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COMPARATIVE ANALYSIS OF NATIONAL PLANS AND BUDGETS OF THE SAHELIAN COUNTRIES

by

Nadine Horenstein

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PREFACE

The purpose of the comparative analysis of the Sahelian Development Plans is to examine the plans and budgets to determine host country government priorities in both an overall and sectoral sense. While concentrating on current plans and budgets, references to the historic performance of these countries in meeting previous plan and budget targets (when such data are available), will facilitate the identification of potential trends for current and future planning.

The country-by-country discussion will set forth individual plan and budget priorities as well as levels of financing and actual investment to date. The plans and budgets will be evaluated in terms of their identifiability and/or compatibility with AID policy objectives and an assessment will be made of the prospective results with respect to economic growth and the distribution of the benefits of such growth.

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ECONOMIC AND SOCIAL DATA FOR THE SAHELIAN COUNTRIES

Country	Population mid-1976 (mil)	Per cap GNP 1976 $	Per cap GNP growth rate 1970-75 %	Physical quality of life index PQLI(a)	Share of grants and loans in official development assistance-1976 (in millions $)	
					Grants	Loans
Cape Verde	0.3	260	-4.0	45	14.3	10.5
Chad	4.3	120	-2.0	18	54.2	8.1
Gambia	0.6	180	7.3	21	9.2	2.7
Mali	6.3	100	-0.1	14	62.4	26.6
Mauritania	1.5	340	2.6	18	128.3	52.0
Niger	5.0	160	-2.8	14	103.5	26.0
Senegal	5.4	390	-1.1	21	94.8	32.1
Upper Volta	6.5	110	1.1	16	64.8	19.3

Source: (1) The U.S. and World Developments: Agenda 1979 (Overseas Development Council, pp96-98).
(2) Socio -Economic Data Book for The Sahel Countries - Preliminary Report, CILSS/Club duSahel, November 1978, Table X.2.

(a) The Physical Quality of Life Index (PQLI) developed by the Overseas Development Council combines three indicators--infant mortality, life expectancy and literacy--into a single composite index. Each of the components is indexed on a scale of 0 (the most unfavorable performance in 1950) to 100 (the best performance expected by the end of the century). The composite index is calculated by averaging the three indices giving equal weight to each of them.

Table 1

SELECTED ECONOMIC DATA FOR THE SAHELIAN COUNTRIES

Country	Percent of GDP from Agriculture		Exports of Agricultural Products as % of total exports		Indices of per capita Food and Agriculture Production Average 1975-1977 (1969-71 = 100)		Percent of Labor Force in Agriculture	
	1965	1975	1965	1975	Food	Agriculture	1965	1977
Cape Verde							65.2	58.0
Chad	51.1	51.1	92.0	86.0*	83	88	92.3	89.9
Gambia	58.2	68.0	100.0	100.0	98	98	83.6	79.2
Mali	48.8	38.2	96.0	88.0*	83	86	92.5	88.3
Mauritania	37.6	34.6	5.0	13.0**	70	70	89.3	84.3
Niger	60.0	47.1	96.0	30.0	80	80	94.0	89.6
Senegal	29.7	27.0	88.0	39.0	104	106	81.6	76.0
Upper Volta	52.4	43.3	96.0	94.0	96	93	89.2	83.2

* 1974
** 1972
Sources: (1) Socio -Economic Data Book for The Sahel Countries, Preliminary Report Cilss/club duSahel, November 1978, Tables IX-5 and VIII. 5. (2) Derived from FAO Production Yearbook (FAO, 1977), Tables 5 and 6.

Table 2

SECTION I. SAHELIAN DEVELOPMENT PLANS

A. General Observations

Although the development plans provide some insights into how the Sahelian governments are addressing the causes of poverty, the quality and detail of the plans differ greatly from country to country. Several Sahelian countries have seemingly well thought out, detailed plans which provide specific examples of programs and projects to be undertaken during the plan period. Senegal, for example, has a detailed prioritized plan which includes specific projects within each sector, in addition to a comprehensive plan of execution which is updated quarterly.

Other countries have plans which consist of policy statements and lists of projects that do not necessarily correspond to each other. Chad and Cape Verde do not yet have a development plan although in late 197_ the Chadian government has set forth some general objectives along with a shopping list of projects to be funded, and Cape Verde has an emergency plan as well as some longer term objectives.

Thus in examining the plans, it is not always clear whether they reflect long range hopes or actual short and medium range goals and priorities. The heavy reliance on external sources of financing (85 to 90 percent) also raises the issue of whether stated plan objectives and priorities are reliable, i.e. a true reflection of government policies and priorities, or merely the objectives of external advisors and donors.

Related to the reliability of stated government priorities, is the perhaps more concrete notion of reliability of the data, particularly data on financing obtained and project realization. Any examination and judgement of the Sahelian plans and budgets must take this into account.

A striking aspect of past plans and information to date on current plans is the low level of plan realization (53 percent of planned investment on the average.) On the one hand it has been noted* that the major reasons for this have been the structural constraints on

* A Framework for Evaluating Long-Term Strategies for the Development of the Sahel-Sudan Region-Annex 1 Economic Considerations for Long-Term Development. Center for Policy Alternatives - MIT Dec. 31, 1974, pp. 75-96.

the economy such as low level of savings, balance of payments difficulties, limited absorptive capacity, etc. On the other hand it has been said by donor and Sahelian official alike that the projects in a country's national development plan should not serve as an indication of that nation's absorptive capacity. The Malian government, for example, has stated that by including more projects than can be completed it is offering a catalog of projects from which donors can choose and maintaining a reserve of project which can be implemented if additional funds become available.

Despite low realization of previous plans, current investment levels are as much as 600 percent higher than in past development plans. (See Table 5). While current plan allocations for the rural sector are generally higher than in the past, it should be noted that realization rates (for past plans and information to date on current plans) differ markedly by sector, with the industrial/secondary sector being consistently much more successful in obtaining financing.

During Mauritania's Second Development Plan (1970-1973)

Table 3

PLAN OBJECTIVES FOR SEVEN SAHELIAN COUNTRIES

Cape Verde	To provide immediate relief to those affected by the drought, and in the longer term, to increase food production, to encourage water resources development and management, environmental rehabilitation and energy development, and to provide employment opportunities and increase accessibility of basic services to the majority of rural communties.
Chad	To foster economic development through the re-establishment of the important role of government in the development process, the strengthening of socio-economic structures, the orientation of social and economic activities and the effective utilization of the country's resources.
Gambia	To emphasize rural development and achievement of food self-sufficiency through the reduction of urban-rural disparities, the elimination of food imports (mainly rice) and through reduction of dependence on groundnuts as main cash crop and foreign exchange earner (crop diversification).
Mali	To insure rising real incomes to the entire population and build up the national economy insulated against adverse climatic or external factors. First priority to agricultural development so as to meet basic food needs and achieve food self-sufficiency. Additional emphasis on increasing processing of primary products and improving infrastructure as well as herd reconstitution.
Mauritania	To achieve balanced growth and attain higher standards of living through job opportunity creation and the achievement of a greater degree of economic independence. Main emphasis on the "Modern Sector."
Niger	To build a "developmentally-oriented society" through a policy of redistribution of national wealth, full employment and general well-being of the population. The focus will be on liberating the economy from dependence on natural forces and achieving greater economic dependence. Main priorities to achieve food self-sufficiency, livestock reconstitution, improved infrastructure and greater participation of population in national development effort.
Senegal	To achieve restructuring of national economy through emphasis on productive sectors with the aim of tripling per capita GNP by the year 2000. Main focus on rural development (achievement of food self-sufficiency through crop diversification, herd reconstitution) and on industry (expansion of labor-intensive industries and satisfaction of fundamental needs of the people).
Upper Volta	To achieve the economic and social development of every Voltaic with emphasis on integrated rural development. Emphasis on growth orientation and investments which can achieve the highest real rates of growth. Special emphasis on achieving self-sufficiency in cereal production.

only 3.0 percent of the social sector's planned investment was realized while that of the industrial sector reached 88 percent. For many of the current plans, information to date shows that the infrastructure sector has been favored with the highest ratios for obtained financing and realized investment.

Several key factors affecting realization rates can be identified apart from overly ambitious investment targets and the possible internal structural constraints mentioned above. The most obvious of these factors is the heavy reliance on external financing whose availability fluctuates considerably during the plan period. In a recent update of plan financing, Senegalese officials attributed low realization rates in part to the sharp variations in external public assistance disbursements for all sources except the World Bank Group and bilateral Arab funders.

The availability of external financing also affects, although to a lesser extent, the contribution of the national budget to plan financing since many budgets depend on direct capital assistance. (For

further discussion on budgets and financial constraints, see Section II, pp. 25-28.) The lack of continuity in budget contributions to plan financing, and thus the insufficiency of domestic counterparts to external assistance, also serve to explain the low realization rates of the Sahelian Development Plans.

In addition to the availability of financing, there is also the problem of mobilization of capital, which varies considerably on a sectoral and subsectoral basis according to the particular donor institution procedures. Lengthy administrative and bureaucratic procedures and lack of capacity for technical preparation and financial programming of projects add to the slowness of project realization.

Another factor common to many of the current and past plans, are frequent revisions of investment levels. These upward and downward revisions are due to a variety of factors such as inflationary pressures, availability of financing, changed donor priorities, etc. The investment level of Mali's Development Plan (1974-1978) has been changed approximately five times starting at MF 395 billion,

reaching MF 916 billion and currently at a level of MF 507 billion or $1,168.00 million. Senegal's Fifth Plan (1977-1981) was originally set at CFAF 409.6 billion ($1,706.0 million) then revised upward in June 1977 and finally downward in April 1979 to the present level of CFAF 390.0 billion ($1,625.0 million). In Senegal's Plan as in others, the overall investment level is not alone in being affected since sharp changes are also reflected in sectoral and subsectoral investment levels. These frequent changes underscore the necessity of following up on Plan realization in order to assess the final outcome of specific priorities and projects.

Foreign financing has been primarily in the form of official development assistance, both bilateral and multilateral; and the reliance of the Sahelian countries on this aid has been increasing. Shortfalls in the availability of foreign assistance have thus had a crucial impact upon investment realization. For example, Senegal's Fourth Development Plan (1973-1977) experienced a sharp shortfall in foreign financing where only $303 million of the $500 million required had been committed. (See Table 4.)

Table 4

PLANNED FINANCING

	Current Plan Total Investment ($ Millions)	Planned Financing Domestic %	Foreign %
Gambia	153.0	15.0	85.0
Mali	1,187.0[a]	10.0	90.0
Mauritania	1,130.0	29.1	70.9
Niger	600.0	24.4	75.6
Senegal	1,733.0[b]	37.0	63.0
Upper Volta	1,660.0	34.6	65.4

Notes: a) Investment for Plan and past-plan period
b) Financings is based on previous investment estimate of $1.8220 million

Planned domestic financing varies from country to country, with a low of 8.4 percent for Upper Volta* and a high of 37 percent for Senegal although a recent update of Senegal's Five Year Plan reveals that domestic contributions to Plan financing amount to only 15 percent of total financing obtained.

Most of the investment is carried out by the public sector with only a limited role played by the private sector - a role that the Sahelian countries are seeking to encourage and increase through investment code revisions. Public and semi-public organizations also play a role, albeit limited, in many of the current plans. While the private sector generally plays a small role in carrying out the plans, several of the plans include a non-negligeable percent of private foreign financing. Mauritania and Niger for example have estimated that foreign private sources will finance 54 and 33 percent respectively of total foreign financing.

The following sections reviews the sectoral development policies and priorities of the Sahelian

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* Preliminary figure

countries and discusses the programs and projects that have been undertaken to address their development problems.

B. Policies and Goals

1) Rural Sector

A common feature of most of the Sahelian development plans is that they set ambitious targets for annual GDP growth ranging from 4.5 to 7.7 percent during the plan period and seek rapid growth with primary emphasis on rural development. With past trends revealing poor economic performance and a declining regional index of per capita food production, agricultural-based strategies are considered of prime importance. For the Sahelian countries, economic progress is directly related to progress in the agricultural sector, which on an average for all countries, contributes 39 percent of total GDP, employs an average of 88 percent of the region's population, and accounts for an average of 65 percent of total exports ranging from 13 percent for Mauritania to 100 percent for the Gambia.

PRIMARY/RURAL SECTOR

COUNTRY	Total Investment in Rural Sector ($mil)	Investment in Rural Sector as % of Total Investment %	Allocation Crop Production	Within Rural Sector (%) Livestock	Forestry Envir.	Other	Stated Objectives of Rural Sector Activity
Cape Verde							
Chad							
Gambia (Five Year Plan)	26.7	17.5		Not Available			Primary emphasis on rural development and achievement of food self-sufficiency; agricultural diversification and decrease food imports.
Mali (Five Year Plan)	420.0	35.3	65.0	24.0	11.0		Priority to agricultural and livestock development so as to meet basic food needs and re-establish self-sufficiency in millet, sorghum, rice and corn; herd reconstitution.
Mauritania (Five Year Plan)	163.0	14.4	75.5	13.0	2.1	9.3[a]	Development of Traditional Interior; expansion of dry-land farming; livestock rehabilitation; reforestation; sand dune stabilization.
Niger (Three Year Plan)	131.0	33.6[b]	54.0	32.0	16.0		Self-sufficiency in food production; livestock rehab; forest conservation; agrarian reform.
Senegal (Four Year Plan)	372.8	21.5	60.0	10.7		28.4[c]	To achieve food self-sufficiency. Focus on rural development, diversification of agri to reduce food deficit, herd reconstitution, reforestation.
Upper Volta (Five Year)	239.0[d]	20.0	28.0	21.5	3.2	46.4[e]	Emphasis on needs of rural sector, growth oriented policy through concentration on highest potential ords. Special emphasis on achieving self-sufficiency in cereals production.

Notes:

a) Includes water resources, education and training
b) As percent of public sector investment = $388.0 million
c) Includes fisheries (20 percent) and rural subsoil development (8.4 percent)
d) Sectoral allocations reflect estimates given in preliminary Plan documents
e) Includes rural hydraulics and Volta Valley Authority

Expressed in current $:

$1 = 225 CFA IUM = 5.46
$1 = 427 MF
$1 = 1.65 D

Table 5

In the past agricultural development has been hindered by insufficient investment, inadequate extension services and a weak infrastructural base. Current plans reveal high food and agricultural production targets and a major emphasis on achieving food self-sufficiency. For most countries this means ambitious targets for millet, sorghum, and increasingly, rice production. The latter has become a particularly significant factor for Mali where there is a strong bias towards irrigated agriculture, and for the Gambia and Senegal where the achievement of food self-sufficiency means the elimination of large rice imports. Included in many of the plans (notably those of Mali, Senegal and the Gambia) are goals for crop diversification. This is seen as particularly important given the fact that most of the Sahelian nations depend upon one or two export crops for the bulk of their foreign exchange earnings. Senegal for instance, is planning on stabilizing groundnut production while increasing production of other crops, particularly rice.

Another top priority for most of the countries is to increase farmer incomes and reduce the disparities

between the urban and rural sectors. These goals are to be achieved somewhat differently according to each country; but overall policies focus on increasing prices received by farmers and increasing investments in the rural/agricultural sector. In Upper Volta, for example, the reform of national cereals policy involved raising the official cereal price by 25 percent. In Senegal where a similar policy was adopted in 1974, producer prices rose an average of 40 percent for five crops (peanuts, millet, rice, cotton, and corn).

Much of the agricultural activity in the Sahel is decentralized and is the responsibility of regional development organizations. Although export crop production countinues to have priority, organizations such as SAED (Societe d'Amenagement et d'Exploitation du Delta) in Senegal, Operation Mils in Mali and the Regional Development Organizations (ORD) in Upper Volta now have broader mandates for regional development. Although the move towards broadening of their responsibilities has been slow, it offers much potential for progress in rural areas, and greater local participation. Particularly

important will be activities in the areas of institution-building, extension services and training.

The development and improved control of water resources and the expansion of irrigated areas has received particular emphasis in most of the plans. The current and planned large-scale river basin development projects in Senegal, Mali and Niger are seen as virtually the only means of protection against drought and an important way to increase agricultural productivity. A major project in Mali is the Selingue Dam on a tributary of the Niger river which, when completed, should irrigate 40,000 hectares, increase the scope of the fishing industries and also provide electricity for much of Bamako. The Diama and Manantali dams are examples of large projects undertaken in Senegal and Mali.* It is estimated that the Manantali dam alone will serve to irrigate 400,000 hectares in the Senegal River Basin. Smaller irrigation projects are also being undertaken by the Sahelian countries in an effort to increase food and agriculture production.

During the drought, 10 to 50 percent of Sahelian herds perished. Since then a major goal for many of the

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* Investments for the dam are included in the Malian Plan although not in the Senegalese Plan; investment for both dams is included in a special account of the organization pour la Mise en Valeur du Fleuve Senegal.

Sahelian countries is herd reconstitution. The return of herd sizes to pre-drought levels is seen as crucial to assure adequate supplies of meat and to earn badly needed foreign exchange through exports. Mali, Niger and Senegal are devoting 24 percent, 32 percent and 14 percent, respectively of their rural sector allocations to herd reconstitution and related areas of concern such as reversing the deteriorating condition of the rangeland. Resource conservation in general has been receiving increased attention by the Sahelian nations. The three countries mentioned above anticipate spending between 11 and 16 percent of the total sector allocation on the environment.

2) Infrastructure

The lack of adequate infrastructure in the Sahelian countries has serious consequences for improved development performance. As an example, there are serious consequences for food deficit regions since transporting food from surplus producing areas is often difficult if not impossible. Improved transport links can provide more

efficient distribution and export of food and other agricultural products, in addition to providing sector-supporting services such as agricultural extension. Irrigation infrastructure (discussed above) is also in short supply in the Sahelian countries. Additional investment for new systems as well as for the rehabilitation of existing systems will be necessary to achieve greater agricultural production and income growth for farmers and herders.

The importance of infrastructure to overall development is reflected in the emphasis that the current national development plans place on different types of infrastructure needs - Mauritania, Gambia and Niger have allocated 39, 54 and 52 percent respectively to this sector. In Mauritania a large project is an all weather east-west road from Nouakchott to Nema. There are also several irrigation projects planned. In the Gambia, infrastructure projects include road rehabilitation and upgrading, wharf improvement and the expansion of airport facilities at Yondum. In Niger, where infrastructure is allocated more than the other sectors combined, the major projects include construction

and upgrading of primary and secondary roads as well as improved water supply.

3) Industry*

Until recently, sectoral investment policies of the Sahelian countries have favored industrial and urban development to the detriment of agricultural development. In general however, protectionist policies, employment practices and lack of infrastructure combined to make the industrialization process extremely inefficient and costly. The current development plans devote greater amounts of funds to the rural sector but industry still receives a large share of investment. Stated objectives for the industrial sector in most of the plans, include increasing the value added to agricultural, mineral and animal resources through processing, attaining a degree of self-sufficiency in the area of basic consumer goods through infant industry protection and import-substitution policies, and export promotion with an aim towards expanding intra-regional trade.

