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A Functional Review Sequence for Rural Development Programmes:  
A Procedure for Recurrent Resource Management

By

Deryke Belshaw and Robert Chambers

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## A B S T R A C T

A FUNCTIONAL REVIEW SEQUENCE FOR RURAL DEVELOPMENT PROGRAMMES: A PROCEDURE FOR RECURRENT RESOURCE MANAGEMENT.

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This paper is concerned with some central information aspects of a general management system which is being developed for rural sector planning. Eleven alternative sequences of periodical reviews of field experience with the implementation of rural development plans are appraised in the light of five considerations.

- (i) improving the flow of information for the annual estimates procedure,
- (ii) improved information for the annual programming of rural development operations,
- (iii) the timing and function of official annual reports,
- (iv) the dissemination of information about rural development plan content and progress to a wider audience,
- (v) desirable upper and lower limits to the interval between successive reviews.

The choice is narrowed to four alternative sequences with functional, as opposed to conventional, timings. Of these, a triannual review sequence is finally recommended, consisting of a programming review in May, an evaluation review in August and an end-of-calendar-year review in December. After the suggested content of each review has been outlined, a possible timetable is given for the trial introduction of the sequence into Special Rural Development Programme areas in Kenya, with a view to testing its replicability in a wider system of rural area-based plans.

The review sequence is discussed in the wider context of the management of recurrent resources in the public sector, which is felt to be a relatively neglected area. One major implication of the review sequence is the possibility of constructing annual operating plans for 'developmental' public agencies which fully integrate ex-post evaluation, the financial estimates and the programmed deployment of recurrent as well as capital resources. Finally, the paper questions the appropriateness of project appraisal methodology for the economic assessment of operational programmes which are predominantly comprised of recurrent resources.

A Functional Review Sequence for Rural Development Programmes:

A Procedure for Recurrent Resource Management

The Allocation and Productivity of Public  
Recurrent Resources: A Neglected Topic.

There has been an observable tendency in the past for economic planners and planning to concentrate on two types of activity:

- (i) policy planning - both macro and sectoral
- (ii) project planning.

Both of these are justifiable and potentially valuable and the comments which follow are not intended to suggest otherwise. It is worth noting, however, that there is a bias, at least in East African planning, towards planning for the use of additional resources as opposed to those which are already committed. This may partly be explained by the government - donor relationship. Donors require identifiable projects to which they can subscribe and are reluctant to support recurrent costs. The work of planners and indeed the content of policy planning tend to focus on project identification and preparation, the integration of projects into the national plan framework, and the provision of data to support applications for aid. While we do not want to exaggerate this tendency, the point is worth making that a third potential activity related to planning - the allocation of recurrent resources - has usually been relatively neglected. To be sure, macro- and sectoral policy planning usually indicate broad allocations of resources between sectors and thus between areas of concern of different ministries and departments. The opportunity for reviewing and changing these broad allocations usually occurs only during the preparation of the five year plan. Although recurrent resources will be reallocated to specific programmes more frequently, the total allocation - consisting primarily of salaries and operating costs for staff and the staff themselves - which is available to any one Ministry will not vary radically from year to year. Rather, <sup>the</sup> allocations for recurrent resources have a well-known steady upward trend. The situation commonly arises in which planners and administrators concentrate on relatively exciting and attractive development projects - budgeted under the development estimates<sup>1</sup> - while much less

<sup>1</sup> The development estimates usually comprise not only the strict capital investment component but also the so-called developmental recurrent expenditures incurred in running the project. In project analysis procedures both types of outlays would be appraised together in both the financial and economic analyses.

