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CAUTIOUS GROWTH PROMOTION
and
CAUTIOUS STRUCTURALISM
The Kenya and Uganda 1966
Development Plans

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Superficially the appearance of Kenya's Development Plan 1966-1970, and Uganda's Work for Progress 1966-1971 results in 3 similar East African development plans. In Formulating Comprehensive macro-plans with GDP and sectoral goals and in aiming at high growth rates (on the order of 7% for monetary GDP) both appear to have adopted the planning approach exemplified by Tanzania's 1964-1969 Plan.

In fact, the uniformity is much more apparent than real. Work for Progress is based on a strategy of structural change and of explicit promotion of social service and distributive justice objectives as valid national development goals partly distinct from promotion of economic growth. In this, it resembles the Tanzania Plan.[1] However, Uganda's 2nd Development Plan is grounded on distinctly more cautious appraisal of possible rates of growth expansion and structural change. While both Plans form the first third of fifteen year perspectives, Uganda's - which was built from the Paul Clark- Brian Van Arkadie growth projection model and an independent Central Planning Bureau development projection-[2] has a distinctly more formalized and detailed picture of the overall growth path.

Kenya's Plan - while much more ambitious and more carefully grounded on analysis of the economy and of opportunities for growth than the initial 1964-1970 version[3]- enunciates a more cautious strategy. Structural change is not a major goal - except within the agricultural sector. Development is to take place within rather than by radical alteration of the present patterns of resource allocation in production or use.[4] When adjusted for expert price declines the GDP growth rate is marginally lower than that of the Uganda Plan, but it is not the absolute difference which is significant. Rather it is that Kenya with its much more modern structure of production (albeit one apparently over-dependent on services)[5], higher initial domestic savings ratio, and more ample expected foreign resource inflows should be markedly more cautious in regard to further structural modernization and should view its attainable growth goal as only about the same as that of Uganda.[6]

Kenya's Plan has explicit statements about social justice and distribution and about social development but their impact on programmes appears limited to Kenyan African-Immigrant Community economic participation. Within the African community the Plan implicitly and explicitly emphasizes the rapid advance of those with higher present productivities (and incomes), in some cases to the virtual exclusion of the lowest productivity (income) goups. In this respect, as in its clear subordination of social development to economic growth, its premise is that rapid economic growth - even if concentrated in immediate benefits - is the only way to allow adequate attention to distributive justice and social development at a later date. Whether this implies an alteration of emphasis in 1970 - 1980 is unclear as the Kenya Plan is not part of a formal medium run perspective.[7]

The inter-related aspects of politico-economic philosophy and private sector role also show differences. Tanzania has set out a "radical social democratic"[8] approach in increasingly specific terms. Its private sector role is the smallest. Uganda while much less specific occupies an intermediate position but one whose operational concern with social and distributive justice as immediate priorities is nearer to Tanzania's than to Kenya's position as is the private sector share. Kenya's African Socialism [9], as embodied in the Plan [10], stresses Africanization, and rapid growth as t the short run priorities and might be described as "conservative social democratic". The private sector role - and especially the foreign private sector role - is the largest, in part a continuation of the historical situation.

The differences are not merely the result of political style, much less of [illegible]ce. Kenya inherited much more acute communal economic participation problem than [illegible]zania or Uganda. It also inherited a structurally more modern economy but one apparently inferior to Uganda's in generation of GDP per capita and especially of African consumption per capita.[12]

On the last count it is little if any better than the Tanzanian economy - structurally the least developed of the three. At the same time the need for, and progress in, Africanization probably reduce the pressure for halting the rapidly growith economic inequality within the African community and mask its implications for salariat - wage earner, urban - rural, and rural economic elite - marginal farmer gaps.[14]

Uganda, with both the most nationally owned of the three economies and the most Africanized salariat is in a different position. The economic problems of high and rapidly rising African salaries are already very clear - hence a firmly stated incomes policy. The requirements of a political system with substantial local leader power ensure greater attention to geographic dispersion - probably a factor in the choice of the West over Buganda for tea expansion and certainly underlying the group farm location pattern. Whether the economics of dispersion are sound either in terms of short run growth, of building a broader commercial economy involved rural base for further advance, or in building up an economy capable of providing both qualitatively adequate and universally available basic services (health, water, education, roads) by 1990 is open to debate.

II.

Kenya's growth strategy turns on three points: 1) expansion of production within the present structural framework (see Table I); 2) broadening African involvement in the economy; 3) relative concentration of effort by area and number of projects.; 4) priority to economic over social considerations in investment allocation.

In part this policy is distated by Kenya's somewhat peculiar production and trade pattern (See Tables I,VI). The concentration of East African services at Kenyan headquarters; the special concetration in Kenya of Ugandan finance and wholesale import transactions, as well as transport; and the stratum of private - public services built up originally for the settler elite have led to service outputs exceeding 60% of GDP. At the same time the manufacturing sector - while relatively advanced (almost 14% of GDP in 1964) is - like much of the service sector - heavily dependent (perhaps 25% of value added) on East African markets.[14] Key sectors of agriculture are in the process of transfer from large expatriate farms to African settlement - cooperative schemes on the one hand and from semi-commercialized to fully commercialized African high productivity area farms on the other.

None of these factors is favourable to high short run growth rates. The 5.2% (allowing for export price declines) in agriculture will be difficult to achieve and is expected to require a very high (3.5 - See Table II) K/O ratio.[15] The service sector is in part a liability. in so far as it was built for a colonial elite, either it must be dismantled or accepted as serving a new economic elite, its generalization at present unit costs is quite beyond Kenya's resources. The East African service sector also f ces problems - decentralization of some common service activities appears likely and both Uganda and Tanzania appear cetain to take steps reducing the commercial - financial services purchased from Kenya. Similarly 1965 saw a halt in the growth of non-petroleum Kenyan manufactured exports to East Africa and no rapid rise (indeed possibly a slight net decline dominated by sharp falls in cement, beer, clothing, dairy products) is in sight to 1970.[16]

This appears to explain the growth rate of non-food processing manufacturing projected at 6.1% or distinctly below monetary GDP (6.9%). It also underlies Kenya's firm advocacy for the Economic Community of Eastern Africa Community market directed industrial investment possibilities in Kenya could total £120 million and direct industrial value added £40 million over the first decade of ECEA. Without such a boost Kenya's planners feel forced to take a distinctly cautious view of possible rate of manufacturing growth. Thus the limits on the primary - secondary - tertiary sectors expansion are of a type seen as preventing either a short run breakthrough to 8-10% annual monetary GDP growth or major structural shift into the secondary or secondary - tertiary sectors.