In Mauritania and Niger, industrial sector

*Generally includes agricultural processing, manufacturing and mining; for some countries energy is also included.

investment amounts to 29 and 41* percent respectively of planned investment. The bulk of these investments will be concentrated in the mining subsector. In Mauritania, major projects include the development of sulphide copper ore facilities and the expansion of iron ore facilities, while in Niger, investment is concentrated in uranium mining activities. In Mali, Senegal and Upper Volta where the industrial sector is allocated 31, 24 and 36 percent respectively, there is a greater emphasis on an agriculture-based industrialization strategy. Several large textile projects are planned for Mali and Senegal, while sugar processing projects are underway in all three countries.

4) Social Sector

To date the Sahelian nations have devoted relatively small amounts of funds to health, education and related social services. Levels of nutrition, health and education are extremely low throughout the region and substantially greater levels of investment will be needed. Particularly important are activities that can benefit

*the 41 percent refers to private sector investment only - $200.0 million.

Table 6

CURRENT PLANS SOCIAL SECTOR BREADOWN
(% and $Mil)

	Total Social Sector Investment ($ mil)	Social Sector as percent of total I %	Sub-Sectoral Allocations %					
			Education	Health	Culture	Info	Youth	Other
Gambia (1975-1980)	21.8	14.3	67.4	22.5				10.0[a]
Mali (1974-1978)	89.0[b]	7.5	68.2[c]	27.0		4.8		
Mauritania (1976-1980)	133.7	11.8	52.5	25.0	3.0	3.0	6.7	12.0[d]
Niger (1976-1978)	59.3	15.3[e]	54.4	29.1		9.0		7.4[f]
Senegal (1977-1981)	526.8	30.4[g]	25.6[h]	9.5	4.6	6.0	6.0	48.3[i]
Upper Volta (1977-1981)	105.3[j]	9.0	40.0	33.0		12.1	17.0	

Notes:

a) Housing, social welfare, community development
b) Cost during Plan and post-Plan period
c) Incudes youth
d) Islamic Affairs
e) As percent of public sector investment = $388.0 million
f) General social services
g) Subsectoral allocations are based on original Plan estimates
h) Includes human resource development
I) Urban development, housing and urban water supply
J) Includes projects in the subsectors of education and training for which financing is assured does not include projects totalling $40.0 million for which financing is not assured, or scholarship and technical assistance program totalling $60.0 million

Source: National development plans, IMF material

those people directly such as village-based health care, formal and non-formal education systems that can produce the requisite rural development skills and provide the trained manpower so urgently needed for development progress.

Education receives the bulk of social sector investment followed by health and then by culture, youth, information, etc. Related to education, but not necessarily included within education subsector investments, are training and extension projects which have been receiving increased emphasis. In the Mauritanian Plan for instance, the rural animation subsector within the rural sector includes training courses for farmers (a rural radio network) while Senegal's Fifth Development Plan includes a human resource development subsector within the social sector. In Mali's Plan, although the functional literacy projects are included in the education subsector, they are integrated into the rural sector's operations. In addition to these activities in non-formal education, most plans give priority to professional and technical education with the stated aim of providing employment-related education.

Overall health subsector investment are higher now, both in absolute terms and as a percent of total investment, than in previous plans. Past plans were characterized by low levels of planned investment as well as by low levels of project realization. During Mauritania's Second Development Plan, actual health subsector investment represented only 3.2 percent of planned investment. The major project in Senegal's Fourth Development Plan was the construction of a hospital complex which itself represented 36 percent of obtained financing and 68 percent of realized investment for the subsector. Apart from higher investment levels, current plans also aim to increase the levels of realized investment in the areas of primary and preventive health care.

So, while there has been a noticeable shift in emphasis towards rural health and rural/non-formal education in most of the Sahelian Development Plans, the overall allocations to the social sector remain relatively low. Upper Volta, Gambia, Niger and Senegal in particular have placed emphasis on more relevant education for rural development, on cost effective health services and on

some form of preventive, community or village based health care, yet none allocates more than 12% of total planned investment to these two areas.

It is certain that improving health standards and educational opportunities for the rural poor will require substanital amounts of funding. But the allocation of existing or planned financial flows also competes with aid to other critical areas such as food production and agriculture.

It is certain that donor priorities have served to influence sectoral and subsectoral emphases within Sahelian development plans. Just as the industrial sector received priority in the 1960s, greater emphasis has been placed on agriculture in the 1970s. The social sector - education and training, and preventive health care primarily - have also begun to receive greater attention.

SECTION II. BUDGETS

A. General Observations

More difficult to compare than the development plans - and less reliable - are the Sahelian countries' annual budgets. Although for some countries actual budget results are available through 1976, most data remain provisional. Budget results and estimates for the three most recent years are shown in Tables 6 and 7.
As it appears in the table, overall revenue and expenditures have been rising rapidly; and although some of the budgets show surpluses on the current account, almost all have overall deficits primarily due to large increases in capital expenditures.

Most of the countries have a general or operational budget financed primarily from tax revenues, and a capital or investment budget financed from budgetary surpluses and/or domestic and foreign borrowing. In addition several of the Sahelian countries have extra-budgetary funds for specific projects. In Mali, the Road Fund handles all financial transactions related to the maintenance of Mali's road network and receives the bulk of its funding

from taxes on petroleum products. The Special Program in Upper Volta is financed by foreign loans and grants and borrowings from the central bank. It was conceived as a supplementary investment budget designed to meet the urgent social needs of the population and to promote economic development.

In most cases, projects financed directly by foreign aid are carried out outside the budget and are not recorded in the accounts of the Treasury. The exception is the Gambia where all donor-financed projects are included in development expenditure operations in the budget. Capital investment expenditure usually represents local currency expenditures allocated in support of donor's projects. Three of the Sahelian countries do not have a capital investment budget: Cape Verde, Chad and Upper Volta. In Cape Verde, it is not expected that the general budget will produce any surplus for capital expenditure in the near future, and in Chad, the precarious financial situation has precluded the continuation of capital expenditure outlays. Upper Volta does not have a formal investment budget,

although Title IV of the government budget consists of appropriations for equipment, investment and some recurrent development expenditures; and the extra-budgetary Special Program focuses on development oriented projects.

The financial situations and constraints vary from country to country. Niger is in a relatively good position owing to uranium mining revenues which contribute an increasing amount to the overall budget (37 percent for 78/79). Mauritania, however, continues to have a substantial deficit (approximated to 20 percent of GDP in 1977) as does Chad. Defense related expenditures have been a particular drain on both these countries and the precariousness of their budgetary situation could be lessened significantly if these expenditures were curtailed. At the end of 1978, the amount outstanding of arrears for the latter rose to CFAF 11.7 billion ($52.0 million) or 77 percent of estimated budgetary revenue. Deficit financing is effected through recourse to the banking system and foreign loans and grants.

The general inability of the Sahelian countries to assume rising recurrent costs of donor financed projects is linked both to limited managerial and technical

personnel and to a lack of budgetary resources. It is also related to the willingness of the Sahelian governments to commit themselves to this undertaking. The resources available to the current and capital investment budgets and the ability of the Sahelian Governments to exert control over expenditure assume particular importance when dealing with the question of recurrent cost financing. As noted above, Niger is in a better financial position than most of the Sahelian countries, as is Senegal where there appears to be a greater possiblity of initiating production-increasing, revenue-generating projects.*

B. Revenue

The bulk of revenue of the Sahelian countries is derived from direct and indirect taxes which, for some countries, has been growing at a faster rate than current revenue itself. The contribution of non-tax revenues to the overall budget has also been increasing. In the Gambia for example, the contribution of non-tax revenue (such as administrative fees and charges, profits from public enterprises, non-payment penalties) is expected to reach 27 percent of current revenue in 1978. In Niger

*The Club/CILSS are currently preparing an indepth analysis of the recurrent cost problem.

the contribution of non-tax revenue to current revenue grew by over a third from 1976/77 to 1978-79 when it is expected to reach 16.4 percent.

For all countries expect Niger, taxes on international trade (import duties primarily) constitute the single most important contribution to tax revenue, ranging from 83 percent in the Gambia (1977/78 budget estimates) to 37 percent in Mali (1979 budget estimates). In Niger the largest contribution to tax revenue is made by taxes on income and profits (38 percent of tax revenue - 1978/79 budget estimates) - due to uranimum mining activities - followed closely by taxes on goods and services (32 percent). In Mali, a substantial contribution (22 percent) is made by other taxes including the poll tax and the livestock tax, although tax receipts from previous years are also included in the total. Although rising revenues will make funds available for increased capital expenditure, much of this income will be needed for such items as government service, wages and salaries, etc. It should be noted, however, that recent increases in budgeted levels of capital expenditure have not been matched by actual disbursement due to limited and inadequate absorptive capacity.

C. Expenditure

The total expenditure of the Sahelian countries has been rising steadily and rapidly over the years and for many countries, at a faster pace than revenue. The main components of total budgetary expenditures are current expenditure and capital expenditure. Mali's Road Fund, Upper Volta's Special Program and Senegal's Special Treasury Accounts are of a budgetary nature but generally not included in the central government budget.

1) Current Expenditure

Economic Classification: Expenditure on wages and salaries represents the largest single component of government current expenditure, ranging from 36 percent for Niger (budget estimates 1978-1979) to 63 percent for Upper Volta (1977) and Mali (1979). For most countries, growth of personnel expenditures has been rapid, and for Mauritania and the Gambia has been more rapid than growth of current expenditure (1973/74 - 1977/78). Much of the increase in expenditure on wages and salaries is due to

Table 7

Classification of Current Expenditure (Latest years available) Million CFAF and Percent - budget estimates/projections

	Gambia 1977-1978	Mali b) 1977	Mauritania 1977	Niger 1978-1979	Senegal 1978-1979	Upper Volta 1977
Economic Classification (percent)						
wages/salaries	55.0	62.5	35.2	35.8	47.8	62.5
material	32.7	20.4	24.1	24.4	26.1	17.5
public debt servicing	1.0	c)	4.0	7.7	.1	6.8
subsidies/ transfers	11.1	.8	7.9	22.0	15.5	13.2
other	--	16.2	28.6*	10.1	10.5	--
Functional Classification* (percent)						
defense	--	23.2 d)	N.A.	7.3	13.7	21.4
interior/general services	43.7 a)	2.7		47.6 a)	8.6	28.4 g)
finance	--	3.2		--	4.7	3.8
rural development	19.4	4.0		12.4 e)	2.8	7.4 h)
education	15.1	31.0		16.2	21.0 f)	14.0
health	9.9	7.5		7.4	6.0	8.0
Million CFAF Total	7,614	32,511	46,743	35,742	101,470	21,150

Sources: IMF material, National budgets, L'Economie West Africaine, Banque Centrale des Etats d' Afrique de l'Ovest

Notes:

a) general public
b) Central and regional budgets
c) The Autononous Amortization Fund is responsible for servicing Mali's foreign and internal debt.
d) Includes national gendaimerie, police and horse guards relating to internal security
e) Includes agriculture and other economic services
f) Includes Ministries of National Education and Higher Education
g) General Public Services
h) Includes Plan, agriculture and public works

Functional classification does not include all Ministries.

* Includes other and special accounts

conscious government policy. In Mali, although there was only a slight increase in salaries in 1978 and no projected increase for the 1979 budget, the government's policy of hiring the majority of school graduates has been a major factor contributing to the rapid growth in current expenditure. Similarly in Mauritania there has been a policy of creating new positions for public employees and expanding defense services. In Upper Volta, there were substantial salary increases in 1976 and a major restructuring of government jobs in 1977 which resulted in a 36 percent increase in personnel expenditure between 1976 and 1978.* Cutting current expenditure can also have a detrimental effect on the economy if it results in lack of personnel and other administrative infrastructure necessary to project and program implementation.

Functional Classification: Education receives the bulk of planned current expenditure in most of the budgets of the Sahelian countries with allocations ranging between 14 and 31 percent (budget estimates for latest years available see Table 6). Rural development does not receive substantial funding from the national

* 1976 results and 1978 estimates

budgets although as noted in Section I, most of the Development Plans - which rely heavily on external assistance - do place priority on rural development. Defense is allocated a relatively high share of current expenditures for most countries. In Mali's budget, the Ministry of Defense receives the second highest allocation after education but expenditures on the national gendarmerie are also included in this total, which would bring the defense-specific expenditure down to ___ percent. Niger has the lowest defense budget of the Sahelian countries - approximately 7 percent of current expenditure - only a modest increase from prior years. Data for Mauritania is not available although it is estimated that the rapid increase in expenditure is attributable to the country's defense effort. General public services and administration continue to receive a large share of current expenditure.

2) Capital Expenditure

Although capital expenditure represents a relatively small share of total expenditure for the Sahelian countries, it has been rising more rapidly than current expenditure

over the past five years. The growth in capital expenditure was particularly dramatic in the Gambia where from 1975 to 1978* there was a 1,000 percent increase. This, however, is due to the fact that the capital expenditure budget includes all projects which are to be externally financed while in the budgets of the other Sahelian countries, capital expenditure generally only includes that country's contribution to the project and does not give a total picture of the ongoing development/ investment activity. In Niger this contribution has grown substantially owing to uranium mining revenues which accrue to the government in the form of various taxes. Currently 100 percent of these revenues are allocated to capital expenditure (National Investment Fund - FNI) which contributes 37 percent to the total budget. Since 1974/75, the FNI share in the general budget has grown almost 1,000 percent. In Niger as in most of the other countries, disbursements of capital expenditure have not kep up with rapidly increasing budgeted levels of capital expenditure. As noted earlier, this is linked to the country's absorptive capacity, and

*Budget estimates

is particularly apparent in countries where increases in general operating expenses are kept well below increases in budgeted capital expenditure outlays.

The functional breakdown of capital budgetary expenditure reveals that the bulk of resources in the budgets of Niger and Mauritania are allocated to infrastructure not rural development. This is in part of result of their ability to attract outside funds for rural development projects which, if directly financed by external donors, are not included in the budget.

SECTION III. COMPATIBILITY/IDENTIFIABILITY WITH AID POLICY OBJECTIVES

Although common characteristics exist, the Sahelian countries' plans and budgets differ both qualitatively and quantitatively. While certain aspects of the plans seem to be identifiable and/or compatible with AID basic needs and growth-with-equity policy objectives, the stated aims of the plans and the means by which these objectives are to be reached vary considerably in terms of their detail and precision. There are also marked differences among the countries' plans with respect to the link between stated policy and proposed project. Senegal, for instance, has a detailed, prioritized and time phased plan structure where proposed projects tend to reflect policy while other countries may have similar stated policies, which are not clearly reflected at the project level.

In many cases, the stated plan objectives may themselves be identifiable and/or compatible with AID policy objectives but data on actual investment that has taken place to support these objectives reveals that action

has differed from theory. In most cases, such data is limited or unavailable and in many cases unreliable. An additional issue to be considered is the true identity of the objectives--whether they reflect real government policies or those of external advisors and donors. There have been however some marked sectoral changes in the current plans with increasing emphasis placed on the rural sector. Almost all the countries now have the achievement of food self-sufficiency as one of their prime goals and are committed to crop diversification. In addition there has been an increased awareness of the importance of price incentives in order to spur production and better remunerate the farmer. These and other measures are certainly favorable in terms of AID policy objectives since they reflect a shift away from traditional urban biased policies toward a more even-handed, rural-based strategy.

In general, there seems to be a growing commitment to narrowing urban-rural disparities by improving the lives of the rural poor. Although most agricultural development programs are oriented towards production rather than towards equitable increases in rural income, most

programs do focus on the small farmer; the raising of producer prices in many of the Sahelian countries should mean improved income for the rural population. The decentralized system of regional development organizations in many of the Sahelian nations is a potentially positive force leading to greater participation in development by rural people. Many of those organizations are now pursuing more integrated activities - not only crop production but human resource development activities and institution building - although some have been slow to move away from a preoccupation with the promotion of specific cash crops. Despite the fact that some of the countries appear to be putting more resources into relatively better off areas,* it is a question of relative poverty rather than relative wealth. Our analysis of the situation takes this into account.

With regard to the social sector, the records to date and current planning, describe activities which are less positive factors in a basic needs-oriented strategy. The social sector has suffered from low levels of

*For example, in Upper Volta the better endowed ORDS have generally been allotted more funds, and in Senegal, the Cap Vert region continued to have the highest investment allocations.

investment and most resources allocated to urban rather than rural areas. Education has mostly been available to the urban populations and not geared to the rural development needs of Sahelian countries. Health services have emphasized curative medicine and have been centered in larger, urban areas.

While the current plans make tentative commitments to change, the investment levels are probably too low to have the desired effect. In the area of education, many of the countries are stressing the need for educational reform which would make education both more accessible and more relevant to the economic and social development needs of the country. There is also an increasing emphasis on professional and technical training and on non-formal education such as functiona literacy, agricultural extension, and related activities. Education receives one-half to two-thirds of social sector investment in most plans,* although as noted earlier, education and training-related activities are also subsumed in other sectors. In Upper Volta's Third Development Plan, non-formal education is

*Senegal is an exception where education only receives 25 percent of social sector investment. This is due to the inclusion of substantial housing investment allocations within the social sector.

allocated almost three times as much as formal education. The largest project, co-financed by USAID and the World Bank, covers a five year period and includes agricultural extension, practical mathematics and functional literacy. Education is generally well funded through the annual budget, receiving from 15 to 31 percent of total expenditures.

In the area of health, many of the current plans call for preventive health services in rural areas. Such services include vaccinations programs, mobile health units, and nutrition education. However there stated objectives do not always translate into planned or realized investment. In Mali's Plan for example, socio-preventive health care is given priority, receives only 16 percent of health subsector investment. Similarly for Cape Verde, stated objectives emphasize the training of basic health agents and community health volunteers, but actual budgetary allocations emphasize hospital construction. In Senegal, where priorities appear to be in the right areas, the level

of investment is low -- 9.5 percent of social sector investment or 2.3 percent of total planned investment --and much of it is still centered in the Cap Vert (Dakar) region. Overall, investment is still heavily oriented towards curative programs such as hospital construction in urban areas. Here again is an area where donors can support and encourage the efforts of the Sahelian governments.

In the past, the sectoral investment policies of the Sahelian countries favored industrial development. High levels of protection as well as lack of complementary infrastructure and skilled management have contributed to overall inefficiency, and generated little industrial employment. Although current plans allocate substantial amounts of funds to this sector, and characterize it as the "engine" sector, stated objectives have stressed industry links with the rural sector. In the Plans of Mali, Senegal and Upper Volta, importance is attached to the development of agriculture-based industries which would provide greater returns to the nations' available resources. A resource-based industrial

strategy, whether it be agricultural (including livestock) or mineral offers much potential for the Sahelian nations.

In an effort to provide greater employment opportunities for their respective populations, Mali and Senegal in particular, emphasize the expansion of small-scale, labor-intensive industries. Stressing the importance of satisfying the needs of the people, these two plans give first priority to the production of consumer goods through infant industry protection and import substitution. Senegal also foresees an expanding export promotion drive in such areas as electronics and textiles, as does Upper Volta although on a smaller scale. The link between the industrial sector and a more equitable development strategy is also evident in the Niger Development Plan where 100 percent of the revenues derived from uranium mining will be put into the National Investment Fund (FNI) reserved for development programs.

