to different objective conditions (e.g. Tanganyika's greater aridity). But they are also in part results of different subjective judgments by agriculture officials. They constitute in effect a set of experiments, the results of which in each country should be of keen interest to the other.

Within manufacturing, all the projects in the Uganda plan are to be organized by the UDC. The major projects, ranked approximately in order of cost, are expected to be paper, textiles, food and drink (five different plants), and some among the following: fertilizers, steel, matches, agricultural equipment, and oils. The Tanganyika expenditures, on the other hand, are devoted to setting up the Tanganyika Development Corp., which is expected to play a somewhat similar leading role in promoting manufacturing projects, and to preparing industrial sites. Without more explicit planning of individual projects in both countries, it is hardly possible to consider closer co-ordination of manufacturing plans, even though this sector is one in which potential gains appear most attractive.

Finally, the composition of development expenditures in education (see Table 5) reflects in both countries acceptance of the policy of giving highest priority to expansion at the secondary level. In Uganda nearly two-thirds of the total is devoted to secondary schools. Whereas for primary schools the stated objective is simply to bring up the enrollment rates in all regions to the present national average of 50%, the goal for secondary schools is to raise the enrollment rate from 1% to 4% of the age group. In Tanganyika nearly half of the total is devoted to secondary schools, and the stated goal is to increase the number of school certificates three times and the number of higher school certificates six times. The expenditure in Tanganyika is held down, however, by the competing claim for expansion of university-level education.

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D. Financing and Comparison with IBRD Mission Recommendations

Both the Tanganyika plan and the Uganda plan were adopted subsequent to reports by visiting IBRD missions, and were clearly much influenced by the mission recommendations. There are of course some differences in the composition of development expenditures in the official plans and in the mission recommendations, presumably reflecting in general differences in the complex of objectives being pursued. From the standpoint of financing, however, the significant point is that both plans are larger than the missions suggested, and hence require additional sources of funds.

In Uganda the official plan projects total central government expenditures about 15% larger than the mission program (see Table 6). This moderate difference in total financing conceals a major difference in views about domestic and foreign sources, however. The mission projected about 40% more from domestic sources, in particular from taxation and from drawing down previously accumulated funds, while the plan projects about 50% more from foreign sources, including the balance not covered. With respect to domestic fiscal policy, the mission recommended more stringent action in two different directions than the government felt able to accept, at least at the time the plan was drafted. One was to lower marketing board prices for cotton and coffee to the export level, and to use much of the remaining balances in the price assistance funds for the development budget. The other was to introduce still further tax revisions, both to provide tax revenues for the development budget and to increase investment incentives. With respect to foreign grants and loans, a government is almost bound to be more ambitious than an IBRD mission, some excess of optimism is almost surely desirable, since the amount of foreign financial assistance is not pre-determined, but is likely to vary with the attractiveness and demonstrated urgency of the development projects proposed. On the basis of experience to date, however, (see section E), the plan does appear to be over-optimistic.

The difference between the official plan and the mission program is even larger for public agencies outside the central government, particularly the UDC. The mission projected total UDC finance of £7.5 million, including borrowing, of which 7.0 might be used for projects in agricultural estates, manufacturing, commerce, tourism, and mining, and 0.5 might be paid as a divident to the central government development budget. The government plan projects total UDC finance of £15.4 million, made up of 7.2 from operating surpluses, 2.7 from foreign loans in negotiation, 2.8 from private participation, and 4.2 not yet covered; all of these funds are assumed to be available for development projects. This is a dramatic difference in financial expectations, which only time will test. A substantial shortfall would hardly be surprising, however.

In Tanganyika the official plan projects total central government expenditures a third larger than the mission program (see Table 7). The additional financing required is assumed to come half from further domestic sources, however, and half from foreign sources. Thus the Tanganyika government has been more optimistic than the mission about total financing, but the difference has not been so sharply focused on foreign sources as in Uganda. In the event (see section E), Tanganyika's greater total financing has come mainly from domestic sources.