attention is paid to the effectiveness of the use of very considerable national resources in both manpower and finance which are almost automatically committed each year under the recurrent estimates. In Kenya, the development budget is sufficiently large in relation to recurrent expenditure for the usual iceberg analogy - the visible tip representing development projects and commitments, with the much larger recurrent commitments hidden below - to represent an exaggeration. But an analysis of the recurrent and development estimates for 1971/72 (see the Appendix Table) <sup>shows</sup> that some two thirds of proposed public sector expenditure is approved under the recurrent estimates. Even in those activities where the weight of the development expenditures are deployed - in the creation of production infrastructure and in direct investment in the major productive sectors - recurrent expenditures are still expected to provide 37% and 44% of total expenditures respectively in these areas.<sup>1</sup> More strikingly, the recurrent share in the Ministry of Agriculture's total budget - the third largest Ministry in Kenya in terms of total spending - is 17% greater than the development estimates share. The pattern in other African countries, which are generally unable to match Kenya's level of capital aid, is likely to be even more marked. With such heavy allocations of national resources, both in terms of finance and of scarce high-level manpower, committed regardless of any choices open to the planning system as it currently operates, the management of recurrent resources in the public sector appears an aspect of development which deserves greater attention.

Such attention is implied by the philosophy and thinking underlying the current Special Rural Development Programme (SRDP) in Kenya,<sup>2</sup> in particular its aim of working through and sharpening the existing machinery of government. To be sure there are parts of the SRDP <sup>with an</sup> identifiable component <sup>in the project sense</sup> for example the hybrid maize credit programme in Vihiga, the cotton programme in Mbere, the self-help roads programme in Migori, and the livestock marketing programme in Kapenguria. But these are not projects in the sense that a new tarmac road, a sugar factory or an

<sup>1</sup> To the extent that delays in foreign aid negotiations or inability to spend due to delays in implementation arise, the recurrent share of total actual expenditure will tend to be greater than the estimated share.

<sup>2</sup> For accounts of the introduction, initial planning activity and implementation experience to the end of 1971 see J.R.Nellis, "The Special Rural Development Programme, September 1966 - July 1970", IDS/SRDP Research and Evaluation Unit, July 1970; R.J.H.Chambers, "The Evaluation of the First phase Planning Process and an Outline of an Approach for future Area-based Planning", IDS/SRDP Research and Evaluation Unit, December 1970; J.R.Nellis, "The Administration of Rural Development In Kenya: Plan Formulation and Implementation in the S.R.D.P.", *E.Africa Journal*, March 1972.

irrigation scheme are projects because a critical component in all of them is the field staff who are already in post in the relevant areas together with other recurrent expenditure commitments to keep the field staff operational. This leads to questions of optimal utilisation of such committed resources, including choices between alternative uses and the management of their operations.

It was in this context that a system for programming, reporting and operational control for SRDP was introduced in the third quarter of 1971.<sup>1</sup> A three part management control system was devised, comprising:

- (i) a procedure for planning and phasing implementation
- (ii) a monthly meeting
- (iii) a monthly report

The system is operated by the Area Coordinator (AC), an administrative officer with exclusively developmental and SRDP duties, and has been adopted and made to work in four of the five SRDP areas which have programmes which are being implemented. Implementation is planned and phased by the local-level staff concerned, typically including several departments, and the agreed action and timings are recorded on charts. Progress is reported at monthly meetings held at the initiative of the Area Coordinator, who then writes and distributes a monthly report which indicates progress and problems, specifying activities which are on or behind time, and showing who should take action. The programmes which have been phased have included the main innovative programmes in the four areas, but have also included some - such as the dairy cattle programme in Vihiga - which were already in hand on a non-SRDP basis; and in Mbere all major programmes - a total of 23 - have been planned in this way. The system has worked at least as well as <sup>and</sup> (somewhat better than) expected and appears replicable. Minor points concerning presentation have been ironed out. The major persisting weakness is the time taken in producing and distributing the report, but this should be relatively easy to overcome. A thorough field evaluation of the system is planned while it is still at an experimental stage and easy to modify, and before the programming of activities for the next financial year.

This evaluation should also assess the usefulness of the system for the District Development Officers or District Planning Officers proposed

<sup>1</sup>For a full description of the system as originally introduced, see Deryke Belshaw and Robert Chambers "Programming, Operational Control and Evaluation for Rural Development Plans", mimeo, Institute for Development Studies, University of Nairobi, Staff Paper No.111, 1971.

by the Ndegwa Commission,<sup>1</sup> and its value for the programming, implementation and operational control of comprehensive area development plans - whether for Districts, river-basins or other areas.