More revealing than the planned investment levels, however, are the levels of obtained financing by sector and most importantly, the level of sectoral and sub-sectoral investment that actually takes place.

Although planned allocations to the rural sector may be high, actual financing and investment differs considerably. At the outset of Upper Volta's 1972-1976 Development Plan, 33 percent of total planned investment was to be absorbed by the rural sector; in fact preliminary estimates revealed that only 17 percent of realized investment was allocated to that sector. In the case of Upper Volta, it was thus easier to obtain financing for infrastructure projects rather than for rural development. This was also true in the case of Mauritania's Second Development Plan, where the rural sector has a realization rate of 38.4 percent and the social sector only 3.0 percent. In Mali, at the end of 1976, only 13.5 percent of rural sector investment had taken place.

Indeed, as one proceeds from the general to the specific, there is an increasing chance that the attention given to equity and basic needs will be considerably less. This is due to a number of different and often interrelated factors such as project selection criteria, donor priorities, availability of skilled manpower, etc. The path from stated objectives to planned investment to

obtained financing to actual sectoral and sub-sectoral investment is a difficult one. In most cases, the outcome of the current plans i.e. the realized investment, has yet to be determined, and it will be a useful exercise to follow up on plan realization at an appropriate interval.

Traditionally, the Sahelian governments have pursued policies that were biased towards urban areas. This has been reflected in pricing policies on both export, crops and staple food grains and in sectoral investment policies favoring urban areas and industrial development. But there are some signs that these biases are changing and that increased attention is being given to the rural sector. In summary, the Sahelian countries have made a tentative commitment to equity considerations by increasing rural sector investments, promoting integrated agricultural projects and seeking, through interventions in this and other sectors, to improve the quality of life for their populations. The translation of pronounced changes in priorities and policies into actions will probably be visible only in the longer run, particularly since for many countries the current plans represent the first

major step towards a broadly-based rural development strategy. Certainly the stated objectives of the plans are positive elements of change and for change, in pursuing a growth-with-equity strategy.

The following sections reviews the specific plan and budget priorities of the Sahelian nations. Concluding discussion on planned budget and financing for each country, will be an evaluation of the plan's compatibility and/or identifiability with AID policy objectives.

National Development Plans
Country-by-Country

COUNTRY	Current Plan Period (years)	Total Investment ($ millions)	% Sectoral Allocations: Rural	Indus.	Infra.	Social	Other	Public Investment %	Private Investment %	Domestic Financing %	Foreign Financing %
Cape Verde											
Chad											
Gambia (Five Year Plan)	1975-1980	153.0	17.5		53.8	14.3	14.4[a]	100.0	----	15.0	85.0
Mali (Five Year Plan)	1974-1978	1,187.0[b]	35.3	38.0	19.0	7.5		100.0	----	10.0	90.0
Mauritania (Five Year Plan)	1976-1980	1,133.0	14.4	28.6	38.7	11.8	6.5	97.0[c]	3.0	29.1[d]	46.0 official 54.0 pvt. 70.9[d]
Niger (Three Year Plan	1976-1978	600.0	33.6	4.3 40.8	46.8 59.2 ■■	15.3 ■		65.2[e]	35.5[f]	55.0 gvmt. 44.5 pvt. 24.4	66.7 official 33.3 pvt. 75.6
Senegal (Four Year Plan)	1977-1981	1,733.0	21.5	24.6	18.5[g]	30.4		85.0	15.0	58.6 gvmt 41.4 pvt. 37.0	63.0[h]
Upper Volta (Five Year Plan)	1977-1981	1,660.0[i]	20.0	26.0	45.0	9.0[j]				40.0 gvmt. 60.0 pvt. 34.6	65.4

Expressed in current $: $1 = 225 CFA 1 UM = 546 CFA
$1 = 427 MF
$1 = 1.65 D

a. Includes administration, tourism and commerce.
b. Planned investment for plan and post-plan period.
c. Includes 18.6 percent public enterprise investment.
d. Percentages of less than total investment.
e. Includes 21 percent from FNI.
f. Includes parastatal, public and private investment.
■. Allocations of public sector investment = $388.0 million.
■. Allocations of private and parastatal investment = $213.0 m.
g. Includes tourism and commerce.
h. Represents planned direct foreign investment; GOS estimates that through 1990, 85% of plan will be externally financed including GOS borrowing for national budget.
i. Represents total for three year period; core component equals $1,170.0 million.
j. Sector allocations and domestic/foreign financing percentages are based on core component total (see i.).

Table 8

SECTION IV. COUNTRY-BY-COUNTRY DISCUSSIONS

GAMBIA

A. General Observations/Plans

The current Gambian Five-Year Development Plan 197- to 198- is the country's first attempt at a coordinated national plan for development. The three development programs that have taken place since 1964 concentrated mainly on isolated infrastructure and public utilities projects. The last development program (1971/72 - 1974/75) had a total planned investment of $27.5 million and an actual realization ratio of 56 percent of planned investment. The investment level for the current plan has increased markedly to $153.0 million and more specific priorities and objectives have been set forth, though no annual investment targets are yet included.

The overriding stated objective of the Plan is to reduce the disparity between the urban and rural sectors by concentrating on rural development and permitting urban development only if it can be undertaken without direct or indirect costs to the rural sector. The Plan foresees a 4.5 percent annual growth in GDP and a rise in rural incomes at a rate 20 percent higher than in urban

areas. Although agriculture and related activities in the rural sector are only allocated 17.5 percent of total planned investment, the sector receives priority in terms of manpower; in addition activities in other sectors are closely linked to rural development Priority is given to infrastructure with 53 percent of planned investment most of which is devoted to the transport subsector. The social sector receives approximately 14 percent for health, education and related activities.

It is estimated that close to 85 percent of the Plan will be financed from foreign sources although foreign financing data by sector is not yet available.

1) Rural Sector

During the current Plan, emphasis is placed upon the development of all aspects of the rural sector. To this end, priority is to be placed not only upon increased crop production but also on social services, agricultural extension, and increased supply of consumer goods and services. Gambian authorities have expressed concern with the present rural-urban drift and are seeking to

increase the productivity of rural areas as well as build up growth centers outside of urban areas.

The most important aspect of rural policy will be the coordination, integration and strengthening of extension efforts in agriculture, animal husbandry and cooperatives. The Plan foresees a significant boost in agricultural production in order to improve nutrition standards, eliminate the bulk of cereal imports (rice) and diversify rural cash crop income. Particular attention is paid to cereal production and diversification away from groundnuts. The Plan states the intention of giving as much attention to food crops as traditionally given to export crops and rice paddy production is expected to increase from 135,000 metric tons to 180,000 metric tons while millet and sorghum production should reach 63,000 metric tons. Overall, subsistence crops are expected to grow at 7 percent per year. The major production programs during the Plan period are a World Bank-led Rural Development Project to increase the cereal, cash crop and livestock production in the eastern part of the country, an irrigated rice production project and a cotton development project both in the eastern portion of the country.

Other aspects of planned rural sector policy include crop price increases to provide realistic incentives to producers - particularly small farmers - research, in-service training, extension services, credit development and marketing. The Plan also allocates investment to forestry and fisheries development.

Since the inception of the Plan, agricultural projects that have taken place include a cotton project, various small-scale rice production projects, livestock markets, fisheries development and agricultural credit schemes.

2) Industry

The industrial sector will not be a substantial employer during the current Plan, although labor-intensive industries will be encouraged. Currently the only agricultural raw material that is produced in a large enough quantity to justify large-scale industrial processing is groundnuts. The objective here will be to maximize local income.

3) Infrastructure

A large amount of investment is allocated to the infrastructure sector reflecting the need to open up

isolated areas of the country before embarking on large scale agricultural projects. The main stated objective is to stimulate rural areas as a means of reducing the urban-rural imbalance. Major projects will involve the integration of road and river facilities (a national trunkroad system and improved marine transport) in order to eliminate serious transportation bottlenecks and improve the quality of rural life.

In the area of public utilities, emphasis will be placed on the development of subsidized water supply, electrical and telecommunication services for rural areas.

4) Social

The Social Sector includes activities in health, housing, social welfare, and community development. Particular emphasis is placed on education (70 percent of social sector investment) since the country's need for trained manpower is great. The Plan puts priority on formal and non-formal education that will be responsive to the needs of the people and calls for a revised curriculum and a reorientation towards fields that serve the socio-economic needs of the nation.

In the health subsector, the Plan considers the consolidation of existing rural services, the strengthening of the preventive aspects of health care and the expansion of rural services as priority areas of concern. By providing adequate treatment facilities and better infrastructure, it is hoped that the rural-urban imbalance can be redressed in favor of the rural areas. Although the Plan stops short of fully endorsing community-based rural health services, there does seem to be a commitment towards a more decentralized health system.

B. Financing of Plan

The Gambian Development Plan envisages a heavy reliance on external financing - approximately 80 to 85 percent of total planned investment during the Plan period. The rapid increase of development expenditure over the past few years has added to the already precarious financial situation and the government has decided to postpone certain development projects for which full financing is not assured.

Data for investment over the 1975-1977 period show that actual investment has been substantially lower than planned investment. In 1975/76 and 1976/77, the latest years for which actual data are available, investment ratios were 55 and 52 percent respectively. In the first year, external loans and grants financed two thirds of the investment while in 1976/77, delays in disbursement of foreign aid caused recourse to the banking system for the bulk of investment. In the 1977/78 period investment was revised downward, from $184.0 million to $124 million. It is estimated that close to 75 percent of this investment will come from external loans and grants. The revised 1977/78 investment is to be allocated in the following manner: Rural - 21%; Industry and public utilities - 13%; Infrastructure - 54%; and Social 6% with the remainder allocated to general administration.

C. Budget

The financial transactions of the central government take place within the framework of the national budget as there are no extrabudgetary special accounts. Unlike most

Table 9

BUDGET ESTIMATES

	(Millions CFA francs and percent)		
	GAMBIA		
	1975/76	1976/77	1977/78
Total Revenue	4,884.8	6,802.4	
Current Revenue	4,880.5	6,799.2	7,064.1
Tax Revenue %	81.3	82.8	72.5
Nontax Revenue %	18.7	17.2	27.5
Other Budgetary			
Total Expenditure	5,483.5	9,049.5	14,128.2
Current Expenditure	4,273.2	5,741.5	7,614.0
Capital Expenditure	1,210.2	3,307.9	6,514.2(a)
Unallocable			

Source:
- IMF documents
- National budgets
- L'Economie Ovest Africaine, Banque Centrale des Etats d'Afrique de l'Ovest
- Dossier d'Information Economique, Ministere de la Cooperation, Service des Etudes et Questions Internationales

Notes: Unless otherwise noted, data for the earliest year(s) given are budget results and other data are budget estimates and provisions.

Current prices:
1976 $1=CFAF 238; MF 477; UM 44.9 and $.45=D1
1977 $1=CFAF 245; MF 491; UM 45.6 and $.43=D1
1978 $1=CFAF 225; MF 451; UM 46.1 and $.47=D1
1979 $1=CFAF 225; MF 427; UM 46.1 and $.51=D1

(a) Has been revised downward to 10,186 million CFAF

of the other Sahelian budgets, the Gambian budget includes all foreign financed (or potentially foreign financed) projects in the category of development expenditure. Since 1974/75, the country has experienced a weakening budgetary situation with a growing overall deficit. Through 1976/77 the current account surplus continued to grow but the rapid pace of growth of development expenditure (due to government policy of including projects for which full financing was not assured), resulted in substantial overall deficits amounting to D 21.9 million ($9.4 million) in 1976/77 and initially to D 69.2 million ($32.5 million) the following year. The budget for 1978/79 was revised downwards and the deficit is expected to be considerably lower. In 1974/75 and 1975/76 the deficits were financed primarily through foreign aid, however, delays in disbursement the following year resulted in recourse to the banking system.

1) Revenue

Revenue has increased markedly since 1974/75 at an average annual rate of 23.4 percent through 1978/79. There have been large variations around this average figure:

Table 10

GAMBIA - Central Government Budgetary Operations ($mil)

	1974/75	1975/76	1976/77[a)]	1977/78[b)]	1978/79[b)]
Revenue	17.6	20.5	27.7	32.3	36.4
Current Expenditure	16.9	17.9	23.4	33.8	39.1
Current surplus/deficit (-)	+ .6	+ 2.5	+ 4.3	- 2.3	- 2.3
Capital Expenditure	5.4	5.8	14.1	28.9	55.3
Overall surplus/deficit (-)[c)]	- 3.9	- 1.8	9.4	N.A.	N.A.

Sources: IMF and Government documents

Notes: Expressed in current dollars: 1975 $.55 = D1
1976 $.45 = D1
1977 $.43 = D1
1978 $.47 = D1
1979 $.51 = D1

a) Provisional
b) Estimates
c) Takes into account grants and net lending/repayments (-)

between 1974/75 and 1976/77, the increase amounted to 42 percent each year, while in the next two budget periods, the increases were considerably smaller at 3.4 and 7.0 percent respectively. Through the 1975/77 period, revenue outpaced current expenditure resulting in a surplus on the current account and the ability to partially finance development expenditure. Estimates for 1977/78 and 1978/79 indicate that the pace of revenue growth has slowed considerably while that of current expenditure has increased resulting in current account deficits of approximately D 5.1 million ($26 million).

Data through 1976/77 show that tax revenue has accounted for approximately 81 percent of total revenue and has grown at an average annual rate of 38 percent. The bulk of tax revenue is derived from taxes on international trade, particularly import duties which account for over two-thirds of total revenue. The increase in the contribution of import taxes is due both to the imposition of new taxes and to increases in existing taxes.

Taxes on income and profits have grown rapidly - an average annual increase of 40 percent - although their share in total revenue over the three year period (1974/75

to 1976/77) is just 11.5 percent. Non-tax revenue has almost doubled in absolute value and contributed 20 percent to total revenue during that same period.

2) Expenditure

Between 1974/75 and 1976/77 current expenditure grew at an average annual rate of 33 percent, compared to 42 percent for revenue in that same period, resulting in current account surpluses. The situation changed after 1977, when current expenditure increased more rapidly than revenue. Current expenditure is estimated at D 76.5 million ($39.0 million) for 1978/79.

In 1974/75 and 1975/76 much of the increase in current expenditure was due to salary increases. In those two years the share of expenditures on wages and salaries averaged over 40 percent of current expenditure while in the following year this share dropped to one-third, and the share of expenditures on other goods and services increased.

On a functional basis, over half of current expenditure has gone to general public services. Of the remainder, expenditure on education and agriculture are

the next largest items accounting for an average of 12 percent respectively between 1974/75 and 1976/77. Health expenditures have tripled during that time period and represented about 11 percent of current expenditure on 1976/77. A breakdown for 1977/78 and 1978/79 is not yet available.

Capital/development expenditure has increased dramatically since 1974/75 owing to government policy of including all potential foreign financed projects in the budget. Between 1974/75 and 1978/79 budgeted capital expenditure increased 1,000 percent or at an average annual rate of 91 percent. Estimates for 1978/79 indicate that budgeted capital expenditure is almost 50 percent higher than current expenditure for that year.

These developments have added to the general deterioration of Gambia's financial situation. The overall deficit has increased substantially since 1975/76 when it equalled D 4.2 million ($2.0 million). In 1976/77 it increased five fold and original estimates for 1977/78 continued this trend. Exact figures for the revised 1977/78 and provisional 1978/79 budgets are not available but the deficit should be considerably lower due to

government decisions to postpone development projects for which full financing is not available as well as to postpone locally funded projects with a high import content.

Between 1974/75 and 1976/77 economic services were allocated the largest share of development expenditure. Within that category, agriculture and transportation both received a fair amount of attention. (See discussion of Plan, pp. 47 - 52.)

D. Plan Evaluation: Compatibility/Identifiability with AID Policy Objectives

Given the previous development program's growth orientation and bias towards infrastructure, the current Plan marks a substantial change in emphasis and stated priorities. The Five Year Development Plan, while still allocating the bulk of funds to the infrastructure sector, has clearly oriented development strategy towards the rural sector. Expenditure for development projects has increased markedly over the years; although, deterioration in the country's financial position led to postponment

of projects for which full financing was not assured.

The government's concern for equity considerations is reflected in an increased attention to farmers, and in stated objectives to reduce the disparity between the rural and urban sectors. The Plan attempts to reverse the previous emphasis on urban development by concentrating on rural areas and only permitting the former if it can be undertaken without direct or indirect costs to the rural sector. The rural sector is to receive 17.5 percent of total planned investment although investments in other sectors, particularly infrastructure should impact beneficially on rural development. Stated intentions in the area of agricultural development appear to be in line with AID policy since aspects of government policy include increasing crop prices for farmers in order to provide realistic incentives, diversifying crop production and paying particular attention to food crop production. The Plan does note that high potential area will receive the most attention but emphasizes that this policy is not inconsistent with balanced regional development.

A large percentage of the planned investment is allocated to infrastructural development. The emphasis,

however, will be on rural areas and on using the infrastructure projects such as road extension and rehabilitation to mitigate urban-rural disparities.

The level of investment in the social sector is similar to that in other Sahelian countries. Notwithstanding the relatively small percent devoted to education and health, the emphasis appears to be in the right areas. In education, priority will be placed on curriculum reform in order to make schooling more relevant to the development needs of the country. In health, priority is given to the preventive aspects of health care and the expansion of rural services.

MALI

A. General Observations/Plans

Mali's Economic and Social Development Plan (1974-1978) represents an ambitious medium-term public investment program. Although actual annual GDP growth during the previous plan did not reach the 5.4 percent goal, targets for the current plan are set even higher at 7.1 percent. The investment levels for the Plan have been revised several times due to rapidly rising prices and additions to the Plan, and it is clear that all projects will not be completed during the Plan period (1974-1978). The latest available estimate for the cost of all projects included in the Plan amounts to MF 826 billion ($1,903.0 million); however the cost of projects to be undertaken during the Plan and immediate post-Plan period is currently estimated at MF 507 Billion ($1,170.0 million). As much as 85 to 90 percent of the total Plan outlay is to be financed through external loans and grants.

The high priority accorded to the primary sector was reflected in the original plan allocations equal to 39 percent of total planned investment. Energy and industry

shared the 31 percent allocated to the secondary sector. The priority objective here was to encourage exploitation of local resources and processing of Mali's primary products. The infrastructure sector was also given priority with 23 percent of total investment, much for the maintenance and construction of roads. The social sector received the remaining 7 percent, with approximately two thirds allocated to education with the remaining third going to the health subsector. The sectoral allocation percentages have varied considerably with the overall investment level. Readjustments at the end of 1976 (to a total of MF 717.0 billion) sharply altered allocations to the rural sector (42.9 percent of total planned investmant), and the social sector (1.6 percent), while further revisions in 1977 increased allocations to the latter and decreased those to the former. When data on realized investment is made available there will certainly be additional changes: it is the realized investment, at the sectoral and subsectoral levels, which will be the final arbiter of government priorities.