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E. Actual Expenditures and Revenues to Date

Actual central government expenditures for development during the first two fiscal years have fallen below the average annual rates implicit in the plan in both countries (see Tables 8 and 9), but the shortfall has been relatively greater in Uganda. After adjusting for a definitional difference in the way actual expenditures are reported, the Uganda plan implies average annual expenditures of £7.9 million. Actual expenditures in 1961/62 (presumably determined prior to the plan) were 4.8, and revised estimates for 1962/63 (presumably guided by drafts of the plan) were 5.7. The trend is upward, but though a much higher expenditure figure has been officially estimated for 1963/64, the amount of financing available and unavoidable administrative constraints suggest that the ultimate figure is not likely to exceed 7.5. Thus the average annual rate in the first three years is not likely to be more than 6.0, compared to the pre-plan average of something less than 5.4.

In Tanganyika, actual expenditures in 1961/62, though still behind the plan, reached the substantial figure of £7.3 million. In 1962/63, lack of finance compelled the government to introduce a freeze on starting new projects, and the revised estimate for the year is about 6.0. Bolstered by some financing windfalls, the government has budgeted over twice as much for 1963/64, but with some foreign loans still in negotiation, and considering the administrative problems of implementing such an abrupt change, a more plausible estimate is 9-10. This would still constitute an average annual rate over the three years of the plan of about 7.6, compared to the pre-plan average of something more than 5.4. The momentum of higher expenditures would doubtless also carry over into the new plan.

The pattern of shortfalls by economic sectors allowing for the fact that 1963/64 initial estimates are probably exaggerated in both countries is also rather interesting. In Uganda data are available only by individual ministries, but an indication of the locus of shortfalls by sectors can be obtained. Certain ministries have been making expenditures at rates at least equal to the plan: Health, and Prime Minister, Justice, and Finance (administration). Some other ministries have had shortfalls, but have increased expenditures so sharply that they seem likely to equal or exceed the plan overall: Education, Information, and Internal Affairs (defence and police). Still other ministries, after earlier shortfalls, have increased expenditures to around the planned rate but not yet enough to compensate for the shortfalls: Agriculture, Animal Industry, Mineral and Water Resources, and Community Development and Labour, Finally, some ministries have had large shortfalls already and seem likely to fall below the plan overall: Works (largely roads), and Regional Administrations (assistance to local governments). Thus broadly speaking administrative and social development expenditures appear to be proceeding more nearly according to plan than directly productive and economic overhead expenditures.

Three sectors in the Tanganyika plan are likely to exceed planned targets significantly, in each case as a consequence of revised policies while the plan has been in operation: community development (a prominent political as well as economic theme), manufacturing (enlargement of the Tanganyika Development Corp. with foreign loans), and tourism (the Dar es Salaam hotel as a public project).

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A number of sectors seem likely to reach planned totals or end up only moderately below them: agriculture broadly defined, electric power, education, information, administration, and local government services. Finally, significant overall shortfalls seem likely in roads, mining and mapping, health, and defence and police. While the increases are readily explained on policy grounds, the pattern of substantial shortfalls seems to reflect mainly the projects which were most easily postponed in the 1962/63 period of financial stringency.

A principal reason for the shortfalls in both countries has been lack of finance (see Tables 10 and 11). In Uganda domestic sources have not yet reached the planned levels. After contributing very little in 1961/62, they rose sharply in 1962/63, and assuming the proposed £1 million transfer from recurrent tax revenues is carried out this year, will still leave a modest deficiency for 1963/64. Foreign grants have actually been running above the planned levels. Foreign loans, on the other hand (interpreting the remainder of the financing as predominantly loans, on an expenditure rather than an approval basis), have fallen markedly below plan expectations. Government spokesmen have expressed considerable disappointment at the delays in translating foreign countries' general willingness to assist the development effort into agreed projects for which expenditures can proceed. However the responsibility for delays is allocated between foreign lenders and domestic project makers, it seems clear that difficulties in arranging foreign loans are a main source of past and possible future shortfalls.

In Tanganyika domestic sources have been highly variable. After contributing much more than was planned in 1961/62, they fell off sharply in 1962/63 as a result of adverse domestic economic conditions. Now they are expected to increase dramatically in 1963/64, largely as a result of the boom in world sisal prices, which the government is tapping with a special tax. As in Uganda foreign grants have been running above the plan, but as a noticeably higher absolute level. Foreign loans, after pronounced delays at the beginning, have been building up steadily. Thus the principal reason Tanganyika has been able to carry on a higher actual rate of development expenditures than Uganda is greater success (and this year greater good luck) in mobilizing domestic sources of finance. The two countries have fare more or less the same in obtaining foreign assistance, considering grants and loans together, but difficulties in arranging hoped-for foreign assistance have been a key constraint on the development plans.