The Case for A Functional Review Sequence:

The monthly report has a place in a system for recurrent resource management. It was, however, designed as a tool for operational control rather than to provide the feedback required to assess the impact of the plan and for planners to redesign the next annual plan on a better - informed basis. From the beginning it had been suggested that the monthly report should be complemented and supplemented by a more periodical review which might have the following additional functions, or some combination of them:

- (i) providing information on progress and problems for officers who are interested but who do not receive or do not read the monthly reports
- (ii) providing an occasion for the area coordinator to make a more reflective assessment of the progress and problems of individual programmes and to summarise the lessons learnt
- (iii) summarising new, relevant information provided by research, whether conducted by government, university or external agency
- (iv) appraising the general strategy of the area plan in the light of information available and experience gained
- (v) assessing opportunities for future programmes and presenting proposals and justifications
- (vi) providing an occasion and a vehicle for presentation of information or proposals which are required by the annual cycle of the government recurrent resource management system.

The sequence of periodical reviews required to meet some or all of these objectives would not be concerned with short-term remedial action which would remain a function of the monthly report. There would thus be a monthly report as usual in the month in which a periodical review was produced.

Considerations for Timing and Content of Reviews.

Five important questions bear upon the content and timing of any set of periodical reviews:

<sup>1</sup> Report of the Commission of Inquiry (Public Service Structure and Remuneration Commission) 1970-71, Government Printer, Nairobi, May 1971, Chapter 12, passim.

- (i) the annual budgeting sequence: If the review procedure were to feed into this, there would be a case for making one of the reviews more detailed in its treatment of past programme performance (physical, financial and economic) and the form in which such proposals should be worked up and presented would have to be devised. The timing of this review would need to mesh in with the preparation of draft estimates by ministries.<sup>1</sup>
- (ii) the annual programming exercise: If this is to take place by the beginning of the financial year i.e. by June or July of each year, there will be a case for an earlier review, say in April or May, which would concentrate on an evaluation of executive capacity over the past twelve months, assessing achievements against targets. This would assist in improving the accuracy of future programming and targeting.
- (iii) the annual report: The present annual reporting system is very time-consuming, particularly in the Ministry of Agriculture, and appears of rather limited use, coinciding with the calendar and not the financial year and having something of the character of a (largely unused) public relations handout. However, unless the system is changed to the financial year, (as for instance it has been by the National Irrigation Board) a demand for SRDP annual reviews at the end of the calendar year can be anticipated, if only to provide information for District Annual Reports compiled by District Commissioners (DCs). Such annual reviews would be required in January, to cover the preceding twelve months.
- (iv) distribution: Who a review is for influences its content; and its content in turn affects the range of people to whom it is distributed. For the purpose of this paper a fairly open system is assumed in which the contents of any review, while internal to government, would not include observations which would substantially limit distribution. Thus it is assumed that all government staff in all departments would in principle have access to reviews, and that they might be distributed to others,

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<sup>1</sup> It is well recognised that the operational control system, largely generating information about the performance of the public sector itself, should not provide the sole basis for the evaluation of the plan strategy and its components. Surveys and research required to analyse the impact of public sector activities on the rural economy and society should have been set in train so as to feed in to the evaluation procedure at this crucial point in the annual planning cycle (Belshaw and Chambers, op.cit., pp.11-14 and App. J).



such as donor representatives, who were working on the programme. However, if an annual calendar year report is required, this could be written with much wider circulation in mind. fulfilling an information and public relations function for the wider public and other interested parties.

(v) Optimal intervals between reviews: These should be assessed in the light of:

- a) the workload on the Area Coordinator,
- b) the need to keep senior staff informed,
- c) the desirable frequency of reflective appraisal by the Area Coordinator, and
- d) in particular, specialisation of functions of the reviews undertaken at different times of the annual planning/estimating/implementing cycle.

