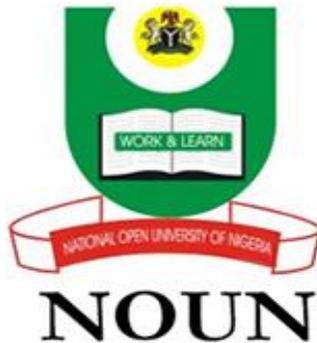


**COURSE  
GUIDE**



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
INTRODUCTION TO DEVELOPMENT STUDIES II  
DES 112**

**FACULTY OF SOCIAL SCIENCES  
COURSE GUIDE**

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## Introduction

Welcome to **DES 112: Introduction to Development Studies II**

**DES 112:** Introduction to Development Studies II is a two-credit units and one-semester undergraduate course for economics student. The course is made up of three modules, each module is subdivided into four study units and each unit spread across twelve lectures weeks. This course guide will give you a wider insight into the concept of development planning. It introduces to you planning, as it is a continuation of DES 111, Introduction to Development Studies I. It tells you about the course materials and how you can work your way through these materials. It suggests some general guidelines for time required of you on each unit in order to achieve the course aims and objectives successfully. Answers to your tutor marked assignments (TMAs) are therein already.

## Course Competencies.

This course is basically on Introduction to Development Studies II. As you are aspiring to become an economist, you must be able to apply your knowledge in planning to economic problems. Nigeria is a developing country and needs season planners, this study prepares you to be a good planner. Some of the topics covered include; Introduction to planning; Types of Development Planning; Rationale for Development Planning; Overview of Development Planning in Nigeria; Brief history of Development Policy and Practice; Brief introduction to Multilateral, Bilateral and Non-Governmental Organizations (NGOs) that are engaged in developmental matters.

## Course Objectives

To achieve the aims of this course, there are overall objectives, which the course is set out to achieve. Similarly, there are set objectives to be accomplished for each unit. The unit objectives are included at the beginning of a unit; you should read them before you

start working through the unit. You may want to refer to them during your study of the unit to check on your progress. You should always look at the unit objectives after completing a unit. This is to assist the students in accomplishing the tasks entailed in this course. In this way, you can be sure you have done what was required of you by the unit. The objectives serve as study guides; such that student could know if he is able to grab the knowledge of each unit through the sets of objectives in each one. At the end of the course period, the students are expected to be able to:

- Explain the basic meaning of development planning.
- Define development planning convincingly.
- Describe planning efforts that have been made in Nigeria since independence.
- Explain the ranges of planning in Nigeria.
- Discuss major reasons for planning failure in Nigeria.
- Describe other reputable organizations involved in planning other than government.

### **Working Through this Course**

To successfully complete this course, you are required to read the study units, referenced books and other materials on the course.

Each unit contains self-assessment exercises called Student Assessment Exercises (SAE). At some points in the course, you will be required to submit assignments for assessment purposes. At the end of the course there is a final examination. This course should take about 12 weeks to complete and some components of the course are outline under the course material subsection.

### **Study Units**

There are 12 units in this course which should be studied carefully and diligently.

#### **Module 1: MEANING OF DEVELOPMENT PLANNING**

Unit 1	Definition of Development Planning
Unit 2	Rationale for Planning
Unit 3	Characteristics and Types of Planning
Unit 4	Ranges of planning

## **MODULE 2 - DEVELOPMENT PLANNING IN NIGERIA**

- Unit 1 Historical Description of Development Planning in Nigeria: Pre-independence to SAP era (Till 1998)
- Unit 2 Highlight of Planning Experience since 1999 until Date
- Unit 3 Reason for Planning Failure in Nigeria and Prerequisite for Successful Planning
- Unit 4 Planning experience of selected developed countries (USA, France, Britain, China, Singapore and India)

## **MODULE 3 - INSTITUTIONS INVOLVED IN PLANNING**

- Unit 1 The Non-Governmental Organizations (NGOs)
- Unit 2 Regional Organizations
- Unit 3 United Nations Institutions (i.e. UNESCO, UNCTAD, WTO etc.)
- Unit 4 The Bretton Woods Institutions (IMF, WDI, IFC etc.)

Each study unit will take at least two hours, and it includes the introduction, objective, main content, self-assessment exercise, conclusion, summary and reference. Other areas border on the Tutor-Marked Assessment (TMA) questions. Some of the self-assessment exercise will necessitate discussion, brainstorming and argument with some of your colleges. You are advised to do so in order to understand and get acquainted with historical economic events as well as notable periods.

There are also textbooks under the reference and other (on-line and off-line) resources for further reading. They are meant to give you additional information if only you can lay your hands on any of them. You are required to study the materials; practice the self-assessment exercise and tutor-marked assignment (TMA) questions for greater and in-depth understanding of the course. By doing so, the stated learning objectives of the course would have been achieved.

## References and Further Readings

In this course material there are some recommended textbooks and references that you can get for yourself or search out online for further reading.

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## **Presentation Schedule**

The presentation schedule included in your course materials gives you the important dates for this year for the completion of tutor-marking assignments and attending tutorials. Remember, you are required to submit all your assignments by due date. You should guide against falling behind in your work

## Assessment

There are two types of the assessment of the course. First are the tutor-marked assignments; second, there is a written examination.

In attempting the assignments, you are expected to apply information, knowledge and techniques gathered during the course. The assignments must be submitted to your tutor for formal assessment in accordance with the deadlines stated in the Presentation Schedule and the Assignments File. The work you submit to your tutor for assessment will count for 30 % of your total course mark.

At the end of the course, you will need to sit for a final written examination of three hours' duration. This examination will also count for 70% of your total course mark.

## How to get the Most from the Course

In distance learning the study units replace the university lecturer. This is one of the great advantages of distance learning; you can read and work through specially designed study materials at your own pace and at a time and place that suit you best.

Think of it as reading the lecture instead of listening to a lecturer. In the same way that a lecturer might set you some reading to do, the study units tell you when to read your books or other material, and when to embark on discussion with your colleagues. Just as a lecturer might give you an in-class exercise, your study units provides exercises for you to do at appropriate points.

Each of the study units follows a common format. The first item is an introduction to the subject matter of the unit and how a particular unit is integrated with the other units and the course as a whole. Next is a set of learning objectives. These objectives let you know what you should be able to do by the time you have completed the unit.

You should use these objectives to guide your study. When you have finished the unit you must go back and check whether you have achieved the objectives. If you make a

habit of doing this, you will significantly improve your chances of passing the course and getting the best grade.

The main body of the unit guides you through the required reading from other sources. This will usually be either from your set books or from a readings section. Some units require you to undertake practical overview of historical events. You will be directed when you need to embark on discussion and guided through the tasks you must do.

The purpose of the practical overview of some certain historical economic issues are in two folds. First, it will enhance your understanding of the material in the unit. Second, it will give you practical experience and skills to evaluate economic arguments, and understand the roles of history in guiding current economic policies and debates outside your studies. In any event, most of the critical thinking skills you will develop during study are applicable in normal working practice, so it is important that you encounter them during your studies.

Self-assessments are interspersed throughout the units and answers are given at the ends of the units. Working through these tests will help you to achieve the objectives of the unit and prepare you for the assignments and the examination. You should do each selfassessment exercises as you come to it in the study unit. Also, ensure to master some major historical dates and events during the course of studying the material.

The following is a practical strategy for working through the course. If you run into any trouble, consult your tutor. Remember that your tutor's job is to help you. When you need help, don't hesitate to call and ask your tutor to provide it.

1. Read this Course Guide thoroughly.
2. Organize a study schedule. Refer to the 'Course overview' for more details. Note the time you are expected to spend on each unit and how the assignments relate to the units. Important information, e.g. details of your tutorials, and the date of the first day of the semester is available from the study centre. You need to gather together all this information in one place, such as your dairy or a wall calendar. Whatever method you choose to use, you should decide on and write in your own dates for working breach unit.

3. Once you have created your own study schedule, do everything you can to stick to it. The major reason that students fail is that they get behind with their course work. If you get into difficulties with your schedule, please let your tutor know before it is too late for help.
4. Turn to Unit 1 and read the introduction and the objectives for the unit.
5. Assemble the study materials. Information about what you need for a unit is given in the 'Overview' at the beginning of each unit. You will also need both the study unit you are working on and one of your set books on your desk at the same time.
6. Work through the unit. The content of the unit itself has been arranged to provide a sequence for you to follow. As you work through the unit you will be instructed to read sections from your set books or other articles. Use the unit to guide your reading.
7. Up-to-date course information will be continuously delivered to you at the study centre.
8. Work before the relevant due date (about 4 weeks before due dates), get the Assignment File for the next required assignment. Keep in mind that you will learn a lot by doing the assignments carefully. They have been designed to help you meet the objectives of the course and, therefore, will help you pass the exam. Submit all assignments no later than the due date.
9. Review the objectives for each study unit to confirm that you have achieved them. If you feel unsure about any of the objectives, review the study material or consult your tutor.
10. When you are confident that you have achieved a unit's objectives, you can then start on the next unit. Proceed unit by unit through the course and try to pace your study so that you keep yourself on schedule.
11. When you have submitted an assignment to your tutor for marking do not wait for its return before starting on the next units. Keep to your schedule. When the assignment is returned, pay particular attention to your tutor's comments, both on the tutor-marked assignment form and also written on the assignment. Consult your tutor as soon as possible if you have any questions or problems.
12. After completing the last unit, review the course and prepare yourself for the final examination. Check that you have achieved the unit objectives (listed at the beginning of each unit) and the course objectives (listed in this Course Guide).

## Online Facilitation

The course, Introduction to Development Studies II (DES 112), exposes you to development planning and the reasons why planning is essential for economic growth and development. Development planning might be more important to underdeveloped or developing countries because of the need to step-up growth. The modules also teach you various non-governmental institutions/organizations involved in planning process, both directly and indirectly. Although, there is no country without a development plan, however, planning varied across countries and it is mainly influenced by cultural, political and economic systems. Apart from planning commission and government agencies, planning process also involves Non-Governmental Organizations (NGOs) assisting in one way or another to complement government efforts. These NGOs together with regional and international organizations have assisted in adding more values to development planning in many developing countries. Nigeria is one of the developing countries which have benefited from assistance offered by the international organizations. Nevertheless, the conditions for obtaining assistance remain unfavourable to the underdeveloped or developing countries. This means that for the feasibility of success of development planning, planners in developing countries may have to look inwards and annex domestic resources to realize development planning objectives.

## **Course Information**

Course Code: DES 112  
Course Title: INTRODUCTION TO DEVELOPMENT STUDIES II  
Credit Unit: 2 units  
Course Status:  
Course Blub:  
Semester: second Semester  
Course Duration: 13 weeks  
Required Hours for Study

## **Course Team**

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## MODULE 1: MEANING OF DEVELOPMENT PLANNING

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### MODULE INTRODUCTION

Unit 1	Definition of Development Planning
Unit 2	Rationale for Planning
Unit 3	Types of Planning
Unit 4	Ranges of Planning

#### Module1 - Unit 1: Definition of Development Planning

### CONTENTS

- 1.1 Introduction
- 1.2 Learning Outcomes (LOs)
- 1.3 Main Content
  - 1.4 Reasons for variety in planning
  - 1.5 Planning Evidence in Selected Countries
- 1.6 Summary
- 1.7 References/Further Readings/Web Resources
- 1.8 Possible Answers to SAEs



#### 1.1 INTRODUCTION

Just as every human being plans for the future, every country also has plan. Planning is the proper and organized intelligence and attempt to select the best alternative to achieve given specific objectives and goals. On the basis of this, **Development Planning** can be

defined as systematic economic planning made by the central government of a country as a means of accelerating the rate of growth of the economy and improving the standard of living and general social welfare of the people. In other words, national development plans seek to increase the common good of society which should be the ultimate aim of every person and every sector of an economy (Cevat and Dallen, 2001). “Planning is a technique, a means to an end being the realization of certain pre-determined and well-defined aims and objectives laid down by a central planning authority” (Jhingan, 2016)



## **1.2 Learning Outcomes (LOs)**

At the end of this unit, you should be able to:

- Explain the meaning of development planning
- Evaluate reasons for planning differentials among countries of the world □  
Discuss planning evidence in selected countries



## **1.3 MAIN CONTENT**

### **1.4 Reasons for Variety in Planning Definition**

Although planning may look similar in some ways, nevertheless, different countries have some institutional, social, political and economic underpinning with respect to planning. For instance, there are three major ways we can classify an economic system in the world: capitalist, socialist and mixed economy. In a capitalist economy like the United States of America, the means of production and resources distribution is mainly under the private sector while in a socialist economy like the North Korea government has the ownership of resources and means of production. However, in a mixed economy like

Nigeria and United Kingdom, ownership and means of production are owned by both the private and public sector.

Whichever economic system in place, planning to develop a country requires concerted efforts from the highest cadre of authorities to the lowest. Although, the decision made by any level of government or public administration should be in accordance to plans, but development planning may not be strictly or rigidly adhere to. This is because sometimes certain unforeseen activities or disturbances, like fall in government revenue and natural disaster, may occur during the planning period which may prevent planning outcomes from being totally achieved.

The level of development of a country is another reason why there could be diversity in planning definition. Some countries are under-developed while some are developing. Also, there are several countries which are already developed. For instance, most countries in the Northern hemisphere are developed, while those in the Sub-Saharan Africa (SSA) are underdeveloped. Therefore, planning models in each of these countries are bound to be different. For the less-developed countries, focus may be developing natural resources and food production, while in the developed countries, emphasis may be on investment, internal security and international trade.

### **1.5 Planning Evidence in Selected Countries**

Planning may differ from countries to countries based on their desires and aspirations. In France, planning is done to disseminate information, identify the problem and bottleneck within the economy and formulate target for the whole economy in order to provide guide line for the private economy to make plausible decision. In England and Wales, development plan may originate from local counties, park authorities, firms etc. In this case, the higher authority would need to work hand-in-hand with the locals to formulate national development plan.

Development planning process in India is a provincial and state subject. There are various town planning authorities under each province/state that assess the growth of areas. They identify suitable areas for housing, industry, public infrastructure and allocate finances for these projects. Each of the metropolitan cities has an agency which is responsible for development planning exercise of the cities. For instance, there is a Mumbai Metropolitan Region Development Authority commonly (MMRDA) in Mumbai; Delhi Development Authority (DDA) for Delhi; and Bengaluru Development Authority (BDA) Bengaluru.

The Middle East countries are not left out in development planning, most of them have started national development plans centred mostly on diversification of their economies. There are a number of determined plans in these countries such as visions on how to enhance socio-economic development in a particular time in future; for instance, we have the Saudi Vision 2030, Qatar National Vision 2030, UAE vision 2021 and Kuwait Vision 2035.

Nigeria has always been in the train of development planning since independence. Not only that, there has always been planning before independence in 1960. However, whether before or after independence, development plan in Nigeria has always been implicitly influenced by the colonial master's hegemony and explicitly with ultimate goal of the zeal to be the greatest African nation, "the giant of Africa". Some of the noticeable development plan in Nigeria include the national development plans - 1962-1986, perspective plans, rolling plans, vision 2010, vision 2020, 7-Point Agenda and so on. These would be discussed in Module Two.



## 1.6 Summary

This unit has given the meaning and definition of development planning. It is a deliberate economic planning made by the central government of a country to step-up the pace of

economic growth and development. When the goals and objectives of the planning are achieved, they are expected to have improved the living standard of the people. Nigeria is one of the developing countries in SSA just as other developing countries all over the world. Nigeria has always been planning and will continue to plan to develop and improve the welfare of the citizen.

In this unit, we have discussed extensively development planning. We have explained topics such as the definition of development planning, reasons for diversity in planning definitions and evidence of planning initiatives in selected countries. Various countries make development plan according to economic system, culture, social and religious background. Moreover, development plan is made in conjunction with various tiers or levels of government and stake holders in the country. The economic system in operation also matters in national planning.



### **1.7 References/Further Readings**

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### **1.8 Possible Answers to SAEs**

## Module 1 - Unit 2: RATIONALE FOR PLANNING

### CONTENTS

- 2.1 Introduction
- 2.2 Learning Outcomes (LOs)
- 2.3 Main Content
  - 2.3.1 Rationale or Reasons for Development Planning
- 2.4 Prerequisite for a Successful Development Planning
- 2.5 Problems of Development Planning.
  
- 2.6 Summary
- 2.7 References/Further Readings/Web Resources
- 2.8 Possible Answers to SAEs



### 2.1 INTRODUCTION

In this unit, we shall be discussing rationale for development planning. Every country aspires to attain a level whereby the citizens' aspirations in life are fully achieved. Without a plan, either at local or national level, attaining these aspirations may be difficult. Therefore, this calls for development planning. It is essential to plan over a period of time in order to attain desirable level of development.



### 2.2 Learning Outcomes (LOs)

At the end of this unit, you should be able to:

- State rationale for development planning.
- Discuss why market failure is a key factor necessitating development planning.
- explain prerequisite for a successful development planning.

- Itemize common problems of development planning.

## 3.0 MAIN CONTENT

### 2.3.1 Rationale or Reasons for Development Planning

The following points are various reasons for formulating development planning in a country.

1. **Market failure:** This is a fundamental problem in economics. The market system assumes perfect adjustment mechanism of the market where by supply can always create its own demand. The assumption in the classical views also include perfect distribution of resources, perfect information, equitable distribution of income, full level of employment and market equilibrium at all time. However, in real life situation, these assumptions do not always hold, therefore the market fails and needs to be corrected. The institution often ready to correct the failure is the government which in turn must plan appropriately to achieve results. Some of the government efforts to correct market failure in planning are explained below:

- Government may deregulate the economy to allow the market to work more efficiently, but if the market still remains inefficient, then government fully intervenes through direct control. However, neoclassical market fundamentalists believe government would again distort the economy especially by borrowing from the private sector (crowding out effect), creating public goods and strict or direct control.
- Poverty alleviation programme (PAP) is also part of planning whereby government strategize to channel resources to the less privileged to improve their living standard. Market assumes “no free lunch”
- Externalities like environmental pollution, and particularly, public goods meant failure to the market system. Public goods might be government created goods such as roads and street light. Market price is not usually charged on public goods. They have special characteristics of

nondepletability and non-excludability. However, shadow price becomes an issue that should be addressed over public goods because in the long run this may cause the market to fail. Privatization or commercialization of public enterprises is another way of correcting market failure. In addition, environmental pollution, which might reduce people's welfare, can be corrected or reduced through taxation or strictly regulate production activities.

2. **Resource mobilization:** Development plan puts pressure on the public sector the need for resource mobilization both internally and externally to finance the plan. Savings, public enterprises profits, borrowings, taxation deficit financing and reserves are the principle internal sources of finance for the public sector. Foreign aids, long term developmental fund from foreign countries, in addition, form the external source of financing the plan. Often, to receive foreign assistance there must be planning policy paper, where the terms, objectives and duration of the plan are clearly documented.

This gives the creditors assurance of proper and efficient use of the fund and assurance to repay loan received.