Table 11

Latest Estimates: Plan Investment Allocations

	Percent
Rural	35.3
Industry	38.0
Infrastructure	19.0
Social	7.5
Total	100.0 = $1,170.0 million
	($1 = 434 MF)

The stated objectives of the Plan are to ensure rising real incomes to the entire population and to build a national economy insulated against adverse climatic or external factors. Priority is given to agricultural development so as to meet basic food needs and to achieve food self-sufficiency. Emphasis is also placed on the processing of the country's primary products. Large investments in transport, dams and power are intended to provide the necessary infrastructural base which will permit the "take off" of the economy.

1) Rural

The food scarcity which occurred during the peak drought years provided the impetus for a new strategy for agriculture. The current Plan reflects the Malian government's determination to answer the food needs of the people as well as the revenue needs of the producers in plentiful times and in times of drought. Although the goals are viewed in the longer term, it was hoped that the 1974 to 1978 plan period would be a turning point in terms of agricultural production techniques.

The major objectives for the rural sector during Mali's current Five Year Plan are:

- to achieve self sufficiency in food production;
- to protect the population against hazards of climatic variation; and
- to give equal income-earning opportunities to those in different regions.

Approximately $413.0 million is planned for the rural sector. Sixty-five percent of this was to be absorbed by integrated agricultural projects whose focus is to improve services in rural areas, increase agricultural

yields and expand irrigated agriculture; 24 percent is allocated to animal husbandry and most of the remainder to the forestry subsector.

The importance of increasing crop production, particularly cereals, is underscored by the Malian government in this Plan. Of the 65 percent or approximately $268.0 million allocated to crop production, almost two-thirds is devoted to the production of staple food crops, with a marked bias towards irrigated crops. During the course of the Plan, it was expected that 156,000 hectares would become cultivable through irrigation. Of these, 67 percent would be through flood irrigation, 21 percent single crop irrigation and the remainder double cropped. Actual figures for cereal crop production through 1966-1977 have been very favorable, since combined millet/corn production totaled 1,150 thousand tons and paddy production reached 350 thousand tons. However, provisional estimates for 1977-78 are much lower due to continued drought conditions.

In the Plan, the Government sets out three fundamental options with regard to cereal production:

a. long term self-sufficiency in food crops;

b. security for producers and consumers even in lean years; and

c. equity: for consumers this means the ability to purchase at a reasonable price not withstanding geographical location; for producers this means revenue security.

The Plan outlines general measures dealing with pricing structure, infrastructure, grain storage and marketing and emphasizes irrigation and crop diversification as key factors in dealing with climatic variations and revenue redistribution. The longer term, year 2000 objectives are to maintain millet-sorghum-corn production at the 1978/79 level (approximately 1.1 million metric tons) and to increase rice production six times from the 1978/79 level (to 2 million metric tons.)

Table 12

Production Objectives: 1978/79 and 2000

	1978/79*	2000
Millet-Sorghum	977,000	
Corn	158,000	
Wheat	4,000	
Subtotal	1,139,000	1,100,000
Rice (paddy)	350,000	2,000,000

* last agricultural campaign for Five Year Plan

Plans for crop production increases are based on five major projects:

a. Office du Niger

b. Operation Riz Segou

c. Operation Riz Mopti

d. Operation Mali-Sud

e. Operation Arachides-Cereales

The Office du Niger is the largest rice project in Mali. In 1974 prices, the total investment in that project was estimated at $54 million. The project includes rural engineering, irrigation projects and general maintenance. Fifty three percent of the project is devoted to rice production while 22, 27 and 4 percent are allocated to cotton, sugar cane and fodder production respectively. Rice paddy production is expected to almost double over the Plan period reaching 98,700 tons in 1978/79. It is estimated that 95 percent of the investment will be externally financed. The other rice operations , Segou and Mopti, are somewhat smaller than the office du Niger. Both are concerned totally with paddy production.

Operation Mali-Sud envisages a total investment of $22.0 million (1974 prices) for the five year period. The project involves cotton production (68 percent of total cost), millet and sorghum (19 percent of total cost) and rice production (8 percent of total cost). It is estimated that 687,000 hectares will come under cultivation, 3,900 of which will be irrigated. Millet/ scrghum production is expected to increase from 302,000 tons in 74/75 to 367,000 tons in 78/79 while corn production should increase to 100,000 tons from 72,000 rice and groundnut production will remain fairly stable while cotton production is expected to reach 136,500 tons from 67,000 tons in 1974/75.

The Operation Archides-Cereals envisages a total investment of $10.9 million over the five year period 1974-1978. As with the other operations, complementary projects of an integrated nature (infrastructure, literarcy, health etc.) are planned although they are additional in terms of total cost. The Operation Arachides-Cereals covers the central and western zones, for a total area of 481,000 hectares. The production of groundnuts will

represent 73 percent of total investment, while cereal production (millet, sorghum and corn) will absorb the remainder. Groundnut production is expected to reach 187,000 tons in 1978/79 from a level of 118,00 in 1974/75 while millet/sorghum production should reach 207,600 tons.

The livestock animal husbandry subsector is also given priority within the rural sector, accounting for approximately one-fourth of the investment. The major objectives of the Plan are to re-establish and reconstitute herds in order to attain predrought levels and to satisfy agricultural needs and local consumption needs to the greatest extent possible.

In the original planning document, about 70 percent of rural sector investmant was to be financed by external grants and loans.

2) Industry

The Secondary Sector (which includes mines, energy and hydraulic power and manufacturing) receives the second largest share of total planned investment for the current Plan. Approximately $444.0 million (38 percent) is allocated for the Plan and post-Plan period: 57% will be

absorbed by the energy and hydraulic power subsector. The largest single project is the construction of the Selingue Dam whose total cost is estimated at $140.0 million. The project comprises the construction of an access road, construction of a dam on the Sankarani River, installation for electrical power generation and development of irrigated areas.

Also included in the Industrial Plan is the manufacturing industry subsector which is allocated an estimated $135.0 million over the Plan and post-Plan period. Particular emphasis is placed on the industrial processing of Mali's primary products. The World Bank estimates that about half of planned investment in this subsector is to process local raw materials (agricultural, livestock and mineral) for the domestic market, one-third to process local raw materials for export and the remainder for the fabrication of imports for the local market. Major projects include food processing, (fruits, vegetables, sugar, etc.) textile manufacturing as well as cement mills and brick factories.

The Secondary Sector is to be almost totally

financed by external grants and loans.

3) Infrastructure

As with the other Sahelian nations, infrastructure is considered of prime importance and an integral aspect of other economic development goals. The long term objectives are to open up the country by means of road, rail, water and air infrastructure and in so doing to become the crossroads between West and North Africa. During the 1974-1978 Five Year Plan, approximately $222.0 million (19.0 percent of total planned investment) is allocated to the infrastructure sector which includes roads, railroads, rivers, airports, telecommunications, tourism and urban development. Over 50 percent of this investment is earmarked for reinforcement and extension of the road and rail system. This type of infrastructure is seen as essential both to the opening up of isolated areas and to the development of other sectors. It is estimated that close to 85 percent of investment in the road subsector will be externally financed.

4) Social Sector

The social sector investments in Mali's current Plan amount to $88.0 million or just over 7.5 percent of total planned investment. The sector comprises education and youth, health, and information which account for 68, 27 and 5 percent respectively. Within the education subsector, priority is given to technical and professional training particularly at the secondary level. In addition, emphasis is placed upon informal education projects which are often part of larger integrated rural development projects (Office du Niger, Programme Vallee, etc.) The investment in formal education focuses mainly on the construction and upkeep of schools.

The investment in health covers two main areas: curative medicine (construction of hospitals, etc.) and socio-preventive medicine (public hygiene, health education, etc.). The latter only represents 16 percent of total health investment, but the government has expressed its concern and commitment to increasing its effort in this domain.

B. Financing of Plan

Sparse data on obtained financing and realized investment for Mali's Development Plan is available through September 1977 at which time a review was undertaken by the government. As of that date, financing of the Plan was fairly well underway with approximately $800.0 million (68 percent) received or firmly committed. The main donors were the World Bank Group (20.0 percent), the Arab countries (14.5 percent) and the EDF* (11.4 percent). The financing was distributed among sectors as follows: Rural - 31.2%; Industry - 39.4%; Infrastructure - 23.2% and Social - 5.8%. Preliminary agreements were also obtained on another $230.0 million. Together these sums would account for over 88 percent of the cost of projects envisaged in the Five Year Plan.

Sectoral allocations of obtained financing are similar to those planned; although shortfalls exist in the rural and social sectors which received only 60.5 and 53.0 percent respectively of their planned investment. Financing for the secondary sector has been favorable with over 70 percent ($316.0 million) of the financing secured by

*European Community's European Development Fund.

September 1977. Most of the commitments were for the water and power projects of which costs for the construction of the Selingue Dam represent one-third. In the infrastructure sector, the roads and railroads subsectors obtained 55 and 74 percent respectively of planned investments. Overall, the rural sector received $250.0 million in financing of which the crop subsector received almost two-thirds.

However, the implementation of the investment program has been moving slowly. At the end of 1977 (the latest period for which estimates are available) only $340.0 million or 29 percent of the planned $1,170.0 million was actually disbursed. Realized investment ratios were particularly low in the rural sector where only 13.5 percent of the planned investment had taken place, mainly in the crop subsector. Somewhat disturbing is the fact that realized investment in the rural as well as in the social sectors scarcely increased from 1975 to 1977 after the initial jump in the prior year. More concrete information for 1977 as well as data for 1978 and beyond is not yet available.

Ratios were slightly better for the secondary and the infrastructure sectors where approximately one-quarter of planned investment had been realized. Completed projects during 1977 included urban water supply, several small dams in the Dogon region, a groundnut oil refinery in Kita and a sugar refinery in Siribala. The construction of the Selingue Dam is underway and should be operational in 1981. Other projects to be completed this year include the reinforcement of the Bamako-Segou road, several small irrigated perimeters in the area of Dire, and the "embouches paysannes" in Koulikoro and Tienfala.

C. Budget

The main transactions of the central and regional governments are undertaken within the framework of the national budget. The importance of regional expenditures has continued to decrease, currently representing 8 percent of total expenditures. Current expenditure constitutes the bulk of expenditure since the large part of capital expenditure financed directly by foreign aid is not included in the budget. The government also carries out certain transactions through its extrabudgetary funds. The overall financial situation has improved somewhat since 1975 when the overall deficit amounted to MF 10.1 billion ($23.6 million). Projections for the 1979 budget show an overall deficit of MF 3.6 billion ($8.4 million) and a slight current surplus.

1) Revenue

Since 1975 current revenue has grown rapidly at an average annual rate of 21.4 percent between 1975 and 1979.* Growth was particularly rapid from 1975 to 1977 due to increased economic activity, while estimates for 1978 were

*Budget results 1975-1977; budget estimates and projections 1978-1979.

Table 13

BUDGET ESTIMATES

	(Millions CFA francs and percent) MALI (b)		
	1977	1978	1979
Total Revenue	23,948.0	25,546.0	32,669.0
Current Revenue	23,948.0	25,546.0	32,669.0
Tax Revenue %	95.3	92.6	93.7
Nontax Revenue %	4.7	7.4	6.3
Other Budgetary			
Total Expenditure	27,268.0	29,437.0	34,566.0
Current Expenditure	25,703.0	27,800.0	32,511.0
Capital Expenditure	1,565.0(c)	1,636.8(c)	2,055 (c)
Unallocable			

Source: -IMF documents
-National budgets
-L'Economie Ovest Africaine, Banque Centrale des Etats d'Afrique de l'Ovest
-Dossier d'Information Economique, Ministere de la Cooperation, Service des Etudes et Questions Internationales

Notes: Unless otherwise noted, data for the earliest year(s) given are budget results and other data are budget estimates and provisions.

Current prices: 1976 $1=CFAF 238; MF 477; UM 44.9 and $.45=D1
1977 $1=CFAF 245; MF 491; UM 45.6 and $.42=D1
1978 $1=CFAF 225; MF 451; UM 46.1 and $.47=D1
1979 $1=CFAF 225; MF 427; UM 46.1 and $.51=D1

(b) Includes central budget and regional budgets
(c) Investment and Equipment - does not include Special Funds

considerably lower than originally budgeted accounting for a growth rate of only 6.7 percent between 1977 and 1978. Projections for 1979 were revised downwards in February 1979 by 10 percent (to $145.0 million) so that the increase in revenue is now estimated at 21 percent over the 1978 figure.

The bulk of current revenue is derived from tax receipts which have accounted for over 90 percent of revenue increases from 1975 through 1979. The contribution of tax revenue was at its peak in 1975 (96.1 percent) and is estimated at 93 percent in the 1979 budget projections. Over the years, taxes on international trade, particularly import duties and taxes, have contributed the most to tax revenue and current revenue, amounting to 38 percent of the former in the 1979 budget projections, although there was a slight decline from 1977 to 1978. Export taxes have also risen substantially, particularly between 1976 and 1977 due to the imposition of special tax - taxe conjoncturelle - on the exports of cotton, the price of which was exceptionally high during 1977.

Table 14

MALI - Central Government Budgetary Operations[a] ($mil)

	1975	1976	1977	1978[b]	1979[c]
Revenue	67.4	77.0	97.6	113.5	145.1
Current Expenditure	87.2	93.3	104.9	123.5	
Current surplus/deficit (-)	- 19.2	-16.1	- 7.1	-10.0	
Capital Expenditure	3.7	4.8	6.3	7.3	
Overall surplus/deficit (-)	- 23.6	-21.0	-13.4	-17.3	

Source(s): IMF

Notes: Expressed in current dollars:
1975 $1 = MF 428
1976 $1 = MF 477
1977 $1 = MF 491
1978 $1 = MF 451
1979 $1 = MF 427

a) National budget and regional budgets
b) Estimates
c) Projections

Taxes on net income and profits constitute the next largest share of tax revenue and since 1975 have experienced faster growth than any other category (an average annual growth rate of 36 percent between 1975 and 1979). Projections for 1979 give taxes on income and profits a share 22 percent in total tax revenue. Non-tax revenue has grown substantially in absolute figures but represents only 7 percent of current revenue.

2) Expenditure

The structure of Mali's budget expenditure is characterized by relatively high current expenditure and low capital expenditure since donor financed projects are not included in the budget. Most of Mali's current expenditure is devoted to wages and salaries due to the government policy of hiring the majority of school graduates unable to find jobs elsewhere. In the 1979 budget projections, this category of expenditures was allotted 62 percent of current expenditure. Expenditure other than on personnel, for materials, equipment and supplies, has doubled in absolute value since 1975.

Based on preliminary budget estimates for 1978 and 1979*, education receives the largest share of current expenditure (approximately 30 percent each year), although much of this is to be spent on personnel. The second largest share goes to the Ministry of Defense (23 percent) although expenditure on the national gendarmerie is also included in the total. As in most of the Sahelian budgets, rural development does not receive a substantial share of current expenditure - only 4 percent in 1979 - although this is partially offset by allocations of capital expenditure.

Capital expenditure in Mali's budget represents local currency expenditure allocated in support of donor financed projects. Since 1975 budgeted capital expenditure has increased 140 percent to its present level of approximately $9.1 million, although disbursement has been consistently lower than the budgeted amount. Rural development receives the bulk of expenditure reflecting donor priority in this area.

Increasingly important are the extrabudgetary funds such as the Road Fund and the Rural Equipment Fund. The Road Fund has an estimated 1978 budget of $11.0 million

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* 1979 estimates before downward revision

derived primarily from taxes on petroleum products. The Fund handles all the financial transactions related to the maintenance of Mali's road network. Expenditure for the Rural Equipment Fund depends on special decisions by the Ministry of Finance and is financed from earmarked tax receipts. The accounts of these and other special funds have consistently shown surpluses although a substantial decline was expected in 1978 due to revenue shortfall.

Excluding the extrabudgetary special funds, Mali has experienced a continuing overall deficit although it has been reduced substantially from 1975 and 1976 when it represented 35 and 27 percent respectively of current revenue. In 1979 the deficit is estimated at $8.4 million or just under 6 percent of revenue. The most important source of financing of the budget deficit has been foreign grants and loans although the banking system has also become important.

D. Plan Evaluation: Compatibility/Identifiability with AID Policy Objectives

Mali's current Plan focuses on rural development, and its priorities are very much in line with AID policy objectives. Despite a food price and marketing system that has traditionally been biased towards the urban consumer, the Malian government has made clear its commitment to helping farmers (and others in rural areas) get a more equitable share of economic benefits. Producer prices for cereals have been raised several times (although the official price is still low relative to the parallel market price) and the current Plan has stated specifically that equity for consumers and producers must be considered a fundamental area of concern. The main institutions with regard to rural development are the Operations which are concerned not only with promoting the production of specific crops but also the well being of the people through various human resource development activities. Informed observers note that the Operations are successful and demonstrate Mali's commitment to rural development. Mali's commitment to rural development is also reflected in two extra-budgetary special funds,

the Road Fund and the Rural Equipment Fund which finances specific, although limited, development activities from earmarked tax receipts.

Although substantial investment is allocated to the industrial sector, the benefit of this investment should also accrue to the rural sector. The Selingue Dam should have a significant impact upon the standard of living of those in rural areas south of Bamako as should the construction of 8,000 wells throughout the country while the industrial processing of Mali's primary products should contribute to increased employment. Much of the investment in the infrastructure sector (which receives about one quarter of total investment) is allocated to road rehabilitation and extension which should also be beneficial to those in the rural areas. The Plan calls for close linkage between projects in the infrastructure sector on one hand and the rural and industrial sectors on the other.

Mali-Sud is one such operation whose primary focus was cotton production but whose responsibility has now extended to other crops as well as other activities. Although cotton production is expected to absorb 78 percent

of the costs of the basic project (about $22 million over the five year period), much attention is being paid to millet-sorghum, corn and paddy production. In addition, an integrated component is planned ($16 million) for infrastructure, functional literacy, health and related activities.

However as noted on page 76, implementation of the investment program has been moving slowly, particularly with respect to the rural sector, where only 13.5 percent of the planned investment had taken place at the end of 1976.

As with most of the Sahelian countries, the social sector in Mali receives limited funding compared with other sector investment levels. However, the emphasis, particularly in education, appears to be compatible with AID policy objectives. The current Plan has given priority to technical and professional education particularly at the secondary level and emphasizes the need to adapt schooling to future employment needs. The Plan also includes informal education and training activities which are often part of the larger integrated rural development

projects. The Ministry of Education accounted for 45 percent of the increase in budgetary expenditures from 1978 to 1979 and is allotted one fourth of the general budget for 1979.

Investment in the health subsector is still heavily slanted towards curative programs, although the Government has stated its intention of increasing the importance of preventive medicine. The outlook for project realization in the social sector is not very encouraging since at the end of 1976 the realization ratio for education and health was only 18.4 percent.

MAURITANIA

A. General Observations/Plans

The current Five-Year Plan for Economic and Social Development (1976-1980) began three years after the completion of the Second Plan (1970-1973) and attempts to provide greater coordination among, and coherence to, sector priorities. The general objectives of the Plan - to attain a higher standard of living for the population and to achieve a greater degree of economic independence - and the general orientation towards a balanced strategy of development are markedly different from the objectives and orientation of the previous plan. The Second Development Plan did not set precise objectives or targets but was heavily biased towards urban/industrial development to the detriment of development of the rural sector, so that the dualism in the economy was perpetuated and accentuated. Allocations to the rural and social sectors remained very low as did the investment realization rates. The average overall realization rate was approximately 58.6 percent, but there were extreme sectoral variations - industry with 88.3 percent and the social sector with 11.9 percent.