There seems no necessary reason to be tied to conventional ideas about reporting intervals. If the review procedure is regarded from the point of view of its functions and usefulness, there is no compelling a priori reason why the intervals should be regular or why they should conform to conventional beginnings and ends of years. Starting from this point of view, there is a wide range of possibilities. A list of some of the options follows. It is by no means exhaustive but it does illustrate some of the more likely choices.

Table 1: Alternative Intervals and Content for Periodic Reviews

A = annual report    Q = quarterly review    T = triannual review  
 B = biannual review    P = including annual evaluation of performance to assist future programming  
 E = including proposals to fit into next year's estimating procedures at draft revised estimates stage.

Alternative Systems	Month												Comment
	J	F	M	A	M	J	J	A	S	O	N	D	
1.			Q			Q			Q			Q	Conventional, no annual
2.			Q			Q			Q			(A+Q)	Conventional plus annual
3.			Q			(A+Q)			Q			Q	Conventional annual at end of financial year.
4.				T				T				(A+T)	} Some reduction in report writing work
5.		T				(A+T)				T			
6.						(P+B)						(A+B)	Major reduction in report writing but long intervals
7.			Q			(P+Q)			Q			(A+Q)	Marriage of 1 & 6, conventional timing.

Alternative Systems													Comment	
	J	F	M	A	M	J	J	A	S	O	N	D		
8.		Q			(P+Q)			(E+Q)			(A+Q)			As 7, but functional timing
9.		Q			(P+Q)			(A+E+Q)				Q		As 8, but annual report for financial year
10.					(P+T)			(E+T)					(A+T)	Marriage of 4 and 8: functional timing plus conventional for annual report.
11.					(P+T)			(A+E+T)					T	As 10, but annual report for financial year.

- Notes: 1. Reviews would cover the periods up to the end of the months in which they are entered.  
 2. Brackets indicate that one review would cover the various functions indicated inside the brackets.

Narrowing the Choice:

It is assumed that two-monthly would be too short an interval between reviews, and that annually is too long. The main alternatives, for all of which this framework would be appropriate, are therefore as above, namely quarterly, tri-annual, or bi-annual. However, a bi-annual interval would mean that the Area Coordinator had a lot of information in the six monthly reports to synthesize, whilst the gap during which senior officers would not be informed on overall progress appears rather excessive. Either a tri-annual or quarterly interval seems preferable.

The ideal system, it is suggested, would adopt a timing enabling the periodical reviews to be combined with the main annual decision-making procedures at higher levels. These are at present (a) the compilation of revised and forecast estimates commencing at the end of August and beginning of September, (b) the implementation timetable for field programmes at the beginning of the financial year (preferably completed in June) and (c) the production of a more descriptive annual report for wider circulation. The latter would conventionally cover the calendar year ending on 31st December although a report covering the financial year ending on June 30th would be rather more informative, since public financial performance could then be set alongside physical and economic performance. Of course, the quarterly

or tri-annual reviews could be produced quite separately from these two or three annual exercises. However, since the Area Coordinators are already writing twelve monthly reports in the year, it is thought desirable that the total number of reports and reviews should be kept small. The review sequences which more or less fulfil these criteria are Nos. 8 - 11 inclusive, i.e. those with functional rather than conventional timings. If the annual report refers to the calendar year, system 10, with tri-annual reviewing, gives the best fit. If the annual report refers to the financial year systems 9 and 11 are both suitable. In these two systems, the annual report (A) would refer to the 12 months ending on 30th June but would not be written until the actual expenditure figures for that financial year were available, probably by mid-August. An assessment of the previous financial year's performance would then be incorporated in the annual estimates review. In system 11, the December report could if necessary present information required for the District Commissioner's calendar year annual report, or it could simply be a tri-annual (i.e. four month) review. The tri-annual review with four month intervals is, we feel, marginally superior to the quarterly system both because it reduces the number of reviews by one and because the timing is suitable for both the annual report periods, financial or calendar year.