3. **Economic growth and Development:** Economic growth is increase in national output over a period of time. Development is growth plus increase in welfare of an average citizen. Growth is prerequisite to development. Development also means substantial reduction in poverty, unemployment and inequality. Therefore, it is necessary to have a well-documented development plan to attain economic development and improved welfare of the citizen. .
4. **Attitudinal and psychological factor:** A country can project to be great in future. With a development plan, this will be itemized in a comprehensive development plan induces mobilization by government and stakeholders to embark on social campaign and sensitization towards realization of the set goals. This then calls for

change in mind set, perception, sensitivity, vision, life style and consequent elimination of social factors that does not cooperate with set planning goals.

5. **Foreign aids:** Foreign aids such as official development assistance (ODL), grants and debt cancellation can assist a nation to finance her developmental objectives. A well-documented development plan enhances these foreign aids.
6. **Unforeseen disturbances:** There are certain occurrences that are very unpredictable. For instance, there may be disease outbreak or drought, planning cautions the negative effects these might generate in future. With respect to these, good development plan can include in its policy thrusts setting aside certain funds as contingencies and creating public awareness on disaster outbreak. The fund could also include creating adequate social security such as health and auto-insurance, silos or food security etc.

## **2.4 Prerequisite for a Successful Development Planning**

For development planning to be successful there are essential points that must be noted.

The vital prerequisite for planning are highlighted below:

- **Planning commission:** In any development plan, planning commission is important. It should be organized in a way consistent with development objectives. It should have many functional components each pursuing common goals. Several divisions and sub-divisions must be made as well as different departments headed by competent leaders. These departments must be made up of trained personnel and technocrats such as scientists, engineers, economists, accountants and sociologists who are working in unity for a common end. It is important to emphasize that a result oriented plan requires a “round peg in a round hole”. This means that only those who have values to offer must be involved or employed by the commission. It might be an inevitable plan to failure if planning commission members are employed based on religion, culture or clan.

- **Statistical Data:** it must be reliable and available for use. This requires adequate funding of the bureau of statistics to provide reliable data as at when due.
- **Efficient and corrupt-free administration:** Planning induces large use of scarce resources which have alternative uses. Efficiency inculcates the best use of scarce resources to finance developmental programmes. It is therefore necessary to employ the most efficient group of personnel into the planning commission. In addition, efficiency can easily erase corrupt administration. However, corruption can destroy efficiency. Inefficiency and corrupt administration are twin evil that must not be allowed to abort development planning.
- **Balanced development strategy:** According to Jhingan (2016), a plan should aim at achieving balanced development of the economy to prevent shortages or unnecessary surpluses as plan progresses. For instance, there should be balance between investment and savings, import and export, revenue and expenditure, supply and demand of goods, supply of primary or intermediate inputs and aggregate demand.
- **Clear Objectives and Policy Thrusts:** The objectives and policy thrusts must be realistic, mutually compatible, and flexible in keeping the means requirement of the economy. The objective should not be conflicting. For instance, we should not have a poverty alleviation programme and simultaneously fuel price increase; Reduction in unemployment and retrenchment; increase in salary and wages and increase in tax.

In spite of all these, it is important to note that planning is not an end in itself. When we plan, it does not automatically lead to economic development. Planning is not necessarily a guarantee for a better economic performance, this is because comprehensive development planning has been made in many underdeveloped countries but produced no development. According to Arthur Lewis (1949, 1954) making development planning is the popular activities of developing countries and it is also their biggest failure. Most

development plans are set aside soon after they are made. This is common with plans that are not meant for action but for pure political propaganda and pure fantasy. Most plans are swept under the carpet by a new regime or those who made them.

## **2.5 Problems of Development Planning**

Development planning is usually associated with variety of problems, some of these are explained below:

1. Dearth in reliable statistical data: In most underdeveloped countries, unavailability of reliable data is prevalent. Statistical data is a key foundation for any development planning. Without data that are reliable, planning commission would be handicapped in discharging their duties and be unable to put appropriate planning mechanism in place.
2. Distorted macroeconomic policy framework: Sound macroeconomic policy framework is required for a good plan. Macroeconomic indicators such as inflation rate, exchange rate, and interest rate must be stable for the goals of development plan to be attained.
3. Price Volatility: Let us consider the issue of the exogenous price factor. Development is based on a constant external price like oil price which is exogenous. Crude oil price is determined at the international level. If an accurate prediction of this price is not made, it may serve as a doom for planners. For instance, the Nigerian Third National Development Plan (1975-1980) was based on constant high oil price in the 1970s. The gradual decline in oil price from 1975-1980 resulted in failure of full implementation of the plan.
4. Future uncertainties: Development planning is designed with future optimism. Planning commission expected that the vision of a plan would be reached. However, future uncertainty such as natural disaster, war, bad weather, diseases and price volatilities may halt the dream of a plan.

5. Assumption of fixed relation between factor input and output: Factors inputs such as labour and capital are resources a company uses to generate output of goods and services. Often, planners assume these are in fixed proportion, but sometimes, distorted planning implementation and unexpected economic or social factors may prevent planners or planning commission from attaining the desired relations. Increase return to scale is the most desirable outcome of planning.
6. Lack of harmony between private and public sector plans: In most underdeveloped or developing countries, there is always disjointed communication between the private and public sector as well as difficulty to agree on a particular pattern of planning. This slows down planning process and prevents smooth implementation.
7. Non synchronization of development plan and annual budget: Although, development plan and annual budget are, to some extent, two different mode of planning, but one can complement another. If there is a separation between them, each might be affected negatively thereby leading to planning failure.
8. Lack of proper project monitoring and evaluation: Projects are key instruments to attain planning goals. If the projects are not properly monitored and evaluated, they might prevent planning objectives from being realized.

### **SELF ASSESMENT EXERCISE 1**

1. Explain how market failure can make planning important?
2. What are the common problems associated with planning?



## **2.6 Summary**

Though planning is not an end in itself, but it is vital in national development. Most importantly, planning is a key factor in underdeveloped countries, first to attain growth and second, to attain sustainable and desirable development. In a developing country like Nigeria, Ghana and Rwanda, sound development planning commission with the right people employed are required to create the much needed economic growth and sustainable economic development. Planning is necessary, most theoretical and empirical studies have proved that the market is bound to fail in its allocative efficiency. Government is needed via its planning and policy actions to correct the market failure.

In this unit, we have discussed extensively rationale for development planning and prerequisite for planning. We explained that one of the main reasons for development planning is the market failure. Market fails for several reasons such as, inefficient selfadjustment mechanism of the market “invisible hand”, presence of externalities/public goods and imperfect information. It is important to establish development planning commission, obtain reliable data and maintain balanced development strategy. Planning objectives should not be conflicting. These objectives must be self-propelled, sustainable, feasible, mutually compatible, and flexible in keeping the means of sustainability frequent requirement of the economy.



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## 2.8 Possible Answers to SAEs

### Answers to SAEs 1

Development planning is usually associated with variety of problems, some of these are

**Dearth in reliable statistical data:** In most underdeveloped countries, unavailability of reliable data is prevalent Statistical data is a key foundation for any development planning.

**Distorted macroeconomic policy framework:** Sound macroeconomic policy framework is required for a good plan.

**Price Volatility:** Let us consider the issue of the exogenous price factor. Development is based on a constant external price like oil price which is exogenous. Crude oil price is determined at the international level.

## Module 1 - Unit 3: TYPES OF PLANNING

### CONTENTS

- 3.1 Introduction
- 3.2 Learning Outcomes (LOs)
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- 3.4 Levels or Stages of planning
- 3.5 Ranges of planning
  
- 3.6 Summary
- 3.7 References/Further Readings/Web Resources
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### 3.1 INTRODUCTION

In this unit, discussion will be based on various types of planning, which include national development plan, budget, and perspective planning. The main content will also include levels or stages of planning and ranges of planning. Analyzing planning this way broadens our knowledge and understanding about development planning and help to determine the general rate of economic development the country seeks to attain.



### 3.2 Learning Outcomes (LOs)

At the end of this unit, you should be able to:

- State the types of planning.
- State the levels or stages of planning
- Explain the ranges of planning.



## 3.3 MAIN CONTENT

### 3.3.1 Types of planning

There is no world-accredited formality for planning types because planning may vary proportionally to the economic development and economic system. Planning still has some characteristics though. The strategy to use in this unit is to explain comparatively, types of planning that are common.

1. **Budget and Development Plan:** A budget is a plan on how to spend expected income over a certain period of time. Household or firms makes budget periodically based on their expected income. In public finance or development economics budget is rather complex.

A budget, is a financial plan on income and expenditure of a government of a country expressed in monetary terms. Although budget could be done periodically, but usually, it is made to last for one year and this is why it is called annual or yearly budget. The Nigerian government made annual budget usually read by the president. Government explains the expected revenue or income for the year and expenditures to make. In a military regime, the budget may be made by the president and the supreme military council alone. It is not the same thing in a democratic government where the national assembly must examine and approve the budget.

Development planning are usually tagged national development plan. It is a long term plan policy, independent of annual budget, for economic growth and development, though necessary funding of the development plans and programmes

must be budgeted for in the annual budget. Development planning may cover a period of 5 to 20 years.

Development planning is usually adopted by the government to direct the country towards resource mobilization and resource distribution in order to step-up economic growth. It can also mean an agenda or policy of a new government towards fast economic growth and development. Nigeria as well as other developing countries in Africa had various national development plans. Some of the key objectives of a typical development plan are:

- Increase the pace of economic growth and development
- Resources mobilization and redistribution
- Identification of priority sectors and setting targets to attain developmental strategy for such sectors.
- Direction of people's orientation towards national goals
- Formulating policy thrust to attain set developmental goals

2. **Perspective planning and annual planning:** Perspective plan refers to long term planning whereby long range targets are set to achieve a goal. It is a scheme of development to be undertaken over a long time. For instance, government may set a target to eliminate infant mortality within a period of 15 years and within this period government may set short term plan or target like 3-4 year's goals to achieve a certain number of infants that must be saved. There may be some unpredictable future events which might limit the effects of long term plan, this induced division of perspective plan into short term like 3 to 5 years plan. These short periods plan enable necessary adjustment to policies in the plan. Government may also set poverty eradication goals such as "poverty eradication by year 2030"; "Attaining global heights in human capital development by year 2025". In the past, Nigeria had 'vision 2010' under the General Abacha government, and 'Vision 20:2020' after the expiration of 'Vision 2010'. The vision '20:2020' aims

at Nigeria becoming one of 20 most developed countries in the world by year 2020. The main purpose of a perspective plan is to provide a background to short term plans so that problems that have to be solved over a long period can be taken into account in planning over a short term.

On the other hand, annual planning may refer to the national budget or planning to complement development goals in the perspective plan. It could also be a short term planning for quick resource mobilization. It is necessary for planning to have these because if a country does not have absorptive capacity of foreign capital inflow, it may fall into debt crises and planning failure. In summary, annual planning and medium term planning are usually sandwiched between a perspective plan to attain the objectives.

3. **Indicative and imperative planning:** Indicative planning is a kind of flexible planning adopted by a nation in an effort to solve the problem of imperfect information in the capitalist and mixed economies in order to increase economic performance. The government made plan to fix price and determine the appropriate price of factors, and type of quantity of products to be produced. This type of planning is common in mixed economy like France and in capitalist economy like

the United States. Indicative planning is in contrast to directive or imperative or mandatory planning where a state sets compulsory output or price requirements. Indicative planning is not Compulsory; it is just part of government efforts to regulate the economy so that the private sector can cooperate in the success of planning targets.

Imperative planning requires heavy presence of the state in resource allocation, price and output settings. The resources are used intensively in order to attain the goals of a plan. There is no consumers' sovereignty, but they obtain commodities in fixed price and quantity. What to produce and how to produce are set by the

state and the planning commission disseminates the information to the firms which must be strictly followed. This type of planning is common in socialist or communist countries like China and North Korea. Nevertheless, efficiency and competitiveness of firms remain a debatable issue under this type of plan.

4. **Authoritative planning and democratic planning:** In authoritative planning, there is central control of all planning apparatus. It is a totalitarian planning where planning is grounded on the supreme leader's hegemony. There is central control and direction of all economic activities in accordance with a single plan. The people must obey the planning scheme and are not allowed to act contrary to it. The North Korea might be a good example of authoritarian planning model in the 21<sup>st</sup> Century. Some theorists like Francis (2015), Hayek (1938) and Lippman (1934) & 1925 have argued in favour of totalitarian planning. They claim that planning is incompatible with democracy, that "what was promised as the road to freedom was actually a high road to serfdom". Lippmann (1934) was in support of social liberalism whereby the state dictates means of production. The strict adherent to planning model in this type is to increase the pace of attaining the targets set within stipulated period and according to schedule. Still, authoritarian planning is not strictly recommended for most underdeveloped or developing countries because of the heavy price to pay and the inherent welfare lost that the people may face. On the other hand, democratic planning, where there can be inclusiveness and maximization of society welfare may be better. A well designed democratic planning is more like to be Pareto optimal.

**Democratic Planning;** In democratic planning, nearly every member of the economy is carried along. Democratic planning means planning within democracy that is, planning with the people or with their representatives. The philosophy of the people's representative is accepted as the ideological principle. This means

that every step taken towards achieving plan objectives is with the consent of the people.

Perhaps, what makes democratic planning interesting are that:

- the people are carried along in planning process.
- adequate compensations are agreed to be paid to those who might lose their properties.
- it respects the institutions of private property.
- it accommodates private initiatives.
- in a federal constituency, both the state and local governments are involved in planning, as well as the urban and rural areas.

Criticism against democratic planning is that critics are of the opinion that democracy is not to be anywhere, meaning that democratic planning should not be in existence. There are quite variety of controls in democracy in form of tariff, interest rate and exchange rate pegging, import restrictions etc which alienate economic freedom. Again, since democracy requires all to be informed in planning procedure, this may bring delay in realization of planning objectives. It may be easier to attain goals set when few are involved than when multitude are involved.

#### SELF ASSESMENT EXRECISE 1

1. State 4 types of planning.
2. Why is planning in stages necessary?
3. Briefly explain the ranges of planning

### 3.4 Levels or Stages of Planning

The various levels or stages of planning are listed below:

- i. Macroeconomic or aggregate planning
- ii. Multi-sectoral and sectoral planning
  
- iii. Regional planning Project stage

These are discussed accordingly.

**Macroeconomic planning** or aggregate planning states the overall objectives or goals in terms of national income, import, export, savings investment, capital formation etc, and determination of overall resources or means to achieve these objectives. It is the crucial step in planning and will affect the entire planning process if not well designed. Expected rate of inflation rate is set; money growth, exchange rate and output growth rate are projected in order to insulate the economy against possible policy reversals.

**Multi-sectoral planning:** A broad economic sector in Nigeria comprises agriculture, industry, wholesale & retail, building & construction and services (NBS and CBN, 2017). Each of the sector is divided into various sub-sectors. For instance, agriculture is subdivided into crop production, livestock, forestry and fishing. Industry is sub-divided into crude petroleum & natural gas, solid minerals and manufacturing. Each of these sectors and sub-sectors requires peculiar planning. It may be difficult to develop all the sectors simultaneously, therefore, it is pertinent to develop the most important ones such as the real sectors: agriculture and manufacturing. The two have linkage effect in that they can generate income that can be re-invested in other sectors such as the tertiary sector. They can also complement the macroeconomic or aggregate planning bearing in mind the interdependency of planning variables. Note that national goals place priority in planning subject to natural resource constraint, contingencies and welfare.

- ✓ It is important to emphasize that some sectors must receive priority attention in spite of the objectives. Priority must be given to sectors according to their importance in planning process.
- ✓ Planning commission must take into account planned sectoral investment and availability of resources.

**Regional planning or social planning:** There are various regions in an economy. The objective then will be to achieve balance among them. This requires that a balance should be among the various region in terms of establishing projects. For instance, nomadic education should be established in the Northern states of Nigeria while curbing excessive erosion and eradication of oil spillage and gas flaring should be in the Eastern Nigeria and the Niger Delta respectively. The problem of unfettered migration (rural-urban migration) should be addressed. Migration into large cities like Aba, the Federal Capital Territory (FCT) Abuja, Ibadan, Kaduna, Kano, Lagos, Port-Harcourt, and Onitsha are particularly common destinations of interstates migrants in Nigeria. If we fail to achieve regional balance, long term development objectives may be far from being achieved.

**Project stage:** This is concerned with project analysis. A target is set in planning and consider the various institutions to be put together to achieve the objectives of the set target. The important factor here is to carry out cost-benefit analysis that is weighing the expected gains against the cost and considers alternative viable projects.

### **3.5 Ranges of planning**

Ranges of planning means breaking down planning process into different time period. This starts from:

- Annual planning: This include annual budget of a government indicating its plan annual revenue and expenditure in monetary term.
- Medium term planning: this plan ranges from 2-5 years. Such plans are made to correct deficiencies or shortcomings that may arise in a perspective planning.

- Long term or perspective planning: perspective planning are usually stipulated for a long period of 10-15 years. Within this we have the medium term plan (2-5 years) and the annual budget (1 year) to amend anomalies or unexpected outcomes that may occur in the long run.

## SELF ASSESMENT EXRECISE2

Distinguish between democratic and authoritative planning.

List four stages of planning



### 3.6 Summary

This unit has given us the types of planning, levels or stages of planning and ranges of planning. Planning could be authoritative or democratic. We can also have multi-sectoral or regional planning. Although, some authors of the Austrian School tilt towards opposition to democracy and capitalism and implicitly oppose to planning in a democratic ideology, but the most important fact about planning is that development planning is essential for underdeveloped countries to increase economic growth and improve the lots of the society at large. Moreover, part of the efforts that serve as complementary factor to development planning are projects which require monitoring and evaluation.

In this unit, we have discussed extensively levels of planning, planning in stages and ranges of planning. We explained that macroeconomic planning or aggregate planning is planning the economic aggregates such as national income, saving, and

investment among others. Multi-sectoral planning is also essential in planning. Since sectors cannot grow at the same pace, it is necessary to identify key sectors and sub-sectors. In Nigeria key sectors include agriculture sector and manufacturing sub-sector. Regional planning also plays an important role in the process. Democratic planning is inclusive and is recommended for a democratic civilian regime like Nigeria.