Uganda's strategy is distinctly different embodying: 1) deliberate concentration on achieving structural change over a fifteen year perspective; 2) broad front efforts to upgrade the techniques and productivity of Uganda's 500,000 unit commercial or semi-commercial farming community;[17] 3) attempts to integrate distribution of the benefits of development and maximization of total benefits into a socially just and politically viable fromework neither promoting highly unequal growth nor disaipating growth by overdispersion of effort.

The 1966 structure of production (See Table I) and the 1954-1962 record of steadily falling per capita purchasing power underly the Uganda strategy quite as much as considerations of social justice or politically acceptable distribution. The Ugandan economy since 1945 (indeed since 1900) has proven capable of signifigant growth only in the context of an export boom and a 1966 - 71 (or 81) export boom for cotton and coffee (75% of exports even with 1965 copper prices and the growth of tea production) is simply not in sight.[18] The initial 46% concentration of production in the primary sector - vs 23% for Kenya - is seen as positively prohibitive to sustaining rapid growth, if continued.

Both manufacturing and commerce-finance can grow to some extent by substitution for Kenyan (as well as foreign) exports - the inverse of the problem posed to Kenyan development. Thus the aims of self-sufficiency (net - not per se autarchic vis a vis East Africa) in mass market consumber goods by the mid - 1970's and of national firm direct importation - wholesaling - financing by the same date result in projected manufacturing growth rates of over 12% and 7% plus rates in commerce and finance.

In part this explains the fact that Ugandan service production projected growth rates are higher than those for goods (7.6% to 6.8% for 1966 - 71) while Kenya's are lower (6.6% to 7.3%). In part, too, the explanation lies in the greater rate of increase in public services planned. (General government growth rate - including health and education - are about 8.6% in Uganda and 7.0% in Kenya.) However, some oddities remain. Heavy transport investment (See Table II), presumably lowering cost per mile, and a falling import - export share, presumably lowering average distance travelled by goods would suggest transport and communication value added rising less rapidly than goods produced in Uganda. Instead it is estimated to rise one quarter faster 8.5% vs 6.8%. In the case of Kenya value of housing rentals is expected to rise 3.5% a year - astoundingly low in the context of a 6.9% growth rate and a rapidly growing salariat since the expatriate exodus freed housing seems already to have been absorbed.[19]

The emphasis on structural change does not mean any lack of attention to agriculture. While less detailed than the Kenyan Plan - partly because of the different nature of Uganda's decentralized small unit dominated commercial agricultural production - the rural economy programme of Work for Progress is clearly viewed as priority field for action. The emphasis is somewhat bifurcated with about two thirds on broad front extension - credit - input subsidy - pest control activity and one third on highly concentrated group farm - tractor hire centered operations. Expansion of cotton output and coffee shift from robusta to arabica receive priority faute de mieux but diversification - including sugar and tea - is seen as a parallel short run and dominant long run route to agricultural sector growth.

III

Both Plans have been formulated from a comprehensive planning - development strategy, not a project list, approach. Indeed both - especially Work for Progress - are rather erratic and sometimes inadequate in identifying specific projects and policies in detail. This is of particular importance in regard to private sector response, e.g.: the construction industry needs overall building type, number, value of contract data to plan its expansion - not simply estimated growth of value added in construction. Each states the planners' (and presumably, at least in main outline, the government's) views on the process of economic development in a coherent and intelligible fashion as well as providing a review of development (or its absence) over the past decade to decade and a half. The Kenya Plan in fact does this at a length which may defeat the presumptive purpose of economic decision maker reading.

In the event Kenya's Plan has had a more orderly formulation process with higher professional staff continuity and quantitiative adequacy from 1963 to date. True, 1964-1970 is really a new Plan not a revision of 1964-1969 but the original exercise provided both data and momentum and identification of and insights into key issues. Uganda has had for more limited personnel and a series of (unplanned) shifts in staff which have clearly hindered continuity and resulted in rather over hasty completion of final drafting in February - April 1966.

On the other hand Uganda, unlike Kenya, has worked from a projection model which provided at least rough sectoral consist ncy test and appears to pay marginally more attention to consistency considerations in project identification. Neither Plan is very lucid on the criteria for project selection - except in the case of the Kenya industrial sector and even there the possible criterion weightings are so diverse it is hard to relate the stated goals to specific projects. In fact for the directly productive sectors there is reason to belive all identifiable projects showing promise of profitability (on either rough cost/benefit or detailed feasibility analysis) have been included in each Plan i.e. there was no signifigant range of marginal, but profitable, projects from which to choose. In the public service sector project criteria were semi - cost/benefit in the case of Uganda and directly related to expected impact on productive sector and manpowe stock needs in Kenya. The provision of more detailed input output (or at least sectoral supply and flow) analysis to ensure consistency and of more detailed and inclusive project evaluation tests to move toward optimization remains the number two priority in developing East African economic planning.

Uganda employed a more inclusive formulation system - rather like that of France in this respect - than did Kenya. A series of sectoral working parties with 150 members (40% non-government) played a signifigant role in collecting data, identifying projects, suggesting policies, and producing draft sectoral programmes. This does appear to have improved the quality of the Plan per se and to have broadened understanding of and commitment to it by a signifigant body of government, para - statatal, and private decision makers. Unfortunately - and surprisingly - the sectoral working group approach has not been made a part of the implementation - evaluation - revision machinery.