## III. Potential Fields of Plan Co-ordination

What then can be suggested at this stage about promising fields for co-ordination of development plans in East Africa? As indicated earlier, these suggestions should be treated more as hypotheses than as conclusions, but they may nonetheless be interesting to consider. They are based partly on the preceding description of current Uganda and Tanganyika plans, but even more on broader speculation and how planning might develop in the future. I will not try to provide a listing which is complete in any sense, but simply to present three possibilities which seem to be especially attractive.

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A. Strategy and Method.

If my prognosis that all three East African governments will attempt more comprehensive planning in the future is reliable, the scope for co-ordination of strategy and method will be enlarged. One simple form is co-operation in carrying out some of the pieces of economic analysis needed for planning in all three countries, such as estimates of income elasticities of demand for different kinds of consumption goods. Other forms will suggest themselves as plans are extended to encompass economic policies now operated through the common market. A systematic procedure for regular consultation on planning strategy and method, with a regional agency to co-ordinate and stimulate ideas, looks quite promising.

B. Finance

In view of the dominant financial constraint on current development plans in East Africa, it could be extremely helpful if plan co-ordination would permit more resources to be mobilized for development. One promising possibility appears to be joint application for foreign loans for projects in sectors which are sensible to justify on a regional basis. The recent success of discussions with foreign lenders about financing the current deficit and capital needs of the University of East Africa for the next triennium is a small but I believe significant illustration. Other sectors which would be rational - and presumably attractive to foreign lenders - to consider on a regional basis are transportation, electric power, development banking, livestock, and agricultural research.

Another important possibility is one which has held fire until the question of political federation is clarified - an East African central bank. It seems apparent that if three independent national banks are created, with separate currencies, the prospect for continuation of a number of other features of present regional economic co-operation would be markedly dimmed. A single central bank, however, assuming it would be operated to promote development more vigorously than the present currency board, would have to be subject to common policy. Development plans would have to be co-ordinated at least to the extent of their financing by borrowing directly from the central bank and by domestic borrowing supported and encouraged by the bank. The essence of a more vigorous central bank policy would be push development expenditures financed by such borrowing until the real constraints in the balance of payments and in the supply of domestically produced goods became operative. The strategy of pushing development expenditures up to these real limits could only continue if all three countries co-operated, so that none imposed on the others the foreign exchange and inflation costs of its independent actions.

C Industrialization

Industrialization policy is simultaneously the greatest present source of economic tension within the East African common market, and the greatest potential source of economic gain from closer East African integration. Given the present uncertainty about political federation, it seems quite important to consider what are the most constructive and economically feasible next steps in industrialization policy, to limit the risks of disruption of the common market and to seize as much as possible of the potential

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economic gain. If full political federation is delayed or indefinitely postponed, these next steps should make the common market much more attractive and viable. If agreement on full political federation is reached promptly, they should provide the basis for assumption of federal responsibility. Thus both optimists and pessimists about federation might find common ground in certain next steps in co-ordinated industrial planning.

Industrialization policy should be aimed not at one, but at two, objectives. These twin objectives are (a) to raise dramatically the total rate of industrial investment in East Africa, and (b) to ensure that future industrial investment is geographically distributed so that its benefits are divided approximately equally among Kenya, Uganda, and Tanganyika. It is essential to set the first objective because present industrialization is quite limited (about 100,000 employees in manufacturing), because the rate of growth of manufacturing has been unhappily slow (gross product about 4% annually 1957-62, employment about - 2%), andbecause only raising total investment dramatically should significantly ease the strain of its distribution amongthe three countries. It is essential to set the second objective because Kenya has moved well ahead of her two partners in the common market (45% of manufacturing employment in 1962, 61% of gross product in manufacturing, and 77% of interterritorial exports of non-food manufactures), and because separate national efforts to influence the location of industrial investment are the most serious threat to continuation of even the present degree of economic co-operation.