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### **3.8 Possible Answers to SAEs**

## **Answers to SAEs 1**

- Budget and Development Plan:
- Perspective planning and annual planning
- Indicative and imperative planning:
- Authoritative planning and democratic planning

2. Ranges of planning means breaking down planning process into different time period. This starts from Annual planning, Medium term planning and Long term or perspective planning

## **Answers to SAEs 2**

1. In authoritative planning, there is central control of all planning apparatus. While In democratic planning, nearly every member of the economy is carried along.
2. The stages of planning are Macroeconomic or aggregate planning, Multi-sectoral and sectoral planning, Regional planning and Project stage

# MODULE 1: UNIT 4 MULTI-SECTORAL DEVELOPMENT PLANNING AND SOME RELEVANT THEORETICAL FACTS

## CONTENTS

- 4.1 Introduction
- 4.2 Learning Outcomes (LOs)
- 4.3 Main Content
  - 4.3.1 Multi-sectoral planning
  - 4.3.2 The Harrod-Domar theory
- 4.4 Tinbergen theoretical view
- 4.5 The Input/Output analysis
  
- 4.6 Summary
- 4.7 References/Further Readings/Web Resources
- 4.8 Possible Answers to SAEs



### 4.1 INTRODUCTION

This unit is the last aspect of the study on development planning. Attempt is made to give further explanation on multi-sectoral planning and to highlight some theoretical underpinning. Here, we discuss the simple Harrod-Domar theoretical view, the Tinbergen theory on policy variables and the input output analysis.



### 4.2 Learning Outcomes (LOs)

At the end of this unit, you should be able to:

- Identify the need for multi-sectoral planning.
- List the importance of savings and investment in development planning.
- Explain the Harrod-Domar theory.

- Discuss Tinbergen theoretical view.
- Discuss the input/output analysis.



## **4.3 MAIN CONTENT**

### **4.3.1 Multi-sectoral planning strategy**

There are various approaches to multi-sectoral planning. Sectors are split into sub-sectors and appropriate methods of maximizing output are devised. It can be the linear programming technique or the input/output analysis where the national income is to be maximized subject to the restrictions of available resources. It can also be mobilization of savings and investment and make a tentative goal for national income, and translate it into targets for each category of final commodity, and to minimize capital required (savings) to achieve these targets. The targets can be lowered or raised, depending upon the available supplies of investment funds. A particular amount of investment must be tentatively chosen as a function for maximization of development planning outcomes because neither the supplies of domestic savings nor the foreign exchange is fixed in amount. Both depend upon government policy and the results which will be achieved. The best way then would be to find the capital requirements for several different sets of sector's targets as a guide for the political decisions before a program is adopted.

#### **SELF ASSESMENT EXERCISE 1**

1. What do you understand by multi-sectoral planning?

-

### 4.3.2 The Harrod-Domar Model

The Harrod-Domar model has implication for less-developed economies. It was developed to address issues in business cycle and later used to explain development economics. Harrod and Domar opine that economic growth depends on capital and labour. Although there is surplus labour in underdeveloped economy, but there is inadequate capital. Capital accumulation (capital stock) is essential to economic growth and more investment which create more capital is essential as well. He therefore advocated more savings and investment to create the much needed capital accumulation.

The implication of this model for planning is that no nation can develop or achieve developmental planning without capital accumulation. Capital comes through savings and investment. According to Lim (1983), in the Harrod-Domar type of a more econometric nature, if capital is assumed to be the crucial constraint to growth, macro-economic aggregates such as consumption, savings, investment, exports and imports can be used to estimate the savings required to achieve a certain target growth-rate for a given marginal productivity of capital. This means that macro econometric models consist of a number of equations with the same number of unknown variables, with the equations representing the basic underlying structural relationships of the economy.

We might begin to understand Harrod-Domar model from a one sector model analyzed below:

$$Y = f(k) \tag{1}$$

Given that  $Y$  = Level of output in the current year.

$k$  = Level of capital stock.  $k$  is a stock and it is a given value of all plant and equipment in the country regardless of the year they were produced.

Equation (1) states that output is a function of capital stock,

$$\frac{\partial Y}{\partial K} = \frac{Y}{K} = c \quad (2)$$

While equation (2) states that the rate of change in capital with respect to output is constant

“c”, that is it is assumed the marginal product of capital is constant, hence, constant returns to scale in production function. This implies that capital's marginal and average products are equal; but,  $f(0) = 0$ , that is we obtain nothing if we invest or save nothing, meaning that capital is necessary for output, therefore,

$$sY = S = I \quad (3)$$

In equation (3), investment is required for capital, investment is a function of savings and savings comes from portion of output, and output is a function of capital as stated in equation (1). This mean that the product of the savings rate and output equals saving, which equals investment.

The product of the savings rate and output equals savings, which equals investment.

$$\Delta k = I - \delta(k). \quad (4)$$

Equation (4) shows that the change in capital stock equals investment minus depreciation of the capital stock.

Summary of Harrod-Domar model is shown in equation (1-4). It explains the interdependence of capital-output ratio in development and planning. A good planner should understand the importance of savings and capital accumulation as prerequisite for a successful planning.

#### **4.4 Theoretical View of Jan Tinbergen**

Professor Jan Tinbergen was a Dutch economists and a Nobel Prize winner. His theory on economic planning is being widely applied in many economic decisions today. In his work on macroeconomic modelling and economic policy, he identified some economic

quantities as targets and some as instruments. Targets are the variables the policy makers intend to influence, on the other hands, instruments are those variables the policy makers can control directly. He emphasized that if policy makers must achieve a desirable values of a number of targets, they must be able to control similar number of instruments. This means that the number of instruments policymakers (or economic planners) are able to control, the number of developmental targets they will likely achieve. The process can be explained briefly as follow:

- In development planning, we give the whole economy a direction.
- It should be noted that the direction is not static but dynamic, that is subject to change.
- Planners or planning commission will then set target to achieve national objectives which may include
  - i. Education for all by year 2030.
  - ii. Poverty alleviation programme (PAP) or reducing poverty rate to 5% by year 2025.
  - iii. House for all adults by year 2025
  - iv. Provision of 5 million jobs on yearly basis
  - v. Reducing inflation to single digit
- The instruments to achieve these targets will then be set. Let us use education for all by year 2030 and PAP as examples. Important instruments may comprise:
  - For education:**
    - ✓ Employment of various number of teachers annually or biannually.
    - ✓ Building a number of well-equipped classrooms at local and state governments.
    - ✓ Embark on campaign: “all citizens must attain primary and secondary school education”.
    - ✓ Declaring free education in relatively poor rural areas.

**For PAP:**

- ✓ Creation of cottage industries in both rural and urban centres.
- ✓ Development of foundries or steel producing centers for production of capital goods that aid the production of intermediate and consumer goods.
- ✓ Creation of mega infrastructural projects like mega-dam, for hydroelectricity generation, and mega-railway lines that cover longer distances and cut across the geopolitical zones; adequate and reliable energy like gas, petroleum and natural gas; annex the country's coal resources which can be used to generate electricity.
- ✓ Construction of long-lasting, multi-lanes and wider roads network.

It is important to note that targeting poverty alleviation in this manner brings long lasting solution to the problem of unemployment and better than the temporary instruments like giving out traditional hand tool like cutlass, hoe, wheelbarrow, or motor cycle, to unemployed youth. For instance, when there is adequate and constant electricity supply, the citizens are encouraged to start a productive project that can yield good value outcomes. This also increases employment via entrepreneurship.

Tinbergen said further that there are controlled variables like taxation and money growth which are instruments that are subject to government manipulation in achieving a target or objective. In short, government use policy instruments to control targets. Sir Arthur Lewis added more value to Tinbergen model, he observed that government is interested in the policy instruments in order to manipulate them. This becomes an important argument in welfare function. In other words, it must be emphasized that Tinbergen holds the view that the more policy instrument government has, the more the degree of freedom to achieve its targets.

## 4.5 The Input/Output Analysis

The Input-Output model is credited to the French economists Wassily Leontief (1906-1999) who also received Nobel Prize in Economics for the development of the model. Leontief (1955) explained the interdependence between different sectors of a national and regional economies. The beauty of the model is that it is used to analyze the inter-industrial relationship which will help in understanding the interdependency and capacity of the economy and thus, the condition for maintaining equilibrium between demand and supply.

The input-output model furnishes us with a way of representing the structure of the economy by setting out the flows of goods and services in value terms from one sector of production to another. These representations are known as trans-sector matrix or interindustrial account system.

In addition, the general linear programming developed by George B. Dantzig in 1963 to address the problem of supplies to the United States armed forces, is an input/output tool that can be employed to attain development planning objectives. It is a mathematical optimization technique for optimal decision making. It can be used to achieve benefits or welfare maximization or cost minimization objectives. Some linear programming assumptions are:

- i. There are different sectors (multi-sector) each with unique maximization objective.
- ii. There are interdependence among the sectors.
- iii. Decision making body in each sector is faced with certain constraint.
- iv. Limited number of alternative production processes.
- v. It assumes linear relations among the different variables.
- vi. The input/output prices and coefficients are given or constant.
- vii. Institutional factors are assumed to be constant.
- viii. There is the continuity of indivisibility in the product and factors.

The definite objective of a development planning might be maximization of employment level or national income, achieving this may entail minimization of factor cost or optimizing input efficiency. There are many sectors in the economy and certain national objectives. Each sector has objective to achieve as an integral part of national objectives. For instance, each sector may be pursuing specific output or each may need to contribute to foreign exchange earnings or employment. The objective also could be maximization of social welfare in which all the sectors are expected to contribute in terms of poverty reduction, housing and job creation. It is also necessary to identify key sectors. In the history of Nigerian development planning, the key sectors have always been agriculture and manufacturing.



#### **4.6 Summary**

In this unit, more light has been shed on sectoral planning and the need to develop the important sectors that can contribute more to planning outcomes. This has become crucial because in any underdeveloped countries, the main objective of development planning is to bring about a sizable increase in national income in order to increase the standard of living. Some theoretical facts are also discussed, they explain fundamental knowledge of the need for resource mobilization and important variables in developmental index.

In this unit, issues in multi-sectoral planning have been discussed extensively. The unit has been able to equip you with theoretical facts on Harrod-Domar model, Tinbergen ideology and the importance of input/output model in development planning. We analyze that for a good planning, various sectors must be acknowledged and important sectors earmarked. Resources can be channeled to each sector based on their importance to the economy. There should be targets and adequate instruments available to achieve them. It

was pointed out that investment is an essential factor in capital formation and that savings out of national income can generate the much needed investment. However, there are certain exogenous factors that might be functions of development objectives such as international loans, diversification, production efficiency, innovation and human capital development.



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#### **4.8 Possible Answers to SAEs**

### **Answers to SAEs 1**

Multi-sectoral planning can also be mobilization of savings and investment and make a tentative goal for national income, and translate it into targets for each category of final commodity, and to minimize capital required (savings) to achieve these targets.

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## **MODULE 2 - DEVELOPMENT PLANNING IN NIGERIA**

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### **Module Introduction**

UNIT 1 Historical Description of Development Planning in Nigeria: Pre-independence to SAP era (Till 1998)

UNIT 2 Highlight of Planning Experience since 1999 until Date

UNIT 3 Reason for Plan Failure in Nigeria and Prerequisite for Successful Planning

UNIT 4 Planning Experience of selected Developed Countries (USA, France, Britain, China, Singapore and India)

## **Module 2 – Unit 1: HISTORICAL DESCRIPTION OF DEVELOPMENT PLANNING IN NIGERIA: PRE-INDEPENDENCE TILL DATE**

### **CONTENTS**

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- 1.2 Learning Outcomes (Los)
- 1.3 Main Content
  - 1.3.1 Elements of a good development plan
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- 1.7 References/Further Readings/Web Resources
- 1.8 Possible Answers to SAEs



### **1.1 INTRODUCTION**

This unit is based on Nigeria development planning since independence.

Nigeria has had series of development plans since independence. To some extent, there were development plans in the pre-independence era which was primarily to meet the needs of the colonial masters. Development then was centered on extraction and production of raw materials as inputs for the factories of the colonial masters abroad. Plans did not include political and economic empowerment of Nigerians. Nevertheless, this unit examines the history and trend in development planning in Nigeria from 1946-1998. More emphasis is on the 1946 ten-year plan of Development and Welfare, First

National Development Plan (1962-68); Second National Plan (1970-74); Third National Development Plan (1975-80); Fourth National Development Plan (1981-85) and The Rolling Plan Era (1990-1998). Efforts were also made to establish the circumstances that led to the failure of each of the plans.



## **1.2 Learning Outcomes (Los)**

At the end of this unit, you should be able to:

- Explain the objectives of a good development plan
- highlight the objectives of each of the development plans carried out in Nigeria before independence till-1998.
- Discuss the colonial and Pre-colonial Era Nigerian Development Plans, □ Discuss Post-Independence Nigerian Development Planning.



## **1.3 MAIN CONTENT**

### **1.3.1 Elements of a Good Development Plan**

Some elements of a good development plan can be explained concisely as follow:

- i. The plan must be based upon the existing potential resources of the country. This involved making a careful investigation of present and future available manpower and domestic resources
- ii. The plan must set up feasible targets or goals that are achievable within the planned period.

- iii. The plan must set up feasible policy to enhance the achievement of proposed targets.
- iv. Economic planning should accelerate development of a country by adopting measures which examine obstacle to development.
- v. Economic policy should devise strategies for efficient utilization of available resources for a rapid economic development.

### **1.3.2 Objectives of Nigeria National Development Plan.**

The objectives of a typical Nigerian National development plan (Ikeanyibe, 2009 & Fashola, 2012) are listed below:

- To increase the real income of the citizen and consequently their welfare
- Reduction in the level of unemployment
- To be self-reliance in food production
- To achieve even income distribution among individuals and socio-economic groups.
- Attain manpower development and increase in its supply.
- To achieve sectoral balance and various geographical areas of the country
- To increase citizen participation in the ownership and management of enterprises.
- To develop better and improved technology
- To reduce rural-urban migration
- To increase individual productivity in employment
- Promotion of national character
- To promote national orientation towards greater discipline, better attitude to work and concern for a cleaning environment.

### **1.3.3 Development Plan during the Colonial Era, Pre-National Development Era (1946 – 1956)**

The Nigeria's development planning experience is dated back to the colonial era starting from 1945 with a ten-year (1946 – 1956) development plan (Akindele, Afolabi, Pitan, & Gidado, 2016). The Ten-year plan of Development and Welfare for Nigeria was introduced by the colonial government (1945-1956) sequel to a circular from the Secretary of State for Colonies to all British colonies, directing the setting up of a Central Development Board (Iheanacho, 2014). The Ten Year Plan of Development and Welfare for Nigeria could not be actually termed as plan in real sense because it contained mainly a list of uncoordinated projects in various regions. The objective of the plan, though not stated was to meet the perceived needs of the colonial government rather than any conscious attempt to influence the overall performance of the Nigerian economy then. The primary interest of the colonial government was to produce agricultural products such as groundnuts, palm oil, and cocoa that were required by the British factories. No attempt was made to articulate and incorporate the needs and interest of Nigerian people into the objectives and priorities of development plans (Onah 2010). The programme "suffered from a number of problems such as non-specialized colonial administrators approach to development planning, the inadequacy of planning machinery and absence of clearly defined national objectives." Irrespective of the weaknesses of the plan, it served as a launch pad to subsequent development plans in Nigeria (Iheanacho, 2014).

### **1.4 The Development Plans of 1955-1960**

The development plan of 1945 was supposed to last for ten years (1945-1956), but paved way for a new five-year (1955-1960) development plan due to certain political reasons. One of such issues is the adjudication for self-government in the then three regions because of a new constitution and the demand for transfer of some responsibilities to representative of the colony. Like the initial plan (1945-1955), the plan was purely expenditure-related as its aim was "primarily to guide the allocation of the development

and welfare funds made available by the imperial power, Britain”. Major areas of attention were communication, transport and a few cash crops. Little attention was paid to developing the productive base and defining a comprehensive development objective for the country. The plan suffered a revision half way through in 1951 and the introduction of a federal structure in 1954 reduced its efficacy. But it continued to guide both the central and regional governments until the launching of the First National Development Plan in 1962 (Ikeanyibe, 2009).

#### **1.4.1 The Second Phase: The Era of Fixed Term planning (1962-1985)**

These period-witnessed four successful plans, which are;

- a. First National Development Plan (1962-1968);
- b. The Second National Development Plan (1970-1974),
- c. The Third National Development Plan (1975-1980) and;
- d. The Fourth National Development Plan (1981-1985).

##### **.a. The First National Development Plan (FNDP, 1962-1968).**

Immediately after Nigeria attained independence in 1960, the first National Development Plan (1962-1968) was launched. The objectives of the plan were:

- To bring about equal distributions of national income;
- To speed up the rate of economic growth;
- To generate savings for investments so as to reduce its dependence on external capital for the development of the nation;
- To get enough capital for the development of manpower;

- To increase the standard of living of the masses particularly in respect of food, housing, health and clothing and;
- To develop the infrastructure of the nation (Onyenwigwe 2009).

The FNDP has a proposed total investment outlay of about N2,132 million. The public sector was expected to invest about N1,352.3 million while the remaining investment expenditure of N780 million was expected to be made by the private sector (Ikeanyibe, 2009). Though, the plan appeared impressive, but due to political upheaval in the country which resulted in 30-month civil war, the plan almost became redundant.

The objectives and targets of the 1962-68 plan were too large, therefore out of tune with financial, technical and managerial capabilities of the country. This made the plan to lack clarity and precision in the formulation of objectives and targets. In spite of the flaws of the plan, some key projects were carried out during that period. These included the Port Harcourt Refinery, the Nigerian Security and Minting Plant, the Sugar Mill, Niger Dam, the Niger Bridge, Onitsha, Kaingi Dam and the Jebba Paper Mill (Iheanacho, 2014).

#### **b. The Second National Development Plan (SNDP, 1970-1974).**

At the end of 1970 that is after the civil war, the SNDP was enacted by the federal government. Initially, the plan was meant to cover the four-year period, 1970-1974, but it was later extended to cover the fiscal year of 1974-1975. Special emphasis of the plan is on post-war reconstruction, restoring productive capacity, overcoming critical bottlenecks, and achieving self-reliance. The plan put forward five national objectives: a United, strong and self-reliant nation; a just and egalitarian society; a land of bright and full opportunities for all citizens; and a free and democratic society (Onyenwigwe, 2009).

As noted by Ayo (1988), this is the first truly national and fully integrated plan, which viewed the economy as an organic unit: the twelve states were fully integrated into national development plan.

Furthermore, unlike the first plan, the second plan was formulated wholly by Nigerians.” The total capital projected expenditure of about 4.9 billion was contained in the plan. Out of this figure, the proposed public sector investment was 3.3 billion while the private sector was expected to invest 1.6 billion (Obi, 2006). The highest order of priorities in public sector projected expenditure were accorded to transport and communication, manufacturing, housing and education (Onah, 2010).

This plan also laid much emphasis on indigenization policy. Similarly, the plan also gave priorities to industry, agriculture, and the development of high level and intermediate level manpower. Like the first plan, the SNDP was beset with quite a number of problems, among which is that “the high priority given to agriculture and industry was not matched with action during the implementation of the plan”.

As stated earlier, one of the basic tenets of the SNDP is indigenization policy, which was carefully designed to encourage citizens to participate fully in the commercial, industrial and financial activities of the Nigerian economy.

An interesting feature of the SNDP was the objective of creating “a free and democratic society” that was being challenged by the military government. This objective was put in place without considering any discussion on political development in the plan document and any means of returning to civilian rule.