The number one priority is clearly the improvement of implenta-tion procedures and administration. Both Plans underline that planning is, in effect, national resource budgeting and therefore must be accepted as imposing a pattern of obligations (positive and negative) as well as of opportunites. However, securing operational adherence to this principle by politicians and - possibly even more critical - traditional pattern minded civil servants will require sustained effort. Both the 1966-67 Kenyan and - a fortiori - Uganda Budgets represent clear initial accpetance on the political level.

Neither the problem of centralizing key decisions and coordina-ting all decisions nor that of allowing decentralization of secondary decision taking and of decision fulfillment in general has been solved by either Kenya or Uganda. Both Plans - at least implicitly - aim at this approach to maintaining coherence and consistency while allowing flexibility and initiative in their outlining of implementation machinery. Ministerial planning units and district-provincial level coordinating bodies (with unofficial members or advisory committees) are called for but, especially in Uganda, far from fully operational.

Coordination with the private sector is seen as important but the mechanisms are not spelled out in much detail. The key need for making detailed data - up to the individual project feasibility study stage - on private sector opportunites available to individuals and firms is at least partly seen but creating the capacity for fulfilling it does not appear to be receiving adequate attention.

Planning control over capital budgets and influence on recurrent bedgets is still below that necessary for fully effective planning though much stronger than in the past. On paper, the Uganda ministry, does appear to have adequate powers. In practice the prestige of the relevant Minister, the ability of the planning body to handle this responsibility[21], and the general attitude to the Plan (presumably dependent on its success in meeting output targets) will decide the degree to which these powers vest in planning more than formal provisions.

Both Plans are flecibility oriented but likely to be hampered in adjusting annual programmes by lack of a clear prioritezation among projects. Kenya's rolling approach (recurrent overlapping plans) builds in flexibility as does Uganda's use of "peak" "trend", and "minimum" annual phasings and period totals for the government sector. Uganda's phasing - unlike Tanzania's postulated tripling of public investment in plan Year I which both made a 40% increase look a total failure and wrought havoc in subsequent scheduling - is cautious. The 1963-1965 investment boom is to be consolidated in 1966 and about 10% investment growth sought in each subsequent year. Kenya's goal of a 50% jump in 1966/67 has already been out back in the Development Estimates. The subsequent investment growth rates of about 3 - 8½ - 12½% (1966/67 - 1969/70) allow taking up the slack if, as seems to be the case, a priority of project postpnement from 1966/67 to 1967/68 exists.

V

Resource allocation and mobilization are explicitly treated in both Plans. (See Tables II,III - IV - V - VI) although personal income projections in both cases and GDP use in that of Uganda are left implicit. There are striking divergences in regional to domestic vs foreign resource balance, import projections (and policies), and incomes policies. Capital/output ratios (in both cases aggregated rather more than aggreative) and commercial vs basically self consumption rural labour force division are fairly similar.

After adjusting for time period and coverage - including direct labour and natural increase investment in agriculture - the overall K/O ratios are 3.8 for Kenya and 3.4 for Uganda (See Table II.) However, the basic difference lies in agriculture and livestock (even allowing for Uganda's larger "non-cash" component). Indeed the inclusive Kenya ratio of 3.9 (excluding "non-cash" investment in cash production it is 3.5) is surprisingly high and Uganda's 2.4 perfectly plausible for a small farm, non-mechanized commercial agricultural sector.

Employment growth outside agriculture (See Table VI) in Uganda is posited as slightly less rapid - and from a smaller base absolutely and relative to labour force - than in Kenya. Rural commercial labour force utilization is higher and seems likely to absorb a higher share of net additions over the Plan period in Uganda. In both countries about 20% of the net additional male labour force cannot be employed or self -employed outside basically subsistence agriculture and herding.
A signifigant difference exists in projected non-rural employee productivity growth projections - 2.1% a year for Kenya and 3.3% for Uganda. The sectoral detail suggests Kenya's estimates may be low - and employment projections too optimistic - but Uganda's on the high side with favourable implications for employment growth.

Foreign resource use is expected be much higher in Kenya:

(£'000,000	Kenya Foreign	Kenya National	Kenya Total	Uganda Foreign	Uganda National	Uganda Total
Government	61	11	72	50	30	80
Para-Statal	31	42	73	20	40	60
Private	75	105	180	15	75	90
Reinvested Earnings	(35)	-	-	(14)	-	-
Other	(40)	-	-	(1)	-	-

This is partly related to Uganda's more nationally owned private sector and to pessimism in regard to net private capital inflows - which appears a trifle extreme. It also flows from Uganda's more daring views on attainable tax and private savings increase rates - which need to take over 50% of incremental GDP. The Uganda goal may be unattainable - it has been worked out in full knowledge that it requires relative austerity.

Kenya's foreign resource goals - especially as to share in the government sector and absolute value in the private are extremely ambitious and may well prove impracticable.

Kenya mentions the need for wage and salary restraint (it almost posits a nill increase for the government sector in one passage) but holds back from an explicit policy. Uganda formulates a detailed breakdown of the 8.7% annual wages-salary bill increse consistent with non-inflationary plan fulfillment. About 60% is allotted to employment value, 15% to increments (skill and tenure), and slightly under 20% or 1.8% a year to wage - salary increases. These in turn are divided 0% on incomes of over £600 a year to 3.5% under £90 a year.

The policy is politically daring - but critical for internal price stability and economically realistic. The government knows its implications and intends to apply it. How the intent will hold up to trade union pressures or private sector salary scale increases (which must be prevented per Plan) is unclear.

Kenya's foreign balance projections (See Table VI) are-assuming the planned level of net resource inflow - consistent and inherently plausible with one exception. A £4.8 million investment income payment increase on £105 million private and Commercial rate loans and £60 million of government loans and grants, however, seems excessively optimistic. The impliciti interest - profit rate is only c 3½% overal even assuming £30 million in grants or non-interest bearing loans.

Uganda's calculations are less open to challenge on this point. £3 million on £60 million (allowing £20 million grants or no interest loans) yields an average interest rate of 5%. This is optimistic but conceivable given the very low private share envisaged.

