WORKING PAPER
SCHOOL OF INDUSTRIAL MANAGEMENT

PLANNER

Group B: Blomstrom, Fogg, Ness, Payson, Rockart

FIA Athens Conference
August 10 - 24, 1963
47-64

MASSACHUSETTS INSTITUTE OF TECHNOLOGY
50 MEMORIAL DRIVE
CAMBRIDGE 39, MASSACHUSETTS
INTRODUCTION

The MIT Fellows in Africa have met together during a fortnight each summer since 1961 to exchange papers and to discuss their experiences as employees of African Governments. Since its inception in 1960, 26 American graduates from the MIT School of Industrial Management or the Harvard Business School, have performed duties as a part of the regular establishment of their African governments. The breakdown according to organizations is as follows:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Planning Ministry or Commission</td>
<td>7</td>
</tr>
<tr>
<td>Ministry of Finance or Treasury</td>
<td>6</td>
</tr>
<tr>
<td>Development Bank</td>
<td>6</td>
</tr>
<tr>
<td>Ministry of Commerce and Industry</td>
<td>5</td>
</tr>
<tr>
<td>Public Utility - Railway</td>
<td>1</td>
</tr>
<tr>
<td>Posts and Telegraphs</td>
<td>1</td>
</tr>
</tbody>
</table>

Nine Law Fellows, graduates of Harvard or Yale Law Schools have similarly served in legal offices, as follows:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Justice - Attorney General</td>
<td>3</td>
</tr>
<tr>
<td>Office of the Chief Justice</td>
<td>2</td>
</tr>
<tr>
<td>Ministry of External Affairs</td>
<td>2</td>
</tr>
<tr>
<td>Ministry of Finance</td>
<td>1</td>
</tr>
<tr>
<td>Director of Public Prosecution</td>
<td>1</td>
</tr>
</tbody>
</table>

Their unusual positions have made the annual two week summer conference a time of lively and enriching discussion.

Last August, 25 Fellows and wives, along with African guests from the ministries and offices in which Fellows work, MIT faculty and a small number of governmental and international civil servants met at the Mont Parnes Hotel outside Athens. The theme which served as the departure point for discussion was the need for innovators and innovation. After opening presentations and discussions of issues, the Fellows separated into four groups: the external aid specialists, the planners and administrators, those concerned with financing and assisting private entrepreneurs, and the lawyers. For two days, these working groups met to examine the meaning of innovation in the context of their experience. Because of the almost unique position from which the Fellows approached this task, we are reprinting as School of Industrial Management Working Papers the report which issued after these two days. What follows is the working report of the Planners. The reports of our other working groups are being published separately.

Carroll L. Wilson
Professor of Industrial Management
Director, Fellows in Africa Program
The Planning Function

The group has been able to reach consensus on a certain number of characteristics of the function of the planners in Africa today.

1. At this stage of the economic and statistical development of most African countries, planning is not a very precise technical task. The gross returns to be gained from the introduction of minor technological improvements are great - particularly, in agriculture. It is not necessary and might even be a waste of human and financial resources to try to make refined calculations of marginal cost and output.

2. Planning is a continuing process, not a one time task. This means that rather than concentrating on the production of a document called a development plan, the planner should attempt to create institutions and procedures which will make available to the political authorities on a continuing basis the alternatives tending to optimize the allocation of the countries' available internal and external (foreign aid) resources. This process begins with the analysis of alternative courses of action related to the flow of resources, both capital and current, and continues through the choice of priorities and targets to the control and implementation of the program itself. The development plan is a useful tool which defines the courses of action chosen by the government, and constitutes the framework for the main task of developing a continuous, integrated process. Continuous evaluation of alternative courses of action open to a developing country requires the intensive use of planners, who are likely to be in short supply. Indeed manpower limitations may make it difficult for planners to produce a single consistent development plan document much less provide decision makers with a range of alternatives from which to choose. It is suggested that the application of computer technology to the planning problems facing the underdeveloped countries would greatly expand the ability of the planner to evaluate and present development alternatives to government.