Despite the inadequacies of the plan, it witnessed achievements in the areas of industry and agriculture. The industrial sector recorded more improvements. Many industries in the war affected areas were rehabilitated, coupled with establishment of two salt factories in Kaduna. Super phosphates project and two vehicle assembly plants were also established. Other achievements included the establishment of colleges of technology and trade centres by state governments and reconstruction of about 3000 kilometres of roads (Egonmwan & Ibodje, 2001; Iheanacho, 2014).

### **c. The Third National Development Plan (TNDP, 1975-1980)**

The Second National Development Plan was followed by the Third National Development Plan (TNDP) of 1975 – 1980. The TNDP had a projected huge investment of N30 billion, which was later, increased to N43.3 billion. This represented ten times that of the Second Plan and about 15 times that of the First Plan (Obi, 2006). According to Obi (2006), the goals of TNDP are:

- more even distribution of income;
- increase in per capita income;
- reduction in the level of unemployment;
- increase in the supply of higher level manpower;
- diversification of the economy;
- balanced development and indigenization of economic activities.

The approach of the plan was to utilize resources from oil to develop the productive capacity of the economy and thereby permanently improve the standard of living of the people. Therefore, the plan was premised on the need for the public sector to provide facilities for the poorer sections of the population including electrification, water supplies, health services, urban housing and education (Egonmwan & Ibodje, 2001).

So far, a critical assessment of the plan showed that it focused on giving priority to projects and programmes that would directly impact positively on the rural dwellers, but the meagre allocations to agriculture and social development schemes did not indicate sincere intention of the government to achieve the objective. As stated by Okigbo (1989) agriculture and social development scheme (education, housing, health, welfare etc) that have direct bearing on the living conditions of the rural population received only 5 per cent and 11.5 per cent respectively of the financial allocations contained in the plan. It is appropriate to state here that the meagre allocation to agriculture and social development

schemes, which were priority areas, indicated the “lack of focus of the planners to careful sifting of the criteria for allotting principles” (Onah, 2010).

Like other plans before it, the third plan did not really achieve its set targets. Irrespective of the inadequacies of this plan, it witnessed achievements in some areas. In the opinion of

Okowa (1991), “in terms of achievement, the manufacturing sector recorded the fastest growth rate with an average of 18.1 per cent per annum. Some other sectors that witnessed growth were building, construction, and government services (Iheanacho, 2014).

#### **d. The Fourth National Development Plan (FNDP, 1981-1985).**

The FNDP was a civilian government plan, which emphasized among other things the need for balanced development of the different sectors of the economy and of the various geographical areas of the country. This development plan period was threatened by fall in oil revenues and equally delays in agricultural modernization due to decline in funds inflow and an increase in the quest for imported foods. The decline in exportation weakened the ability to import construction materials and related capital goods thereby reducing growth in the construction, transportation, communications, utilities and housing sectors (Olayiwola & Adeleye, 2005). Another problem of this plan was rise in the cost of living that led to a reduction in the standard of living of a common man. There was also phenomenal increase in unemployment among school leavers in the country. The country’s external reserves kept on declining.

It was the first plan that contained guidelines making provision for local governments’ involvement in planning and implementation although such involvement never worked due to lack of experienced staff.

The plan laid emphases on the need for rural infrastructural development as a means of increasing the standard of living in the rural sector. Hence, the following allocations were made:

- \* About N924 million naira to the eleven River Basin Development Authorities towards construction of boreholes, dams, feeder roads and jetties.
- \* Federal and State Government's allocation of N645 million and N700.4 million respectively for electrification purposes.
- \* For rural water supply schemes, N2,805 million was allocated while the local governments in some states (e.g. Anambra, Plateau, Cross River, Bendel and Borno States) allocated a total of N311,824 million for water projects (Olayiwola & Adeleye, 2005).

Many local governments and various states governments stated numerous policy issues that could enhance the standard of living of the rural dwellers. The overthrow of Nigeria's second civilian administration, the Second Republic headed by President Shehu Shagari, at the end of 1983 and of the military government of General Muhammadu Buhari in 1985 brought to an end the fourth development plan.

Still on the FNDA, it is stated that "the plan period 1981-85 proved to be the most dismal in the economic history of Nigeria at that time" (Alapiki, 2009). In spite of its drawbacks, the plan recorded some achievements in some areas. This include; the implementation of Agricultural Development Programme (ADP) in most states was successfully completed, the commissioning of Egbin Power Station, Dry Dock Project at snake Island, Lagos and the 87 telephone exchanges located all over the federation which increased the number subscribers to telephone lines from 188,000 in 1981 to 297,000 in 1985 (Egonmwan & Ibodje, 2001). Furthermore, there was a replacement cost of physical assets damaged and destroyed in the civil war within the southeast region that was estimated above N600 million (then about US 900 million).

#### **e. The Fifth National Development Plan (1986-1989)**

Following the poor implementation of the Fourth National Development Plan, a machinery was put in place for preparation of the Fifth National Development Plan. The objectives of the Fifth National Development Plan were:

- I. diversification of the nation's economy away from the monocultural one to which it has been pushed by the fortunes of the oil sector;
- II. revitalization of the agricultural sector with a view to achieving thorough integrated rural development programmes;
- III. domestic production of raw materials for local industries in order to reduce the importation of locally manufactured goods and
- IV. promotion of employment opportunities in order to arrest the deteriorating mass unemployment.

The primary focus of the plan was to correct the structural defects in the economy and create a more self-reliant economy that would largely be regulated by market forces. The economy was therefore expected to be restructured in favour of the production sector especially those of agriculture and manufacturing. The Fifth National Development Plan did not materialize. It was later incorporated in the Structural Adjustment Programme (SAP). The two-year SAP brought to an end the five year planning model in Nigeria. The Federal government changed the two-year model to three year rolling plans (Iheanacho, 2014).

#### **1.4.2 The Third Phase: Era of Rolling Plan and Visions (1990-1998)**

The Babangida government had abandoned the previous fixed five-year development plans and replaced it with two types of national plans viz: perspective plan which will cover a period of 15-20 years that will provide opportunity for a realistic long-term view

of the problem of the country and the rolling plan which will cover three years' subject to review every year to ascertain whether economy is progressing or not.

The perspective plan which was to start from 1990 together with rolling plans did not take off until 1996 when Abacha set-up the Vision 2010 Committee.

The main report of Vision 2010 submitted to Abacha government in September 1997 among other things recommended that the vision should provide the focus of all plans including long (perspective), medium (rolling) and annual plans (budgets) (Adubi, 2002). Therefore, the Vision became the first perspective plan for the country even though it failed to proceed beyond Abacha's death in 1998.

The three year rolling plan became operational from 1990 with the introduction of the First National Rolling Plan (1990-1992). The primary objective of the rolling plan was to afford the country the opportunity of revision in the "midst of increasing socio-political and economic uncertainties" (Ikeanyibe (2009).

But the preparation of medium term plans turned out to be a yearly event and became almost indistinguishable from annual budgets. Rolling plans are being prepared annually at all levels of government. At the end of about ten rolling plans from 1990 to 1999, Nigerians are not better off than they were during the years of fixed medium term planning (Okojie, 2002 cited in (Iheanacho, 2014).

### **1.5 THE VISION 2010 Era**

This vision was initiated during the Sani Abacha regime in Nigeria. The vision 2010 Council, had a member of 248 officials headed by Ernest Shonekan, and was inaugurated on November 27, 1996. The committee's mandate, set out in a 14-item Terms of Reference, required it to develop a blueprint that will transform the country and place it firmly on the route to becoming a developed nation by the year 2010 (Egbunike, 2010). On September 27, 1996, General Abacha asked the Visioners to;

- I. constructively analyze why after more than 36 years of political independence, our development as a nation in many spheres had been relatively unimpressive, especially, in relation to our potentials;
- II. envision or visualize where we would like to be at the time that Nigeria will be a fifty years old as an independent nation, in 2010 and;
- III. develop the blue print and action plans for translating the envisaged vision into reality.

The main report of Vision 2010 submitted to the Abacha government in 1997, recommended that ‘the Vision should focus on;

- programme that will systematically improve the quality of life of Nigerians in fourteen years;
- large-scale deregulation of the Nigerian economy;
- release of political detainees and rigorous compliance with the transition programme and;
- proposed immediate, medium term, short term and long term developmental strategies.

In spite of the best ideas and intentions encapsulated in the reform agenda, Aluko, (2006) noted that the subsequent regime led by Chief Olusegun Obasanjo terminated the plan because of sheer hatred for Abacha.

### SELF ASSESMENT EXERCISE 3

Briefly describe the main features of Vision 2010.



## **1.6 Summary**

With regards to the discussion on the concept of national development plans in Nigeria i.e. from 1945-1998, it is noted that all the plans and visions give priority to projects and programmes that would directly impact positively on agricultural development, industrial growth and improvement in the wellbeing of rural dwellers. However, it is worthwhile to note that there is a missing link in the areas of the objectives and implementation as observed in each planning era.

In this study unit, we have attempted to discuss the Nigeria development plan from the colonial era to the era of Fixed Term planning (1962-89) and the era of Rolling Plan (1990-1998). So far, it is appalling that despite all the impressive plans, it fails to achieve the desired objectives as anticipated. It is believed that your understanding of this unit has given you a basis to understand the next unit. You are advised to prepare for the next unit as you read along.



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## **1.8 Possible Answers to SAEs**

### **Answers to SAEs 1**

This vision was initiated during the Sani Abacha regime in Nigeria. The vision 2010 Council, had a member of 248 officials headed by Ernest Shonekan, and was inaugurated on November 27, 1996. The committee's mandate, set out in a 14-item Terms of Reference, required it to develop a blueprint that will transform the country and place it firmly on the route to becoming a developed nation by the year 2010 (Egbunike, 2010).

## **Module 2 - Unit 2: Analysis of Nigeria's Planning Experience from the Democratic Dispensation Era, 1999 - 2018**

### **CONTENTS**

- 2.1 Introduction
- 2.2 Objectives
- 2.3 Main Content
  - 2.3.1 NEEDS – Vision, Objectives and Strategies
  - 2.3.2 Vision 2015 – Millennium Development Goals (MDGs) in Nigeria
  - 2.3.3 Vision 20:2020
- 2.4 The Seven-Point Agenda of President Yar'Adua in 2007
  - 2.4.1 Transformation Agenda of 2011-2015.
- 2.5 The Nigeria Economic Recovery and Growth Plan, 2017-2020.
  
- 2.6 Summary
- 2.7 References/Further Readings/Web Resources
- 2.8 Possible Answers to SAEs



### **2.1 INTRODUCTION**

Having studied the Nigeria development plans before independence, that is from 1945 to 1998, it is imperative for learners to familiarize themselves with the topic analyze in this unit. The topics herein includes development plans/programmes in the democratic dispensation periods, which started in 1999. These plans, programmes and visions, include; National Economic and Empowerment Development Strategy – (NEEDS); the SevenPoint Agenda of 2007; Vision 2015, Millennium Development Goals (in Nigeria) and Vision 20:2020. Therefore, our discussion in this study unit, is to describe these national economic plans in the current democratic dispensation era. It is important for you to pay proper attention as we move on.



## 2.2 Learning Outcomes (LOs)

At the end of this unit, you should be able to:

- Highlight the ideas behinds each of the development plans, programmes and Visions presented by the government during the current democratic dispensation era.



## 2.3 Main Content

### 2.3.1. Needs - Vision, Objectives and Strategies

Democratic governance returned to Nigeria in May 1999 with the swearing in of President Olusegun Obasanjo on the platform of Peoples Democratic Party. This was after long military rule that ran from 1966 to 1999 with a brief interlude from 1979 to 1983, and a few months Interim National Government headed by a civilian in 1993. The new administration started development planning in 1999 on a clean slate with the initiation of a **four-year medium term plan document, the National Economic Direction (1999-2003)**. The plan had the primary objective of pursuing a strong, virile and broad-based economy with adequate capacity to absorb externally generated shocks. While being a new plan document, the objectives and policy direction was not significantly different from that to which the country has followed since the introduction of SAP (Ikeanyibe, 2009).

However, the plan did not achieve much of the articulated programmes of alleviating of poverty, deregulating the economy, creating of jobs, reducing bureaucratic red-tapism in governance, providing welfare programmes for citizens and infrastructure development such as electricity, water, improved health care and roads. Despite the huge resources garnered from improved oil pricing, sale of privatized government enterprises, and recovered loots from the Abacha family and its cronies, Nigeria went further down the rungs of impoverished nations.

Furthermore, when the government observed that the plan could not achieved its objectives, it saw the need to have a rethink on the issue of development planning. It realized the need for a comprehensive socio-political and economic reform of the country since no plan can succeed in Nigeria if it continued to be business as usual. This intent to bring radical changes in the way things are done gave birth to the National Economic Empowerment and Development Strategy (NEEDS) and other development plans.

As described in Vision 2010, “Nigeria is a multiethnic society, with a value system that derives from the diversity of its people, religion and cultures. The elements of this value system include respect for elders, honesty and accountability, cooperation, industry, discipline, self-confidence and moral courage, which is the cores values of NEEDS. Thus, National Economic Empowerment and Development Strategy (NEEDS) is the response to the development challenges of Nigeria. NEEDS is described as Nigeria’s plan for prosperity. It is a four-year medium term plan for the period 2003 to 2007.

NEEDS is a federal government plan, which also expected the states and local governments to have their counterpart plans- the State Economic Empowerment and Development Strategy (SEEDS) and the Local Government Economic Empowerment and Development Strategy (LEEDS) respectively.

It is the Federal Government comprehensive plan that seeks to include not only all levels of government towards moving in the same direction, but also seeks all and sundry namely, the private sector, the Non-Governmental Organizations (NGOs) and the general public in cooperative activity in pursuit of developmental goals. NEEDS as a plan contains all the envisaged policies, programmes of the government for the period 2003-2007 and far beyond, and serves as the foundation of the Obasanjo’s reforms programme. NEEDS is not just a macro-economic plan document, but also a comprehensive vision, goals and principles of a new Nigeria that would be made possible through re-enacting core Nigerian values like respect for the elders, honesty and accountability, cooperation,

industry, discipline, self-confidence and moral courage. These aforementioned points are the fundamental values upon which NEEDS rests.

Following the 1999 Constitution, which clearly stipulates that public policy must be directed to balance the objectives of efficiency, effectiveness, and equity in order to ensure a broad-based, poverty-reducing growth and development strategy, the dividends of which will be distributed fairly across all classes. The NEEDS document was strategically geared to achieve developmental planning objectives. Which focus on creation of wealth, the generation of employment, the reduction of poverty, the elimination of corruption, and the general reorientation of values.

In like manner, three other principles underpin NEEDS, which commit the government to:

- Create an incentive structure that rewards and celebrates private enterprise, entrepreneurial spirit, and excellence.
- Establish new forms of partnership with all stakeholders in the economy—all branches of government, the public and private sectors, civil society and the international community—to promote prosperity.
- Create a public sector that delivers prompt and good-quality service.

In the same way, the NEEDS reform plan is to support the following policy thrusts:

- Sustain a rapid, broad-based GDP growth rate outside the oil sector that is consistent with poverty reduction, employment generation, and a sustainable environment.
- Diversify the production structure away from oil and mineral resources.
- Make the productive sector internationally competitive.
- Systematically reduce the role of government in the direct production of goods, and strengthen its facilitating and regulatory functions.

## **Key Strategies of NEEDS**

The committee that wrote the NEEDS documents proposes achieving its goals in the following ways:

- Privatize, deregulate, and liberalize key sectors of the economy.
- Coordinate national sectoral development strategies for agriculture, industry (especially small and medium-size enterprises), and services (especially tourism).
- Develop infrastructure, especially electricity, transport, and water.
- Address the problems of financing the real sector, and mobilize long-term savings and investment.
- Create effective regulatory regimes that include environmental standards.
- Target programmes to promote private sector growth and development.

In sum, a major target of the current reform effort is the reduction of poverty and creating of more job opportunities. In line with this goal, the NEEDS programme promised creating about seven (7) million jobs by 2007. But the truth is that most policies pursued by the government within the period were anti-employment rather than employment generating. In the bid to reform government institutions thousands of employees have lost their jobs. For instance, the Central Bank of Nigeria alone severed 804 employees through mandatory retirement in 2005 alone (CBN, 2005). In addition, the bank consolidation exercise that saw the convergence of 75 out of the 89 existing banks in 2004 to only twenty-five and 14 failed ones by end of 2005 witnessed the throwing into the unemployment market thousands of retrenched bank workers resulting from mergers and acquisitions. The same process is being witnessed in the microfinance and insurance sub-sectors where stringent capitalization requirements may by the end of this year push out many existing community banks and insurance companies out of business. Yet the private sector especially the manufacturing sub sector is not any ready to start absorbing these excesses as the cost of production has continued to be high due to gross infrastructural inadequacy, making the employment situation even worse.

In the area of infrastructure development as projected by NEEDS, the programme failed to achieve much impact. Electricity, which coincidentally, was a major policy choice area of the government, rather than show improvement, seemed to decline tremendously. Using the 2005 situation, CBN (2005) informs that “the quantum of electricity generated declined in 2005. At 2.687.1 megawatt hour (MWH), aggregate electricity generation fell by 2.8 per cent”. By 2007 the decline of electricity in the country has reached a crisis dimension.

Overall, the government has admitted the failure of NEEDS to achieve significant results in the medium term. As reported by Ogefere (2007) the Minister/Deputy Chairman of National Planning Commission, the coordinating institution for NEEDS programmes, Senator Abdullah Wali, admitted that NEEDS has a lot of challenges. According to Ogefere (2007), the major challenges were not only in the areas of infrastructural crisis but also high poverty level and high dependence of nation’s economy on oil exports. Others include low contribution of secondary activities to yearly gross domestic product (GDP), low aggregate demand, high cost of production, high rates as well as high import dependence of the economy, especially on capital and intermediate goods import (Ikeanyibe, 2009). In conclusion, the truth is that NEEDS as a development planning did not achieve the expected results like previous development plans in Nigeria. The four main objectives Viz: employment generation, poverty reduction, wealth creation and value re-orientation remains only on paper.

### **SELF ASSESMENT EXERCISE 1**

Briefly discuss the policy thrusts and key Strategies of NEEDS in Nigeria

### **2.3.2 VISION 2015 - MILLENNIUM DEVELOPMENT GOALS (MDGs) (IN NIGERIA)**

This is a vision created by the United Nations. The United Nations foundation is committed to helping the UN achieve the eight Millennium Development Goals by 2015. The MDGs are commitment by the UN to establish peace and a healthy global economy by focusing on major issues like poverty, children's health, empowerment of women and girls, sustainable environment, disease, and development. Nigeria entirely embraced this vision and tried to work towards all its objectives.

The eight MDGs call for a Global Partnership for Development. It reflects the fact that the fates of all people and the nations are linked.