Doubts on the Uganda balance projections must center on the posited 5.1% (vs 7.0% Kenya) annual growth rate of visible imports. The implicit allowed income elcsticity of imports/to
GDP is barely over 0.7. In fact, the issue is basically whether the goal of 0% increase in total consumer manufactured goods imports is attainable - even with the quantitative restrictions measures cited in the Plan and recently enacted on a standby basis. It implies very rapid import substitution in mass market consumer goods (and 25% in construction materials) to allow a shift in overall and consumption import makeup. This is consistant with manufacturing sector strategy. The difficulty is that the combined imported and domestically produced supply of consumer manufactures is to grow at 5.5 - 6% a year which is not signifigantly above the growth rate posited for monitary consumption.

VI.

Sectoral detail in the two Plans appears to be broadly consistent both with their strategies and sectoral goals and with plausible output requirments and project pricoritizations. A number of doubtful points exist but the overall coherence of the project selections is reassuring. In the case of the "indicative" private sector targets the main problem is in the formulation of specific policies - including data provision - to ensure their implementation.

The more compressed Uganda Plan poses some problems of interpretation which have led to certain unwarranted criticisms. For example its 3.2% growth rate for basic food crop output is quite independent of the "subsistence" growth rate - also 3.2%. It assumes a 2.6% self consumption growth and about a 5% "commercialized Food crop" growth rate. Set against a 7% annual increase in personal money incomes this yields an income elasticity of about 2/3 which appears quite plausible[2].

The major doubts in regard to Work for Progress must relate to group foarms-tractor hire, manpower, transportation, and the central coordination of rural development programmes. The first are highly capital intensiveand are plagued by very widely divergent cost/benefit calculations - none very favourable albeit some suggesting positive returns before 1971. Manpower demand and supply projections show a surplus by 1971 and especiaaly thereafter but a relatively slow rate of demand growth Transportation has a horrifyingly high K/O ratio (11.8 to Kenya's 7.4) even given a suspiciously high projected growth of value added. Internally a number of airport, tarmacing, and other highway projectis appear dubious. Rural development coordination among Agriculture - Animal Industry - Health - Education - Community Development appears inadequate. For example, nutrition education by Health is not backed up by a parallel production programme by Agriculture oriented to expanding production of the foods to be promoted.

Doubts in regard to the Kenyan Plan's internal makeup also include the overall coordination of rural development. The question in regard to concentrated agricultural investment is, however, not so much economic as social; the low density settlements, concentrated farm loans, and parallel outgrower and irrigation schemes appear economically viable. The growth of food processing projected at 13.6% yearly appears unrealistic unless extra - East African markets became very substantial. There are few imports for which to substitute and East African exports are as likely to contract as to grow. The manpower programme shows - unlike Uganda's - a sharp supply gap and it is less than clear whether educational expansion is optimally geared to filling it.

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NOTES AND REFERENCES

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1. Tanganyika Five Year Plan for Economic and Social Development (1964-69), Dar es Salaam, 1964.
2. See P.G. Clark, development planning in east africa, East African Publishing House (for EAISR), Nairobi, 1966-Chapters IV,V.
3. Development Plan, 1964-70, Nairobi, 1964.
4. Construction is an exception because its relative expansion in share of GDP is essential to a higher growth rate, howerver, distributed among other sectors.
5. Very few African states have service production signifigantly exceeding that of goods. The two cases with makeup parallel to that of Kenya in sub-Saharan Africa are Senegal and Congo-Brazza -in both cases the heritage of their roles as administrative centres for larger territorial areas and of their (still partly extant) entrepot-transit-commercial role for landlocked states. The weknesses of this structure have been painfully apparant both in Senegal and in Congo-Brazza in recent years.
6. Both are well below the Tanzania goals but these were admitedly optimistic and have proven, in practice, to be unattainable for physical as well as financial reasons.
7. This is not to deny substantial thinking of and some very schematic planning-staff projections of possible medium and long run growth paths. The Ministry's participation in the planning and participation of the 1966 Conference on Education, Employment, and Rural Development (University College Nairobi, Kericho) underlines its real awareness of and concern over these issues.
8. See Julius Nyerere, "Tanzania's Political Policies and Their Economic Effectis" reprinted in East Africa Journal, August 1966. While citing parallels is always hazardous the Chilean government headed by President Frei and the internal and much of the external policy of Tunisia's Neo-Destour government (cf. Habib Bourguiba "Destourian Socialism", EAJ, August 1966) are substantially parallel.
9. Sessional Paper No. 10, Nairobi, 1965.
10. Development Plan 1964-1970, Nairobi, 1966 most explicity in the Presidential Introduction and Ministerial Preface.
11. The term conservative is not intended to be perjorative. Partial parallels might include the present stance of the Fabian Bureau and the West German Social Democratic Party.

12. This is based on the revised GDP data used in Work for Progress, Entebbe, 1966.

13. Certainly some comprehension and concern exists-vide the two opening statements to the Plan and the rather inchoate references to the need for salary-wage restraint.

14. Resolution of the problems facing the East African Common Market and rapid advance in Economic Community of Eastern Africa creation could make the multi-territorial orientation of manufacturing a positive factor again-as it has been over the past decade.

15. The Plan ratio of 2.75 and growth rate of 6.2% do not take into account the projected decline in export prices which are relevant to computing real (effective) domestic product growth.

16. For a fuller discussion of the structures and problems of the East African economic community see R.H. Green, "Economic Union in East Africa: Principles, Prices, and Proceeds", Proceedings University of East Africa Social Science Research Council, EAISR, Makerere, 1966.

17. The degree to which these producers are commerically oriented is hotly debated. However, most recent research shows rational economic motivation including response to price-income opportunity changes.

18. In the case of coffee substantial additional quantities will be saleable only at very low prices or not at all if the Coffee Agreement survives because of the glut on non-quota markets. If it breaks down the entire crop will face radically lower world prices. In the case of cotton larger crops can be marketed at world prices but these are heavily influenced by the highly unpredictable US domestic cotton price support-international cotton sale procedure policy complex.