The current Plan seeks to provide two "engines" - one in the rural sector, the other (more powerful one) in the industrial sector - in order to mitigate the dual economy structure and improve the quality of life in rural areas. Revised Plan estimates call for a total investment level of 46,705 million ouguiyas (UM) or approximately $1,062 million. The majority of investments (78.4 percent) will be carried out by the Mauritanian Government while the parastatal organizations (SNIM and SOCOGIM)* will account for approximately 18.6 percent of of total investment. Private investment is limited to 3 percent of the estimated overall planning strategy although the Mauritanian government has recently revised its investment code in the hopes of encouraging more private investment. The investments undertaken by the parastatals and the small private enterprises are grouped under a Special Programs category and are allocated to mining, manufacturing and low-cost housing activities.

The Plan calls for balanced growth although the primary emphasis with respect to investment levels, is on infrastructure and industrial sector activities, i.e.,

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*SNIM: Societe Nationale Industrielle Miniere

the modern sector. Based on the total planned investment figure of $1,062 million, the rural sector is to receive just over 14 percent, industry - 28.6 percent, infrastructure - 38.7 percent and the social sector - 11.8 percent. Planned financing of Mauritania's Third Development Plan calls for 30 percent from domestic sources and 70 percent from external sources. A marked feature in planned foreign financing is the high percentage of private capital - 38 percent - which is greater than official loans and grants combined.

1) Rural

Mauritania's Second Development Plan did not set very precise objectives or targets and was particularly unsatisfactory with respect to rural development. Low realization rates for already low levels of investment were the result of the low priority accorded to the sector by donors and the government alike. Although stated objectives for the rural sector included raising rural income and satisfying the food needs of the population, there was little coherence to the few projects that were actually implemented. The current Plan makes an attempt

to focus on the rural sector with increased investment ($153 million) and a more concise set of priorities which would serve to create a solid base for future production. The long term objectives are to attain a highly productive agricultural system based upon the better use of water resources, to attain higher and more equitable levels of income and to assure the essential needs of the population.

Agricultural and livestock activities are planned according to zonal divisions of the country - the Senegal River Valley, the Agro-Sylvo - Pastoral Zone, and the Palm Grove Area - based upon available water resources. Most of the projects are the responsibility of SONADER (Societe Nationale pour le Developement Rural), a financially autonomous public agency subsumed under the Ministry of Rural Hydraulics. Hydraulic infrastructure projects are seen as key factors in a rural sector development strategy, since growth in that sector is viewed as dependent upon the development of irrigation systems. The Manantali and Diama dams are the most important planned projects for the provision of hydro-electric power and irrigated terrain.

The crop production subsector receives the bulk of rural sector investment, approximately $115 million or 75 percent of that total for the Plan period. Emphasis is on irrigation which will take on more land and resources from rainfed agriculture. It is estimated that two thirds of a hectare of rainfed crop land will be given up for each new hectare of irrigated terrain so that at the end of the Plan period approximately 14,000 hectares will be irrigated land. The Third Plan also sets out a high annual crop yield target of the equivalent of 7 tons per hectare per year of double cropped paddy or 3.5 tons per hectare per year single cropped to be reached in 1980/81.

Several of the projects in the rural sector are integrated in nature and include human resource development as well as traditional crop production activities. One such project is the Development of South Eastern Mauritania whose primary focus is increased millet and sorghum production but which also includes activities in the areas of hydraulic infrastructure, credit, reserve stocks and functional literacy. The latter activity is given more

attention in the current Plan along with extension services for farmers, in particular techniques associated with irrigated agriculture.

Notwithstanding the increased activity in, and attention paid to the rural sector, the Plan is clear in pointing out the limitations to rural development and the need to emphasize industrial development in order to assure adequate employment opportunities and sufficient income levels to the population. While emphasizing the complementarity between the rural and industrial sectors, the Plan also states that improvement in rural productivity should not occur at the expense of other sectors. Progress in agriculture, according to the Plan, depends upon progress in the modern sector, and the coordination among and between these and other sectors.

2) Industry

Although, as noted, increasing attention is being given to rural development, the industrial sector is seen as the crucial element in Mauritania's development strategy and the "engine" which will be able to assure

sufficient job opportunities and higher income levels. The Plan does emphasize the complementarity between the two sectors and seeks to develop light industry which would be linked to tht country's agricultural resources and would result in the production of consumer goods. Noting the constraints inherent to the economy - low internal demand, shortage of skilled labor, weak comparative advantage for certain products - the Plan underscores the need for regional cooperation both on a bilateral and a multilateral basis.

Two primary objectives are identified for industrial development during the Plan period: 1) increasing the return on human and natural resources; and 2) integrating the industrial sector into the rest of the economy. To this end, the industrial and mining sector is assigned close to 27 percent of total planned investment or approximately $300 million including SNIM investment (mining), under the Special Programs category. The major industrial sector projects (excluding mining) to be undertaken during the Plan period include an oil refinery at Nouadhibou, a sugar refinery at Nouakchott and a textile plant at Rosso.

According to original plan estimates, the cost of these three projects during the Third Plan time period, would have amounted to $143 million - the revised figure is probably somewhat lower. In mining, SNIM will be undertaking the bulk of the projects valued at approximately $160 million. The principal projects will be the construction of iron ore mining facilities in Guelb, the total cost of which will be close to $360 million, and an iron ore and steel complex at Nouadhibou with a total cost of $590 million. Both these projects will be started, and only partially financed during the Third Plan.

3) Infrastructure

As with all the Sahelian countries, the lack of adequate infrastructure constrains development progress in Mauritania. The previous Plan allocated $70 million to infrastructure of which 64 percent was implemented. The current Plan forsees a dramatic increase in the level of investment to approximately $410 million representing 39 percent of total planned investment.

The major project is in the area of transportation infrastructure, specifically the construction of the Nouakchott-Nema road which is allocated almost 70 percent of total planned investment in the infrastructure sector and is expected to impact upon two-thirds of the Mauritanian population and have important effects on all other sectors opening up heretofore enclaved areas. It is expected that the Nouakchott-Aioun portion will be completed during the current Plan period.

There will also be projects in maritime infrastructure including the extension of the wharf at Nouakchott and the Port of Nouadhibou. The construction of electricity generating plants in Nouadhibou and Nouakchott will account for 9 percent of infrastructure investment while SOCOGIM will be responsible for several housing projects in the urban areas.

4) Social

Although the dollar value of social sector activities has increased almost five times, the amount as a percentage of total investment has remained steady at approximately

11.9 percent. Not only was the previous Plan's allotment to the social sector low but the realized investment of the sector was almost nil at 3.0 percent (just over $3.0 million).

The current Plan is attempting to improve the level of education and the health standards of the Mauritanian population through higher levels of investment as well as structural reform. In the education subsector, which receives over half of the social sector investments, stated priorities are placed on reforming the educational system and on establishing a link between education and employment opportunities. Most of the investments are for school construction. Emphasis will be placed upon technical education for the rural population in order that they participate more fully in the development process. Planned projects in rural animation (included in rural sector investment), will involve radio-education for those in rural areas and agriculture extension. As with other project areas, the lack of skilled personnel will be a constraint on progress.

The health subsector is assigned approximately $30 million or one-fourth of social sector investment. The focus will be on preventive medicine and on narrowing regional disparities. Over 56 percent of health subsector investment is allocated to preventive oriented health services, including the creation of 23 mobile health units. The construction of a regional health center is also planned. Emphasis will also be placed upon improving the nutritional intake of the population, particularly young children. To this end coordinated actions are planned in the areas of food production, crop diversification, agricultural credit, local and regional markets and reserve stocks.

B. Financing of Plan

Comprehensive data on obtained financing and realized investment is not yet available although estimates have been made for the period through December 1977. Cumulative obtained financing through the end of 1977 amounted to $777.0 million or 73 percent of the original amount of total investment. This ratio

is even higher (92 percent) when obtained financing is compared to plan estimates that had been revised downwards in December 1977 to $843.0 million. Financing was fairly evenly spread out over sectors and subsectors with an average ratio of obtained financing to planned investment of over 75 percent for four sectors: estimates for obtained financing for the infrastructure sector (mainly for road projects and airports) were particularly high at 86 percent of planned investment. The total amount of financing - $777.0 million - came from the following sources: domestic financing - 12 percent; foreign financing - 88 percent, of which 54 percent was private capital and official loans and 34 percent, official grants.

As is the case with most plans, the level of realized investment is quite low. Tentative estimates for actual investment are available through 1977 but given the fact that the Plan does not terminate until 1980, Mauritania may actually be in a better position than some of the other Sahelian countries. At the end of 1977, cumulative realized investment, totalled $365.0 million, (or 34 percent of planned investment), $305 million for government investment and $60 million for the Special Programs. The ratios of

realized investment varied considerably among the sectors. Project implementation was particularly low in the rural sector where actual disbursements accounted for only 17.4 percent of planned investment for the sector. The social sector (mainly education) and the Special Programs fared only slightly better with ratio of actual investment to planned investment at 21 and 26 percent respectively. Investment in infrastructure represented 40 percent of planned investment, with the Nouakchott-Nema road project accounting for more than half of the outlays. The implementation rate was highest in the industrial sector where 60 percent of the investment was realized, most relating to the oil refinery project.

C. Budget

Financial transactions of the Mauritania Government consist of budgetary operations and transactions of various special accounts. Since 1975 there has been a sharp deterioration in the country's financial situation due primarily to defense spending. Attempts at a balanced budget have proved illusory with expenditure rapidly outpacing revenue and the overall deficit for 1978

Table 15

BUDGET ESTIMATES

	(Millions CFA francs and percent)		
	MAURITANIA(d)		
	1976	1977	1978
Total Revenue			
Current Revenue	25,965.8	24,720.5	24,412.5
Tax Revenue %			
Nontax Revenue %			
Other Budgetary			
Total Expenditure	60,951.8	59,100.9	
Current Expenditure	41,340.6	46,743.4	50,271.1
Capital Expenditure	19,611.2	12,357.5	
Unallocable			

Source: -IMF documents
-National budgets
-L'Economie Ovest Africaine, Banque Centrale des Etats d'Afrique de l'Ovest
-Dossier d'Information Economique, Ministere de la Cooperation, Service des Etudes et Questions Internationales

Notes: Unless otherwise noted, data for the earliest year(s) given are budget results and other data are budget estimates and provisions.

Current prices: 1976 $1=CFAF 238; MF 477; UM 44.9 and $.45=D1
1977 $1=CFAF 245; MF 491; UM 45.6 and $.43=D1
1978 $1=CFAF 225; MF 451; UM 46.1 and $.47=D1
1979 $1=CFAF 225; MF 427; UM 46.1 and $.51=D1

(d) Budget estimates and preliminary results (1978)

estimated at $128.0 million - approximately 6 percent above budgeted revenue for that year.

1) Revenue

Data since 1975 reveal slow revenue growth rapidly outpaced by expenditure resulting in considerable current and overall deficits. Although substantial grant funding has been made available for budgetary purposes - reaching a peak of $88.0 million in 1976 - the overall deficit has continued to grow. In 1977 for example, revenue was equal to 20 percent of GDP and the overall deficit to 19 percent of GDP.

Current revenue rose by 25 percent in 1976 due to the introduction of new tax measures including a National Defense levy and a special turnover tax on SNIM*, but then dropped by 6 percent the following year with the re-emergence of drought conditions, a decline in mineral operations and an increase in defense-related activities. In the 1978 Rehabilitation Plan period, revenue rose slightly and is expected to improve in 1979 due to a more than doubling of fishing royalties.

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* Societe National Industrielle et Miniere

Table 16

MAURITANIA - Central Government Budgetary Operation ($mil)

	1975	1976	1977[a)]	1978[b)]
Revenue	90.5	109.1	100.9	108.5
Grants	25.5	86.9	43.9	
Current Expenditure	99.8	173.7	190.8	223.4
Capital Expenditure	62.6	82.4	52.6	
Overall deficit	-46.4	-60.1	-96.5	

Sources: IMF

Notes: Expressed in current dollars
1975 $1 = UM 43.1
1976 $1 = UM 44.9
1977 $1 = UM 45.6
1978 $1 = UM 46.1

a) Provisional
b) Preliminary results

The bulk of current revenue is derived from direct taxation although as noted above, the overall tax performance has not been satisfactory. In 1977, taxes on net income and profits and taxes on international trade contributed respectively 24.5 and 38 percent to current revenue although the former has more than doubled in absolute value since 1975 and the latter has increased only by 3 percent. This stagnation is related to increased imports of investment goods and defense equipment generally exempt from taxation and to a lesser extent on an increase of imports passing through the duty free zones located in the former Spanish Sahara. Nontax revenue has remained steady as has the contribution from the government's special accounts.

2) Expenditure

Total expenditure has increased rapidly since 1974 with current expenditure accounting for most of the increase. Between 1975 and 1978 the average annual growth rate of current spending was 37 percent. This expenditure which took place within the budget and in the special accounts

primarily reflects increased defense spending. The growth rate was particularly high in 1976 at 80 percent but was kept down in subsequent years.

Excluding current expenditure through the special accounts - which rose 70 percent between 1975 and 1977 - the bulk of budgetary expenditure has been allocated to expenditure on wages and salaries. The doubling of this category of expenditure in absolute value between 1975 and 1977 is due to salary increases as well as to Government policy of increasing the number of positions for civil servants. Expenditure on materials and supplies has increased by 130 percent although most of the spending has been for defense equipment. Outlays for debt servicing have fluctuated considerably although most of these transactions are recorded outside the budget.

In 1978 a restrictive rehabilitation plan was put into effect in order to redress the country's financial situation. It appears from preliminary results that expenditure has exceeded the target and that the deficit remains high. A functional breakdown of current expenditure is not available.

Capital expenditure data are available through 1977. Most of the financial transactions have taken place through special accounts financed by external loans and grants. Between 1975 and 1976 expenditure grew by 35 percent but in the following year it dropped to a lower level than in 1975 due to decreased availability of foreign financing. The bulk of capital expenditure has been allocated to road infrastructure (61 percent in 1977). In 1976, funds were also allocated for a sugar refinery and a petroleum refinery.

The 1979 budget was balanced at approximately $232.0 million (UM 10,726 billion). The Government has said that the policy of expenditure restraint will be continued.

D. Plan Evaluation: Compatibility/Identifiability with AID Policy Objectives

As noted earlier, Mauritania's current Plan differs markedly from previous Plans in its attempt to orient the economy in a more balanced manner. A frank analysis and assessment of the shortcomings of the previous Plan with respect to rural development and social sector

activities has led to increased awareness of and attention to the latter. Higher levels of investment are allocated to the rural and social sectors and there is a greater emphasis on integrated development and sectoral coordination.

In an effort to mitigate the disparities between the traditional and the modern sectors, the Government has stated its intention of re-examining the rice importation and donor grain policies and of attempting to reverse rural-urban migration. In addition it appears that there will be decentralization of decision-making and increased participation by the people.

Although the Plan is clear to point out the importance of the industrial sector which is to serve as the primary "engine" of the economy, the stated objectives for, and planned projects in the rural sector seem encouraging. The focus of the rural development strategy is on increasing and diversifying agricultural production, emphasizing irrigation and attaining higher, more equitable levels of income in order to assure the essential needs of the population. The emphasis on irrigated agriculture in the current plan has necessitated increased attention to

agricultural extension services in order to provide farmers with the requisite techniques and know-how. Although little money has yet been allotted to this subsector (rural animation), the Plan has outlined several projects aimed at farmers and others in rural areas. Extension services are also integrated in other projects within the crop and livestock subsectors. As for literacy, the Mauritanian Government has stated its intention of including functional literacy activities in a number of agricultural projects although currently they are only included in the South-East Mauritanian project.

Given the extremely low level of social sector investment realization during the previous Plan, the levels of education and health standards of the Mauritanian population have remained unsatisfactory. Although the current investment levels are still rather low (approximately $65 million and $30 million for education and health respectively), the stated objectives and priorities appear to be compatible with AID policy objectives. The Plan foresees educational reform in order to make education more accessible to the majority of the people and more

relevant to the rural development needs of the country. In health, the emphasis is on preventive care and on improving rural health services.

Estimates for obtained financing and realized investment are available although it is perhaps too early to judge what the final sectoral outcome will be. As of September 1977 the ratios of realized investment to planned investment in education and health were quite low at 19 and 21 percdnt respectively. Data on actual projects financed is not available.

NIGER

A. General Observations/Plans

The Nigerien Government issued its Three Year Interim Program at the beginning of 1976 after several attempts at longer term development planning. Projects with the highest priority were selected to be part of the current 1976-1978 program, which is to serve as guidance for a more comprehensive Plan covering the 1979-1983 time period.* The 1976-1978 Interim Program does not set any macro-economic targets but allocates investment according to broad objectives and priorities. Placing emphasis on economic independence and the building of a "developmentally oriented" society, the Program calls for:

- self-sufficiency in food production, the rebuilding of livestock herds and the conservation of forest, animal and fish resources;
- improvement in infrastructure;
- improvement of social services; and
- development of industrial, mining and commercial activities.

*The 1979-1983 Plan is in the final stages of preparation. It should be completed in December 1979

There has been a noticeable shift from previous emphasis on the urban, commercial and industrial sectors to a more balanced approach with particular attention given to the rural sector. Larger amounts of funds from both domestic and foreign sources will be allocated to rural development activities, and as noted in the introductory section of the Niger Plan, the focus will be on a redistribution of national wealth, full employment and the well-being of the Nigerien population.

The total planned investment for the Plan period amounts to $600.0 million. Of this, approximately $388.0 million is to assure the financing of public sector investment and just under $212.0 million represents parastatal and private investment. Public sector investment is divided among four major sectors: Rural Production - 33.6 percent; Infrastructure - 46.8 percent; Human Resource Development - 15.3 percent; and Industry, Mines and Commerce - 4.3 percent. About 80 percent of these investment requirements come from foreign sources with the remaining portion to be financed from the national investment fund (FNI). The latter is allocated among sectors in the following manner:

Rural Production - 10 percent; Infrastructure - 43.6 percent; Human Resource Development - 33.7 percent; and Industry, Mines and Commerce - 12.7 percent. (The skewing of FNI funds away from the rural sector does not necessarily mean a de-emphasis of that sector but rather an awareness that it is easier to get donor financing for rural development.) Parastatal and private sector investment (212.0 million) is allocated to Public Works, Energy and Telecommunications (59.2 percent) and to Industry, Mines and Commerce (40.8 percent).

It is estimated that close to three fourths of the plan will be externally financed, two thirds from official sources (with the European Development Fund, the World Bank, France and Germany expected to be the main contributors), and the remainder from the private sector.

Also included in the Three Year Interim Program are a series of projects started before 1976, the majority of which were to be financed by the public sector ($150.0 million) with only a few projects in the industry and tourism subsectors to be financed by the private sector

and/or parastatal enterprises. Of the $162.0 million total, the infrastructure and industry subsectors were allocated 32 and 41 percent respectively while the rural and social sectors had markedly lower allocations with 20 and 5 percent of public and private investment respectively.