3. Planning is concerned more with the long run that the short run, and is
similar to capital budgeting in enterprises. The planner, while being concerned
with the distribution of current expenditures among functional categories (sectors)
is particularly interested in the problem of investment or capital expenditure and
its relation to economic growth over a fairly long period of time. Planners should
be particularly concerned with the amount of economic activity stimulated by the
limited government capital available.

4. Planning is concerned with all of the forces having an impact on the
economy of a country and with the interrelationship among economic sectors. The
planner must therefore have a methodology capable of dealing with the whole and
of integrating courses of action in different economic and social areas into a
consistent pattern. Such a methodology usually includes a number of more or less
sophisticated tools of economic analysis and enough common sense to know when
there are practical barriers to schemes or decisions which look theoretically
viable.

5. Final policy decisions are not made by economic planners. The object of
the planning process is to put the alternatives before the political authorities,
who are in fact the decision makers. The planning process and those responsible
for it must therefore be adapted to conditions in the country and not vice versa.
Interaction between the planner and his associates in other functional fields is
crucial. The effectiveness of the planning group depends in part upon its loca-
tion within the government structure. As the process of planning involves con-
tinuous interplay between the highest political group and the planners themselves,
it follows that the planning group must have direct access to the head of state
and his cabinet. Depending on the specific circumstances, the planning group
should be situated in the prime minister's office or, alternatively, responsible
to a planning commission headed by the prime minister. It is not recommended
that a separate ministry of planning be established. The process of planning
should be elevated above the normal sectoral interests of the individual ministries
and the planning group should avoid being the sole arbiter for inter-ministerial disputes over development plan priorities. While planners may evaluate the alternatives proposed by opposing factions, they must be careful to see that decisions are taken by higher political authorities.

6. Two aspects of the planning function as a process are to be underlined. In the first place, it is the responsibility of the planner to help create a development mentality among his associates. This is not so much a question of formalized on-the-job training as it is one of developing close contacts with officials in government who are concerned with program development, suggesting methods and procedures, and asking the right questions. In many cases the alternatives considered can be more closely defined by framing a question in a fairly general way. Both the ability to help one's associates and to accept guidance require an open mind and an innovative spirit. In the second place, great importance must be attached to consulting and working with operational personnel in the functional ministries, not only to assure technical accuracy and internal consistency in formulating the development plan but to facilitate its implementation at a later stage. Commitment and enthusiasm for a course of action can be much more easily obtained if those concerned have been associated with the plan from the beginning.

Problems or Barriers Confronting the Development Planner

Among the problems singled out as being of particular importance by the working group are the following:

7. Unreliability of foreign aid. This question is being treated by another group and need only be dealt with summarily here. Essentially the problem is one of lack of control of foreign assistance by the recipient country and difficulty in adapting foreign aid programs to the particular conditions existing in the country. Projects are often formulated to meet the requirements of the aid giving nation or organization by its own technicians. The amount of financial aid which will be made available is frequently uncertain, and after projects are
initiated the recipient country may find its own resources overcommitted, leaving insufficient amounts for programs of higher priority. The need for coordination between the aid giving and aid receiving countries is obvious, particularly with respect to the recurrent charges which are engendered by foreign capital investment programs. It is felt that standardization of terms and conditions of foreign assistance among the aid giving countries and organizations, perhaps through some sort of consortium, is desirable although difficult to achieve. As the planner must see that all internal and external resources available to the economy are integrated into the development plan, it is thought that the prime responsibility for foreign aid negotiations and policy should reside with the planning group. Foreign aid is a particularly sensitive matter for countries attempting to prove or maintain their political neutrality. With this in mind, many have recommended placing aid in the portfolio of the foreign minister. This, unfortunately, isolates responsibility of aid policy and use from the planner thereby reducing the planners' ability to optimize the use of external resources. While general policy directives on the use of sources of foreign aid should be laid down by the prime minister and his cabinet, the responsibility for aid negotiation and use should remain with the planning unit.