Six possible instruments of industrialization policy can be usefully distinguished. (a) Promotion and persuasion is already being employed by each national government, and will surely continue. (b) Facilities and services designed to raise the profitability of new industrial projects to private firms take many forms, and are quite important. (c) Public enterprises have played a more prominent role in Uganda than in the other two countries, because of the UDC, but it seems likely and desirable that they will become a more important instrument in all three countries in the future. Public enterprises can accelerate industrialization by accepting greater risks in pioneering new branches of industry, or by accepting lower rates of financial profit in branches of industry which are especially stimulating to the economy. (d) Business tax credits are at present used in only a mild form in East Africa, and are traditionally kept essentially uniform by consultation amongthe three finance ministers. More powerful formulas can be designed to stimulate new and expanding firms, and these could also be used to influence location among the three countries. (e) Protection is already used rather energetically to protect domestic industries, again on a substantially uniform basis, except for the effect of customs drawbacks by the individual governments. (f) Licensing can be employed for a limited number of scheduled products, but administration of licensing has become quite moribund. In particular it is difficult to employ licensing to influence industrial location because it is a negative rather than a positive control.

A key next step in industrialization policy might be to establish an East African agency to administer the last three instruments - business tax credits, protection, and licensing - according to agreed standards. The agreed standards should aim at the twin objectives of raising the total rate of industrial investment and ensuring approximately equal distribution of future benefits among Kenya, Uganda, and Tanganyika. To provide greater stimulus to total investment,

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the agency would need in particular much expanded powers to offer business tax credits, as well as modified powers of protection and licensing. To ensure approximately equal distribution of future benefits, the agency would need to be authorized to provide supplementary inducements for investment in a lagging country, whenever its share of future benefits fell below a certain minimum. It seems practicable to devise objective criteria for this minimum, subject to the exercise of some discretion by the agency would be the agent of the three governments in carrying out their agreed industrialization policy, using the three instruments placed at its disposal. The national governments would continue to employ the first three instruments listed above - promotion and persuasion, facilities and services, and public enterprises. They would of course also be the ultimate judges of whether the agency was performing satisfactorily.

Table 1.

Uganda Development Plan, 1961/62-1965/66: Composition by Economic Sector and Administering Organization (£ th.)

| | Total | Central Govt. | | Other Public Agencies | Private Partici-pation. |
|---|---|---|---|---|---|
| | | Recurr. | Capital | | |
| Agriculture | 4726 | 1016 | 3460 | 250 | |
| Agric. Estates | 7400 | | | 7200[a] | 200 |
| Livestock | 2381 | 409 | 1972 | | |
| Fishing | 116 | 25 | 91 | | |
| Forests | 342 | 52 | 290 | | |
| Game & Tourism | 603 | 51 | 251 | 300[a] | |
| Mining & Mapping | 504 | 100 | 234 | 95[a] | 75 |
| Manufacturing | 6800 | | | 4300[a] | 2500 |
| Commerce | 800 | | 100 | 700[a] | |
| Credit | 3300 | | | 3300 | |
| Electric Power | 4500 | | | 4500 | |
| Roads | 7180 | | 7180 | | |
| Railway | 3000 | | | 3000 | |
| Airports | 329 | 3[b] | 329 | | |
| Posts & Tel. | 500 | | | 500 | |
| Education | 6673 | (1127<br>( 351[b] | 5546 | | |
| Commun.Dev.& Labour | 386 | 83[b] | 386 | | |
| Health | 2300 | 714[b] | 2300 | | |
| Information | 689 | 429[b] | 689 | | |
| Defence & Police | 3277 | 1296[b] | 3277 | | |
| Administration | 2249 | 913[b] | 2249 | | |
| Local Govt. Services | 7795 | | 5795 | 2000 | |
| Reserve | 2000 | | 2000 | | |
| TOTAL | 67,850[c] | 2,780 | 36,149 | 26,145 | 2,775 |

Notes:

a. Uganda Development Corp.projects. They total 15,370, including private participation of 2775.

b. Recurrent costs to be covered in recurrent budget, not charged to development budget. Within education, recurrent costs of secondary expansion are charged to development.

c. Total excludes recurrent costs indicated in note b, and hence differs from published total of 71,641, but is consistent with required development financing.

Figures may not add exactly because of rounding.

Source: Uganda Government, The First Five-Year Development Plan, 1961/62 - 1965/66 (hereafter referred to as Plan).

Table 2.