The Format and Content of Functional Reviews by Area Coordinators

In the light of the considerations given above, and the form of the monthly report, the following standard content is suggested, with differences of emphasis for the different reviews throughout the year:

<u>Content</u>	<u>Notes</u>
A. <u>Summary and Overview ('Highlights')</u> A brief, two or three paragraph, statement which can repeat points made elsewhere in the report. To be written last, but entered first.	For the busy reader, and also to point out to all readers the main points they can expect in the text.
B. <u>Review of Programme Implementation</u> For each programme a statement of objectives, targets for the period under review, and progress to date. An assessment of the implementation problems encountered. Lessons learned. Direct, easily measured effects of the programme. Prospects for the next period. Recommendations for improved implementation procedures.	Should avoid superficiality but rather probe in its analysis. Not verbose, but taking enough space to be reflective and raise questions or recommendations.

Content

Notes

C. Research and Reports

A listing of research and other findings and reports, and a summary of their main contents. State- ment how originals can be obtained. Research and investigations in progress and likely reporting dates. Research priorities and requests for additional research, with justification.

This section has been transferred from the monthly report as originally designed. Should contain information likely to be useful for future planning. AC can also make his own assessment of usefulness. Should include summary of relevant agricultural research.

D. Strategy and Performance

In the light of B and C, an interim evaluation of the strategy of the area plan. Comments on, for instance, coordination and interdependencies between programmes, income and employment effects, income distribution and other aspects of welfare (if known). A critical appraisal, which leads to

Material from ad hoc or periodic surveys or evaluation studies should be made as full use of here as possible, especially when providing the justification for the next set of annual estimates.

E. Policy and Programme Proposals

- a) proposals for the development or modification of existing programmes
- b) proposals for new programmes, including justifications (Annual programming charts, estimates, benefits, etc.)

In its full form this would be a revised draft Annual Plan at the time for feeding in to next year's estimates. But each review could contain new proposals.

Appendices:

- A. Expenditure to date, compared with estimates
- B. Staff movements

In a standard tabular form.

Modifications for the Annual Review Functions:

The basic structure set out in the previous section could be followed in each review activity; this would assist Area Coordinators to achieve early mastery over the writing of such reports by repeated exposure to the same format. The requirements of the three annual review functions -

programming, estimating-cum-replanning and an ex-post annual report - can be met by a simple change of emphasis within the same basic structure. Thus, (i) in the annual programming exercise, section B, Review of Programme Implementation, would be expanded to an annual review based on the preceding periodical reviews and incorporating the points for the previous 3 or 4 month period. The recommendations for improvements in the implementation procedure to be put into effect in the next twelve month period would receive especial attention. To emphasise its main function, this review could be termed the 'Implementation Review'. An analysis of staff mobility during the previous twelve months would be made at Appendix B. (ii) In the annual estimating-cum-replanning exercise, section D would be expanded to an annual review based on the preceding periodical reviews and incorporating the points arising from the previous 3 - 4 months. The critical evaluation leading to proposals, with estimates for modified or new programmes for the next financial year, comprising the revised plan, would receive primary emphasis. Also, the full financial accounts for the preceding financial year would be summarised at Appendix A.\* To emphasise its main function, this review could be termed the 'Evaluation Review'. (iii) If the formal Annual Report were required for the calendar year the discussion of 'lessons learned' in section B and the critical appraisal aspects of section D would be toned down and abbreviated, whilst section E could be either omitted altogether or reduced to a list of major points only. The remaining aspects of sections B, C, and D, incorporating factual points for the previous 3 or 4 months period, would be summarised in the form of an ex post facto descriptive and reflective Annual Report. Alternatively, where the Annual Report for the financial year is preferred, it would be incorporated into the Evaluation Review; the calendar year-end review then concentrates on recent implementation experience, with possibly an expanded summary over the entire preceding 12 months as material for the District Commissioner's report.