8. Lack of statistical data. This is a recurrent theme and need not be over-emphasized at this point. The planner in underdeveloped countries must become accustomed to working with insufficient data, while at the same time developing information which will be most useful to him. Creativity and persistence are necessary ingredients in this task.

9. Conflict between political and economic priorities. There again much has been said on this subject which need not be repeated. The economist and administrator work within a political context which presumably reflects the nation's goals and aspirations. The planner can assist the government in its economic decision making by presenting a balanced assessment of alternatives, which, indeed,
is one of his functions outlined above. A distinction should, however, be drawn between the goals of individual politicians and those of the government, since the former may or may not represent national objectives.

10. Lack of Absorptive Capacity for Capital. It is the group consensus that this barrier is critical. The concept of absorptive capacity includes both financial and administrative resources. On one hand scarcity of capital prevents the financing of programs which would improve the administrative and managerial capacity of the country. On the other hand underutilization or scarcity of human resources makes it difficult to attract capital. Moreover, an increase in the flow of capital may so overtax the existing administrative capacity that additional financing becomes increasingly difficult to find. Experience of the group with development programs in Africa to date, however, has suggested that to break this cycle emphasis should be placed on improving the situation with respect to human resources, and it is to this question that we finally addressed ourselves.

Overcoming Existing Barriers

II. Improvement in the quantity and quality of the human resources available in African countries and hence improvement in their administrative capability was approached through a consideration of three possible avenues. They are (1) changes in the basic educational system, (2) improvement in on-the-job training and administrative procedures, and (3) more effective utilization of technical assistance or foreign human resources.

Basic Education

12. Concerning education, emphasis was placed on the necessity to improve the content of educational systems in Africa and to try to relate the content more specifically to African needs. Improvement in the areas of pure and applied science, mathematics, and manipulative skills are thought to be especially relevant for African needs. A general reorientation of education toward the development of analytical skills and away from the sheer memorization of facts is required.
It is also recommended that study be given to inducing into children in the formulative pre-school period favorable attitudes toward the aforementioned areas of needed skills. The introduction of toys and basic mathematical games at an early age might serve to shape the career desires of a considerable number of African youths. It is recognized that favorable attitudes toward the development and use of technical and manipulation skills cannot be developed overnight. Only continued education over several generations, and increasingly favorable attitudes passed on from parent to child, will effect such a change to the degree desired.

13. The current termination of education for most Africans near the age of twelve is felt by the group to be unfortunate. The youth of that age is neither physically nor mentally mature enough to participate in the labor force. The increase of junior secondary schools with greater emphasis on technical training would better equip the young African and give a continuity between education and the labor force. Alternative methods of post-primary training would be a youth service corps or land resettlement programs for young men and women. A decision among these alternatives must be based on analysis of available supervisory manpower, maintenance costs of the programs, and side benefits of particular programs. An example of the last consideration is the aid to national unity a youth service corps might provide through the breaking of barriers of race, religion, and tribe that serving together in such a program would hopefully provide. Increasing the amount of schooling or other types of training available to youths is, however, a waste of time and funds if there is no demand for the end product of the system. Developing nations must therefore be careful to structure school curriculums and training programs to the needs of the country and bring the number of student or training places in line with the countries' future manpower demands. It should be noted that the production of dissatisfied unemployable youths can have serious political repercussions.

14. African nations are felt to be too rigidly reliant upon formal qualifications
for civil servant and professional hiring. When manpower is the most pressing need of a nation, it is ironic that in the government, higher certificate holders are often not used to their capacity and that professional accreditation is refused to graduates of many satisfactory non-British institutions of higher learning. More reliance should be placed on one's ability and aptitude, than on the number of years of education or the particular institution at which the applicant obtained it.

15. A second way in which a better utilization of existing human resources might be achieved is through more widespread use of agricultural extension services in training responsible youth for leadership roles in community development. The importance of following up initial training with advice, encouragement and evaluation is stressed. Selection of such leaders must be of youths who through status and/or ability would be acceptable by their communities as leaders.