Tanganyika Development Plan, 1961/62-1963/64: Composition by Economic Sector and Administering Organization (£ ths)

| | Total | Central Govt. Recurr. | Central Govt. Capital | Other Public Agencies | Private Partici-pation |
|---|---|---|---|---|---|
| Agriculture | 3233 | a | 3233 | | |
| Agric.Estates | 507 | a | 507 | | |
| Livestock | 1232 | a | 1232 | | |
| Fishing | 23 | a | 23 | | |
| Forests | 533 | a | 533 | | |
| Game & Tourism | 782 | a | 482 | | 300 |
| Mining & Mapping | 478 | 183 | 295 | | |
| Manufacturing | 570 | | 570 | | b |
| Commerce | 77 | 35 | 42 | | |
| Credit | 50 | | 50 | | |
| Electric Power | 4878 | | 1878 | | 3000 |
| Roads | 5317 | | 5317[c] | | |
| Railway | 2000 | | | 2000[d] | |
| Airports | 205 | | 205 | | |
| Posts & Tel. | 440 | | | 440[d] | |
| Education | 3270 | 350 | 2920 | | |
| Commun.Dev. | 229 | 81 | 148 | | |
| Health | 954 | | 954 | | |
| Information | 151 | | 151 | | |
| Defence & Police | 2380 | | 2380 | | |
| Administration | 1100 | | 1100 | | |
| Local Govt.Serv. | 2411 | | 2411 | | |
| TOTAL: | 30,820 | 649[a] | 24,431[c] | 2,440 | 3,300 |

Notes: a. Breakdown between recurrent and capital costs to be charged to development budget not stated in plan. Agriculture excludes 250 charged to recurrent budget.

b. Estimates of direct foreign lending to Development Corp. and of private participation in projects not stated.

c. Roads figure includes 1150 of contractor finance, not counted in plan. Hence total differs from published total by this amount.

d. Estimated from IBRD mission report.

Figures may not add exactly because of rounding.

Source: Tanganyika Government, Development Plan for Tanganyika, 1961/62-1963/64 (hereafter referred to as Tanganyika Plan).

Table 3.

Comparison of Composition of Uganda and Tanganyika Plans by Economic Sector: Average Annual Expenditures (£ th.) and Percentages

| | Annual Expenditures | | Percentages | |
|---|---|---|---|---|
| | Uganda | Tangan. | Uganda | Tangan. |
| Agriculture | 945 | 1078 | 7.0 | 10.5 |
| Agric. Estates | 1480 | 169 | 10.9 | 1.6 |
| Livestock | 476 | 411 | 3.5 | 4.0 |
| Fishing | 23 | 8 | .2 | .1 |
| Forests | 68 | 178 | .5 | 1.7 |
| Game & Tourism | 121 | 261 | .9 | 2.5 |
| Mining & Mapping | 101 | 159 | .7 | 1.6 |
| Manufacturing | 1360 | 190 | 10.0 | 1.8 |
| Commerce | 160 | 26 | 1.2 | .2 |
| Credit | 660 | 17 | 4.9 | .2 |
| Electric Power | 900 | 1626 | 6.6 | 15.8 |
| Roads | 1436 | 1772 | 10.6 | 17.2 |
| Railway | 600 | 667 | 4.4 | 6.5 |
| Airports | 66 | 68 | .5 | .7 |
| Posts & Tel. | 100 | 147 | .7 | 1.4 |
| Education | 1335 | 1090 | 9.8 | 10.6 |
| Commun. Dev. & Labour | 77 | 76 | .6 | .7 |
| Health | 460 | 318 | 3.4 | 3.1 |
| Information | 138 | 50 | 1.0 | .5 |
| Defence & Police | 655 | 793 | 4.8 | 7.7 |
| Administration | 450 | 367 | 3.3 | 3.6 |
| Local Gov. Serv. | 1559 | 804 | 11.5 | 7.8 |
| Reserve | 400 | - | 2.9 | - |
| TOTAL: | 13,570 | 10,273 | 100.0 | 100.0 |
| of which: | | | | |
| Central Govt. | 7,786 | 8,360 | | |
| Other Pub. & Private | 5,784 | 1,913 | | |

Source: Uganda Plan; Tanganyika Plan

Table 4.