These eight MDGs and their individual targets i.e. the Millennium Development Goals are:

**Goals 1: Eradicate extreme poverty and hunger:** Reduce by half the proportion of people living in less than dollar a day. Reduce by half the proportion of people who suffer from hunger.

**Goals 2: Achieve Universal Primary Education** - Ensuring that all boys and girls complete a full course of primary schooling.

**Goals 3: Promote Gender Equality and Empower Women** - Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015.

**Goals 4: Reduce Child Mortality** - Reduce by two-thirds the mortality rate among children under five.

**Goals 5: Improve Maternal Health** - Reduce by three quarters the maternal mortality ratio.

**Goals 6: Compact HIV/AIDS, Malaria and other diseases** - Halt and begin to reverse the spread of HIV/AIDS. Halt and begin to reverse the incidence of malaria and other major diseases.

**Goals 7: Ensure environmental sustainability**- Integrate the principles of sustainable development into country policies and programs; reverse loss of environmental resources and reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss.

**Goals 8: Develop a global partnership for development** - Develop further an open, rulebased, predictable, non-discriminatory trading and financial system.

In evaluating the MDGs in Nigeria, Ibietan and Ekhosuehi (2013) noted that the MDGs are more like “goals from outside”, even though some of them are achievable, the the MDGs do not deserve any rigorous discourse under Nigeria’s development planning initiative.

## **SELF ASSESMENT EXERCISE 2**

Give a brief outline of the millennium development goals.

### **2.3.3. VISION 20:2020**

The Nigerian vision 2020 is a perspective plan - an economic business plan intended to make Nigeria a fully developed economy by the year 2020; that is, the intent of Nigeria

in vision 2020 programme is to position Nigeria to become one of the top 20 economies in the world by the year 2020.

To ensure achievement of this objective, an institutional framework responsible for the development and implementation of the vision 2020 was created – a framework consisting of the National Council on Vision 2020 (NCV 2020), the National Steering Committee (NSC); and Stakeholder Development Committee (SDCs).

National Planning Commission and the vision 2020 secretariat was then mandated by the Federal Executive Council (FEC) to produce the vision 2020 plan for launching by the president in October 1st 2009.

The vision commenced by January 2010 (Ahmed, 2009) and the Chairman of the Business Support Group of the Vision is by name - Alhaji Umuru Muttalab, Commander of the Order of Niger (CON). The constitution and inauguration of the Business Support Group (BSG) intended to engender private sector support for the vision 2020 process by the National Steering committee.

The vision 20:2020 sought to accelerate the pace of the country's growth and development and make it among the world's twentieth economies by the year 2020. It was of the opinion that for the vision to succeed, the civil service must be carried along. Thus, the government and the institutional organs took steps towards the development of the vision 2020 via;

- Provision for the development efforts in the 2009 budget;

- Development of sectoral strategies for the vision by some Ministries, Departments, and Agencies (MDAs);
- Central Bank of Nigeria (CBN) financial sector strategy 2020;
- Federal Inland Revenue (FIRS) 2020 strategy; ▪ Medium Term Sector Strategy (MTSS).

**The objectives of the vision 2020 programme are to:**

- Stimulate Nigeria’s economic growth and launch the country onto a path of sustained and rapid social economic development.
- Place Nigeria in the bracket of top 20 largest economies of the world by the year 2020, with a growth target of not less than \$900 billion in GDP and a per capita of not less than \$4,000 per annum.
- Engendering peaceful, harmonious and a stable democracy by the year 2020.
- Provision of infrastructure services; a modern and vibrant education system; health sector that supports and sustains a life expectancy of not less than 70 years.
- Provision of modern technologically enabled agricultural sector; vibrant and globally competitive manufacturing sector with contribution to GDP of not less than 40%.

The Vision 2020 also follow the path of other plans by presenting areas/issues to be covered in an omnibus manner without breaking it down into phases (Ibietan, & Ekhosuehi, 2013). In the words of Ugwu (2009), Vision 2020 lacks properly outlined objectives, except for policy statements coming from some federal government officials.

**2.4 The Seven-Point Agenda of President Yar’Adua in 2007.**

As a development planning initiative, Vision 2020 was also carried over by the Yar’adua administration from the Obasanjo civilian administration, but later translated to 7-point agendas. The main objectives of the administration, otherwise referred to as the 7-point agendas are:

- i. Critical Infrastructure:** This would involve paying attention to adequate power supply to facilitate industrialization. Development of Rail, Road, Air and Water transportation to facilitate movement of persons, goods and services.

**ii. Niger Delta:** This would involve complete overhaul of the region to ensure provision of physical infrastructure and empowerment of the people.

**iii. Food Security:** Through this vision, the administration has declared interest in enhancing agricultural and water resources to ensure adequate food supply for local consumption and export.

**iv. Human Capital Development:** This would involve reform of education sector to improve skills and enhance standards.

**v. Land Tenure and Home Ownership:** Review of the Land use laws to facilitate proper use of the Nation's land assets for socio-economic development; and citizens' access to mortgage facilities.

**vi. National Security and Intelligence:** Through this strategy, the administration intends to give adequate attention to the provision of security to lives and property.

**vii. Wealth Creation:** This aspect would be used to initiate the process of diversification of the nation's revenue base and increased production to provide jobs (Dode, 2010).

Despite the affirmed commitment of the government to the above plan in term of human resources, money and materials, the policies do not really achieve the stated goals. To this extent, certain challenges are identified which include: the death of president Yara'dua, failure of past policies, the level of executive corruption in high places; the global economic recession, government contradictory policies and government insincerity among others.

#### **2.4.1 Transformation Agenda of 2011-2015.**

The Transformation Agenda of President Goodluck Ebele Jonathan is yet another policy somersault in relation to the 7-Point Agenda of his immediate predecessor (late President Umaru Musa Yar'adua). It is a 5-year development plan ranging from 2011-2015. It arises from the need to re-position the country's drive to development in the critical spheres of the economy hinged on the rule of law, where equality, peace and justice shall reign. In order to accomplish the daunting task, the President, upon assumption of office, assembled a vibrant team of renowned technocrats called the Economic Management Team (EMT) to midwife and drive the process through to a successful end (Gyong, 2016).

The Economic Management Team is made up of a 28-member management team headed by the President as Chairman, the Vice President as Vice Chairman and the Minister of Finance, Dr Ngozi Okonjo Iweala, as Coordinator. The appointment of the Minister of Finance, a reputable Economist, clearly indicates the centrality of the economy as the driving force in the success of the Transformation Agenda.

The Transformation Agenda of Goodluck Jonathan, from all intent and purposes, is largely in pursuance of collective national goals and aspirations towards driving Nigerian into the comity of the 20 largest economies by 2020 (Gyong, 2016).

Particularly, the Transformation Agenda is focused on three key areas. These includes:

- i. Strong, inclusive, non-inflationary growth. This includes efforts on the part of government to encourage large-scale industries, Small, and Medium Enterprises (SMES), revitalize ailing industries, promote agriculture and agro businesses, encourage local content strategy and develop Information Technology and Communication (ICT) to be the major driver of the agenda.

- ii. Employment generation and poverty alleviation. This includes effort to expand tourism and entertainment industry, exploit private sector potentials for employment creation, focus investment in construction industry and public works, using labor intensive techniques and provide safety nets for vulnerable groups.

iii. Value re-orientation to re-organize the National Orientation Agency (NOA) to develop campaigns aimed at fighting corruptions, punish acts of corruption and reward exemplary behavior, support groups and Non-Government Organizations (NGOs) that are involved in the fight against corruption.

The outline of the three key areas of President Jonathan's transformation policies and strategies as stated earlier are categorized into:

- I. A macroeconomic framework for economic direction to be achieved through the National Economic Management Team (NEMT) review of the national revenue allocation formula, passage of a Planning and Project Continuity Bill.
- II. Job creation, to be achieved through the National Action Plan on Employment Creation (NAPEC), implementing a youth empowerment safety net support programme; development of industrial clusters; reviewing of university curricular to align with job requirements in industry.
- III. Better power supply by increased investment in the sector to be achieved through the strategy of creating a deregulated more competitive power sector that will attract foreign and local investment ensuring a more viable commercial framework for the sector and a tariff regime that promotes transparency, guarantees security of investment, adequate return on investment, transmission capacity and more.
- IV. Justice and judiciary sector that eliminates all forms of corruption in the administration of justice in Nigeria through achieving greater independence and enhancing the capacity of the justice ministry to superintend prosecution and improving professionalism in legal practice for better service delivery.
- V. Governance challenges addressed through policies that focus on public service, security, law and order, legislature and anticorruption measures.
- VI. Human Capital Development through rehabilitating of the educational sector by implementing the recommendations of the Presidential Task Team on Education

which includes; strengthening the 9-3-4 educational system and implementing the teachers' salary scale, provision of infrastructure such as classrooms across all levels to ease overcrowding; enhancing the efficiency, resourcefulness and competence of teachers and other educational personnel through training, capacity building and motivation. And better health care delivery, through the implementation of the National Strategic Health Development Plan (NSHDP), Provision of information and Communication Technology, through Public-Private Partnership (PPP).

- VII. Transportation, through evolving a multi modal, integrated sustainable transportation system with more emphasis on rail and inland water ways transportation.
- VIII. Other sectors such as Niger delta, labour and productivity, legislature, justice and judiciary, foreign policy and economic diplomacy, public expenditure management have applicable strategies geared towards achieving set objectives in the various sectors.

In addition, efforts will be made to include moral instruction and civic education in school curricular, institute incentives that reward hardworking and sanction poor performance. Similarly, efforts are directed towards engendering a culture of leadership by example and ensure compliance by all citizens with the law, rules and regulations guiding their conduct.

In order to realize the aforementioned goals, the Transformation Agenda stated that effort would be made to fast track constitutional and electoral reforms to provide the necessary legal framework for the policy packages; overcome security challenges, create the enabling environment for private sector participation; encourage coordination and collaboration of policies, and not competition, among sectors.

Like other development plans/programme, the Transformation Agenda was bedeviled by quite a number of problems. These include limited financing from the Federal and State government, scandals of corruption, near absence of a purposeful, trusted, respect and

focus leadership, weak participation of the citizens and finally the rise of insecurity of lives and properties across the country.

## **2.5 The Nigeria Economic Recovery and Growth Plan, 2017-2020**

In keeping up with the above tradition of rolling out economic plans, the Buhari administration came into power in 2015 and launched yet another plan. This time a comprehensive economic intervention plan tagged the Economic Recovery and Growth Plan (ERGP). The ERGP, which comes on the heels of Nigeria's slump into recession for the first time in 25 years and the sharp fall in oil prices from highs of about \$112 a barrel in 2014 to below \$50 in 2016, is targeted at propelling Nigeria back to sustainable, accelerated development and restoring economic growth in the medium term from 2017-2020 (Adekunle & Alokpa, 2018). Hence, in a bid to change the trajectory, the ERGP was launched to build on the Strategic Implementation Plan (SIP) for the 2016 Budget of Change, which was developed as a short-term intervention measure to rescue the ailing economy (Ministry of Budget & National Planning, 2017).

The ERGP was established based on three strategic objectives, these are:

- a. Restoring growth - Monetary and fiscal stability, external balance, economic growth and diversification;
- b. Investing in the Nigerian people - Health, education, social inclusion schemes, job creation and youth employment schemes;
- c. Building a globally competitive economy – Improving the ease of doing business, investing in infrastructure and promoting digital led growth.

**Following the above objectives, the ERGP made the following projections:**

- i. The inflation rate is projected to trend downwards from the current level of almost 19 per cent to single digits by 2020.
- ii. Real GDP is projected to grow by 4.6 percent on average over the Plan period, from an estimated contraction of 1.54 percent recorded in 2016. Real GDP growth

is projected to improve significantly to 2.19 per cent in 2017, reaching 7 per cent at the end of the Plan period in 2020.

- iii. Crude oil output forecast is to rise from about 1.8 mbpd in 2016 to 2.2 MBPD in 2017 and 2.5 MBPD by 2020. Relentless focus on electricity and gas will also drive growth and expansion in all other sectors.
- iv. Privatizing select public enterprises/assets, and refurbishing local refineries to reduce petroleum product imports by 60 per cent by 2018.
- v. Nigeria is expected to become not only a net exporter of refined petroleum products by 2020 but also a net exporter of key agricultural products such as rice, cashew nuts, groundnuts, cassava and vegetable oil that take up a lot of foreign exchange.
- vi. Unemployment will reduce from 13.9 per cent as of Q3 2016 to 11.23 per cent by 2020 which translates to the creation of over 15 million jobs during the plan horizon or an average of 3.7 million jobs per annum (Adekunle & Alokpa, 2018). In order to achieve these objectives, it is noted that the drivers of these projections include: doubling tax compliance for non-oil sector; eliminating leakages at customs; and reviewing rules for remitting surplus funds to FGN from independent revenue sources (Preston, 2017).

In sum, one positive outcome of ERGP since its enactment in 2017 is the growth of the non-oil sector, increases in revenues from custom and excise duties, VAT and growth in the growth rate of GDP (Nigerian Bureau of Statistics, 2018). Despite the positive outcome of ERGP, it must be noted that the journey is still far going by the yearly timelines it has earmarked for itself and due to some obvious lacuna in the plan and implementations. For instance, a comprehensive plan of this nature has no legal framework backing its establishment and execution. Also, another major challenges that may constitute a stumbling block to the success of the ERGP is adequate funding, political risks, high levels of unemployment, and social vices such as kidnapping, militancy etc., (Adekunle & Alokpa, 2018).

### Self-Assessment Exercise 3

Briefly discuss the relevance of ERGP to the Nigeria economy.



#### 2.6 Summary

Based on our discussion on development planning from 1999 till date, it can be deduced that almost all the plans, programmes and visions suffered from similar problems as the initial pre 1999 plans. Such issues include policy changes by successive government, corruption by government officials, inadequate funding, weak participation of the citizens in policies making just to mention a few. In spite of all the plans/programme and visions, it must be said that the Nigeria citizenry are plagued with the issues of hunger and starvation, erratic power supply, tumble-down road network, insecurity of lives and property, underdeveloped rail system, high unemployment rate etc. These aforementioned issues raised, in one way or the other have been included in all the programs/plans and visions in Nigeria over the years but they persist until date (2019).

In this study unit, we have attempted to discuss the Nigeria's development plans from the democratic dispensation era, 1999 till date. Some of the development plans and vision discussed includes: National Economic Empowerment and Development Strategy (NEEDS); VISION 2015 - Millennium Development Goals; VISION 20:2020, the SevenPoint Agenda, Transformation Agenda of 2011-2015 and the Economic Recovery and Growth Plan (ERGP). Following the reviews of the aforementioned plans, it is observed that greater percentage of the objectives as spelled out by various government has not been achieved. This should be a serious concern for the Nigerian government and citizens. So far, it believed that learner understanding of this study unit will give you an

edge to understand the next unit. You are advised to prepare for the next unit as you read along.



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## **2.8 Possible Answers to SAEs**

### **Answers to SAEs 1**

#### **Key Strategies of NEEDS**

The committee that wrote the NEEDS documents proposes achieving its goals in the following ways:

- Privatize, deregulate, and liberalize key sectors of the economy.
- Coordinate national sectoral development strategies for agriculture, industry (especially small and medium-size enterprises), and services (especially tourism).
- Develop infrastructure, especially electricity, transport, and water.
- Address the problems of financing the real sector, and mobilize long-term savings and investment.

### **Answers to SAEs 2**

The MDGs are commitment by the UN to establish peace and a healthy global economy by focusing on major issues like poverty, children’s health, empowerment of women and girls, sustainable environment, disease, and development. Nigeria entirely embraced this vision and tried to work towards all its objectives.

### **Answers to SAEs 3**

the relevance of ERGP to the Nigeria economy.

- The inflation rate is projected to trend downwards from the current level of almost 19 per cent to single digits by 2020.

- Real GDP is projected to grow by 4.6 percent on average over the Plan period, from an estimated contraction of 1.54 percent recorded in 2016. Real GDP growth is projected to improve significantly to 2.19 per cent in 2017, reaching 7 per cent at the end of the Plan period in 2020.
- Crude oil output forecast is to rise from about 1.8 mbpd in 2016 to 2.2 MBPD in 2017 and 2.5 MBPD by 2020. Relentless focus on electricity and gas will also drive growth and expansion in all other sectors.
- Privatizing select public enterprises/assets, and refurbishing local refineries to reduce petroleum product imports by 60 per cent by 2018.

## **MODULE 2 - UNIT 3: REASONS FOR PLAN FAILURE IN NIGERIA AND PREREQUISITE FOR SUCCESSFUL PLANNING**

### **CONTENTS**

- 3.1 Introduction
- 3.2 Learning Outcomes (LOs)
- 3.3 Main Content
- 3.4 Reasons for Planning Failure in Nigeria
- 3.5 Prerequisite for successful Planning in Nigeria.
  
- 3.6 Summary
- 3.7 References/Further Readings/Web Resources
- 3.8 Possible Answers to SAEs



### **3.1 INTRODUCTION**

The last two study units examines development planning in Nigeria from pre-Independence era to the current democratic dispensation. This unit will describe the weakness of development plans in Nigeria from 1946-2019. It is noticed that in spite of the number of development plans, programme and visions introduced by successive Nigerian governments since independence, the country has failed to produce much needed sustainable development. Most of the development plans in Nigeria have failed to achieve their desired objectives due to several challenges that bedeviled the plans. These problems are discussed herein for proper policy implementation both now and the future.



### 3.2 Learning Outcomes (LOs)

At the end of this study unit, you should be able to:

- State the flaws of development plans, programmes and Vision of successive government in Nigeria.
- List and discuss the Conditions needed for successful Planning in Nigeria.



### 3.3 Main Content

#### 3.4 Reasons for Plan/Visions Failure in Nigeria

Some of the challenges that have impeded the successful implementation of development plans, programmes and visions in Nigeria are discussed below:

- i. **Lack of Clear Cut Development Plans:** It is needful that Nigeria prioritises her programmes, specifically by looking at cost and benefits of real action that would stimulate an enduring economic development. Nigerian economy suffers because Nigerian leaders lack the ability to transform planned policies to real actions. Generally, good plans would be laid down but self-interests in policy and decision making most times hinder the good policies implementation. Likewise, series of ideas on how to transform the economy might be provided but they may not be genuine hence the national development plans continued to fail (Ugwuanyi, 2014).
- ii. **Corruption:** Corruption in Nigerian political system has hampered development plans and programmes. Corruption has been a pervasive social phenomenon. The disheartening thing about the whole scenario is that the purported development

plans are to a large extent corruption avenue to some greedy Nigeria leaders. Illicit misappropriation of privileges and opportunities in public and private sectors for personal aggrandizement particularly those in positions of authority are sine-quantum to Nigeria. The involvement of our political leaders in massive corruption both in military and civilian governments has been an obstacle to national development plans. Onah (2006) observes that all development visions and programmes fail in Nigeria because of poor handling by corrupt and poor/hungry politicians and bureaucrats (Iheanacho, 2014).