19. To "achieve" this target will require extremely stringent controls (direct or via construction or rent taxes). If there is "overfulfillment" here the danger is that it will result not from higher private savings but from their diversion to housing and away from investments given higher priority in Kenya's planning strategy.

20. This contention is advanced from an operational planning point of view. The author is in full agreement with the practicing planners that the present sophisticated academic models are not now feasible but would contend that more should be done than has been attempted to date.

21. In Tanzania some of the problems of Capital Budget formulation control appear to have arisen from the staffing difficulties of the relevant ministry over the past two years.

22. More detailed and more precise consistency testing and demand projection of this type requires substantial advances in the number, variety, and informativeness of budget studies available to planning bodies.

PLANNED EVOLUTION OF GDP KENYA AND UGANDA

A. MONETARY GDP COMPOSITION AND GROWTH

Sector	£'000,000 [1]					% of GDP					Growth Rates (%)		
	Kenya		Uganda			Kenya		Uganda			Kenya	Uganda	
	1964	1970	1966	1971	1981	1964	1970	1966	1971	1981	1964 - 70	1966 - 71	1971 - 81
Agriculture and Livestock [2,3]	46.5	63.1	82.3	105.2	180.4	21.8	19.8	41.6	37.6	30.1	5.2	5.0	5.5
Forestry, Fishing Hunting	1.8	4.6	3.2	4.3	7.8	0.9	1.5	1.6	1.5	1.3	17.2	6.0	6.1
Mining and Quarrying [4]	.8	1.2	5.6	7.7	12.5	0.4	0.4	2.8	2.8	2.5	8.2	6.6	6.9
Total Primary	(49.1)	(63.9)	(91.1)	(117.2)	(203.2)	(23.1)	(21.7)	(46.1)	(41.9)	(33.9)	(5.8)	(5.2)	(5.6)
Food Processing [3]	4.6	9.9	4.7	8.3	21.2	2.2	3.1	2.4	3.0	3.5	13.6	12.1	11.1
Other [3] Manufacturing	24.5	35.0	11.3	20.5	69.6	11.6	11.6	5.7	7.3	11.6	6.1	12.6	13.0
Total Manufacturing	(29.1)	(44.9)	(16.0)	(28.8)	(90.8)	(13.7)	(14.2)	(8.1)	(10.3)	(15.1)	(7.5)	(12.4)	(12.2)
Construction	4.4	12.0	5.5	9.4	25.8	2.1	3.8	2.8	3.4	4.3	18.3	11.3	10.7
Electricity	3.5	5.1	3.7	5.9	15.6	1.6	1.6	1.9	2.1	2.6	6.7	9.8	10.2
Total Secondary	(37.0)	(62.0)	(25.2)	(44.1)	(152.2	(17.4)	(19.6)	(12.8)	(15.8)	(22.0)	(9.0)	(11.8)	(11.6)
Commerce and Finance	38.6	55.4	39.0	54.6	117.0	18.1	17.5	19.7	19.5	19.5	6.2	7.0	7.9
Transport and Communication	26.3	39.5	6.9	10.3	24.0	12.4	12.5	3.5	3.7	4.0	7.0	8.5	8.8
Other Private Services [5]	18.3	28.2	13.9	21.4	50.6	8.6	8.9	7.0	7.6	8.4	7.5	9.0	9.0
Rents	9.5	11.7	5.6	8.0	17.4	4.5	3.7	2.8	2.9	2.9	3.5	7.4	8.1
General Government [5]	34.1	51.2	16.0	24.2	55.6	16.0	16.2	8.1	8.7	9.3	7.0	8.6	8.6
Total Tertiary	(126.8)	(186.0)	(81.4)	(118.5)	(264.6)	(58.7)	(41.1)	(41.1)	(42.4)	(44.1)	(6.6)	(7.8)	(8.4)
Total Monetary GDP	212.8	316.9	197.7	279.7	600.0	100.0	100.0	100.0	100.0	100.0	6.9	7.2	7.9
Total Goods [6]	82.5	125.8	112.6	155.4	319.8	38.8	39.7	57.4	55.6	53.6	7.3	6.8	7.8
Total Services	130.3	191.1	85.1	124.3	280.2	61.2	60.3	42.6	44.4	46.4	6.6	7.6	8.4

B. EVOLUTION OF TOTAL GDP PER CAPITA

(£'000,000)	Kenya 1964	1970	Uganda 1966	1971	1981
Monetary GDP	212.8	316.9	197.7	279.7	600.0
Per Capita (£) [7]	23.4	29.2	25.7	31.8	52.6
Self Consumption [8] GDP	68.5	83.1	63.1	73.8	101.0
Per Capita (£)	7.6	7.7	8.2	8.4	8.9
Total GDP	281.3	400.0	260.8	353.5	701.0
Per Capita (£)	31.0	36.9	33.9	40.2	60.0
(% Growth) [9]					
Monetary GDP	6.9		7.2	7.0	
Self Consumption GDP	3.3		3.2	3.2	
Total GDP	6.0		6.3	7.1	
Per Capita GDP	3.0		3.5	4.3	
% Monetary to Total GDP	75.6	79.2	75.8	79.1	85.6

Sources: Calculated and estimated from Kenya Development Plan 1966-70
Uganda Work For Progress 1966-1071

Notes:

1. In 1964 prices adjusted for anticipated agricultural export price falls. The declines estimated avarage 2% per year .

2. Kenya Plan Figures are adjusted to subtract the £5 million anticipated loss on export price decline. The same holds of the % growth rate. The Uganda figures are adjusted in the Plan GDP evolution tables.

3. To achieve comparability a series of reclassifications have been made for: tea processing, coffee curing, cotton ginning, sugar manufacture. The first three are included in agriculture and the last in food processing. The adjustments from Plan data are:

Kenya: 1. Cotton ginning (£.3 million 1964 and £1.7 million 1970) from manufacturing to agriculture.

Uganda: 1. Sugar manufacture from cotton ginning-coffee curing - sugar manufacture to food processing (£1.8 million 1966, £3.6 million 1971, £7.0 million 1981).