Comparison of Agriculture[a] Expenditures in Uganda and Tanganyika Plans: Average Annual Expenditures (£ th.) and Percentages

| | Annual Expenditures | | Percentages[b] | |
|---|---|---|---|---|
| | Uganda | Tangan. | Uganda | Tangan. |
| Cotton spraying | 318 ) | 45 | 21.0 ) | 2.7 |
| Crop development | 98 ) | | 6.5 ) | |
| General extension | 118 | 355[d] | 7.8 | 21.2 |
| Veterinary serv. | 56 | 67 | 3.7 | 4.0 |
| Water | 135 | 220 | 8.9 | 13.1 |
| Range improvement | - | 67 | - | 4.0 |
| Stock improvement | 19 | - | 1.3 | - |
| Tsetse control | 161 | 2 | 10.6 | .1 |
| Equipment[c] | 174 | 46 | 11.5 | 2.7 |
| Training[c] | 48 | 195 | 3.2 | 11.6 |
| Research[c] | 73 | 74 | 4.8 | 4.4 |
| Land development ) | 56 | | ) | 2.7 |
| Irrigation ) | | 239 | ) 3.7 | 14.3 |
| Marketing[c] | 87 | 44 | 5.8 | 2.6 |
| Cooperatives | 79 | 88 | 5.2 | 5.3 |
| Fishing | 23 | 8 | 1.5 | .5 |
| Forests | 68 | 178 | 4.5 | 10.6 |
| Estates | 1480 | 169 | b | b |
| TOTAL | 2,993 | 1,843 | b | b |
| (excl. estates) | (1,513) | (1,674) | (100.0) | (100.0) |

Notes: a. Agriculture here includes agricultural estates, livestock, forestry, and fishing.

b. Percentages calculated on total excluding estates.

c. Includes expenditures for both crops and livestock.

d. Figure for general extension assumes that recurrent costs in Agriculture portion of plan allocated to recurrent budget (250 over three years) are all attributable to general extension.

Source: Uganda Plan; Tanganyika Plan

Table 5.

Comparison of Education Expenditures in Uganda and Tanganyika Plans: Average Annual Expenditures and Percentages. (£th.)

| | Annual Expenditures[a] | | Percentages | |
|---|---|---|---|---|
| | Uganda | Tanganyika. | Uganda. | Tanganyika. |
| Primary | 162 | 170 | 12.8 | 15.6 |
| Secondary | 820 | 487 | 64.8 | 44.7 |
| Teacher Training | 109 | 88 | 8.6 | 8.1 |
| Technical | 135 | 43 | 10.7 | 3.9 |
| Higher | 18 | 283 | 1.4 | 26.0 |
| Other[c] | 21 | 18 | 1.7 | 1.7 |
| TOTAL: | 1,266 | 1,090 | 100.0 | 100.0 |

Notes: a. Expenditures include additional recurrent costs in secondary schools in both countries. They exclude additional recurrent costs in teacher training and technical schools in both countries, though these are charged to the development budget in Uganda.

b. Primary includes junior secondary in Uganda.

c. Other is supervision and administration in Uganda, probation schools and library in Tanganyika.

Source: Uganda Plan; Tanganyika Plan.

Table 6.

Expected Financing of Uganda Development Plan, and Comparison with IBRD Mission Estimates (£ mil.)

| | Plan | | IBRD: |
|---|---|---|---|
| | Central Govt. | Public Agencies | Central Govt. |
| Taxation | 1.1 | | 5.0 |
| Fees for services | - | | - |
| Dividends & Interest | - | | .9 |
| Capital receipts | 1.7 | | .7 |
| Drawing down funds | 3.9 | 1.2 | 6.3 |
| Domestic borrowing | 3.8 | 1.3 | 3.8 |
| (Sub-Total) | (10.5) | | (14.7) |
| Operating surpluses | - | 12.4[a] | - |
| Local govt. revenues | - | 2.0 | - |
| Foreign grants | 5.1 | | 3.0 |
| Foreign loans | 5.2 | 2.3 | 6.5[b] |
| Foreign assistance in negotiation. | 7.0 | 2.7[a] | |
| Private participation | | 2.8[a] | |
| Balance not covered | 11.2 | 4.2[a] | 9.6 |
| TOTAL: | 39.0 | 28.9[a] | 35.8 |

Notes:

a. Estimated financing for Uganda Development Corp. projects consists of 7.2 from operating surpluses, 2.7 from foreign loans in negotiation, 2.8 from private participation, 2.7 not covered. IBRD mission estimated total UDC finance at 7.5, including borrowing, of which 7.0 might be used for projects and .5 paid as dividend to central government development budget.

b. Estimate is upper end of range 2.5-6.5.