- iii. **Mono-Product Economy:** Nigeria has depended on the oil sector as a major source of revenue for the financing of development plans in the country and this had been the main source of frustration in plan implementation since independence. So far, various governments in Nigeria have continued to pay lip service to the issue of diversifying the economy. Since the demand for and price of crude oil is subject to international politics, a fluctuation in international Oil market, as is being experienced now, will spell doom for the success of the Nigeria's Vision 20:2020.
  
- iv. **Misplacement of Priorities:** Like the colonial ones, the policies of the postindependent plans also exhibited a basic lack of urgency. A typical example is the iron and steel industry that was in the first and second plans and was initiated for projected completion during the fourth plan. This represented a lag of twenty years; yet this project was repeatedly acclaimed the cornerstone of Nigeria's industrialization. Similar examples include petrochemicals, fertilizers, the petroleum refinery, liquefied petroleum gas and other heavy industries. While this leisurely pace persisted, the country completed such counter-productive projects like the National Stadium and Trade Fair Complex in Lagos, the Festac Durbar

Hotel at Kaduna and staged the multi-million Naira FESTAC itself in 1977 (Ejumudo, 2013).

- v. **Lack of Commitment:** Development plans are often prepared without consulting the people, hence public apathy towards its implementation. Since the plan is meant for the people, but they are not even aware of its existence or objectives, they do not feel duty bound to contribute to its success. This has made many development plans fail in Nigeria. It was an attempt to address this problem that made the defunct Vision 2010 Committee to embark on series of publicity programmes, like seminars, conferences and public enlightenment campaigns (Iheanacho, 2014).
  
- vi. **Inadequate infrastructural Facilities:** Our infrastructural facilities and other social services are terribly poor – power, roads, healthcare, education, railway, etc, and thus cannot sustain the plans/visions implementation. These has been a major constraint to past developmental efforts in the country, especially the power sector; and since they are politically masterminded, would have adverse effects on the Nigeria's developmental effort.
  
- vii. **Absence of Relevant Data:** Development planning depends basically on availability of data, unfortunately, there is dearth in relevant data. This may be due to poor funding of the Federal Office of Statistics, the unwillingness of Nigerians to reveal information and outright manipulation of data for pecuniary or other gains. A striking example of the problem in Nigeria is that until today, nobody is sure about the exact population of Nigeria. A country that does not know its population would definitely not be in position to determine the other vital statistics necessary for planning life, birth rate, death rate, number of those of school age and demographic changes in the population which are essential for planning. (Ejumudo, 2013). The absence of reliable background data has made

the use of social indicators difficult and inadequate for plan preparation, implementation and monitoring of national development (Iheanacho, 2014).

- viii. **Technology Transfer Syndrome:** Until the fourth development plan in Nigeria, the nation did not recognize the key role of indigenous technological capability in national development. Worse still is the fact that the stress on technological transfer through multinationals, which has proved to be a mirage up until date, is still adopted.
  
- ix. **Deficiency in Continuity of Government Programmes:** Lack of continuity of government programmes has retarded development plans in Nigeria. Most of the development programmes are usually abandoned once the government that introduced them are out of power. Government officials did not feel committed to the national plans of their predecessors and subsequently sought to change by introducing major projects not incorporated in the original plan or introducing new ones (Oladapo, 2004). This is the reason for uncompleted projects in different parts of the country today. The situation is worsened because of political instability to which the country has been subjected since independence. Arguably, the frequent and unpredictable changes in the government especially during the military regimes, created room for uncertainty and for the retardation of development process articulated in various plans.
  
- x. **Inadequate Executive Capacity:** Inadequate executive capacity is one of the greatest problems of development plans in Nigeria in the area of execution. In fact, it is frustrating to plan the execution of programmes which require the availability of organization, institutions and skills which the economy does not possess and cannot normally be expected to generate during the plan period. Executive capacity also involves the existence of competent contracting firms

and basic socioeconomic infrastructure including competent hands to run the civil service and allied government machinery..

- xi. **Inattention to Budget Discipline:** Budget constitutes an important instrument for achieving the various developmental plans. Budget constitutes one of the instruments for achieving the fiscal policy of the government. The current government plan of Economic Recovery and Growth Plan (2017-2020), if it is to be achieved will be implemented through the annual government budgets. One major bane of budgeting in Nigeria is lack of budget discipline. Budgets in Nigeria are either not implemented as proposed or are haphazardly implemented. This typically affect development plans and programme. Also, the Nigeria budget structure shows that recurrent expenditure often takes the larger proportion of the total sum of the annual budgets. For instance, in 2017 budget, recurrent expenditure was 79.3 percent while capital expenditure was 21.7 percent, and in 2018 recurrent expenditure stood at 77.14 percent while capital expenditure was 22.86 percent. The implication of the above trend is that more than 60 percent of the annual budgets were used for administrative purposes. Nations aiming at economic development will spend a substantial amount of their annual budgets on capital projects. With the above anomalies in the budget structure and implementation in Nigeria, realization of any development plans, programmes or Vision will be very extremely difficult.

In the light of the above, it should be noted that, there are quite a number of constraints bedeviling the Nigeria developmental plans and visions since independence, and each plan/vision has its own issues emerging from its objectives or from the succeeding government after the plans were enacted. Having discussed the constraints confronting development plans in Nigeria, the next section is to examine the conditions for a successful development plans in the country.

## SELF ASSESMENT EXERCISE 1

Explain any challenges that hinder Nigeria development plan and visions in the last two decades.

### 3.5 Prerequisite for Successful Development Plans/Visions in Nigeria.

To achieve the goals and objectives of development plans and visions in Nigeria, there is a great need to develop practical and workable frameworks that take into cognizance all the factors that militate against it. Therefore, the necessary conditions for effective and efficient plans and visions are:

- 1) **The need for Attitudinal changes by Nigerian.** The issue of attitudinal change among Nigerian should start from the leaders. Unless there is a change of attitude starting from the leadership, nothing will work well in Nigeria. There is the need for sincere, dedicated, visionary, focused, inspired and visionary leaders. In addition, followers should be honest, faithful and trustworthy in carrying out their responsibilities. In like manner, Nigerians must also change their negative attitude towards development. The idea that “things cannot work in Nigeria or Nigerian factor” should be discouraged. Real development is achieved through internal activities rather than from external influences. Development is seen as a process generated within a society by forces propagated and invigorated by the actual members of that society. The notion that true development can neither be started nor sustained by outsiders should not be found in us. Although, no country can

develop in isolation, but heavy emphasis should not be placed on foreign resources for the country's development. The models of development of Japan and China show how these countries utilize their internal resources both human and material for rapid economic development. It is reasonable that Nigerians should inculcate a high sense of patriotism as demonstrated by the Japanese and Chinese (Lawal & Oluwatoyin, 2011).

- 2) **Policy Makers and Implementers Commitment and Honesty:** For the Nigerian society to have a successful development plans and visions, there is the need of commitment and honesty on the part of the policy makers and implementers, which remains the only antidote to developmental achievement. The need for discipline and trustworthiness on the part of the project implementers cannot be compromised; such officials should show enough discipline, interest, willingness, dedication and honesty. Without these attributes and the will to pursue set economic goals, all other ingredients of development present would amount to nullity.
- 3) **Efficient, Effective and Update Database:** Strengthen the data capacity base through strengthening the human and institutional capacity of statistical services especially at the State and Local Government levels, while instituting a robust monitoring and evaluation system for development plans.
- 4) **Economic Diversification:** Unless economic planning and policy are designed with the aim of achieving economic independence and rapid sustainable development that emphasize local contents and internally generated resources, the drive for industrialization may give rise to increased foreign control of strategic sectors of the national economy like oil and gas.
- 5) **Human Resource Development:** Human resources development is also a sine qua non to Nigeria's national development. Development depends very much on human knowledge and skills. This must be such that a high quality of education and training is achievable for a large majority of the people at a reasonable price

and the context and quality of such education and training should be relevant and adequate to the country's development needs.

- 6) **Infrastructural Development:** Provision of adequate economic and social infrastructures both of which are essential for economic transformation of Nigeria. Efficient infrastructure reduces the cost of doing business and makes a nation more cost advantaged and competitive globally. Fundamental reforms in the power and energy sector are very important here.
- 7) **Reforms in Public and Private Sectors:** There is need for a fundamental reform in the management and restructuring of the economy in terms of economic and political governance in the public and private sectors, and fundamental shifts in national values, institutional performance and the enthronement of national discipline.
- 8) **Policies Consistency:** Stability and continuity of policies tends to encourage investment and propel development. An example is the Korea scenario, where Park Chung-hee was assassinated in 1979, but his policies remain and were built on.  
Thus, our leadership must learn to build on policies rather than to abandoning them for new ones for the sake of party politics and personal aggrandizement.
- 9) **Setting Realistic and Attainable Objectives and Targets.** For example, aspiring to achieve a GDP growth rate of 13 – 15% is over ambitious given the historical average growth rate of 6 percent and considering the existing socioeconomic, political and insecurity issues in the country.

- 10) **Development of a Result-Based National Monitoring and Evaluation Framework.** A key requirement for quality planning and its implementation is the adoption of a coherent national monitoring and evaluation framework towards assessing plan implementation, defining challenges and using outcomes to correct plan implementation and initiate new ones. Currently, the national monitoring and

evaluation system was newly introduced at the Federal level, there is the need to foster such to the states and local governments levels (Udoudo & Ubi-Abai, 2016).

## **SELF ASSESMENT EXERCISE 2**

Describe any recommendations that will aids the Nigeria government to achieve its development plans and visions.



### **3.6 Summary**

Having discussed the challenges that lead to failure of each development plans and Visions in Nigeria, it is sad to say that a lot of works need to be done for the country to achieve set goals and objectives. Based on the issues raised, it is necessary that the country examine those factors/indicators that will help enhance the success of the developmental plans, as well as implement such with all honesty without political party sentiment.

In this study unit, we have tried to carefully discussed the problems of national development in Nigeria, and carefully explain the necessary requirements and viable strategies needed to engender sustainable and viable development plan in Nigeria. It is the belief that if these suggestions and models are judiciously and faithfully pursued and

imbibed, Nigeria will be well positioned in the global economy by the year 2020/2030. This study unit has given you a clear picture of the challenges and possible solutions of achieving successful development plans in the Nigeria economy. Your knowledge of the



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### 3.8 Possible Answers to SAEs

#### Answers to SAEs 1

**Lack of Clear Cut Development Plans:** It is needful that Nigeria prioritises her programmes, specifically by looking at cost and benefits of real action that would stimulate an enduring economic development.

**Corruption:** Corruption in Nigerian political system has hampered development plans and programmes.

**Misplacement of Priorities:** Like the colonial ones, the policies of the post-independent plans also exhibited a basic lack of urgency.

**Inadequate infrastructural Facilities:** Our infrastructural facilities and other social services are terribly poor – power, roads, healthcare, education, railway,

## Answers to SAEs 2

**Policy Makers and Implementers Commitment and Honesty:** For the Nigerian society to have a successful development plans and visions, there is the need of commitment and honesty on the part of the policy makers and implementers, which remains the only antidote to developmental achievement

**Economic Diversification:** Unless economic planning and policy are designed with the aim of achieving economic independence and rapid sustainable development that emphasize local contents and internally generated resources, the drive for industrialization may give rise to increased foreign control of strategic sectors of the national economy like oil and gas.

**Infrastructural Development:** Provision of adequate economic and social infrastructures both of which are essential for economic transformation of Nigeria.

## **MODULE 2 - UNIT 4: PLANNING EXPERIENCES OF SELECTED COUNTRIES (USA, FRANCE, CHINA INDIA AND SOUTH AFRICA) GLOBALLY**

### **CONTENTS**

- 4.1 Introduction
- 4.2 Learning Outcomes (LOs)
- 4.3 Main Content
  - 4.3.1 Planning Experiences of Selected Countries (USA, France, China and India).
  - 4.3.2 Brief History of United State of America Planning Experience.
  - 4.3.3 Brief History of France Development Plan Experience.
- 4.4 Economic Reforms of China Government
  - 4.4.1 Description of India Development Plan Experience.
- 4.5 Planning experience of South Africa
- 4.6 Summary
- 4.7 References/Further Readings/Web Resources
- 4.8 Possible Answers to SAEs



### **4.1 INTRODUCTION**

In this study unit, we shall be looking at specific planning experiences of selected nations in the world and the lessons to be learnt from their experiences. Therefore, the scope of the study is narrowed down to countries such as USA, France, China and India. Thus, our task is to examine the various types of economic reforms and programmes adopted by these nations that brought about sustained growth in their economies. Therefore, let us adhere to the explanations that will be given in this unit and subsequent units.



## **4.2 Learning Outcomes (LOs)**

At the end of this unit, you should be able to:

- Describe the planning experiences of USA and France
- Identify planning experiences of China and India.



## **4.3 MAIN CONTENT**

### **4.3.1 Planning experience of USA and France.**

In this study section, we shall consider the economic reforms and planning experiences of USA and France.

### **4.3.2 Brief History of United State of America Planning Experience.**

In the early years of American history, most political leaders were reluctant to involve the federal government too heavily in the private sector, except in the area of transportation. In general, they accepted the concept of laissez-faire, a doctrine opposing government interference in the economy except to maintain law and order. This attitude started to change during the latter part of the 19th century, when small business, farm, and labor movements began asking the government to intercede on their behalf.

Thus, Congress enacted a law regulating railroads in 1887 (the Interstate Commerce Act), and one preventing large firms from controlling a single industry in 1890 (the Sherman Antitrust Act). These laws were not rigorously enforced, however, until the years between 1900 and 1920, when Republican President Theodore Roosevelt (1901-1909), Democratic President Woodrow Wilson (1913-1921), and others sympathetic to the views of the Progressives came to power. Many of today's U.S. regulatory agencies

were created during these years, including the Interstate Commerce Commission, the Food and Drug Administration, and the Federal Trade Commission.

Government involvement in the economy increased most significantly during the New Deal (development plan) of the 1930s. The 1929 stock market crash had initiated the most serious economic dislocation in the nation's history, the Great Depression (1929-1940). President Franklin D. Roosevelt (1933-1945) launched the New Deal to alleviate the emergency.

Many of the most important laws and institutions that define American's modern economy can be traced to the First New Deal (1933-35) and Second New Deal (1935-38) Era. New Deal legislation extended federal authority in banking, agriculture, and public welfare. It established minimum standards for wages and hours on the job, and it served as a catalyst for the expansion of labor unions in such industries as steel, automobiles, and rubber. Programs and agencies that today seem indispensable to the operation of the country's modern economy were created: the Securities and Exchange Commission, which regulates the stock market; the Federal Deposit Insurance Corporation, which guarantees bank deposits; and, perhaps most notably, the Social Security system, which provides pensions to the elderly based on contributions they made when they were part of the work force.

New Deal leaders flirted with the idea of building closer ties between business and government, but some of these efforts did not survive past World War II. The National Industrial Recovery Act, a short-lived New Deal program, sought to encourage business leaders and workers, with government supervision, to resolve conflicts and thereby increase productivity and efficiency. While America never took the turn to fascism that similar business-labor-government arrangements did in Germany and Italy, the New Deal initiatives did point to a new sharing of power among these three key economic players. This confluence of power grew even more during the war, as the U.S. government intervened extensively in the economy. The War Production Board coordinated the nation's productive capabilities so that military priorities would be met. Converted

consumer products plants filled many military orders. Automakers built tanks and aircraft, for example, making the United States the "arsenal of democracy." In an effort to prevent rising national income and scarce consumer products to cause inflation, the newly created Office of Price Administration controlled rents on some dwellings, rationed consumer items ranging from sugar to gasoline, and otherwise tried to restrain price increases.

The government intervention into the economy help to supplement the price system with centralized resource allocation and created a number of new agencies to direct important economic sectors; notably the Food Administration, Fuel Administration, Railroad Administration and War Industries Board. During the Second World War, the economy experienced staggering growth under a similar system of planning. In the postwar period, US governments utilized such measures as the Economic Stabilization Program to directly intervene in the economy to control prices, wages, etc. in different economic sectors.

From the start of the Cold War and up till the present day, the United States Federal Government directs a significant amount of investment and funding into research and development (R&D), often initially through the Department of Defense. The government performs 50% of all R&D in the United States, with a dynamic state-directed public-sector developing most of the technology that later becomes the basis of the private sector economy. Furthermore, the development plan of American was anchor on economic indicators of growth and development indices of food security, affordable health care system, water supply, adequate housing, efficient education, employment opportunities and provision of infrastructures through which sustainable economic development can be achieve. The US economy has been the cynosure of all eyes thereby attracting migrants from all parts of the world. However, according to the Economist Intelligence Unit, (2015), the global food security index of USA is 89.0%, which placed the country as one of the most secured in terms of food security.

### **4.3.3 Brief History of France Development Plan Experience.**

France utilized indicative planning and established a number of state-owned enterprises in strategic sectors of the economy. The concept behind indicative planning is the early identification of oversupply, bottlenecks and shortages so that state investment behavior can be modified in a timely fashion to reduce the incidence of market disequilibrium, with the goal of sustaining stable economic development and growth. Under this system France experienced its "Trente Glorieuses" period of economic prosperity.

France also anchored its economic blue print by successive government on economic indicators of growth and development, indices of food security, water supply, adequate housing, efficient education, affordable health care system, employment opportunities and provision of infrastructures through which sustainable economic development can be achieved. However, according to the Economist Intelligence Unit, (2015), the global food security index of France is 83.8%, which placed the country as one of the most secured in terms of food security. France is also among the most developed nations in the world that other less developed countries are now patronizing.

#### **SELF ASSESMENT EXERCISE 1**

How relevant is French economic reforms to the national economy?

#### **4.4 Economic Reforms of China Government**

Prior to 1979, China, under the leadership of Chairman Mao Zedong, maintained a centrally planned, or command, economy. A large share of the country's economic output was directed and controlled by the state, which set production goals, controlled prices, and allocated resources throughout most of the economy. During the 1950s, all of China's individual household farms were collectivized into large communes. To support rapid industrialization, the central government undertook large-scale investments in physical and human capital during the 1960s and 1970s. As a result, by 1978 nearly three-fourths of industrial production was produced by centrally controlled, state-owned enterprises (SOEs), according to centrally planned output targets. Private enterprises and foreigninvested firms were generally barred. A central goal of the Chinese government was to make China's economy relatively self-sufficient. Foreign trade was generally limited to obtaining those goods that could not be made or obtained in China. Such policies created distortions in the economy. Since most aspects of the economy were managed and run by the central government, there were no market mechanisms to efficiently allocate resources, and thus there were few incentives for firms, workers, and farmers to become more productive or be concerned with the quality of what they produced (since they were mainly focused on production goals set by the government). Based on these reforms, China's economy suffered significant economic downturns during the leadership of Chairman Mao Zedong, including during the Great Leap Forward from 1958 to 1962 (which led to a massive famine and reportedly the deaths of up to 45 million people) and the Cultural Revolution from 1966 to 1976 (which caused widespread political chaos and greatly disrupted the economy). From 1950 to 1978, the growth in Chinese living standards paled in comparison to those in the West, such as Japan drop drastically (World Bank, 2017).