2. Cotton ginning and Coffee curing from c.g. - c.c. - s.m. to agriculture.

3. Tea processing from food processing to agriculture. (£1.1 million 1966, £2.0 million 1971, £5.0 million 1981.

4. Cotton ginning, coffee curing, sugar manufacture sector is eliminated by reclassification. Its values and growth rates were £8.3, 10.9. and 19.2 million (1966, 1971, 1981) and 5.6% (1966-71) and 5.8% (1971-81).

Available data as much as logic govern the particular shifts. On the other hand there is a clear break in scale and technical complexity and in domestic vs world market orientation of the end product.

4. Uganda apparantly assumes 1971 and 1981 copper prices parallel to 1964. 1966 earnings will in fact be on the order of £1.6 million higher than the Plan's 1964 price figure. Copper smelting (about £1.3 million in 1966) is included in manufacturing.

5. The Uganda Plan other services sector includes health and education. The plan figures are £20.4, 9.2, 31.8,76.2, 9.1, million (1966, 1971, 1981) and the growth rates % and %. The estimated share of health and education has been transferred to general government for comparability.

6. Construction included in goods, electricity in services.

7. Kenya's population growth per plan is ca 3.0. In the case of Uganda, the calculated GDP per capita figures (p.13) are on the basis of 7.7 - 8.8 - 11.4 million for 1966, 1971, 1981 giving implicit rates of 2.7% and 2.6% population growth. Elsewhere 1966 population is given at 7.5 million. Official population growth estimates are 2.5% - 2.6% - 2.7% for 1966-71, 1971-76, 1976-81. The Plan GDP per capita figures for population have been used here.

8. Self consumption GDP is not a separate sector. Basically it represents food consumption of own produce by rural households the vast majority of whom have cash incomes ranging from marginal to substantial. Three limitations in estimation limit the value of these figures:
   a) Own labour investment in housing, land improvement, tree crops is systematically excluded. In the latter two cases this means substantial investment directed to monetary sector production escapes the accounts.
   b) The scale of rural sales of produce within small areas appears likely to be underestimated and is estimated differently in Uganda (higher % estimate) from Kenya.
   c) The cash input into "traditional" rural housing and the rural sales of certain products e.g. beer are almost certainly underestimated in both countries.
9. The Kenya Plan figure given is 3.2 but this appears to be a rounding error. The Uganda Plan summary per captia table (p.13) is known to contain computational errors.

TABLE II -

Sectorial Investment Targets

('000,000)

Sector [2]	Kenya 1965-1970 [1] Invest-ment	Kenya Added Autput	Kenya K/O	Uganda (1966-1971) Invest-ment	Uganda Added Output	Uganda K/O
Agriculture-Livestock	57.1	16.4	3.5	25.9	22.9	1.1
(Agriculture-Livestock)[3]	(67.1)	(16.4)	(3.9)	(54.9	(22.9)	2.4)
Forestry-Fishing-Hunting	8.5	2.7	3.1	1.0	1.1	0.9
(Forestry-Fishing Hunting)	(8.5)	(2.7)	(3.1)	(1.8)	(1.1)	(1.6)
Mining-Quarrying	1.3	.3	4.3	3.0	2.1	1.4
Manufacturing	59.7	13.2	4.5	40.1	12.8	3.1
Electricity	27.7	1.5	18.5	23.0	2.2	10.4
Construction	-	7.0	-	8.0	3.9	2.1
Commerce[4]	10.0	15.4	0.6	14.0	15.6	0.9
Transport/Communication[5]	73.3	9.9	7.4	40.0	3.4	11.8
Government/Misc.Services	55.1	22.9	2.4	50.0	15.7	3.2
Rent[6]	17.2	1.4	12.3	25.0	2.4	10.4
Total (Fixed)	310.0	90.7	3.4	230.0	82	2.8
Total Excluding First Two Sectors	244.4	71.6	3.4	203.1	58.	3.5
(Total) [3]	(320.0)	(90.7)	(3.5)	(259.8)	(82)	(3.2)
Inventories	25.0	-	-	16.4	-	-
Grand Total	335.0	90.7	3.7	246.4	82	3.0
(Grand Total)[3]	(345.0)	(90.7)	(3.8)	(276.2)	(82)	(3.4)

Sources: See Table I.

Notes:

1. 1965/66 - 1969/70 Investment Targets. 1970 GDP goals compared to 1965 GDP (except 1964 Agriculture, Forestry to reduce "non-trend" impact). No sectoral breakdown of 1964/65 investment of £37 million is available, necessitating this ad hoc procedure.

2. Sectoral investment and GDP pattern adjusted for comparability as in Table I.

   Uganda - £6 million sugar factory investment to manufacturing, £2 million coffee curing and cotton ginning and £2.9 million tea processing to agriculture.

   Kenya - £2 million cotton ginning to agriculture.

3. Adjusted for direct labour investment (perennial crops, land improvement), natural increase (livestock, perennial crops), small farmer cash investment (labour, working capital, hand implements). Kenya £10.0 million Uganda £29 million, Agriculture and Livestock. Kenya £.0 million, Uganda £.8 million Forestry, Fishing huntin.

4. Kenya figure is that of private non-residential buildings not otherwise allocated by sector.

5. 40% private cares (£10 million) included for Kenya. Approximately parallel to results of Uganda allocation by use formula. Plan includes whole £25 million as separate category.