Although Niger is still one of the world's poorest countries, uranium mining activities have been a significant factor in recent growth trends of the economy. Uranium earnings have contributed to government revenues which in turn have greatly increased the Government's capacity to invest in development activities. The new Government recently made the decision to put 100 percent of uranium revenues into the FNI. As noted earlier the projected FNI contribution to the 1976-1978 Program amounts to 21 percent of the total public sector investment. In addition the FNI represents a larger and larger percent of the general budget. In 1978, the FNI contributed close to 30 percent and in 1979, this figure ie estimated at 37 percent.

1) Rural

The rural sector is seen as a key area in the 1976-1978 interim program. Approximately $130.0 million or 33 percent of public sector investment, was allocated to the primary sector during the three year period, to be divided among crop production, cooperative formation, livestock and reforestation. The goals set forth by the Government included the achievement of food self-sufficiency, the rehabilitation of livestock herds, agrarian reform and resource conservation.

The Plan emphasizes both dryland and irrigated agriculture and includes a number of integrated agricultural projects at the department level. Much of the investment is to be spent on productivity operations, which aim at increasing the output of a variety of crops, and on irrigated projects. The Cereal Development Operation covering five Departments is the base operation for agriculture in Niger. Planned activities include research and development for fertilizers and insecticides, agriculture extension, credit facilities and crop testing.

In the dryland crop area, two major projects funded by USAID, are the Niger Cereals Project (NCP) and the Niamey Department Development project (NDD). The NCP operates on the national level and aims at improving millet and sorghum seed research and production as well as institutional development support. The NDD focuses on village level activities in the area of livestock, forestry and soil conservation, village grain mills and literacy. Several small irrigated perimeters are being developed and plans are underway for the Kandaji Dam on the Niger River north of Niamey.

Livestock herd rehabilitation and range management also assume priority in the Niger's Plan. These and related activities account for close to one third of primary sector investments. The USAID funded Niger Range and Livestock project (NRL) is attempting to introduce new concepts for survival and development of the livestock sector. Such actions will include herder cooperatives, controlled grazing patterns, improved animal nutrition and improved marketing mechanisms.

The Plan envisaged primarily foreign financing for the rural sector while approximately 6.5 percent was to be domestically financed, mainly from the government.

2) Industrial

The private and parastatal organizations have primary responsibility for planned investment in industry and mining. Approximately 41 percent of the planned $212.0 million is allocated to uranium and phosphate mining. Uranium in particular has become an important factor in the Nigerien economy. Exports now provide a rising share of foreign exchange earnings and make a substantial contribution to government revenue. The relatively small amount of public sector investment devoted to industry ($17.0 million or 4.3 percent of the $388.0 total) will be concentrated on several small factories for ceramics and cement processing. Many projects are also being carried forward from an earlier period for which investment totalled approximately $134.5 million. Over 86 percent of secondary sector investment is to be externally financed, primarily from the private sector.

3) Infrastructure

The plan devotes a considerable amount of funding to infrastructural development. Approximately 52 percent of public and private investment is to be used for projects in the areas of transportation, telecommunications, water supply and energy. These projects are crucial for Niger's development which heretofore has been seriously constrained by the lack of physical infrastructure. Since most domestic transport is by road, priority has been accorded to this category. The two major efforts are the construction of the east-west road linking Niamey to Diffa, and the access road to uranium mining sites which is part of the Trans-Sahara road. Energy investment includes the development of coal mines by the parastatal organization - Societe Nigerienne du Charlon - for the production and transmission of electricity to uranium complexes. It was envisioned that the bulk of financing for the infrastructure sector would come from external bilateral, multilateral and private sources.

4) Social Sector

Investment in human resource development represents approximately 15 percent of total public sector investment. More than half is allocated to education, mainly for the construction of new schools or improvement of existing structures. Many of the integrated agricultural projects include a human resource component which consists of different types of training for those attached to and responsible for the project. Health subsector investments (29 percent of the total), are earmarked for the construction of medical facilities in rural areas. Stated objectives for the next Plan include the provision of preventive health care for the majority of the people.

B. Financing of the Plan

Complete information on obtained financing and realized investment is not yet available, particularly as it concerns private sector investment. Of the planned $388.0 million public sector investment, approximately $364.0 million - 94 percent - has been obtained from external sources (70 percent) and from the FNI (30 percent).

The cost of projects that have actually taken place amounts to just over $236.0 million - thus a realization rate of 62 percent as of June 1978. As in the Plans of other Sahelian countries, there have been sharp variations among sectors:

Table 17

Niger Plan 1976-1978

	% Initial Allocations	% Allocations 6/78	% Realization Rate
Rural	33.6	15.4	46.0
Industry	4.3	2.0	47.9
Infrastructure	46.8	32.7	70.0
Social	15.3	11.4	74.8

The rural sector had a relatively low realization rate - 46 percent - although the investment was allocated among subsectors as originally planned. Within the crop subsector, certain projects were begun, notably the "productivity projects" in Zinder, Tahoua, Maradi and Dosso. However crop production results were judged to be insufficient and it appears that cereal needs have not been met at

the local level. In the livestock subsector, targets for herd rehabilitation were met in some cases and related activities are in the realization stages.

As shown in Table 17 , the industrial sector had an unusually low realization rate of 48 percent (the mining subsector fared the best with 80 percent realized investment) although this in and of itself is not that meaningful since public sector investment in industry only amounted to $16.0 million. Little data is available on private sector investment realization although there are indications* that several projects have been implemented particularly those related to uranium mining. The industrial processing subsector and import-substitution projects did not fare well since climatic conditions adversely affected the availability of agricultural products (particularly groundnuts), for processing.

The cost of realized projects in the infrastructure sector amounted to $127.0 million or 70 percent of planned investment in that sector. The roads and bridges subsector fared extremely well with an 85 percent realization rate for the rehabilitation and extension of the road network.

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* IMF reports

Energy also had a high realization rate but as in the case of industry, most projects are to be undertaken by the private sector.

Most encouraging was realized investment in the social sector which amounted to 75 percent of planned investment. Education, which received over half the investment had a 95 to 98 percent realization rate. Over 1,200 primary school classrooms were built and close to 1,000 training centers for functional literacy should now be completed. Little information is available for the health subsector, although 70 percent of planned investment took place mainly for medical centers and dispensaries.

C. Budget

The budgetary operations of the central government consist of transactions in the general budget and in the investment budget (National Investment Fund - FNI), as well as in a small annexed budget for the maintenance of public works equipment. External budgetary assistance ceased in 1975 due to the increasing contribution of uranium

BUDGET ESTIMATES

	(Millions CFA francs and percent)		
	NIGER		
	1976/77	1977/78	1978/79
Total Revenue	37,627.4	44,504.0	56,742.2
Current Revenue	34,395.7	41,023.2	56,307.3
Tax Revenue %	88.1	83.5	83.6
Nontax Revenue %	11.9	16.5	16.4
Other Budgetary	3,231.7	3,480.8	434.9
Total Expenditure	34,702.1	44,504.0	56,742.2
Current Expenditure	28,432.6	30,404.0	35,742.2
Capital Expenditure	5,914.1(e)	14,100.0(e)	21,000.0(e)
Unallocable	355.4	———	———

Source: -IMF documents
-National budgets
-L'Economie Ovest Africaine, Banque Centrale des Etats d'Afrique de l'Ovest
-Dossier d'Information Economique, Ministere de la Cooperation, Service des Etudes et Questions Internationales

Notes: Unless otherwise noted, data for the earliest year(s) given are budget results and other data are budget estimates and provisions.

Current prices: 1976 $1=CFAF 238; MF 477; UM 44.9 and $.45=D1
1977 $1=CFAF 245; MF 491; UM 45.6 and $.43=D1
1978 $1=CFAF 225; MF 451; UM 46.1 and $.47=D1
1979 $1=CFAF 225; MF 427; UM 46.1 and $.51=D1

(e) National Investment Fund (FNI)

mining revenues to the budget. Between 1974/75 and 1976/77, the budget maintained an overall surplus. Preliminary estimates for 1977/78 show a deficit of CFA 2.1 billion ($9.7 million) due to lower than expected revenue collection.

1) Revenue

Data since 1974/75 show that Niger's revenue performance has been strong mainly due to the contribution of uranium revenues. Since 1974/75, central government revenue has grown at an average annual rate of 38 percent, to which tax revenue has contributed over 90 percent. Taxes on income, taxes on goods and services, and taxes on international trade have contributed respectively, 35 percent, 36 percent and 22 percent to total tax revenue.

Results were available through August 1978 (first eleven months) for the 1977/78 budget. At that time revenues collected amounted to CFAF 37.9 billion ($168.0 million) or 85 percent of budgeted revenue. Taxes in all categories appear to have grown more slowly than the average annual growth during the preceding period.

Table 19

NIGER - Central Government Budgetary Operations ($mil)

	1974/75	1975/76	1976/77	1977/78[a)]	1978/79[b)]
Current Revenue	94.3	107.6	140.3	144.4	250.2
Current Expenditure	81.9	94.1	116.0	118.6	158.8
Capital Expenditure	8.7	10.8	24.1	36.7	93.3

Sources: IMF

Notes: Expressed in current dollars:
1975 $1 = 214
1976 $1 = 238
1977 $1 = 245
1978 $1 = 225
1979 $1 = 225

a) data for the first eleven months
b) estimates

Preliminary budget estimates for 1978/79 include total revenue of CFA 56.7 billion ($252.0 million) of which 83 percent is tax revenue. Taxes on international trade primarily in the form of import taxes contribute 20 percent to tax revenue.

2) Expenditure

Between 1974/75 and 1978/79 total budgeted expenditure grew at an average annual rate of 30.1 percent, considerably above growth of current expenditure which averaged 20 percent over that same period. Traditionally the Government of Niger has maintained a policy of allocating only minimal resources to current expenditure while concentrating on investment operations within the National Investment Fund (FNI). According to the IMF, this practice has begun to have a somewhat debilitating effect on Niger's development effort due to lack of funding and infrastructure at the Ministry level. Despite this potential problem, the practice appears to be continuing; estimates for current expenditure for 1978/79 are up by only 17.5 percent from the previous years' estimates while capital expenditure

jumps by 50 percent to a share of 37 percent in total expenditure.

A comparison of budget estimates for 1977/78 with results up until August 1978 show disbursement of total expenditure at 90 percent of total, with current expenditure disbursements reaching 88 percent and capital expenditure only 57 percent.

Estimates of total expenditures for 1978/79 were budgeted at CFA ($56,742.2 million) with 37 percent appropriated to the investment budget. The bulk of current expenditure is to be absorbed by wages and salaries expenditures (36 percent) although this is a considerably lower share than in the budgets of the other Sahelian countries. Debt servicing (including principal and interest payments) has increased from CFA ($933.0 million) in 1974/75 to CFA ($2,753.7 million) in 1978/79 representing 7 percent of current expenditure.

In terms of functional categories, expenditures on general public services have remained consistently high and this category is allocated almost half of current expenditure for 1978/79. Expenditures on education have

almost doubled in absolute terms since 1974/75 although their share in current expenditure has declined. The share of health expenditures has remained fairly steady at just over 7.5 percent, while that of agriculture has declined appreciably, currently representing only 4.5 percent of expenditure. Defense expenditure remains the lowest of any of the Sahelian countries with a 7.3 percent share in current expenditure for 1978/79.

The share of capital expenditure in the general budget has been growing rapidly owing to increased uranium revenues and government policy of allocating 100 percent of these revenues to the FNI. However, disbursements of capital expenditure have consistently fallen below appropriations due to insufficient absorptive capacity of the ministries in charge of implementation.

In 1977/78 capital expenditure was budgeted at CFA 14.1 billion but after the first eleven months only CFA 8.2 billion had been spent. Capital expenditure for 1978/79 was budgeted at CFA 21.0 billion (approximately $100 million) but has fallen short of that total. Although a relatively small amount is allocated to rural development (9 percent of the FNI), a growing and substantial portion is allocated to social services.

D. Plan Evaluation: Compatibility Identifiability with AID Policy Objectives

The evaluation of Niger's Plan in terms of its compatibility and/or identifiability with AID policy objectives relies primarily on stated objectives, since a comprehensive analysis of the extent to which plan objectives have been carried out is not yet available. However, observed policy, particularly relating to the use of uranium-derived revenues in the FNI seems positive.

From the Plan Objectives and proposed sectoral allocations, it seems that at least in theory, the GON is committed to a balanced strategy of development with increasing focus on rural development. Whereas projects started before 1976 were heavily oriented towards the industrial sector, current planned allocations reveal much more emphasis on rural development accounting for 33.6 percent of planned investment from public sources. Rural sector priorities include food self-sufficiency and agrarian reform. Agricultural projects such as the Niamey Department Development (NDD) project are often integrated in nature and include human resource development as well as cereal crop production activities.

Emphasis is placed upon the decentralization of development project implementation and on granting more responsibility to local authorities. As noted in Section B, the realization rate for the rural sector was particularly low at 46 percent of the total planned, and cereal needs have not been met at the local level. The next Plan continues the emphasis on crop diversification and the achievement of food self-sufficiency.

In the social sector, the Plan calls for a greater participation of the population in the national development effort and although only 15.3 percent of the Plan public sector investment is allocated to this area, a relatively high share of current expenditure and FNI are devoted to human resource development. Stated general development policy revolves around the redistribution of wealth, full employment and the well-being of the Nigerien population. Preliminary estimates for sector realization are encouraging since the social sector achieved the highest investment realization rate with 75 percent. The education subsector in particular had a 95 to 98 percent realization rate: over 1200 classrooms were built and over 1000 training centers

for functional literacy should be completed shortly. The health subsector received 30 percent of the social sector realized investment, and had a 70 percent realization rate. Much of the investment was allotted to the construction of medical centers and dispensaries in rural areas.

The Plan also recognizes the importance of the industrial sector, particularly mining which has already made a significant contribution to the economy. The new government's decision to allocate 100 percent of uranium revenues to the national investment fund reserved for development programs is an important corollary to Plan statements. A total of $77 million, or 21 percent of public sector investment for the Plan period will be provided by the FNI, as will be 37 percent of the general budget for 1979. It is estimated that this half of the FNI portion will be concentrated in the fields of health, education and rural development.

Although the current plan is more a statement of long term goals than an actual strategy, its overall goals and philosophy can be supported within the framework of AID policy directives.

E. Niger's Next Five Year Plan, 1979-1983

The Nigerien Government is currently engaged in the the preparation of the next Development Plan to cover the five year period 1979 to 1983. The broad objectives will remain similar to those of the 1976-1978 Interim Program while sectoral objectives are to be defined by the technical ministries.

The rural sector retains the priority although the achievement of food self-sufficiency is viewed in the longer term. Efforts will be made to diversify crops and improve the quality and quantity of livestock production. Emphasis will be placed upon the development of water resources and irrigated land. The development and expansion of an agricultural-based industry will also receive attention in the Five Year Plan. On the human resource side, the Government has expressed its intention of expanding educational opportunities, particularly technical and professional training, and of increasing the availability of preventive health care. Overall investment levels and financial requirements have not yet been set by the Government.

SENEGAL

A. General Observations/Plans

Of the Sahelian countries, Senegal has the most comprehensive development plan which sets out a hierarchy of priorities emphasizing the productive sectors of both agriculture and industry. Senegal is currently midway through its Fifth Plan which began in 1977 and terminates in 1981. Many of the projects are being carried forward from the Fourth Plan (1973-1977) with only slight changes in sector emphasis. Although the projects are time phased for the 1977-1981 period, the plan retains a longer term perspective and sets goals to be achieved by the year 2000. These goals include tripling per capita GNP by the year 2000 and achieving a growth rate of 8 percent during the 1986 to 2000 planned phase of expansion. The optimistic targets, and as with most Sahelian countries, the heavy reliance on external financing, may result in relatively low levels of realized investment.

Investment in the Fifth Plan was estimated at CFAF 409.6 billion ($1,820.0 million). In April 1979, noting slow GDP growth (4 percent for the first two years

of the Plan instead of 5.8%), declining terms of trade and a large trade deficit, the Senegalese Government decided to revise the total investment level downwards to CFAF 390 billion ($1,733.0 million). Sectoral allocations were changed as were projected growth rates: for the primary sector from 4.1 to 4.4 percent, for the secondary sector from 7.5 to 6.1 percent and for the tertiary from 5.6 to 2.1 percent.

The current plan originally projected 63 percent direct foreign investment and 37 percent domestic financing from government and private sources. Given the precarious internal financial situation, it is more likely that domestic financing will make up a much smaller percent of the overall financing situation. It has been noted that much of the "domestically financed" portion of the Plan will depend on foreign borrowing; the Senegalese Government estimates that through 1990, at least 85 percent of its development investment will be financed from external sources. Given this high level of borrowing, it is possible that the government will revise and reduce the planned level of investments for the remaining plan period. Most

of the investment will be undertaken by the public sector while private investment will account for approximately 15 percent of the total.

The Fourth Development Plan (1973 to 1977) originally envisaged total investment at $750.0 million but this was revised upward by 80 percent at midstream due to inflation: readjusted planned investment for the given year period totalled close to $1.3 billion. Provisional estimates show that the ratio of obtained financing to planned investment was relatively high at 80 percent although actual investment for all sectors only amounted to 53 percent of the total. There was substantial variation around this 53 percent average figure: in the secondary sector (energy, industry and manufacturing) over 66 percent of planned investment took place, while the primary and social sector realization ratios fell somewhat below average at a 44 and 36 percent ratio respectively to planned investment in those areas. Within the primary sector the investment levels of the livestock and water/forest subsectors were particularly weak at around 22 percent respectively.

Of the approximately $710 million which represented realized investment in the Fourth Plan, 40 percent came from multilateral and bilateral sources, 17 percent from the national budget and the remainder divided among the parastatals, private and financial market sources. These divisions come fairly close to those envisaged initially, with the main deviations in the private and parastatal sectors. About $350 million of unused funds during the Fourth Plan were made available for rural development, infrastructure and social sector projects in the Fifth Plan. Of the approximately $710 million which represented realized investment in the Fourth Plan, 40 percent came from multilateral and bilateral sources, 17 percent from the national budget and the remaining divided among parastatal, private and financial market sources. These divisions come fairly close to those envisaged initially with the main deviations in the parastatal and private areas.

The current plan gives priority to the rural sector, although its share of total planned investment fell from the 27.1 percent originally allocated to the current

21.5 percent. During the Fourth Plan the rural sector received 23 percent of total investment. The industrial sector receives 24.6 percent which is close to the 23.5 percent allocated during the previous plan. The share of the infrastructure sector was reduced to 18.5 from 27.3 in the previous Plan and that of the social sector was raised to approximately 30 percent from 27 percent. Its share was also raised considerably from previous estimates for the current Plan. Estimates for direct foreign investment reveal that it is to be divided among the above four sectors in the following manner: 31.7% to the primary sector, 19.2% to industry; close to 22% for infrastructure as well as for the social sector; and the remaining 5% to research.