In 1978, (shortly after the death of Chairman Mao in 1976), the Chinese government decided to break with its Soviet-style economic policies by gradually reforming the economy according to free market principles and opening up trade and investment with

the West, in the hope that this would significantly increase economic growth and raise living standards. As Chinese leader Deng Xiaoping, the architect of China's economic reforms, put it: "Black cat, white cat, what does it matter what color the cat is as long as it catches mice?" (Congressional Research Service, 2019).

Beginning in 1979, China launched several economic reforms. The central government initiated price and ownership incentives for farmers, which enabled them to sell a portion of their crops on the free market. In addition, the government established four special economic zones along the coast for the purpose of attracting foreign investment, boosting exports, and importing high technology products into China. Additional reforms, which followed in stages, sought to decentralize economic policymaking in several sectors, especially trade. Economic control of various enterprises was given to provincial and local governments, which were generally allowed to operate and compete on free market principles, rather than under the direction and guidance of state planning. In addition, citizens were encouraged to start their own businesses. Additional coastal regions and cities were designated as open cities and development zones, which allowed them to experiment with free-market reforms and to offer tax and trade incentives to attract foreign investment. In addition, state price controls on a wide range of products were gradually eliminated.

Trade liberalization was also a major key to China's economic success. Removing trade barriers encouraged greater competition and attracted FDI inflows. China's gradual implementation of economic reforms sought to identify which policies produced favorable economic outcomes (and which did not) so that they could be implemented in other parts of the country.

Since the introduction of economic reforms, China's economy has grown substantially faster than during the pre-reform period, and, for the most part, has avoided major economic disruptions. From 1979 to 2018, China's annual real GDP averaged 9.5%. This has meant that on average China has been able to double the size of its economy in real terms every eight years. The economic reforms, which included the decentralization of

economic production, has led to substantial growth in Chinese household savings as well as corporate savings. As a result, China's gross savings as a percentage of GDP is the highest among major economies. The large level of domestic savings has enabled China to support a high level of investment. In fact, China's gross domestic savings levels far exceed its domestic investment levels, which have made China a large net global lender (Congressional Research Service, 2019).

Following the reform, China has emerged as the world's largest manufacturer according to the World Bank. According to World Bank report (2017), in 2016, the value of China's manufacturing on a gross value added basis was 49.2% higher than the U.S. level.

Manufacturing plays a considerably more important role in the Chinese economy than it does for the United States. In 2016, China's gross valued added manufacturing was equal to 28.7% of its GDP, compared to 11.6% for the United States (World Bank report, 2017). China's trade and investment reforms and incentives led to a surge in FDI beginning in the early 1990s. Such flows have been a major source of China's productivity gains and rapid economic and trade growth. There were reportedly 445,244 foreign-invested enterprises (FIEs) registered in China in 2010, employing 55.2 million workers or 15.9% of the urban workforce. FIEs account for a significant share of China's industrial output. That level rose from 2.3% in 1990 to a high of 35.9% in 2003, but fell to 25.9% in 2011. In addition, FIEs are responsible for a significant level of China's foreign trade. At their peak, FIEs accounted for 58.3% of Chinese exports in 2005 and 59.7% of imports, but these levels have subsequently fallen, reaching 41.7% and 43.7%, respectively, in 2018 ((Congressional Research Service, 2019).

Furthermore, China's abundance of low-cost labor has made it internationally competitive in many low-cost, labor-intensive manufactures. As a result, manufactured products constitute a significant share of China's trade. China's biggest exports were electrical machinery and equipment; nuclear reactors, boilers, and machinery; furniture; plastics; and vehicles (UNCTAD, 2019). China's FDI inflows in 2018 were \$139 billion,

making it the world's second largest recipient of FDI after the United States.<sup>30</sup> China's FDI outflows have grown rapidly after 2005 and exceeded FDI inflows for the first time in 2015. China's FDI outflows reached a historic peak of \$196.1 billion in 2016 (UNCTAD, 2019).

In view of the above, it is stated that the sharp increase in China's global FDI outflows in recent years appears to be largely driven by a number of factors, including Chinese government policies and initiatives to encourage firms to "go global." The government wants to use FDI to gain access to intellectual property right (IPR), technology, know-how, famous brands, etc., in order to move Chinese firms up the value-added chain in manufacturing and services, boost domestic innovation and development of Chinese brands, and help Chinese firms (especially SOEs) to become major global competitors.

#### **SELF ASSESMENT EXERCISE 2**

What are the benefits of the market-based driven policy of the Chinese government of 1979 to the economy?

#### **4.4.1 Description of India Development Plan Experience.**

The foundation of credible national security is based on the level of economic prosperity and well-being of the population of any country. This is especially so for developing countries like India. The attainment of sustained high economic growth is a necessary

condition for improving the national security and the quality of life of the people throughout the country. In 1991, India embarked on launching its major market-oriented economic reforms to liberalize its country after three decades of socialism and a fourth of creeping liberalization. The decision to embark on the reforms, follows the crisis of 1991 which was primarily motivated by the beliefs of the former finance minister Manmohan Singh (prime minister since 2005) that the roots of the nation's financial crisis were structural in nature and lay in the import-substituting industrialization strategy followed by India's governments since 1947. The main elements of this strategy were inward-looking trade and foreign investment policies, along with extensive bureaucratic controls over production, investment, and trade, and a substantial public sector presence in the economy, going beyond the conventional confines of public utilities and infrastructure (Agrawal, Gokarn, Mishra, Parikh, & Sen, 1995).

The 1991 economic reform program specifically targeted the highly restrictive trade and industrial policies. Quotas on the imports of most machinery and equipment and manufactured intermediate goods were removed. A large part of the import licensing system was replaced by tradable import entitlements linked to export earnings. Furthermore, the "actual user" criterion for the imports of capital and intermediate goods was removed. There was also a significant cut in tariff rates, with the peak tariff rate reduced from 300 percent to 150 percent and the peak duty on capital goods cut to 80 percent. The industrial licensing system was abolished altogether, except for a select list of environmentally sensitive industries. Sections of the Monopolistic and Restrictive Trade Practice (MRTP) Act, 1969 that restricted growth or merger of large business houses were eliminated. The list of industries reserved for the public sector was reduced from seventeen to six, and private investment was actively solicited in the infrastructural sector. Foreign ownership restrictions were liberalized, and foreign direct investment was actively encouraged, particularly in the infrastructural sector (Joshi & Little, 1996).

Since the 1990s until date, the Indian economy has grown at a rate of 5–6 percent per annum, far exceeding the "Hindu rate of economic growth" observed for much of the

previous decades since independence. Much of the increase in economic growth can be attributed to the strong performance of the manufacturing sector, in contrast to the 1970s, when the manufacturing sector's performance was dismal. India has gone from being a poor, slow-growing country to the fastest-growing major economy in the world in 2016. The World Economic Outlook for 2016 says that the United States and India are the two pillars of strength today that are helping hold up a sagging world economy. Once an object of pity, India has become an object of envy among developing countries; it is often called a potential superpower and is backed by the United States for a seat on the UN Security Council (World Bank, 2016).

The Green Revolution made India first self-sufficient and then a surplus producer of food. India suffered two consecutive droughts in 2014 and 2015, yet agricultural production actually rose slightly; India became the world's largest rice exporter in 2015, exporting 10.23 million tons. India has also become a substantial exporter of wheat and maize in recent years. That is a measure of its agricultural transformation. Paddock and Paddock never imagined that India, which swallowed almost the entire food aid of the world in the mid-1960s, would become a donor of food aid to North Korea in 2010 (Swaminathan, 2016). Similarly, India's poverty ratio did not improve at all between independence in 1947 and 1983; it remained a bit under 60 percent. Meanwhile, the population virtually doubled, meaning the absolute number of poor people doubled. That was a cruel reflection of the failure of the socialist slogan *Garibi Hatao* (Abolish Poverty). Poverty started declining gradually after 1983, but the big decline came after economic liberalization. In the seven years between 2004-5 and 2011-12, no fewer than 138 million Indians rose above the poverty line (Swaminathan, 2016).

In 1991, India's main exports were textiles and cut-and-polished gems. Today, its main exports are computer software, other business services, pharmaceuticals, automobiles, and auto components. Most developing countries grew fast by harnessing cheap labor. India never did so, because its rigid labor laws inhibited labor flexibility, and they still do so today. Software and business services are estimated at \$108 billion in 2015-16, up

from virtually nothing in 1991. Following reforms, India commercial finances have attracted inflows of foreign exchange other than foreign aid. Total foreign investment (equity plus portfolio inflows) came to \$51.2 billion in 2014-15. Foreign commercial borrowing in the same year came to \$68.2 billion gross and \$10.4 billion net, whereas remittances from Indians overseas exceeded \$70 billion (WDI, 2017).

Before 1991, Indian companies used obsolete technologies based on ancient licensing agreements and did very little research and development. Today, India has emerged as a global research and development (R&D) hub. General Electric has located one of its five global R&D centers in Bengaluru. Suzuki and Hyundai have made India a hub for smallcar research and production. Microsoft and IBM are among the global companies using India as an R&D base. Prior to the reform, India produced fewer than 50,000 engineers per year, mostly from government colleges. India's economic success after 1991 has spurred the creation of thousands of private engineering colleges, with estimated admissions of 1.5 million students per year. One oft-quoted rule of thumb is that a quarter are usable, and a quarter are world-class. That outlook suggests that producing up to a quarter million worldclass engineers per year is a very solid base for future progress (Mahendra, 2016).

Another positive development in the 1990s was the large increase in foreign exchange reserves over the decade. In 2001 foreign exchange reserves stood at U.S.\$54,106,000,000, a fiftyfold increase to its level at the height of the 1991 economic crisis. The buildup of foreign exchange reserves reflects the sharp decline in the current account deficit as well as the large net capital inflows during the 1990s. The improvement in the balance of payments can be mainly attributed to the large inward remittances through legal channels, as nonresident Indians took advantage of a market-determined exchange rate that was steadily depreciating. The wide-ranging trade and industrial policy reforms have clearly had a positive effect on India's engagement with the world economy. The openness of the economy—defined as exports plus imports as a ratio of gross domestic product (GDP)—had nearly doubled in less than a decade, and

the openness ratio stood at 23 percent in 2000, a significant achievement for an economy that had remained closed to international trade for much of its post-independence period (Sen, 2019).

In sum, the 1991 reforms freed Indian entrepreneurs from the shackles of bureaucratic controls and from a policy regime that encouraged unproductive rent-seeking activities at the cost of activities aimed at increasing productivity and output. The Indian business class responded to the new opportunities provided by the reforms by significantly increasing their investments in productive capital (Sen, 2019). Thus, India 28 years of economic reform brings out three major trends that are visible. First, the vast majority of successes have been private-sector successes; second, the local markets have become competitive and globalized, the outcomes have been excellent and thirdly, the quality of Indian institutions have grown far greater than its form before 1991.

### **SELF ASSESMENT EXERCISE 3**

Briefly describe five achievements of the India 1991 Economic Reform strategy.

### **4.5 Planning experience of South Africa**

The National Development Plan of South Africa (SA) aims to eliminate poverty and reduce inequality by 2030. According to the SA National Planning Commission these goals can be attained by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.

The Commission's Diagnostic Report, released in June 2011, set out South Africa's achievements and shortcomings since 1994. It identified a failure to implement policies and an absence of broad partnerships as the main reasons for slow progress, and set out nine primary challenges:

1. Too few people work
2. The quality of school education for black people is poor
3. Infrastructure is poorly located, inadequate and under-maintained
4. Spatial divides hobble inclusive development
5. The economy is unsustainably resource intensive
6. The public health system cannot meet demand or sustain quality
7. Public services are uneven and often of poor quality
8. Corruption levels are high
9. South Africa remains a divided society

Nevertheless, the National Planning Commission believes that "to build a better South Africa, we must start today". While the achievement of the objectives of the National Development Plan requires progress on a broad front, three priorities stand out:

- Raising employment through faster economic growth
  - Improving the quality of education, skills development and innovation
  - Building the capability of the state to play a developmental, transformative role.
- (South African Planning Commission, Vision for 2030).

The planning commission believes that with these planning priorities, planning objectives are bound to be achieved.



#### **4.6 Summary**

From our discussion so far on development plans experiences in selected countries of the world; we can infer that; economic reforms/development plans were anchored on socioeconomic indicators of growth and development. These include; indices of food security, adequate housing, portable water supply, affordable health care system, adequate security of life and properties, efficient education, employment opportunities and provision of infrastructures facilities. The aforementioned indicators when fully implemented are yardstick for sustainable economic growth and development to be achieved.

In this unit, we have attempted to review the major development plans of USA, France, China and India. From the point of view of our discussion, you will observe that one keys phenomenon among these countries economic reforms is continuity and commitment, which have referred point in the global setting till date. Therefore, this call for serious commitment on the part of the Nigeria government that good development plans should be sustained, irrespective of the party affiliation. So far, it is believed that your understanding of this unit has given you a basis to understand the next unit. It is expected of you to be eager to read the next unit.



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## 4.6 Possible Answers to SAEs

### **Answers to SAEs 1**

France also anchored its economic blue print by successive government on economic indicators of growth and development, indices of food security, water supply, adequate housing, efficient education, affordable health care system, employment opportunities and provision of infrastructures through which sustainable economic development can be achieved. However, according to the Economist Intelligence Unit, (2015), the global food security index of France is 83.8%, which placed the country as one of the most secured in terms of food security. France is also among the most developed nations in the world that other less developed countries are now patronizing.

### **Answers to SAEs 2**

Beginning in 1979, China launched several economic reforms. The central government initiated price and ownership incentives for farmers, which enabled them to sell a portion of their crops on the free market. In addition, the government established four special economic zones along the coast for the purpose of attracting foreign investment, boosting exports, and importing high technology products into China. Additional reforms, which followed in stages, sought to decentralize economic policymaking in several sectors, especially trade. Economic control of various enterprises was given to provincial and local governments, which were generally allowed to operate and compete on free market principles, rather than under the direction and guidance of state planning.

### **Answers to SAEs 3**

In sum, the 1991 reforms freed Indian entrepreneurs from the shackles of bureaucratic controls and from a policy regime that encouraged unproductive rent-seeking activities at the cost of activities aimed at increasing productivity and output. The Indian business

class responded to the new opportunities provided by the reforms by significantly increasing their investments in productive capital (Sen, 2019). Thus, India 28 years of economic reform brings out three major trends that are visible. First, the vast majority of successes have been private-sector successes; second, the local markets have become competitive and globalized, the outcomes have been excellent and thirdly, the quality of Indian institutions have grown far greater than its form before 1991.

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## **Module 3: OTHER INSTITUTIONS INVOLVED IN DEVELOPMENT PLANNING**

### **MODULE INTRODUCTION**

UNIT 1 The Non-Governmental Organizations (NGOs)

UNIT 2 The Regional Organizations

UNIT 3 United Nations Institutions (i.e. UNESCO, UNCTAD, WTO etc.)

UNIT 4 The Bretton Woods Institutions (IMF, World Bank and IFC.)

## Module 3 - Unit 1: The Non-Governmental Organizations (NGOs)

### CONTENTS

- 1.1 Introduction
- 1.2 Learning Outcomes (LOs)
- 1.3 Main Content
  - 1.3.1 Description of the roles of Non-Governmental Organizations (NGOs) in nation's development planning and global economic reforms.
  - 1.3.2 Characteristics of NGOs
  - 1.3.3 Types of NGOs: By Orientation and Level of Operation
  - 1.3.4 Functions/Roles of NGOs
- 1.4 Funding of NGOs
  - 1.4.1 The Concept of International Non-Governmental Organizations (INGOs)
- 1.5 The History of NGOs Activities in Nigeria
- 1.6 Summary
- 1.7 References/Further Readings/Web Resources
- 1.8 Possible Answers to SAEs



### 1.1 INTRODUCTION

This unit will examine the concept of Non-Governmental Organizations (NGOs), the history, characteristics, types and functions of NGOs. In addition, selected NGOs that have collaborated with various government in planning issues both locally and internationally will be discussed herein.



### 1.2 Learning Outcomes (LOs)

At the end of this unit, you should be able to:

1. Define the term NGOs;

2. Describes the different types of NGOs;
3. Explain the sources of funding to NGOs;
4. Highlight the functions of NGOs;
5. Name any five NGOs operating outside Nigeria and their roles;
6. List five NGOs collaborating with the Nigeria government in developmental issues.



### **1.3 MAIN CONTENT**

#### **1.3.1 Description of the roles of Non-Governmental Organizations (NGOs) in Nation's Development Planning and Global Economic Reforms.**

The term 'NGO' stands for "Non-Governmental Organization" and its function can vary widely from service organizations to human-rights advocacy and relief groups. Defined as "an international organization that is not founded by an international treaty" by the United Nations, NGOs work to benefit communities from the local to international levels. NGOs not only serve as checks-and-balances for government and governmental watchdogs but also are crucial mechanisms in wider governmental initiatives such as relief response to a natural disaster. Without NGOs' long history of rallying communities and creating initiatives around the world, famine, poverty, and disease would be a much bigger issue for the world than it already is (Bridget, 2019).

There are several definitions of NGOs worldwide. For instance, NGO as defined by the World Bank is a private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or

undertake community development”. Folger (2019) conceived the term as a non-profit, citizen-based group that functions independently of government. NGOs, sometimes called civil societies, are organized on community, national and international levels to serve specific social or political purposes, and are cooperative, rather than commercial, in nature. Also, the term refers to a not-for-profit organization that is independent from states and international governmental organizations. They are usually funded by donations but some avoid formal funding altogether and are run primarily by volunteers. NGOs are highly diverse groups of organizations engaged in a wide range of activities, and take different forms in different parts of the world. Some may have charitable status, while others may be registered for tax exemption based on recognition of social purposes. Others may be fronts for political, religious, or other interests.

### **Brief History of NGOs**

In 1945, the United Nations was first created to act as an intergovernmental agency-that is an agency that mediates between multiple governments. To allow certain international interests groups and non-state agencies to attend the meetings of these powers and ensure an appropriate checks-and-balances system was in place, the U.N. established the term to define them as characteristically non-government. However, the first international nongovernment organizations, by this definition, dated back well into the 18th century. By 1904, there were over 1000 established NGOs in the world fighting internationally for everything from the liberation of women and slaves to disarmament.

Rapid globalization led to the quick expansion of the need for these non-government organizations as shared interests between nationalities often overlooked human and environmental rights in favor of profits and power. Recently, even oversight with U.N. initiatives has given rise to an increased need for founding NGOs that are more humanitarian in order to compensate for missed opportunities.