Testing Procedures for a Periodic Review System:

In order to gain practical experience with some such Review sequence it would be possible to test, evaluate and modify the major features in the SRDP areas in the period April 1972 to February 1973. A possible timetable would be:

(i) Tri-annual System (Alternative System 10)

May: 1972: (first half)	Annual Implementation Review for period May 1971 - April 1972 (Plus earlier period Jan.-April 1971 if anything to report), together with a 4 month review for the period Jan.-April, 1972.
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\* Detailed procedures for using the evaluation review as a basis for the annual replanning procedure will be discussed in a forthcoming paper.

August 1972: (latter half or possibly into Sept.)	Annual Forecast Estimates 1973/4 with supporting justification in Annual Evaluation Review and Summary of Financial Data for 1971/72. This also incorporates programming and research data for the 4 month period May-August 1972 (or possibly 3½ month period to mid-August only so as not to prevent the timely submission of financial estimates to Ministries).
January 1973 (first half)	Annual Report for Jan-Dec. 1972 incorporating 4 month review for Sept.-Dec. 1972.
(ii) <u>Quarterly System: Alternative System 8:</u>	
March 1972: (first half)	Quarterly Review for the 3 month period Dec 1971 - Feb. 1972.
June 1972: (first half)	Annual Programming Review for 12 month period June 1971 - May 1972 (plus earlier period Jan-May 1971 if desirable), including a quarterly review for the period March - May 1972.
<u>August/ September 1972</u>	Annual Forecast Estimates for 1973/74 with Annual Evaluation Review and Summary of Financial Data for 1971/72; also includes Quarterly Review for June - August 1972.
January 1973 (first half)	Annual Report for Jan - Dec 1972 incorporating 3 month review Sept.- Nov. 1972.

If the adoption of an end-of-financial year basis for the Annual Report is thought desirable, it would be better to switch to Systems 11 or 9 straightaway for the test period to avoid an overlapping reporting period in 1973.

The Review Sequence and Issues in Rural Development Planning

The review sequence proposed in this paper should be seen as only part of a larger management system for rural development planning. The programming and monthly reporting system referred to on page 3 above is another part of this system. Work is either proceeding or remains to be started on other parts or subsystems including: a) details of an evaluation procedure, b) integrated "search" procedures for rural planning, c) procedures for the formulation, or reformulation, and appraisal of the plans themselves, and d) a supervisory subsystem for junior field cadres. In the identification

of desirable components of the management system, and also in the analysis of the linkages and information flows required between the components, the application of cybernetics<sup>1</sup> concepts has proved useful. A cybernetics analysis of alternative management systems for rural development and area-based planning will be discussed in a subsequent paper.

One opportunity provided by the introduction of a review system is the incorporation of the annual estimates exercise into a formal procedure for the formulation of annual operating plans, at least for the more "developmental" ministries. Put simply, Evaluation Review for year  $t-2$  + Annual Estimates for year  $t$  = Justification and Annual Plan for year  $t$ . The implementation experience gained during year  $t-1$  can be used in deciding upon the final disposition of recurrent resources just before the beginning of year  $t$  in the light of the proposed Implementation Review and the annual programming exercise. In other words, the construction of an annual operating plan would have four or five distinct components spaced out over a period running from the preceding August<sup>2</sup> up to the beginning of the financial year in question:

- (i) the assembly of financial and physical data for year  $t-2$  (August)
- (ii) the Evaluation Review for year  $t-2$  (August/September)
- (iii) the submission of draft development and recurrent estimates for year  $t$  (September)
- (iv) (optional) A final revision of financial estimates in the light of monthly reports for the first half of year  $t-1$  (December/January)
- (v) the final disposition of resources for year  $t$ , within the overall financial and manpower constraints, in the light of the implementation experience during year  $t-1$  (June).

If some such system is to be applied to a disaggregated<sup>3</sup> plan with national coverage, the recurrent estimates must be broken down so as to facilitate the relation of inputs of recurrent resources to areally-defined programmes and thus to outputs. This is not essential with small isolated

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1. The science of control systems. A central idea in cybernetics is the servo-mechanism whereby, in the actual performance of a process, feedback about the difference or error-term between the actual situation and the desired one alters the inputs to the process, so as to correct for the reported error and achieve the target desired. The relevance of this principle to the management of development planning can be easily seen.