1) Rural

The primary sector (crops, livestock, environment, fisheries and rural subsoil development) accounts for 21.5 percent of revised planned investment or approximately $372.0 million over the four year Plan period. The primary

sector in the Fourth Plan obtained approximately 79 percent of planned finances but had a relatively low realization rate of 44 percent. The stated objectives of the current Plan are similar to those of the Fourth Plan and include actions to achieve food self-sufficiency through crop diversification, to reduce the food deficit, to reconstitute the herd population, to promote reforestation and protection of the environment and to encourage fisheries development. It is estimated that some of the projects will be carried over into the Sixth Plan which begins in 1982.

While original allocations within the rural sector showed some marked changes compared with the previous Plan, revised allocations reflect a return to past divisions. The crop subsector is to receive 60 percent of rural sector investment while the fisheries and livestock subsector are to receive 20 and 10.7 percent respectively. The share of the water resource management subsector has increased to 8.4 percent of the total while it appears that the environment subsector has been omitted.

The high percent of investment devoted to the crop subsector reflects its critical input to overall development. Noting that the cost of cereal imports accounts for 50 percent of the commercial balance deficit, the Senegalese government is seeking to stabilize groundnut production while increasing the production of other food crops, especially rice, with the eventual aim of eliminating wheat and rice imports.* During the Fourth Plan, crop subsector planned investment amounted to approximately $100 million. Eighty-two percent of the financing was obtained while approximately 49 percent of investment was realized. Of this $50 million, more than half was devoted to irrigation. In the current Plan over 56 percent of investment in the crop subsector is for irrigation development which is seen as the pivotal element of a strategy designed to provide security to producers and consumers alike. The main crops are rice, corn, wheat, tomatoes and sugar cane; and most of the projects will be carried out by SAED (see below).

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*It is forseen that Senegal will require significant rice imports in the near and possibly even medium term; negotiations are currently underway for the U.S. to provide rice to the GOS under PL480 Title III.

The major agricultural programs are administered by parastatal regional development organizations whose responsibilities are defined in terms of specific crops and regions. Although these organizations have traditionally favored export crops, there are discernable shifts towards crop diversification as well as towards broader rural development objectives. The major organizations are SAED (Societe d'Amenagement et d'Exploitation du Delta), whose main objective is rice cultivation but whose current mandate extends to crop diversification, crop storage, intensive livestock development, and environmental concerns; SODEVA (Societe de Developpement et du Vulgarization Agricole) whose primary responsibility is the groundnut basin but whose mandate now includes integrated rural development projects; SODEFITEX (Societe de Developpement de Fibres Textiles), whose main objective will remain cotton production but whose responsibilities will also include crop diversification towards corn and rice as well as several livestock projects and related extension services; and SOMIVAC (Societe de Mise en Valeur Agricole de la Casamance), responsible for overall development, food and cash crops,

livestock, etc. in the Casamance region. These four organizations account for over 80 percent of the crop subsector investments during the 1977-81 Plan.

The crop production targets originally set forth were extremely ambitious, particularly for paddy production, which was projected to increase on the average of 19 percent annually. However, recent Plan documents reveal that paddy production is expected to reach 170,000 tons at the end of the Plan period rather than 300,000 tons. Table shows original production targets with adjusted USAID projections. Projected increases for millet/sorghum production were also quite substantial, but were in fact surpassed. The latest figures show that production reached 800,000 tons.

The primary sector receives the bulk of its financing for external sources. It is estimated that multilateral and bilateral sources will contribute 74 percent of the total planned investment in this sector.

The crop production subsector receives over 60 percent of rural sector investment, followed by fisheries with 20 percent. The remainder is divided among the livestock, and rural subsoil water development subsectors.

2) Industry

The Secondary Sector is dominated by investment in the industry and mines subsector which accounts for 81 percent of the planned $426.0 million during the Plan period. In the long term, stated objectives include satisfying the country's basic needs - particularly employment - and creating an "engine of development" which would be based upon the nation's agriculture and mineral resources. Priority is to be given to those projects which are labor intensive and whose technology is appropriate to the country's needs. The Plan envisages the parallel development of consumer good industries and intermediate good industries. The former involves the processing of primary products such as groundnuts (oil processing), cereals and sugar cane while the latter involves construction material such as cement and bricks, as well as industrial chemicals.

Particular emphasis is placed on industrial decentralization with various regions being principally responsible for certain industries. The plan calls for equally shared financing between foreign and domestic sources. It is the only sector where planned domestic sources of financing are equal to (and in this case slightly larger than) planned external sources, reflecting greater donor emphasis on other sectors. Of the approximately $200 million which is to be externally financed, over 80 percent is allocated to the mines and industry subsector. It is expected that several projects within this subsector as well as in the energy subsector, will be carried over into the next Plan.

3) Infrastructure

Senegal possesses more infrastructure than most of the other Sahelian nations. It is clear however that better transportation and telecommunications systems are necessary requirements for economic development. For the duration of the Fifth Plan, approximately $245.0 million is devoted to this subsector for a total of $300 million for the sector (18.5 percent of total planned investment).

The main orientations of this sector are as follows:

- to reinforce and maintain existing transportation infrastructure
- to orient new investment towards the productive sectors of agriculture, industry and mining, particularly in isolated areas.
- to actively participate in improving transportation links with neighboring countries
- to develop a telecommunications infrastructure which would encourage the economic growth of Dakar and the regions.

Projects include maintaintance and construction of primary and secondary roads, with particular emphasis on enclosed regions; upgrading and construction of railroads; improvement of river and sea waterways.

Throughout the discussion in the plan of the nation's infrastructure objectives, the links between the transportation and telecommunications sector on one hand, and the agriculture and industry sectors on the other hand, are stressed in an effort to adapt the infrastructure programs

and projects to the overall development needs of the country.

Approximately 69 percent of the transport and telecommunications sector is to be externally financed according to original plan estimates. The bulk of the planned $70 million from domestic sources comes from the national budget.

4) Social

The Social Sector in the Fifth Plan includes nine subsectors: urban development, housing, urban water supply, health, education, human resource development, culture, youth and sports, public affairs, media. Complete data on revised investment for this sector is not available. According to original estimates, housing was to receive the most funding, with approximately 27 percent of investment in the social sector, followed closely by education with almost 24 percent. The share of the health subsector was just above 9 percent.

Although the current plan objectives emphasize education as a major priority, that subsector receives

only 6 percent of total planned investments. The investment level has risen only slightly from the previous Plan which had a total planned investment level of approximately $80.0 million. Although a substantial amount of funding was secured, actual investment amounts to only 30 percent of the initial planned total. However the Senegalese government has made a serious attempt to provide educational opportunities to the majority of the people. Government expenditures for education have increased so that education now represents about 22 percent of the operational budget. (See section on budget.)

During the current plan period, the primary and preschool education subsectors are allocated 10 percent of total education investment. The limited funds available will be used for classroom construction and related activities. The focus of secondary education in Senegal (36 percent of total education investment) is professional and technical education adapted to the "real economic and social needs of the country". This in turn will help develop higher level specialized education which is

allocated 34% of the education investment for the construction of several universities and libraries.

Realized health investment of the Fourth Plan only amounted to 46 percent of planned investment, and much needs to be done to meet the needs of the people, particularly those in rural areas. Original estimates for the current plan allocated approximately $40.0 million to the health subsector or 3 percent of total planned investment for the plan. General orientations of the subsector are the following:

- improved health conditions for those in rural areas, Eastern Senegal in particular
- development of preventive and educational health actions
- improved research

While much of the health care is centered in the Cap Vert Region (Dakar), the Senegalese Government has taken steps to increase the health budget and develop a more effective rural health network. The programs and projects to be undertaken during the plan period will be structured around the development of health services (emphasis placed upon those

which are community-based) and on human resource development (schools for midwives, health extension agents, etc.). Approximately 75 percent of the health subsector is to be externally financed.

B. Financing of the Plan

Data is still somewhat sparse for obtained financing and realized investment particularly as it is available at the subsectoral level. Senegal does however have a quarterly update system which attempts to provide the most current information available.

The availability of financing has increased measurably in the past two years although at a much slower rate concerning domestic financing. At the beginning of 1978, approximately $580.0 million had been obtained for the investment level of $1,820.0 million, but only 15 percent came from internal public, para-public and private sources. Approximately two-thirds of the financing came from external public sources (54 percent bilateral and 46 percent bilateral) and 17 percent came from external private sources. At that time, infrastructure received the bulk (41 percent)

of the investment while the primary and secondary sectors together only received 45 percent. The social sector only received 15 percent of available resources.

The situation was somewhat brighter the following year, both in terms of overall financing and sectoral distribution. It is estimated that obtained financing now amounts to $1,140.0 million or two-thirds of revised Plan investment for the four year period. The rural sector has received close to 75 percent of the planned financing, and the social sector over half. In the secondary sector, industry and mines had a relatively low ratio of obtained financing to revised investment - 31 percent - while the energy subsector was more successful, obtaining 65 percent of planned investment during the first two years of the Plan.

The level of project realization has also improved although still remains low at $625.0 million or 36 percent of revised planned investment. Data are not yet available for a breakdown by sector and subsector.

C. Budget

The financial transactions of the central government take place through the operational budget, the capital/development budget and in special accounts of the Treasury which serve to finance specific operations. The budget showed a current account surplus in 1974/75 and in 1976/77. Revised estimates for 1977/78 also show a surplus of CFA 8.0 billion or $35.6 million. Since 1974/75 there has consistently been an overall deficit, reaching its height in 75/76 at $63.0 million. The revised budget for 1977/78 shows a considerably reduced figure of $4.4 million.

1) Revenue

During the period 1974/75 through 1978/79, current revenue grew at an average annual rate of 11.5 percent, considerably lower than the growth rate between 1973/74 and 1974/75 which was just under 30 percent. Taxes on international trade - specifically taxes on imports - constitute the bulk of tax revenue, accounting for over 50 percent of current revenue in the 1978/79 estimates. Taxes on imports alone have grown at an average annual rate

Table 20

BUDGET ESTIMATES

	(Millions CFA francs and percent)		
	SENEGAL(f)		
	1976/77	1977/78	1978/79
Total Revenue	113,250.0	107,000.0	136,470.0
Current Revenue	91,650.0	89,000.0	103,470.0
Tax Revenue %	96.0	95.5	93.5
Nontax Revenue %	4.0	4.5	6.5
Other Budgetary	21,600.0(g)	18,000.0	33,000.0
Total Expenditure	104,650	107,000.0	136,470.0
Current Expenditure	83,050.0	89,000.0	101,470.0
Capital Expenditure	21,600.0(g)	18,000.0	35,000.0
Unallocable	———	———	———

Source: -IMF documents
-National budgets
-L'Economie Ovest Africaine, Banque Centrale des Etats d'Afrique de l'Ovest
-Dossier d'Information Economique, Ministere de la Cooperation, Service des Etudes et Questions Internationales

Notes: Unless otherwise noted, data for the earliest year(s) given are budget results and other data are budget estimates and provisions.

Current prices: 1976 $1=CFAF 238, MF 477; UM 44.9 and $.45=D1
1977 $1=CFAF 245; MF 491; UM 45.6 and $.43=D1
1978 $1=CFAF 225; MF 451; UM 46.1 and $.47=D1
1979 $1=CFAF 225; MF 427; UM 46.1 and $.51=D1

(f) Does not include Special Treasury Accounts
(g) Preliminary information - original amount budgeted was 40.0 million CFA

of 16 percent since 1974/75 after a large increase of 34.5 percent the previous year. Taxes on income and profits have almost doubled since 1974/75 with substantial sums now being contributed by taxes on phosphates. The share of income taxes in current revenue (1978/79 estimates) amounts to 20 percent. For 1978/79, revenue is budgeted at $459.0 million.

2) Expenditure

Current expenditure has accounted for 83 percent of government spending since 1975 and is budgeted at CFAF 101.4 billion ($450.9 million) for the 1978/79 period or 74 percent of total expenditure. Current expenditure has grown at a slightly slower rate than current revenue so that the current budget showed a surplus in 1974/75 and in 1976/77. Expenditure on wages and salaries has consistently accounted for close to half of current expenditure, and has grown at an approximate average annual rate of 11 percent between 1974/75 and 1978/79. Debt service expenditures are minor items within the general budget since after 1975 this function became the responsibility

Table 21

SENEGAL - Central Government Budgetary Operations ($mil)

	1974/75	1975/76	1976/77	1977/78[a)]	1978/79[a)]
Revenue	314.1	323.9	374.1	413.3	459.8
Current Expenditure	291.2	324.3	339.0	377.8	450.0
Current surplus/deficit	+ 22.9	- .4	+ 35.1	+ 35.6	+ 8.3
Capital Expenditure	36.3	62.6	88.3	40.0	155.5
Overall surplus/deficit[b)]	- 13.5	- 63.1	- 53.2	- 4.4	+146.6

Sources: IMF

Notes: (see Niger)

a) estimates
b) This does not take into account the Special Treasury Accounts financed ordinary revenues and borrowing. If revenues and expenditures of these accounts were included the overall surplus/deficits would be: (in $mil)
1974/75 = -14.8
1975/76 = -58.9
1976/77 = -37.6
1977/78 = 9.4
1978/79 = + 4.8

of the Autonomous Amortization Fund.

In terms of functional allocations, education receives the largest share of budgeted current expenditure for 1978/79. Together the Ministry of National Education and the Ministry of Higher Education are allotted 21 percent of current expenditure. Defense is appropriated 14 percent while rural development receives only 3 percent.

Capital expenditure has fluctuated considerably since 1974/75 and disbursements have consistently fallen below budgeted appropriations. Between 1974/75 and 1976/77, disbursements only amounted to 50 percent of appropriations and in 1977/78 the original budgeted figure for capital expenditure was cut in half. Estimates for 1978/79 show a dramatic increase to $155.5 million or just over one third of total expenditures. Although allocations to the rural sector* doubled in absolute value from 1976/77 to 1978/79, the share in total capital expenditure remains low, currently just under 10 percent. The better endowed line items include financial and monetary investment and other capital investment.

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*Estimated disbursements for 1976/77 and estimated appropriations for 1978/79.

D. Plan Evaluation: Compatibility with AID Policy Objectives

Unlike most of its Sahelian neighbors, Senegal has had prior relatively well thought out development plans involving substantial levels of investment. While previous plans had laid out priorities only within sectors and subsectors, the current Plan sets out a hierarchy of priorities focused on the productive sectors of agriculture and industry and seeks to integrate the Plan into a longer term perspective to the year 2000.

The GOS has recently established a number of policy changes which represent a significant shift away from previous urban-biase policies and which seek to generate more equitable growth in the country. Among these are efforts to redress the imbalance between rural and urban sectors, reflected in increased levels of investment and modified farm price policy Like many of the Sahelian governments, GOS has increased farm gate prices in order to spur production and better remunerate the farmers. Emphasis on achieving food self-sufficiency has led to the policy of stabilizing groundnut production while expanding that of cereal crops. The semi-

autonomous organizations responsible for agricultural activities are becoming more involved in integrated projects, and local level "rural communities" and cooperatives have been accorded substantial power to advise on local development projects. The Plan has stated that the regional development organizations are essentially training enterprises whose responsibility it is to educate the farmers, and to initiate cooperative and participatory actions. To this end, the various organizations (SAED, SODEVA, etc.) include technical training activities, organizations of cooperatives, audio-visual education and functional literacy. These aspects of GOS policy-decentralization and local participation - are certainly compatible with AID policy objectives.

The priorities of the industrial sector - satisfying the basic needs of the population, particularly employment, and focusing on projects based on agricultural and mineral resources - and of the infrastructure sector - linkage with other sector priorities - are also noteworthy in terms of AID policy objectives.

Although the current Plan's investment in education and health is quite low (only 13 percent of total planned investment), the GOS has stated its intention of providing increased educational opportunities to, and improving health standards of, the majority of the nation's people. In the area of education, which receives 24 percent of social sector investment during the Plan period and 22 percent of the current operational budget, the GOS has emphasized the need for education in rural areas and increased technical and vocational education to meet the country's economic and social needs. Considerable investment is planned for secondary education which is seen as the pivotal point for future employment opportunities particularly in technical areas.

Senegal's commitment to education relevant to its development needs is also reflected in the types of projects planned for the human resource development subsector. This area includes rural animation, functional literacy, professional training for farmers, artisans, women, etc. Although the subsector receives limited funding (approximately $8 million), there should be a positive

effect on rural areas and the rural population.

In the area of health, the current Plan's stated objectives are identifiable with AID policy objectives since the focus is on improving health standards of the entire population, particularly those in rural and isolated areas, and on developing preventive and educational health services. Although the largest amount of funding will serve the Cap-Vert region, the GOS has taken steps to increase the availability of health care in rural areas and to develop a viable preventive health care system. Particular projects include vaccination programs, nutritional education and regional medical facilities.

UPPER VOLTA

A. General Observations/Plans

Upper Volta's Third Development covers the five year period from 1977 to 1981. Although the final version of the Plan is not yet available, preliminary documents have been released which identify priority areas and potential sources of financing. Although, like previous plans, the current Five Year Plan is project-oriented, an attempt has been made to place the projects in the context of a longer-term development strategy. The Government of Upper Volta (GOUV) views the current plan as the basis for a formulation of goals to be attained by the year 2000 and particular emphasis is placed upon improving the administrative infrastructure and the nation's absorptive capacity. The Plan places emphasis on integrated rural development, and aims at the achievement of food self-sufficiency and a better quality of life for the rural population. Priority is given to improving the infrastructural base of the country and promoting an agricultural based industrial development strategy. The Plan also calls for educational reform and increased employment opportunities.

The level of investment for the current Plan has increased dramatically from that of previous plans. While total planned investment for the 1972-1976 Plan amounted to $268.0 million, estimates for the 1977-1981 period reach $1.5 billion. According to provisional estimates of the Ministry of Planning and Cooperation, the $1.5 billion is to be divided among sectors as follows: Rural - 21 percent; Industry - 30 percent; Infrastructure - 38 percent; and Social - 11 percent. The Plan however has a smaller "core component" which consists of incompleted projects from the previous plan as well as projects for which financing is considered to be more likely. The cost of these projects is estimated at just over $1.1 billion. Sectoral allocations and domestic/foreign financing are shown below:

Table 22

SECTORAL ALLOCATIONS AND FINANCING

	Component Total ($ mil)	Percent of Total	Financing Domestic	Percent Foreign
Rural	233.6	20	15.8	84.2
Industry	202.6	26	40.0	60.2
Infrastructure	525.6	45	41.2	58.8
Social	105.1	9	28.5	71.5
Total	1,168.0	100	34.5	65.5

$1 = 223 CFAF
Source - IMF

According to these estimates, over one third of the planned core component investment is to be domestically financed - an ambitious figure, considerably higher than earlier preliminary Plan documents in which only 8.4 percent was to be financed from domestic sources.

Although high priority is given the satisfaction of food and other basic needs, relatively small shares of the aggregate outlay are allocated to these sectors. It should be noted that actual investment within sectors is strongly

influenced by donor priorities. In the Second Development Plan, 30 percent of total investment was allocated to rural development and 28 percent to infrastructure but actual investment for the first two years of the Plan (1972-1974) differed substantially with allocations of 18 and 43 percent for the rural and infrastructure sectors respectively. A comprehensive analysis of financing and investment for the Second Development Plan is not yet available although it has been estimated that over 93 percent of the financing had been obtained by the end of 1975.