6. Misleading. Substantial housing expenditure classified elsewhere - especially in Government.

TABLE III - Allocation of GDP

(£'000,000)

	Kenya 1964	%	Kenya 1970	%	Uganda 1966	%	Uganda 1971	%
Monetary GDP [1]	213.0	100.0	317.0	100.0	197.7	100.0	179.7	100.0
Foreign Investment Income (Net)	12.5	5.4	19.5	6.2	5.1	2.6	8.1	2.9
Net Private Transfer Abroad [2]	3.0	1.4	1.0	0.5	1.8	.9	.9	.3
Available National Product	97.5	93.2	196.5	93.3	190.8	96.5	270.8	96.8
National Savings [3]	37.0	17.4	60.5	19.1	26.1	13.2	47.1	16.5
Recurrent Government	47.0	22.1	71.0	22.4	43.0	21.8	63.0	22.5
Private Monetary Consumption	113.5	54.7	165.0	51.8	121.7	61.5	160.7	57.8
Available Monetary National Product	197.5	74.2	296.5	78.2	190.8	75.1	270.8	78.6
Self Consumption	68.5	25.8	83.0	21.8	63.1	24.9	73.8	21.4
Total National Product Available	266.0	100.0	379.5	100.0	253.9	100.0	344.6	100.0
Total Private Consumption	182.0	68.4	248.0	65.4	184.8	72.8	234.5	68.1
Per Capita Private Consumption	£20.0		£22.8		£24.0		£26.6	

Sources: See Table I. Adjustments have been made from Kenya and (implicit) Uganda figures to account for export price fall projection (Kenya £5.0 million 1966 £2.4 million, 1971 £4.1 million).

Notes:

1. At factor cost. Kenya Plan data are at market prices. Assumes indirect taxes Fall wholly on private consumption.

2. Kenya Plan GDP use data in effect lump net private transfers abroad into monetary consumption. The 1970 figure is the author's estimate.

3. These are understated (especially in Uganda) for two reasons:

   a) Small scale cash investments (including net increase in working capital) by small farmers is underestimated;

   b) Direct labour and natural increase (livestock) investment are not included in GDP.

   The probable Uganda levels are a) £.5 million and £2.6 million; b) £3.5 million and £6.1 million.

   For Kenya the figures are probably substantially lower given the different structure of the agricultural sector but the 1964 total is probably at least £2.0 million and the 1970 requirement (For Plan fulfillment) £4-5 million.

   The ommission (understatement) of a) and b) is critical because it masks the need for policies specifically designed to ensure farmers do undertake this investments.

   An offsetting item in the Kenya case is the inclusion of all passenger cars in investment. This amounts to £5 million odd in 1970. Uganda includes perhaps 40% based on estimated end use. To be comparable the Kenya figure would be £3 million lower.

TABLE IV - Personal Income Projections [1]

A. Kenya [1]

Category	Income (£000,000 1964	1970	Annual Rate of Growth
Salaries	50	107.5	13.6%
Wages	65	107.5	8.7%
Farm Operating Surplus	35	47	5.0%
Self Employed/Property	40	62	7.5%
Total Individual Incomes	190	324	9.3%

1964-70	Additional (Market Price) Private Consumption [2] consistent with Plan	50.0
	Added Indirect Taxes Per Plan	10.0
	Total	60.0
	Additional Personal savings/taxes needed to avoid inflationary gap [3]	74.0
	Total Savings - Taxes Share	(63%)

Sources: Estimated from various Kenya Plan Data. For more detailed calculations and procedures see R.H. Green, "Wage Levels, Employment, Productivity, and Consumption - Some Issues in Social Policy and Development Strategy" University College Nairobi Conference on Education-Employment - Rural Development, Kericho, September 1966, Table I.

Notes:
1. Assumes moderately tougher government wages-salaries policy, plan employment and agricultural income target fulfillment.
2. Includes net private Transfers abroad. Adjusted downward from plan figure which includes estimated £5 million loss on projected export price decline.
3. Plan projections for total additions to savings and public recurrent expenditure are £47.5 million on which at least £2-3 million is domestic corporate savings and £10 million is covered by indirect tax total leaving £35 million. A very substantial inflationary gap seems probable unless wage and a fortiori salary restraint is imposed.

B. Uganda [1]

Category	Income (£'000,000) 1966	1971	Annual Rate of Growth	Additional Consumption[2]	Savings[2]	Taxes[2]
Salaries	19	30	9.6%	3.3	2.5	5.2
Wages	36	53	8.3%	11.8	1.7[4]	3.5
African Agricultural Operating	72	90[3]	4.6%	13.0	2.4	3.6
Other	51	79	9.2%	8.4	8.4	11.2
Total Individual Incomes[5]	178	252	7.2%	36.5	15.0	23.5

Sources: See A - R.H. Green, ibid, Table 3.

Notes:

1. Assumes success of Incomes policy and plan Employment, Sectoral GDP goals.
2. Consistent with Plan GDP Allocation assuming non-tax revenue and corporate taxes grow £4.5 million and para statal and domestic corporate saving, £4.2 million.
3. Assumes elimination of marketing board deficits (as per plan).
4. Assumes net social security fund savings £.7 - 1.0 million.
5. No inflationary gap appears inevitable but the required rate of incremental taxes plus savings to incremental GDP at 52% is extremely high.

TABLE V

A. Kenya: Employment Growth (Per Plan)

Sector	Employment (000) 1964	Employment (000) 1970	Annual % Growth Rates: Employment	Output	Preductivity
Mining and Quarrying	2.5	3	5.0	8.2	3.1
Manufacturing	61	80	5.0	8.0	2.9
Construction	30	61	12.7	18.3	5.0
Transport/Communication	46	52	2.0	7.0	4.9
Electricity	2.5	3	3.3	6.7	3.3
Commerce	57.5	73	4.2	6.2	1.9
Government	124.5	167	5.0	7.0	1.9
Miscellaneous Services	39.5	57	6.2	7.5	1.2
Domestic Services	18.5	20	1.0	n.a	n.a
Total Non-Agricultural	381	516	5.2	7.4	2.1
Agriculture/Rural					
Employed - Large Farms	193.5	190.0	-0.3	(1.5)[2,8,9]	(1.8)
Employed - Small Farms	14.5	59.0	26.2		
Settlement Farms	43.5	100	(7.6)	(7.5)[2,8,9]	(-1.4)[3]
Other[6,7]	16	50			
Total[4]	268	400.5	6.9	5.1[8]	1.7[3]
Total Employment	649	916.5	5.9	6.8[8]	0.8[3]
Non-Rural Recorded					
Self Employed[7]	53.5	68.0	4.0	(5.0)[9]	(1.0)[8]
Market Oriented[7,9]	11.0	21.0	(11)	(20)[2]	(8.1)
Fishermen					
Small Farm[7,9]	50.0	100.0	(12)	n.a.	n.a
Wage Earners					
Total Outside Basically Self Consumption Agriculture[7,8]	763.5	1105.5	6.3	5.8	0.5[3]
Self Consumption Agriculture	1436.5	2694.5	1.7	3.2[10]	1.4[10]