On the Job Training

16. Improvements in the pattern of training for planners and administrators are suggested. A suggested program which would combine operational and policy experience and training would be an initial work assignment in a ministry followed by formal training off the job in planning principles and practices with subsequent temporary assignment to a planning board, and finally return to an appropriate position in a ministry.

17. Members of the group observed how a large number of African skilled workers obtained their training in prison. Application of these training methods to a wider audience might be an effective method of training skilled African workers.

18. The group has questioned the advisability of pushing Africans into civil service positions for which they have questionable aptitudes. Once a civil servant is placed in a position, it is difficult to dislodge him if he proves to be incompetent or less qualified than a subordinate. The more substantial education
many Africans are now receiving and the larger number now being educated make it likely that many now in high positions will be challenged by the new generation. The inflexibility of civil service hiring and firing policies might lead to widespread frustration within the civil service. Many of the better members of the new generation may leave government employment which might result in reduced government efficiency. One positive aspect of such a situation could be the strengthening of the private sector. We urge the African governments to consider carefully a personnel policy which will be appropriate for handling improvement in civil service efficiency in view of the current necessary Africanization drives and the impending entry into the higher civil service ranks of better qualified young Africans. One way of keeping posts open for future promotions is to appoint persons who have been rapidly advanced and whose ability is unproven to "acting" posts. Substantive posts should be reserved for those of proven ability.

Use of Foreign Assistance

19. Better use of foreign technical assistance could be achieved. African governments should be encouraged to plan their own foreign expert requirements and capacities for using them. Currently there are too many technical experts in Africa with little knowledge of what they are to do. It was suggested that better results might be achieved if the number of expatriate technical experts was decreased and their salaries raised in order to attract higher quality people.

19A. A better fitting of scholarships donated under foreign aid to national development needs would be useful. African governments would appreciate having greater selection over subject areas in which its students could study. Also, comprehensive scholarships which would cover an entire course of study for a student and which would have few hidden costs for the African government would preferred in exchange for a reduction in the number of scholarships offered. However, it must be stressed that African governments must explicitly determine their scholarship requirements. The experience of Eastern Nigeria shows how foreign governments
are more ready to accept African scholarship desires if they are explicitly formulated and presented.

20. Finally, a more efficient usage of the M.I.T. Fellows in Africa Program was explored. It was suggested that the M.I.T. Fellow would replace a specific African a year who would in turn go abroad for further managerial or planning training. To avoid the sending abroad of Africans who were quite dispensable to a ministry, the selection of FIA posts would be tied to the quality of the African applicant for training abroad, as well as the responsibility of the position to be held by the M.I.T. Fellow.

Implementation

21. The planner in so far as possible, should not be directly involved in the implementation of the development plan. The day to day administration of the individual plan projects should remain the responsibility of the functional ministries and routine budgetary control should be the concern of the Treasury or Ministry of Finance.

22. The planning group should be responsible for continuous evaluation of the progress of the plan and should therefore frequently collect information on the amount of money spent, targets achieved, and the problems encountered during the implementation of the plan.

23. After evaluation of the information received the planning group should, in consultation with the functional executive agencies:

   (1) modify plan projects that are not proceeding according to expectation.

   (2) reallocate available resources among the projects best able to absorb them. In some instances this will mean adding new projects at the expense of non-viable ones.

   (3) take corrective action where there is evidence that plan priorities are being distorted.
(4) institute measures to alleviate bottlenecks encountered during the plan implementation.

24. Because the planning unit must view the plan as a whole and must collect information on every sector of the plan, it follows that reporting on the progress of the plan should be the responsibility of the planners.

25. Disciplinary controls for the plan implementation should not reside with the planning group. When projects or project preparation are not proceeding according to plan, the planners should inform the ultimate political authority who in turn should rely on the normal disciplinary channels open to the Ministry of Finance and the heads of the executive Ministries.