2. The later the starting date for planning next year's activities, the more accurate the financial provisions are likely to be. An August start date is dictated in present circumstances by the timing of the Treasury estimates procedure.

3. A desirable useage of the term "disaggregated" in planning embraces not only

plans as in the present SRDP, since recurrent resources on the ground can be easily identified, whilst general overheads in training, research, administration and so on are not specific to these small areas. If one increases the area covered by such plans, however, an increasing proportion of overhead costs, both recurrent and development, can be allocated as specific rather than remaining as unallocatable joint overheads; for example, moving up the scale, a farmers' training centre in a district, a research station serving several districts, and a provincial office in a province. Since estimates of rural output can be similarly aggregated, it would be technically possible and probably in some cases economically desirable to compare total public inputs with public and private outputs across the hierarchy of implementation units for rural development, i.e. divisions, districts and provinces (or any preferred regrouping of such units for planning purposes, such as river basins or range management areas). A system for the representation of recurrent accounts could be worked out for one Ministry first. Both because of their relative size in the Kenya budget and because of the illumination such an exercise could be expected to generate, the Ministry of Agriculture accounts suggest themselves for trial recasting.

To proceed further in the vein of the philosophy underlying the SRDP, that innovations within it must be appraised from the viewpoint of their wider replicability within Kenya,<sup>1</sup> one must raise the question of the compatibility of the proposed extension of planning principles to include recurrent resource use with the "project appraisal" approach still traditionally centred on items of capital expenditure. An initiative at present being pursued in the Kenya Government is to attempt the monitoring and appraisal<sup>2</sup> of all development projects, the majority of which will be less than £5,000 each. In most of these small projects, however, the capital input—for example, vehicles for field staff, or medical equipment — is auxiliary or complementary to the effectiveness of considerable, and often larger, recurrent resources.

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footnote 3 on p.12 cont.

a breakdown into the resource allocations and objectives set for each sector — Agriculture, Works, Health, etc — but also to some degree a decentralisation from the metropolitan centre of the plan formulation process itself. Disaggregation without decentralisation will tend to generate targets which are inappropriate or become quickly outdated at the operational level in the field.

1. See in particular "The Kenya Special Rural Development Programme: Statement approved by the National Rural Development Committee on the 23rd January 1970", mimeo, Ministry of Economic Planning and Development Nairobi, and "Speech by Mr. Philip Mdegwa, Permanent Secretary, Ministry of Agriculture, when opening the Special Rural Development Programme Divisional Staff Seminar on Wednesday June 17th, 1970", mimeo., Ministry of Agriculture, Nairobi, 1970.

2. The normal term for *ex ante* analysis, to be compared with "evaluation", referring to analysis in the *ex post* sense; see A. Waterston, Development Planning: The Lessons of Experience, Johns Hopkins for I.B.R.D., 1965, p. 308.



Physical monitoring of the progress with the capital components may prove useful; but an economic appraisal of the justification for such capital projects in isolation from the performance and disposition of related recurrent resources appears extremely difficult, if not meaningless. On the other hand, project appraisal methodology is clearly desirable where the process will be dominated by major capital investment. If area planning is to be gradually extended in Kenya, and we would argue on its potential merits that it should, then a choice will need to be made between alternative current planning procedures for different parts of the public sector's activities. How far the methodology of project appraisal can be adapted to the formulation and appraisal of area plans without losing the baby with the bathwater deserves much fuller discussion than can be given to it here. The main difficulty is that short-period area plans, using a large proportion of recurrent resources, do, or should, provide a highly flexible basis for operations. A whole sequence of revised future plans should occur in the time period required to discount the (better-estimated) net benefit stream arising from a relatively fixed capital investment. Before a final view can emerge, it seems probable that a closer examination is required of data requirements, both for planning *de novo* and for replanning. Differences in data availability and in the measures taken to remedy the key deficiencies, are likely to influence strongly the kinds of analyses which can in practice be undertaken. If this view is correct, it seems probable that different and simpler procedures must be adopted for rural development and area planning, since it is unlikely that the level of investment could be justified in data collection and analysis which would be necessary for the useful application of project appraisal methodology as it stands.