Sources: Plan; IBRD.

Table 7. Expected Financing of Tanganyika Development Plan, and Comparison with IBRD Mission Estimates (£.mil.)

| | Plan | | IBRD: |
|---|---|---|---|
| | Central Govt.[a] | Public Agencies | Central Govt. |
| Taxation ) Misc.domestic sources) | 1.0 | | .6 |
| Domestic borrowing | 4.0[b] | | 1.5 |
| Operating surpluses | - | 2.4 | - |
| (SUB-TOTAL | (5.0) | | (2.1) |
| Foreign grants | 5.0[a] | | 4.6 |
| Foreign loans | 2.7[a] | 3.0 | |
| Private participation | - | .3 | |
| Balance not covered | 11.3[a] | | 11.3[c] |
| TOTAL: | 24.0[b] | 5.7 | 18.0 |

Notes: a. Expected central government finance is taken from the plan, with the breakdown between assured foreign grants and loans and balance not covered estimated from the plan text and the 1961/62 budget speech. The plan estimated that the balance would consist of 2.5 grants and 8.8 loans.

b. Domestic borrowing and hence the total excludes contractor financing of road projects of 1.1.

c. Includes additional foreign grants, foreign loans, and some further use of domestic sources.

Source: Tanganyika Plan; Tanganyika Govt., Budget Speech, May 16, 1961; IBRD, The Economic Development of Tanganyika, Nov. 1960.

Table 8.

Comparison of Planned, Actual, and Estimated Uganda Central Government Development Expenditure by Individual Ministries (£ th.)

| | Planned Average Annual Expend.[a] | 1961/62 Actual | 1962/63 Revised Estimate | 1963/64 Initial Estimate |
|---|---|---|---|---|
| Agriculture & Coops. (incl. forests) | 941 | 318 | 1400 | 1131 |
| Animal Industry (incl.fishing,part game & tourism) | 372 | 158 | 217 | 563 |
| Mineral & Water Res. (incl. irrigation, water for stock, wells for loc.gov. part administration) | 374[a] | 303 | 293 | 417 |
| Works (incl. roads, airport, part administration) | 1793 | 1602 | 800 | 1810 |
| Education | 1335 | 468 | 1141 | 2569 |
| Commun.Dev. & Labour (incl.part commerce) | 97 | 36 | 89 | 112 |
| Health | 460 | 892 | 560 | 561 |
| Information (incl. part game & tourism) | 191 | 79 | 239 | 235 |
| Internal Affairs (defence & police) | 655 | 489 | 381 | 1219 |
| Prime Min., Justice, & Finance (administration) | 139 | 114 | 161 | 242 |
| Regional Admin. | 1159 | 362 | 419 | 1072 |
| Reserve | 400 | - | - | - |
| TOTAL: | 7,916[a] | 4,824 | 5,700 | 9,730 |

Notes:

a. Average is simply one-fifth of total expenditure in plan, after programs were reclassified by individual ministries. Total includes an estimated 130 each year for contract drilling for local governments; this service is included in reported annual expenditures by Ministry of Mineral & Water Resources but as a self-financing service was not counted in development plan.

Sources: Plan; Uganda Govt., Estimates of Expenditure 1963/64.

Table 9. Comparison of Planned, Actual, and Estimated Tanganyika Central Government Development Expenditures by Economic Sectors (£ th.)