1) Rural

Noting that there has been little progress in rural production and little improvement in the lives of the majority of the population, the current Plan continues to give priority to rural development. Overall GOUV rural development strategy, primarily the responsibility of the decentralized ORD system (regional development organizations), is directed toward the small farmer. Like many of the other Sahelian nations, Upper Volta has taken steps to encourage small farmer production through price incentives and improvements in the marketing and storage systems. Recent

reforms have included raising the official price for cereals by 25 percent and devising a system of warehouses to supply rural consumers with grain during the pre-harvest period. Approximately $233.0 million or 20 percent of the core component planned investment is allocated to crop production, livestock, environment, rural hydraulics and the Volta Valley Authority during the 1977-1981 period. Most of the activities are to be undertaken by regional development organizations (ORDs).

Table 23

Upper Volta: Cereal Crop Production Targets 1977-1981 (tons)

	1977	1981	% Annual Growth Rate
Millet/Sorghum	1,033,020	1,162,800	3.0
Corn	144,000	162,200	3.0
Milled Rice	27,470	33,674	5.2
Total	1,204,490	1,358,674	3.1

Source: III Plan de Developpement Economique et Social 1977-1981. Avant-Projet. L'Haute Volta

Emphasis is placed on both food and cash crop production, the former in order to assure food self-sufficiency and the latter to improve the revenues of the rural population. According to the Plan, the realization of these two objectives will require community based development activities, crop diversification, emphasis on irrigated rice and cash crop production. The Plan projects a 3.9 percent annual growth rate in overall agricultural production (constant prices), with cash crop production growing more rapidly than food production, bringing the annual growth of the former to 7.0 percent mainly due to rapid increases in cotton and sugar production.

Two main categories of agricultural projects are distinguishable: integrated projects which take place in one or several ORDs, and sectoral projects which focus on one or several aspects of agricultural development. The preliminary Plan documents have gone into some detail on three of the integrated agricultural projects which are already on track or will be shortly. One of these is the "Fonds du Developpement Rural" project - FDR/II - which is to take place in five ORDs in the Mossi Plateau area. The aim of

the overall program is to increase agricultural production which historically has been lower in the Mossi Plateau area than in the southwest and to improve village water supply and other infrastructure; specific projects have been identified for each ORD. The crop production increases to be expected are mainly in rice (from 600 tons in 1976 to 5,760 tons in 1980) and only marginally in sorghum, cotton and groundnuts. The major results of the project will probably be in the area of infrastructure such as the construction of wells and cooperative markets.

Given its important place within the Upper Voltan economy - 10 percent of GDP and more than one third of exports - livestock receives high priority in the current plan. According to pre-plan estimates, the livestock subsector is to receive over one quarter of rural sector investment. The projects will cover production and commercialization of livestock as well as research, infrastructure and health-related activities. The main objectives to be achieved during the Third Plan are to increase herd size, to develop domestic production and to improve marketing.

The persistent drought of recent years underscored the crucial necessity of water to rural development. Accordingly the current Plan allocates approximately $75 million to rural hydraulics. The stated objectives in this domain are to assure water supply for the rural population as well as to the livestock and crop production activities with emphasis on irrigation. Projects include the construction of dams, wells and general improvement of arable land.

Part of the rural sector investments are devoted to the Volta Valley Authority(AVV) which was created by the GOUV in 1974 in order to administer the Volta River Valleys freed from river blindness. The activities of the AVV are integrated in nature and include preparing and improving the land for dryland and irrigated crop production as well as creating social and economic infrastructure. The AVV expects to achieve higher yields through the use of animal traction, modern inputs, irrigation and extension agents to teach modern techniques of farming. The plan forsees an investment of nearly $60 million for the five year period.

2) Industry

An estimated sum of $303.0 million (or 26 percent of core component investment) is allocated to the Secondary/Industrial Sector in Upper Volta's Third Development Plan. According to preliminary Plan documents, the bulk of the investments is to be absorbed by industrial processing and by manganese mining . Also included in the industrial sector are activities in energy and urban and industrial water supply. The industrial sector is expected to support rural development and have a direct effect upon its level of productivity.

The industrial processing subsector includes activities in food, textile, chemical and metallurgical processing. The prime objectives are to increase the return on local resources, to orient industry towards the production of basic consumer goods, and to improve the trade balance.

The Tambao Mining project involves a series of activities concerned with manganese mining in the north eastern part of the country. Specific activities for the

1977-1981 period include the construction of a railroad from Ouagadougou to Tambao, of a water supply stream and of a cement factory as well as the development of the Tambao mines.

3) Infrastructure

Considerably emphasis is placed upon infrastructure in the current Plan. Together with commerce and tourism, economic infrastructure accounts for over $525.0 million or 45 percent of core component investment. Much of the investment is allocated to badly needed transportation infrastructure projects such as the maintenance and extension of primary and secondary roads. Several projects are currently underway and others are planned for the latter part of the Plan period. The original cost of these projects was estimated at $98 million in order to complete the paving of over 600 km of roads. Attention is also being given to urban planning in an effort to avoid disorganized town and country development. The government will be continuing its efforts to provide low-income housing.

4) Social

The situation with regard to health, education and related spheres, in Upper Volta is not dissimilar from that in the other Sahelian countries. Low literacy rates, high mortality rates, and inadequate nutrition are common features in the Sahel and common constraints to overall development progress.

Although current planned investment levels are quite modest, (9 percent of total investment) the GOUV is in the process of establishing the basis for fundamental reform in the health and education subsectors. In education, the Ministry of Education plans modest increase in enrollment but stresses the need to improve the quality and to "africanize" education. Emphasis has been placed on making education more relevant to the country's development needs through curriculum reform and practical training for farmers and others living in rural areas. Examples of some of these projects include non-formal education in the Sahel region, the role of women in development and training for young agriculturalists. The investments will be primarily for school maintenance and construction as well as for training services and technical assistance.

Plan objectives in the health subsector are still somewhat biased towards curative health care with much of the investment allocated to the construction of hospitals in larger and relatively better off areas. However there has been a small but discernible shift towards preventive and primary health care for rural areas. The current plan calls for a larger vaccination program and a network of health extension agents in rural areas. Current plan estimates for the health subsector are relatively low although a sizeable portion of the national budget is also devoted to health and related areas.

B. Financing of Plan

Little data is available for obtained financing and realized investment for the 1977-1981 Plan. As noted in Table 22, foreign sources are expected to contribute approximately two thirds of the planned core component investment, most in the form of concessional grants and loans. France is expected to be the largest single donor, providing close to 17 percent of the total.

Figures for development assistance flows in 1977 show allocations in the following manner: rural development - 33 percent; infrastructure - 36 percent; industry - 12 percent; health and education - 12 percent.

C. Budget

Budgetary operations of the central government involve primarily current expenditure since Upper Volta does not have a formal capital/investment budget. Title IV of the government budget does in part serve this function, as does the special program which has been in effect since 1977. In 1975 the Government of Upper Volta incurred substantial defense costs due to a border conflict with Mali. Although most of the expenditure was not recorded in the budget, there was a substantial overall deficit ($17.3 million). Since then there has been an effort to keep current expenditure below revenue.

1) Revenue

Data for 1974 through 1978 are still provisional although estimates show sharp increases in revenue particularly between 1975 and 1976 when total revenue (including a small amount of foreign budgetary subsidies)

Table 24

BUDGET ESTIMATES

	(Millions CFA francs and percent) UPPER VOLTA		
	1976	1977	1978
Total Revenue	21,955.0(h)	23,123.0(h)	30,580.0
Current Revenue			
Tax Revenue %	86.6	82.2	89.5
Nontax Revenue %	9.5	6.9	10.5
Other Budgetary			
Total Expenditure	20,884.0	23,123.0	30,580.0
Current Expenditure	17,434.0	21,150.0	26,180.0
Capital Expenditure	3,450.0(i)	1,973.0(i)	4,400.0(i)(j)
Unallocable			

Source: -IMF documents
-National budgets
-L'Economie Ovest Africaine, Banque Centrale des Etats d'Afrique de l'Ovest
-Dossier d'Information Economique, Ministere de la Cooperation Service des E tudes et Questions Internationales

Notes: Unless otherwise noted, data for the earliest year(s) given are budget results and other data are budget estimates and provisions.

Current prices: 1976 $1=CFAF 238; MF 477; UM 44.9 and $.45=D1
1977 $1=CFAF 245; MF 491; UM 45.6 and $.43=D1
1978 $1=CFAF 225; MF 451; UM 46.1 and $.47=D1
1979 $1=CFAF 225; MF 427; UM 46.1 and $.51=D1

(h) Includes foreign budgetary subsidies
(i) Expenditure under Budget Title IV and under French budgetary subsidy
(j) Does not include expenditure under the Special Program which received most of the amount provided by the French budgetary subsidy.

jumped 32 percent. In recent years budgeted revenue has grown at a slightly slower rate averaging close to 18 percent annually between 1976 and 1978.

Most of this increase was due to tax revenue (higher rates and new taxes) whose contribution to current revenue peaked in 1977 with a share of over 92 percent. Taxes on international trade - particularly import duties grew at an average annual rate of 33 percent and accounted for over two thirds of the total increase in tax revenue during that period. Estimates for 1978 show only a small increase from the previous years' estimates although the IMF has noted that this has perhaps been underestimated.

Between 1975 and 1976 there was a sharp increase in consumer taxes reflecting rising consumption expenditure on locally produced goods and imports. Growth was considerably lower in the next two years and in 1978 its contribution to tax revenue is expected to amount to 15 percent.

2) Expenditure

Budgetary expenditure operations of the central government consist of current expenditure and expenditure

Table 25

UPPER VOLTA - Central Government Budgetary Operations ($mil)

	1975	1976[a]	1977[a]	1978[a]
Current Revenue	75.2	88.9	106.7	136.0
Current Expenditure	86.9	80.7	90.8	116.4
Current surplus/deficit (-)	- 11.7	+ 8.2	+ 15.9	+ 19.6
Capital Expenditure	8.2	14.5	24.2[b]	19.6
Overall surplus/deficit (-)	- 17.3	- 2.9	- 3.5	0

Source: IMF/World Bank

Notes: (see Niger)

a) Provisional
b) Including expenditure of $6.1 million under the "Special Program".

under Title IV. Since 1975 total expenditure has almost doubled from CFA 16,267 million to CFA 30,580 million ($76.0 million and $135.0 million) with an average annual growth rate of 23.5 percent between 1975 and 1978. Current expenditure grew at a slightly slower rate of 22 percent to which expenditures on personnel contributed well over one-half. Budget estimates for 1978 show that expenditures on personnel amount to 62 percent of current expenditure, down from a share of 68 percent in the previous year.

A functional breakdown of estimated current expenditure is available for 1976 and 1977. In both years expenditure on general administration was the largest single item with a share of 28 percent of current expenditure. Other functions remained at close absolute levels for the two years, with equal or lower relative shares of current expenditure in 1977. Thus education and health received approximately 13.5 and 8 percent respectively in both years and agriculture and public works were down slightly to 7.5 percent of estimated current expenditures in 1977.

Capital expenditures come under Title IV of the government budget and include appropriations for various equipment items, investment and some recurrent development expenditures to be paid out of current revenue. Expenditures rose sharply from 1975 to 1976 and then at a slower rate the following two years. Much of the expenditure is for the purchases of equipment for the army and administration and for payment for public buildings and road construction; although also included are government subsidies to the ORDs and to various research institutions as well as expenditures in support of foreign-financed development projects. Budget estimates for 1978 include CFA 4.4 billion.

Investment also takes place under the Special Program, a supplementary investment budget initiated in 1977, which is designed to meet the urgent social needs of the population and to promote economic development. Expenditure estimates for 1978 amount to CFA 5.0 billion for projects in health, education and training, water supply and administrative infrastructure.

The overall deficit was estimated at CFAF 0.7 billion in 1976 and CFAF 0.8 billion in 1977 (approximately $3.0

million in both years) to be financed primarily by a drawdown of Treasury deposits with the central bank.

D. Plan Evaluation: Compatibility/Identifiability with AID Policy Objectives

Although data on obtained financing and realized investment is not yet available, stated Plan objectives appear to be compatible with AID policy objectives. The global objectives for Upper Volta's Five Year Plan include the promotion of the economic and social development of every Voltaic, the satisfaction of basic needs and the accessibility of educational opportunities and health care to the entire population.

Traditionally, GOUV policy (and donor emphasis) has favored those regions with the greatest growth potential such as the southern and southwestern portions of the country. The ORDs in these areas had higher national budget allocations than the less productive ORDs in the central, eastern and northern areas. The current Plan shifts this emphasis somewhat by allocating increased resources to other ORDS: the Central ORD (Ouagadougou) is to receive the highest level of investment - approximately

$303 million while the Sahel and Center/North ORDs receive $170 million and $114 million, respectively.*

During the previous Plan, the rural sector was originally allocated one-third of total planned investments. However, preliminary estimates for the 1972-74 time frame indicate that realized investment in the rural sector amounted to only 17 percent of the total. Current Plan allocations for agriculture and related activities amount to 20 percent of total planned investment although it remains to be seen what the level of realization will be. The Ministry of Rural Development has an operating budget of almost $6.0 million and the GOUV also subsidizes the Volta Valley Authority making its contribution to rural development about 5.5 percent of the national budget. If both the budget and foreign assistance are considered together, more than one-fifth of public resources are allocated to rural development.

Although GOUV policy is growth oriented, it also includes a strong element of equity through its emphasis

* According to preliminary Plan estimates when total investment amounted to $1.3 billion.

on small farmer production and the promotion of decentralized rural development which involves local participation and assistance to the small farmer. In addition, recent reforms in the Government's national cereals policy have attempted to increase cereals production through price incentives and improvements in the marketing and storage systems. As noted earlier several of the projects planned for the current period are integrated agricultural projects which include crop production as well as infrastructure and human resource development activities.

The Plan allocates a substantial share of investment to the industrial sector (26 percent) although much of this investment is expected to support development in the rural sector. The stated aims of the secondary sector are to produce goods which satisfy the needs of the population and to increase the value added of local (agricultural) resources.

Although estimates for increases in school enrollments are relatively low (i.e., the satisfaction of this basic need will not be greatly improved), the Plan does reveal that the GOUV intends to revise its educational system in order to make it more relevant to the development needs

of the people. A national Institute for Education has been created and changes in curriculum have been initiated. Training programs for farmers and extension programs for others in rural areas are also part of the overall strategy.

In the health field, the Ministry of Health plans to increase medical personnel quite substantially over the Plan period but the program still appears to be slanted towards curative health care. As noted in the Plan discussion, there has been an increased awareness of, and interest in, the importance of preventive and primary health care for rural areas although this has not yet been matched by increased funding in that direction since only 30 percent to total financing is allocated to vaccination programs and rural primary health care.

CAPE VERDE

The government of Cape Verde (GOCV) is in the process of preparing its first National Economic Development Plan which should be completed by mid-1980. In the interim an Emergency Plan which emphasizes short term public works projects has been in effect since October 1977. The government is shifting its emphasis to longer term development objectives which are geared toward: (1) increased food production; (2) water resource development; (3) environmental rehabilitation and conservation; (4) development of energy resources; (5) the provision of employment opportunities for the rural poor; and (6) increasing the accessibility of basic services to the majority of rural communities.

In the agricultural sector, the Ministry of Rural Development (MRD) has involved itself in providing employment for the rural population and increasing agricultural production. With respect to the latter, MRD expects to increase corn yields from less than 800 kg/hectare to 2.5 metric tons/hectare as well as to develop increased

area and better techniques for irrigated agriculture. The Ministry of Rural Development received a large share of the emergency budget (35.3 percent) and of the operating budget (25 percent), although much of the latter is for short-run emergency rural works projects. The Department of Fisheries has set two main objectives: (1) to increase fish production and (2) to create employment in the rural areas. The 1978 budget for fisheries was approximately 16.2 percent of the $35 million total budget.

In the area of education, like its Sahelian neighbors, the GOCV has expressed its desire to make schooling more relevant to the development needs of the country and has set out a number of priorities to achieve this end. However, the budgetary allocations show that most of the $2.2 million will be devoted to school construction. With regard to health, the Ministry of Health plans to concentrate on the decentralization of basic health services to rural areas and on training basic he lth agents and community health volunteers. There again the budgetary allocations do not accurately

reflect stated objectives since two thirds of the budget was allocated for hospital construction and there was no line item for training basic health agents.

CHAD

Chad's record with respect to development plans has not been very encouraging and the present situation does not bode well for plan formulation and implementation. The first Five Year Plan (1966-1970) had to be revised in mid-stream and the Ten Year Plan (1971-1980) was rejected because it was not considered sufficiently ambitious. In 1977, preliminary work was started on a 1978-1981 Plan, but at the present time, the only existing policy guideline is a shopping list of prospective projects. Defense and related activities will probably continue to remain the primary preoccupation of the government in the short and medium term.

The GOC has had no investment budget and makes virtually no contribution to development projects. The amount and direction of development expenditure is in the hands of the donors who are currently funding about 245 development projects which account for about $90 million in expenditures annually. Donor assistance is divided among education (34 percent), rural development (22 percent), infrastructure (12 percent), industry (10 percent), and health (9 percent).

APPENDIX

General notes on budget tables:

Table 8 comparing the Sahelian budgets is expressed in billions of current CFA francs. The Gambian dalasi (D), the Mauritaniam Ouguiya (UM), and the Malian franc (MF) have been converted into CFA francs at the current rate of exchange derived from International Financial Statistics, Volume XXXII, Number 6, June 1979.

Individual country tables are expressed in millions of current U.S. dollars.

References in the text to annual percentage changes are based on national currency data.

The exchange rates used throughout the text are as follows:

	per $			$ per dalasi
	CFAF	MF	UM	D
1975	214	428	43.1	.55
1976	238	477	44.9	.45
1977	245	491	45.6	.43
1978	225	451	46.1	.47
1979	225	427	46.1	.51

Source Material

I. Individual Country Plans

1. Gambia Development Plan: 1975/76 - 1979/80

2. Plan Quinquennal de Developpement Economique et Social: 1974-1978: Le Mali

3. IIIe Plan de Developpement Economique et Social: 1975 - 1980; La Mauriantie

4. Programme Triennal de Developpement: 1976 - 1978; Le Niger

5. Ve Plan Quadriennal de Developpement Economique et Social: 1977 - 1981: Le Sénégal

6. IIIe Plan de Developpement Economique et Social: 1977 - 1981: Avant - Project: L'Haute Volta

II. Individual Country Development Strategy Statements and Small Program Strategy Statements

III. Individual Country Budgets

IV. Notes d'Informations et Statistiques; Banque Centrale des Etats d' Afrique de l'Quest; various issues

V. Bulletin d'Afrique Noire; various issues

VI. Marchés Tropicaux et Mediterraneans; various issues

VII. Selected documents of the International Monetary Fund

VIII. Selected documents of the World Bank

IX. Discussion with and miscellaneous documents provided by the Ministère de la Cooperation, France. /Special thanks to M. Roland Julienne/.