NOTES:

1. Somewhat surprising value. Construction and Communications high, others low.
2. Estimates from plan detailed targets.
3. Misleading. Agricultural production structure change causes apparent negative rural and exceedingly low national rate.
4. Includes forestry and fishing. (0.5 - 1.5)
5. Includes settlement and small commercial farm employees.
6. African Farms with basic market orientation (Uganda figures do not separate out this type of farmer).
7. Not available for Uganda.
8. Allowing for estimated fall in agricultural export prices as per plan. At 1964 agricultural export prices 6.2 (Rural) and 7.1 (Total).
9. Rough estimates.
10. Possibly misleading. Primarily market oriented farmers produce their own basic foodstuffs. A lower share of "self consumption" output will, therefore, be produced by "basically self consumption farmers" in 1970 than 1964. Market oriented Fishermen 9-10,000 1966 and 10-12,500 1971.

B. Uganda: Employment Growth (Per Plan)

Sectore	Employment (000) 1966	1971	Annual % Growth Rates Employment	Output	Productivity
Mining and Quarrying	7	8	2.7	6.6	3.7
Manufacturing	47	64	6.4	10.1	4.5[1]
Construction	30	42	7.0	11.3	4.1[1]
Transport/Communication	10	13	5.4	8.5	2.9
Electricity	2	2	-	9.8	3.04
Commerce	23	28	4.0	7.0	2.9
Miscellaneous Service	42	52	4.4	7.5	3.0
Domestic Service	21	23	1.9	-	-
Government (Admin.)	46	56	4.0	7.8	3.6[1]
Unallocated Increase	-	2	-	-	-
Total Non-Agricultural	228	290	4.9	8.4	3.3[1]
Agriculture					
Employed[5]	57	83	7.9)	15.8 2)	3.6[2,1]
Out-grower[6]	-	15	-)	)	
Total	57	98	11.6	5.1[3]	-6.3[3]
Total Employment	285	388	6.3	7.2	0 8[3]

Notes:

1. Extraordinarily high given skill levels and acquisition rates and projected c/o ratios. Administration is based on changed job force make-up.
2. Growth rate of sugar, tea, fibres, cocoa, rubber.
   Chief employment-outgrower crops.

3. Misleading. See Note 2. Sectors envolved in imployment are to grow much more rapidly than self Employed Monetary.
4. Employment figures appear static because of rounding.
5. Plan 1971 figure 80,000. The 23,000 increase is aggregated from new projects with no allowance for expansion by existing employers on existing units.
6. Levels consistently understated. There are already a limited number of private outgrower schemes.

Table VI - Initial and Terminal Balance of Payments

(£'000,000)

	Kenya			Uganda [1]		
	1964	1970	Annual Growth Rate %	1966	1971	Annual Growth Rate %
Current Account						
Merchandise Exports [2]	78.0	98.0	3.9	72.2	89.2	4.4
Invisible Exports	39.7	50.7	4.1	6.0	9.9[5]	10.5
Merchandise Imports[3]	-87.4	-131.0	7.0	-71.7	-91.8	5.1
Invisible Imports	-19.9	-26.2	4.7	-10.7	-14.5[5]	(6.3)
Trade Balance	+10.5	- 8.5	(Neg.)	- 4.2	- 7.2	(11.4)
Transfers Receipts	24.1) -11.5)	1.5	- -	3.8 -6.4	5.5 -4.2	7.8 -8.7
Investment Income[4] Receipt	4.7	2.5	-	1.0	1.0[5]	-
Payments	-17.2	-22.0	(4.2)	-6.1	-9.1[5]	(11.7)
Coverage[1]	-	-	-	-1.0	-3.0	-
Balance	10.6	-26.5	(Neg.)	-12.9	-17.0	(5.7)
Capital Account[4]	6)	7)	8)			8)
Private (Net)	- 6.4	6.5	(Pos.)	1.8	- 3.8	(17.0
Public (Net)	- 1.9	15.0	(Pos.)	7.0	13.2	13.6
Balance	- 8.3	26.5	(Pos.)	8.8	17.0	14.0
Basic Balance of Payments	2.3	-	-	-4.1	-	-
Errors/Ommissions	-5.6	-	-	-	-	-
Reserves	3.2[7]	-	-	4.1[7]	-	-

7. Only the balance figures are firmly estimated in the Plan. The components are estimated from Plan "range" discussions.

8. While the Uganda and Kenya projections are made on a trend basis in regard to Current Account this does not hold for Capital Account. Both call for ending drawings on reserves by 1967 at the latest which implies a rapid early increse followed by a slower growth in later years for capital inflows. (See, e.g., p. 123 Kenya <u>Plan</u>).

Sources: See Table I.

Notes:

1. Uganda's 1966 General Goverage Adjustment of £5 million (per Plan) has been partially redistributed to: Merchandise Imports £2 million, Invisible Imports £0.5 million. Most of this, £4 million represents unrecorded purchases in and remittances to neighbouring states (dominantly but by no means solely Kenya).

2. Adjusted in Plans for projected ca 2% a year average agricultural export price decline.

3. Indices by Import Class:
   Kenya (1964 = 100) 1970
   Consumer Goods - 124
   Producer Goods - 156
   Capital Goods - 201
   Uganda (1966 = 100) 1971

Food	30
Consumer Manufactures	100
Raw Materials	170
Fuel	150
Construction Materials	140
Capital Goods	175

4. Reinvested Foreign Capital earnings are listed as a debit under investment income and a credit under net private investment from abroad. In the case of Uganda they exceed total net private foreign investment for 1966 and total in excess of 90% of the £15 million projected for 1966 -71. In the case of Kenya they total slightly under 50% of the estimated £75 million net projected for 1964-70.

5. Investment income is lumped with invisibles in the Uganda Plan presentation but has here been separated for analytical and comparability reasons.