<table>
<tr><th></th><th>Planned Average Annual Expend.</th><th>1961/62 Actual[b]</th><th>1962/63 Revised Estimate[b]</th><th>1963/64 Initial Estimate</th></tr>
<tr><td></td><td></td><td colspan="2">(Two-year average)</td><td></td></tr>
<tr><td>Agriculture (incl. fishing cooperatives)</td><td>1086</td><td colspan="2">801</td><td>1754</td></tr>
<tr><td>Agric. Estates</td><td>169</td><td colspan="2">167</td><td>163</td></tr>
<tr><td>Livestock</td><td>411</td><td colspan="2">332</td><td>455</td></tr>
<tr><td>Forests</td><td>178</td><td colspan="2">158</td><td>214</td></tr>
<tr><td>Game & Tourism</td><td>161</td><td colspan="2">101</td><td>495</td></tr>
<tr><td>Mining & Mapping</td><td>190</td><td colspan="2">104</td><td>166</td></tr>
<tr><td>Manufacturing, Commerce, & Credit</td><td>233</td><td colspan="2">189</td><td>800</td></tr>
<tr><td>Electric Power</td><td>626</td><td colspan="2">681</td><td>407</td></tr>
<tr><td>Roads</td><td>1772</td><td colspan="2">1156</td><td>2499</td></tr>
<tr><td>Airports</td><td>68</td><td colspan="2">42</td><td>139</td></tr>
<tr><td>Education</td><td>1090</td><td colspan="2">1047</td><td>1575</td></tr>
<tr><td>Commun. Devel. (incl. labour, youth, villagization)</td><td>76</td><td colspan="2">118</td><td>473</td></tr>
<tr><td>Health</td><td>318</td><td colspan="2">99</td><td>272</td></tr>
<tr><td>Information</td><td>50</td><td colspan="2">62</td><td>35</td></tr>
<tr><td>Defence & Police</td><td>793</td><td colspan="2">447</td><td>829</td></tr>
<tr><td>Administration</td><td>367</td><td colspan="2">310</td><td>553</td></tr>
<tr><td>Local Gov. Serv.</td><td>804</td><td colspan="2">754</td><td>1859</td></tr>
<tr><td>TOTAL:</td><td>8,360</td><td>7,341</td><td>6,000</td><td>12,668</td></tr>
<tr><td></td><td></td><td colspan="2">(6,557)</td><td></td></tr>
</table>

Notes: a. Average is simply one-third of total expenditure in plan.

b. Estimated actual figures for the two years 1961/62 and 1962/63 by economic sector are the sum of revised estimates for the two-year period for projects listed in the 1963/64 budget, and revised estimates for 1961/62 and initial estimates for 1962/63 for projects listed in the 1962/63 Budget but not listed in the 1963/64 Budget. The two-year total checks quite closely with the reported totals for 1961/62 (actual) and 1962/63 (revised estimate) given in the 1963/64 Budget Speech.

Sources: Tanganyika Plan; Tanganyika Government, Estimates of Revenue and Expenditure, 1963/64; Tanganyika Government Estimates of Revenue and Expenditure, 1962/63; Tanganyika Government, Budget Speech, June 11, 1963.

Table 10.

Comparison of Expected, Actual, and Estimated Financing Uganda Central Government Development Expenditures (£ th.)

| | Expected Average Annual Finance [a] | 1961/62 Actual | 1962/63 Revised Estimate | 1963/64 Initial Estimate |
|---|---|---|---|---|
| Taxation | 200 | 144 | 19 | 1139[b] |
| Fees for services | - | 21 | 146 | 251 |
| Dividends & interest | - | 128 | 175 | 168 |
| Capital receipts | 340 | 71 | 208 | 33 |
| Drawing down funds | 780 | - | 1066 | 255 |
| Domestic borrowing | 760 | -[c] | -[c] | -[c] |
| (SUB-TOTAL) | (2100) | (364) | (1614) | (1846) |
| Foreign grants | 1020[e] | 1198 | 1793 | 1557 |
| Foreign loans | 1040[e] | d | d | d |
| Foreign assistance in negotiation | 1400 | - | - | 1600 |
| Balance not covered | 2240 | - | - | -[f] |
| Unallocated residual | - | 3262 | 2292 | 2527 |
| TOTAL. | 7,800 | 4,824 | 5,700 | 7,530[f] |

Notes:

a. Average is simply one-fifth of total expected financing in plan.

b. Includes 1000 transfer from recurrent budget, dependent upon expected rise in revenue from export duties beyond £4 million.

c. Amounts believed to be small, but some domestic borrowing may be included in unallocated residual.

d. Included in unallocated residual.

e. Plus part of foreign assistance in negotiation and perhaps part of balance not covered.

f. Total for 1963/64 excludes 2200 balance not covered; thus financing falls short of initial estimate of expenditures by this amount.

Sources: Plan; Uganda Government, Financial Summary and Revenue Estimates 1963/64; Uganda Government, Budget Speech, 11th June 1963.