

## **Session Seven: DEVELOPMENT PLANNING**

### **7.1 Objectives**

By the end of this lecture, you should be able to:

- i. Define development planning
- ii. Explain the need for development planning
- iii. Discuss steps of strategic development planning
- iv. Explain steps of planning process
- v. Explain types of plans
- vi. Explain the criteria for developing a good development strategy
- vii. Explain types of development strategies

### **7.2 Lecture Overview**

Planning is about managing resources and priorities in an organized way. Management is related to leadership, and it's related to productivity. If companies improve how they plan, management and leadership will also improve.

### **7.3 Definition of development Planning**

Development planning refers to the strategic measurable goals that a person, organization or community intends to meet within a certain period of time. Usually the development plan includes time-based benchmarks. It generally also includes the criteria that will be used to evaluate whether or not the goals were actually met.

### **7.4 The need for development planning**

- i) Markets do not operate efficiently in developing countries

The economies are often dual which contributes to an inefficient allocation of resources. The subsistence sector exists alongside the modern monetary sector. Commodity and factor markets are badly organized and the existence of distorted prices gives signals that are poor reflection of real costs to society.

- ii) Market failure argument

Economic efficiency implies a Pareto optimal allocation which may not coincide with social desires. For example, there is a trade-off between efficiency and equity. Failure of the market is

assumed to lead to gross disparities between social and private valuations of alternative investment projects.

iii) The foreign aid argument

Formulation of detailed development plans with specific sectoral output targets and carefully designed investment projects has been a necessary condition for the receipt of bilateral and multilateral foreign aid. This is in order to persuade donors that the money will be used as an essential ingredient in a well conceived and internally consistent plan of action.

iv) Resource mobilization and allocation argument

Economic planning is assumed to help modify the restraining influence of limited resources by reorganizing the existence of particular constraints and by choosing and coordinating investments projects so as to channel these scarce factors into their most productive outlets.

v) The attitudinal or psychological argument

Development planning helps to rally people behind the government; cutting across class, caste, race, religion and tribal factors in a national campaign to eliminate poverty, ignorance and disease.

## **7.5 Steps of development planning**

It is hard to accomplish anything without a plan. A strategic plan looks at all the things your small business could do and narrows it down to the things it is actually good at doing. A strategic plan also helps business leaders determine where to spend time, human capital, and money.

The process of planning includes the determination of objectives and outlining the future actions that are needed to achieve these objectives. Various steps that are followed in the process of planning are:

i) Identifying the problem.

It involves the identification of the aim for the fulfillment of which the plan is being formulated. A new plan may be required, or the modification of an existing plan could help in achieving these aims.

ii) Gathering information about the activities involved.

An effective plan needs complete knowledge of the activities involved and their effect on other external and internal activities.

iii) Analysis of information.

This information is then analyzed minutely and the information related with similar subjects is classified so that similar type of data can be kept together.

iv) Determining alternate plans.

There are alternate plans available for the achievement of the objectives and ingenuity and creativeness are required as some plans are also developed at this stage.

v) Selecting the plan.

At this stage the plan which is acceptable to the operating personnel is proposed. The adaptability and the cost of the plan are also taken into consideration.

vi) Detailed sequence and timing.

Detailed like who will perform which activity under the plan and the time within which the plan should be carried out is determined in this step.

vii) Progress check of the plan.

The provisions are made for the follow up of the plan as the success of any plan can be measured by the results only.

## **7.6 Types of plans**

- Personal plans
- Business plans
- Strategic plans
- Etc

## **7.7 Factors influencing development of a good plan**

- i. General lack of appropriately qualified and experienced personnel

Therefore, an attempt to formulate and carry out a comprehensive and detailed plan is likely to be frustrated at all levels. Plans are often made by foreign experts.

- ii. A lack of necessary technical facilities, e.g. powerful computers

This sometimes limits the ability to develop accurate and comprehensive economic models.

- iii. A limited range and effectiveness of policy instruments

This is because many individuals in developing countries do not operate in the modern sector.

iv. The high levels of illiteracy

The high levels of illiteracy in developing countries put many of the people out of the reach of planners.

v. Unanticipated economic disturbances

These may be external as most developing countries have open economies with considerable dependence on the vicissitudes of international trade, aid, and private foreign involvement. Therefore, maximum flexibility of economic plans and a readiness to make needed adjustments as the occasion arises are needed for effective planning.

Institutional weaknesses such as: -

Separation of the planning agency from day to day decision making machinery of the government

vi. Lack of coordination, say planners and administrators

International transfer of institutional planning practices and organizational arrangements that may be inappropriate to local conditions.

vii. Excessive bureaucratic procedures. Political and bureaucratic corruption.

Private objectives on the part of political leaders and government bureaucrats.

viii. Deficiency in plans and their implementation

These tend to be too overambitious and vague on specific policies for having stated objectives. There is often a gap between plan formulation and implementation.

ix. Lack of political will

Lack of commitment and political will on the part of many developing countries' leaders and high-level decision makers, require an unusual ability and a great deal of political courage to challenge powerful elites and vested interested groups, and to persuade them, that such development is in the long run interest of all citizens.

## **7.8 Development strategies**

The word ‘strategy’ comes from the Greek word for ‘generalship.’ Like a good general, strategies give overall direction for an initiative. A strategy is a way of describing how you are going to get things done. It is less specific than an action plan (which tells the who-what-when), instead it tries to broadly answer the question, “How do we get there from here?” (Do we want to take the train? Fly? Walk?).

A good strategy will take into account existing barriers and resources (people, money, power, materials, etc). It will also stay with the overall vision, mission and objectives of the initiative. Often an initiative will use many different strategies-providing information, enhancing support, removing barriers, providing resources, etc to achieve its goals.