In the meantime, the SRDP "experimental" situation allows the introduction of replanning procedures for the use of recurrent resources without a major upheaval. Indeed, SRDP plans must be revised in 1972 to provide a meaningful framework for activities in 1973/74 and beyond. Already, two years after the initial plans were compiled, changes in both external factors, such as crop prices and manpower availability, and internal ones such as local perceptions of programme feasibility, have led to major departures from the original guidelines. Both these circumstances and the wider relevance which such procedures as are devised may have for the effectiveness of recurrent resource management over the national economy as a whole, suggest that examination of the main issues raised in this paper should be a reasonably productive activity.

## APPENDIX TABLE:

## PUBLIC SECTOR EXPENDITURE ESTIMATES,

A <u>Administration and Security</u>	Devpt Expend. <sup>1</sup>	Recurrent Expend. <sup>2</sup>
	(£'000)	(£'000)
	(1)	(2)
1. Office of the President Nat. Assembly & P.S.C.	1145	7602
2. Foreign Affairs	-	1683
3. Office of the Vice President and Home Affairs	361	4044
4. Local Government	539	837
5. Attorney-General & Judicial	-	1077
6. Exchequer & Audit	-	208
7. Police	1214	6955
8. Defence & Armed Forces	501	8142
	<u>3,760</u>	<u>30,548</u>
B <u>Social Services</u>		
9. Education	2491	30,206
10. Health	3073	7469
11. Housing	3637	95
12. Inf., Broadcasting & T.V.	1150	1625
	<u>10,351</u>	<u>39,395</u>

KENYA, 1971/72: BY MINISTRY:

<u>Total Expend.</u> <u>(£'000)</u>	<u>Recurrent as a %</u> <u>of Total Expend.</u>	<u>(3) as % All</u> <u>Votcd Expend.</u>
(3)	(4)	(5)
8743	87	6
1683	100	1
4405	92	3
1376	61	1
1077	100	1
208	100	(n.s.)
8169	85	5
8643	94	6
<u>34,308</u>	<u>89</u>	<u>22</u>
32,697	92	21
10,542	71	7
3,732	3	2
2,775	59	2
<u>49,746</u>	<u>79</u>	<u>32</u>

APPENDIX TABLE (Cont'd).

C. <u>Production Infrastructure:</u>	Devt Expend.	Recurrent Expend.	Total Expend.	Recurrent as a %	(3) as % All
	(£'000) (1)	(£'000) (2)	(£'000) (3)	of Total Expend. (4)	Voted Expend. (5)
13. Finance and Planning	754	1,521	2,275	67	1
14. Works (Roads, Building, etc)	18,844	8,752	27,596	32	18
15. Power and Communications	1,226	737	1,963	38	1
16. Labour	200	1,487	1,687	88	1
17. Lands & Settlement	3,918	1,420	5,338	27	3
18. Coops. and Social Services	715	1,163	1,878	62	1
	25,657	15,080	40,737	37	26
D. <u>Agriculture, Natural Resources and Industry</u>					
19. Agriculture (incl. Water)	8,759	10,230	18,989	54	12
20. Natural Resources	2,526	1,619	4,145	39	3
21. Tourism and Wildlife	881	1,271	2,152	59	1
22. Commerce and Industry	4,636	378	5,014	1	3
	16,802	13,498	30,300	44	19
Grand Totals:	56,570	98,520	155,090	64	100

Notes: Totals do not necessarily sum due to rounding.

Sources: 1. Republic of Kenya, Development Estimates for the Year 1971/72, Nairobi: Government Printer, 1971.

2. Republic of Kenya, 1971/72 Estimates of Recurrent Expenditure ..., Nairobi: Government Printer, 1971.