Objectives outline the aims of an initiative-what success would look like in achieving the vision and mission. By contrast, strategies suggest paths to take and how to move along on the road to success. That is, strategies help you to determine how you will realize your vision and objectives through the nitty-gritty world of action.

### **Meaning of a development strategy**

Most vision or goal statements provide a picture of an achievable and highly desired end product. It also provides an anchor for the rest of the project. At any time, team members can take a look at what they are doing and ask if it is helping them achieve their goal. If it is not, they need to take a step back and re-evaluate what they are doing or look for another course of action. But a goal statement by itself does not make for much of a project. It is just the beginning, like those maps with arrows pointing to some direction.

## **7.9 Criteria for developing a good development strategy**

- Give overall direction
- Fit resources and opportunities
- Minimize resistance and barriers
- Reach those affected

- Advance the mission

## 7.10 Foreign aid and sources

### *Why donors give aid?*

Donor country governments give aid because it is in their political, strategic or economic self-interest to do so. Some development assistance may be motivated by moral and humanitarian desires to assist the less fortunate (e.g. emergency food relief and medical programmes), and certainly this has been the international rhetoric in the increase in aid in the first decade of the 21<sup>st</sup> century. Still there is no historical evidence to suggest that over longer period of time, donor nations assist others without expecting some corresponding benefits (political, economic, military, counterterrorism, anti-narcotics, etc) in return. The following are the foreign aid motivations of donor nations in two broad but often inter-related categories.

#### i. Political motivation

Political motivations have been by far the more important for aid granting nations especially for the largest donor country, the United States. The United States has viewed foreign aid from its beginnings in the late 1940s under the Marshall Plan, which aimed at reconstructing the war-torn economies of Western Europe, as a means of containing the international spread of communism. When the balance of Cold War interests shifted from Europe to the developing world in the mid 1950s, the policy of containment embodied in the US aid programme dictated a shift in emphasis toward political, economic and military support for 'friendly' less developed nations, especially those considered geographically strategic. Most aid programmes to developing countries were therefore oriented more toward purchasing their security and propping up their sometimes-shaky regimes than promoting long-term social and economic development.

#### ii. Economic motivations

Within the broad context of political and strategic priorities, foreign aid programmes of the developed nations have had a strong economic rationale. This is especially true for Japan, which directs most of its aid to neighbouring Asian countries where it has substantial private investments and expanding trade. Even though political motivation may have been of paramount importance for other donors, the economic rationale was at least given lip service as the over-riding motivation for assistance.

### iii. Economic motivations

The argument on behalf of foreign aid as an ingredient for successful development should not mask the fact that even at the strictly economic level, definite benefits accrue to donor countries as a result of their aid programmes. The strong tendency toward providing interest-bearing loans instead of outright grants and toward tying aid to the exports of donor countries, has saddled many countries, often among the least developed, with substantial debt repayment burdens. It has also increased their import costs because aid tied to donor-country exports limits the receiving nation's freedom to shop around for low-cost and suitable capital and inter-mediate goods. Tied aid in this sense is clearly a second-best option to untied aid (and perhaps also to freer trade through a reduction of developed-country imports barriers). For example, a large fraction of US aid has been spent on American consultants and other US businesses.

#### **Other reasons why donors give**

- Impact (want to make a positive difference in the world).
- Appreciation (giving back e.g. an alumnus who gives back to an organization that helped him in one way or another).
- Mission (they give to a charity/organization because they share same mission).
- Impulse (if the reason for giving is touching, people will give, and at times give more than requested).
- Recognition (attention that comes from giving/publicity or a way of marketing oneself).
- Benefit (personal benefits e.g. tax exemptions).

#### **7.11 Sources of foreign aid**

- World Bank
- International Monetary Fund (IMF)
- Bilateral

- Multilateral
- Individuals
- Corporations
- Foundations
- Non-Governmental Organization (NGOs)

### **7.12 Implications of donor dependency**

- i. Reliance of foreign ideas to solve local problems
- ii. Loss of community sovereignty/respect
- iii. Cultural, social and economic conflict
- iv. Moral dependence
- v. The community becomes decision takers and not decision makers
- vi. Structural laziness
- vii. Community disunity as some members of the community are likely to support a certain decision while others may feel it is violating.

### **7.13 Summary**

In summary, the lecture aimed at Define development planning, know the need for development planning, steps of strategic development planning, steps of planning process, types of plans, development strategies, criteria for developing a good development strategy, types of development strategies, foreign aid and sources, sources of foreign aid and implications of donor dependency

### **7.14 Self-Assessment Questions**

1. The Vision 2030 strategy focuses on reforms and development across 10 key sectors. Name them.
2. The Sustainable Development goals were developed to succeed the Millennium Development Goals (MDGs) which ended in 2015. Unlike the MDGs, the SDG framework



does not distinguish between "developed" and "developing" nations. Instead, the goals apply to all countries. Mention the 17 goals

### **7.15 Further Reading**

Desai, V. & Potter, R. (2014). *The Companion to Development Studies*. (3<sup>rd</sup> Ed.). London: Routledge. ISBN-13:978-1444167245.

Byrd, M. & Edwards, S. (2014). *Leadership Development Studies: A Humanities Approach*. (5<sup>th</sup> Ed.). Plymouth, USA: Hayden-Mc Publishing. ISBN-13: 978-0738066042.

Spear, J. & Williams, P. D. (2012). *Security and Development in Global Politics: A critical Comparison*. Washington, DC: Georgetown University Press. ISBN-13: 978-1589018860.