### **1.3.2 Characteristics of NGOs**

- i. An NGO is a non-profit making, voluntary, service-oriented/ development oriented organization, either for the benefit of members (a grassroots organization) or of other members of the population (an agency).
- ii. An organization or group of people working independent of any external control with specific objectives and aims to fulfill tasks that are oriented to bring about desirable change in a given community or areas or situation.
- iii. It is a social development organization assisting in empowerment of people.
- iv. It is an organization of private individuals who believe in certain basic social principles and who structure their activities to bring about development to communities they are servicing.
- v. An independent, democratic, non-sectarian people's organization working for the empowerment of economic and/or socially marginalized groups.
- vi. An organization not affiliated to political parties, generally engaged in working for aid, development and welfare of the community.
- vii. An organization committed to the root causes of the problems trying to better the quality of life especially for the poor, the oppressed, the marginalized in urban and rural areas.
- viii Organizations established by end for the community with or without little intervention from the government; they are not only a charity organization, but work on socio-economic-cultural activities.

### **1.3.3 Types of NGOs: By Orientation and Level of Operation**

NGOs can be group into the following types: By their orientation and level of operation.

#### **a. NGOs Types by Orientation:**

- a. **Charitable Orientation** often involves a top-down paternalistic effort with little participation by the "beneficiaries". It includes NGOs with activities directed toward meeting the needs of the poor -distribution of food, clothing or medicine; provision of housing, transport, schools etc. Such NGOs may also undertake relief activities during a natural or man-made disaster.
- b. **Service Orientation** includes NGOs with activities such as the provision of health, family planning or education services in which the programme is designed by the NGO and people are expected to participate in its implementation and in receiving the service.
- c. **Participatory Orientation** is characterized by self-help projects where local people are involved particularly in the implementation of a project by contributing cash, tools, land, materials, labour etc. In the classical community development project, participation begins with the need definition and continues into the planning and implementation stages. Cooperatives often have a participatory orientation.
- d. **Empowering Orientation** is where the aim is to help poor people develop a clearer understanding of the social, political and economic factors affecting their lives, and to strengthen their awareness of their own potential power to control their lives. Sometimes, these groups develop spontaneously around a problem or an issue, at other times outside workers from NGOs play a facilitating role in their development. In any case, there is maximum involvement of the people with NGOs acting as facilitators.

**b. NGO Types by Level of Operation:**

- i. **Community-based Organizations (CBOs)** arise out of people's own initiatives. These can include sports clubs, women's organizations, neighbourhood organizations, religious or educational organizations. There are a large variety of these, some supported by NGOs, national or international NGOs, or bilateral or international agencies, and others independent of outside help. Some are devoted to rising the consciousness of the

urban poor or helping them to understand their rights in gaining access to needed services while others are involved in providing such services.

ii. **Citywide Organizations** include organizations such as the Rotary or Lion's Club, chambers of commerce and industry, coalitions of business, ethnic or educational groups and associations of community organizations. Some exist for other purposes, and become involved in helping the poor as one of many activities, while others are created for the specific purpose of helping the poor.

iii. **National NGOs** include organizations such as the Red Cross, Young Men's Christian Association (YMCA)/ Young Women Christian Association (YWCA), professional organizations etc. Some of these have state and city branches and assist local NGOs.

iv. **International NGOs** range from secular agencies such as Save the Children organizations, Women's Economic Empowerment and Care (WE-Care), Ford and Rockefeller Foundations to religiously motivated groups. Their activities vary from mainly funding local NGOs, institutions and projects, to implementing the projects themselves.

#### **1.3.4 Functions/Roles of NGOs**

NGOs worldwide perform a wide range of services aimed towards human wellbeing and social welfare. These organizations relentlessly work towards development and bringing a positive change in the society. NGOs may have different structures, activities and policies, but all NGOs are committed towards their cause and perform their roles to achieve their respective goals. Among the wide variety of roles that NGOs play, the following six can be identified as important, at the risk of generalization:

##### **i. Development and Operation of Infrastructure:**

Community-based organizations and cooperatives can acquire, subdivide and develop land, construct housing, provide infrastructure and operate and maintain

infrastructure such as wells or public toilets and solid waste collection services. They can also develop building material supply centres and other community-based economic enterprises. In many cases, they will need technical assistance or advice from governmental agencies or higher-level NGOs.

**ii. Supporting Innovation, Demonstration and Pilot Projects:**

NGOs have the advantage of selecting particular places for innovative projects and specify in advance the length of time which they will be supporting the project overcoming some of the shortcomings that governments face in this respect. NGOs can also be pilots for larger government projects by virtue of their ability to act more quickly than the government bureaucracy.

**iii. Facilitating Communication:**

NGOs use interpersonal methods of communication, and study the right entry points whereby they gain the trust of the community they seek to benefit. They would also have a good idea of the feasibility of the projects they take up. The significance of this role to the government is that NGOs can communicate to the policy-making levels of government, information about the lives, capabilities, attitudes and cultural characteristics of people at the local level. NGOs can facilitate communication upward from people to the government and downward from the government to the people. Communication upward involves informing government about what local people are thinking, doing and feeling while communication downward involves informing local people about what the government is planning and doing. NGOs are also in a unique position to share information horizontally, networking between other organizations doing similar work.

**iv. Technical Assistance and Training:**

Training institutions and NGOs can develop a technical assistance and training capacity and use this to assist both CBOs and governments.

**v. Research, Monitoring and Evaluation:**

Innovative activities need to be carefully documented and shared - effective participatory monitoring would permit the sharing of results with the people themselves as well as with the project staff.

#### vi. **Advocacy for and with the Poor:**

In some cases, NGOs become spokespersons or ombudsmen for the poor and attempt to influence government policies and programmes on their behalf. This may be done through a variety of means ranging from demonstration and pilot projects to participation in public forums and the formulation of government policy and plans, to publicizing research results and case studies of the poor. Thus NGOs play roles from advocates for the poor to implementers of government programmes; from agitators and critics to partners and advisors; from sponsors of pilot projects to mediators.

### 1.4 **Funding of NGOs**

There are many different local and international sources for NGO funding. On the local level the most common ones are:

- **Governments:** Sometimes, NGOs may source funding from the government to finance their projects even though NGOs are independent of government.
- **Local businesses:** Local businesses might also be interested in having their names associated with development and community projects.
- **Community foundations:** There may also be local foundations already established that share some of the goals of the NGO and are interested in collaborating by sharing funding as well as other kinds of resources.

On the international level, most common funding sources for NGOs are:

- **Official development assistance agencies of countries:** These agencies are common in the governments of economically developed countries and serve to provide financial aid for developing economies. Sometimes these agencies give their money directly to a country's government, to ensure 'that the money goes to

the right place', a share of the funding can also be dedicated to NGOs and grassroots projects. The European Union can be seen as one of those agencies as well.

- **UN agencies:** There are various agencies of the United Nations system that offer funding for NGOs pursuing certain goals.
- **Multilateral development banks:** These banks, such as World Bank or the European Investment Bank, get funding from different governments aimed at developing particular regions and/or causes. The primary business of these banks is to provide loans to countries, but they can also provide grants to NGOs.
- **International foundations:** These types of foundations are established for instance through endowments, either on the part of a wealthy individual or a large organization willing to donate a big amount of money to a NGO. These foundations only offer funding for a specified aspect of development or a particular region they are interested in.
- **Multinational corporations:** Multinational corporations can be interested in supporting certain communities and/or international development projects. An example of this form of donor is oil companies.
- **Larger international NGOs:** These INGOs sometimes provide support for smaller NGOs that act on a more local level but with a related focus.
- **Governmental funding:** Sometimes an NGO gets money from other governments, as well as different countries. This can be challenging because some governmental NGO funding may be viewed as controversial because of their norms and values and because the funding may support certain goals rather than a nation's development goal.

These are just some of the most common types of funding. Thus, funding can take many forms of which a basic understanding is useful if an individual or establishment want to work for an NGO.

### 1.4.1 The Concept of International Non-Governmental Organizations (INGOs)

International nongovernmental organizations (INGOs) are growing in both numbers and influence around the world. INGOs range wildly in scope, size, membership, and home location. Examples of INGOs include Amnesty International, the International Federation of Red Cross and Red Crescent Societies, Oxfam International, CARE, Save the Children, the World Wildlife Fund, Greenpeace, the Sierra Club, ActionAid, Aga Khan, and Médecins Sans Frontières (MSF; also known as Doctors Without Borders, see table 1). INGOs have increasingly been involved in the policymaking and the policy process. Domestically, INGOs have access to policymakers and work to influence policy through lobbying efforts and information campaigns. Internationally, INGOs often work with intergovernmental organizations and donor agencies and can have tremendous sway in certain policy domains. Recent works have linked INGO efforts to changes in trade and investment patterns and decisions about humanitarian interventions, economic sanctions, and aid allocation.

INGOs are defined and situated in the international system. The United Nations Economic and Social Council (ECOSOC) defines an INGO as "any organization which is not established by inter-governmental agreement" (Resolution 288 (X) 27 February 1950), "including organizations which accept members designated by government authorities, provided that such membership does not interfere with the free expression of views of the organizations" (Resolution 1296 (XLV) of 25 June 1968). It can also be to non-profit institutions (including religious organizations) which may develop, finance or implement activities in the domain of ICT in education as either their primary or secondary mission.

**Table 1: Some of the Largest INGOs Globally**

	<b>ORGANIZATION/ DATE OF ESTABLISHMENT</b>	<b>PRIMARY OBJECTIVE</b>	<b>INCOME 2011</b>	<b>STAFF NUMBERS</b>	<b>GEOGRAPHIC REACH</b>
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1.	ActionAid (Johannesburg, South Africa). 2003.	To achieve social justice, gender equality and poverty eradication.	\$314 million	2,328	- 45 countries - 25 million people
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2.	Aga Khan Development Network (Geneva, Switzerland). 1967.	Address issues on health, education, rural development, environment and the strengthening of civil society.	Development activities budget \$450 million (2008)	60,000	- 25 Countries
3.	CARE International (Chatelaine, Switzerland). 1946.	Fight against worldwide poverty and to protect and enhance human dignity	\$780 million	12,000	-87 Countries - 60 million people - 12 national members
4.	Catholic Relief Services (CRS) (Baltimore, USA). 1943.	Promoting human development by responding to major emergencies, fighting disease and poverty and nurturing peaceful and just societies.	\$823 million	5,211	- 100 Countries - 130 million people
5.	Christian Aid (London, UK). 1945.	Provide humanitarian relief, long-term development, support for poor communities worldwide, tackling injustice and championing	\$148 million	758	- 45 Countries

		people's rights.			
6.	Médecins Sans Frontières. (Geneva, Switzerland). 1971.	Provide medical assistance to people affected by conflict, epidemics, disasters, or exclusion from healthcare.	\$1.24 billion	22,000	- 60 Countries
7.	Mercy Corps (Portland, USA). 1981.	Resolving humanitarian and development challenges currently faced by societies in countries facing instability.	\$301 million	3,700	- 40 Countries
8.	Oxfam International (Oxford, UK). 1942.	To reduce poverty and injustice.	\$1.25 billion	6,000	- 98 Countries - 14 member organizations
9.	Plan International (Working, UK). 1937.	Focuses on child protection, education, child participation, economic security, emergencies, health, sexual and reproductive health and rights, water and sanitation.	\$827 million	8,131	- 48 Countries

10.	Save the Children (London, UK). 1919.	To improve the lives of children through better education, economic help, emergency aid, and health care	\$1.4 billion	14,000	- 120 Countries - 29 national organizations - 80 million children
11.	World Vision International (Monrovia, California, USA). 1950.	Focus on wellbeing of all people, especially children.	\$2.79 billion	40,000	- 120 countries - 100 million people

Sources:

<https://www.undp.org/content/dam/china/docs/Publications/UNDPCH11%20An%20Overview%20of%20International%20NGOs%20in%20Development%20Cooperation.pdf>

One of the most important objectives of almost any INGO is to coordinate the activities of its members whether they are individuals or organizations in one form or another. Most international secretariats have little formal regulatory power, so the coordination usually takes the form of suggestions, exchange of views and information, and bargaining during organizational meetings. Exchange of information is also an important function in itself.

An organization frequently serves as a clearing-house between its members' for the sector in which the INGO has competence. Some of them publish reference works, others compile bibliographical and documentation material. Scientific INGOs frequently administer the exchange of scientific data. A large proportion of all INGOs have their own periodicals, which keep their members, and other persons concerned informed about the state of affairs between their general conferences. On an average, such general meetings are held every second year while the executive boards meet more frequently, usually once or twice a year. A few INGOs not only try to coordinate and encourage research among their members, but are also actively engaged in research projects themselves. Direct INGO involvement in projects has certain advantages when the research includes cross-national comparisons. A related pair of functions is education and

training. A large number of INGOs organize exchange of scholars and students. An important part of the programme of the World Crafts Council, for instance, is to exchange apprentices and artists. INGOs also frequently provide opportunities for "on the job training" in connection with development aid programmes.

Some of these programmes include education and training of the local population.

### **1.5 The History of NGOs Activities in Nigeria**

Whilst tracing NGOs back to industrialized western countries in the mid-nineteenth century, Willets (2002) affirmed that the term "NGO" was made popular in the 1945 Charter of United Nations Organization (UNO) which differentiated between participation rights for intergovernmental specialized agencies and international private organizations.

Historically, most NGOs emerged from relatively small-scale origins and metamorphosed into larger organizations. Small scale refers to the micro level where an individual takes action or a group of people of like minds congregates to tackle a perennial socioeconomic and political problem. By inference, NGOs in Nigeria predated 1945 having existed in various forms of age groups, social clubs and descendant associations, which were established by various passionate or influential persons, private organizations, missionary institutions, etc. Since 1930, the documented NGOs in Nigeria were mainly communitybased and they drew membership from defined demographics, ethnic affinities and proximate geographical axis (Odiboh, Omojola, Ekanem & Oresanya, 2017).

With regards to the history of Nigeria Network of NGOs (NNNGO), particlaurly in 1992, representatives from 60 Nigerian NGOs met with the Federal Ministry of Health, USAID, Society for Family Health, World Health Organizations, the British High Commission, Ford Foundation, UNICEF, World Bank, British Council, Department For International

Development (DFID), UNESCO, UNIC, the Friedrich Ebert Foundation and Goethe

Institute to discuss the daily realities that hundreds of disparate civil society organizations have to organise better, with a view to collaborating with Government and Multilateral Agencies on issues of development. In reaction to this serious challenge, the Nigeria Network of NGOs was established by these organizations.

The idea of a formalized collaboration between the Federal Government of Nigeria and NGOs was first mooted at a meeting organized by the Federal Ministry of Health (FMOH) for NGOs active in the Health Sector in 1987. Between 1990 and 1991, the FMOH held consultative meetings to mobilize NGOs to support the Federal Government in the Expanded Program on Immunization (EPI), Drug Abuse, and subsequently in the HIV/AIDS campaign, thus widening the spectrum of CSOs collaborating with the Federal Government.

The Nigeria Network of NGOs (NNNGOs) initially commenced its operations from an Office in the Federal Ministry of Health with the aim of identifying, registering, collaborating, building capacity and mobilizing NGOs. It also wanted to find a way of bringing the worlds of development and human rights to work together. By 1997 NNNGOs was strong enough to continue its work as an independent organization working from its 15 Military Street Onikan Office in Lagos.

The Network is charged with the objective of identifying, registering, coordinating, building capacity and mobilizing civil society organizations to promote interconnectivity and bring equity, justice, peace, and development to grassroots communities throughout Nigeria, including the implementation of the Sustainable Development Goals (SDGs).

The Nigeria Network of NGOs (NNNGOs) is the first generic membership body for civil society organizations in Nigeria that facilitates effective advocacy on issues of poverty and other developmental issues. Established in 1992, NNNGOs represents over 2,400 organizations ranging from small groups working at the local level, to larger networks working at the national level.

The membership includes over 20 national organizations and over 250 membership organizations focusing on different thematic areas of development, all of whom work to support a diverse range of membership communities across the nation. In total, the outreach to the third sector in Nigeria is estimated to be in the excess of 5000, which includes both members and affiliates at national and global levels.

In the same vein, there are a good number of notable NGOs that have contributed immensely to the growth of the Nigeria economy, but few will be examined herein. Such includes Albino Foundation, All Youth Against Cancer (AYAC), MTN Foundation, Tony Elumelu Foundation, TY Danjuma Foundation, Rochas Foundation, Oando Foundation,

Action Aid International Nigeria, PZ Foundation, Ford Foundation, Cleen Foundation, Ovie Brume Foundation, Bill and Melinda Gates Foundation, African Network for Environmental and Economic Justice (ANEEJ), Leadership Effectiveness, Accountability Professionalism Africa (LEAP Africa), Dangote Foundation, Kanu Heart Foundation, Shuga Limp Foundation, and Irede Foundation. Some other NGOs and their scope of duties are depicted in table 1.2.

<b>S/N</b>	<b>NAMES</b>	<b>SECTOR/AREAS OF FOCUS</b>	<b>DATE</b>	<b>State of Intervention</b>
1	Rahi Medical Outreach	Health	3/11/09	Delta/P/Harcourt
2	Women Environmental	Empowerment of	29/6/07	Abuja

	Programme (WEP)	women & Youths		
3	The HAVIDS Centre for environment and Development	Education & Community Development	1/7/2009	Port Harcourt
4	Initiative for Community Development Financing	Poverty Alleviation & Women Empowerment	7/3/08	Warri, P/Harcourt, Lagos, Abuja
5	Voluntary Work camps Association of Nigeria	Rural Empowerment	13/8/08	Lagos
6	Global Women Empowerment Association (GLOWEM)	Women Empowerment	23/9/08	Abuja & Across the Federation

7	Africa Initiative for Education and Economic Development	Education	28/11/07	Abuja
8	Centre for Community Empowerment for underprivileged	Social Economic Development	16/7/09	Abuja
9	Center for Care of Vulnerable and Development Initiatives	Social Empowerment	3/11/09	Ilorin
10	Center for Organizational and Professional Ethics (COPEAFRICA)	Ethical Practices	3/11/09	Oyo, Abuja & Ilaro
11	Kanem Bornu Human Devt. Association (KABHUDA)	Health	9/11/09	Maiduguri
12	Poverty Alleviation for the Poor Initiative	Community Development	18/11/09	Ughelli, Delta.
13	Health & Social Service Initiative	Health	30/6/10	Abia State
14	Foundation for Promotion of Good Health	Health	21/4/08	Abuja, Enugu, Warri & Kaduna
15	Agency for African Families in Distress (AAFID)	Peace Building/Security Watch	2/2/10	Abuja, Bauchi
16	Society for Community Development	Community Development	8/2/10	Abuja, Auchi, Kubwa
17	Faith Based Aids Awareness Initiative	Health Education	19/6/08	Jos
18	Society for Maternal and Child Support Initiative in Africa	Health	30/6/08	Kaduna

19	Education as a vaccine Against Aids	Education	NA	Abuja, Benue, Nawarawa
20	Women Centre for Self Empowerment & Development	Women Empowerment	NA	Anambra & Enugu
21	Progressive Initiative for Educational Development	Education	18/5/10	Lafia
22	Neighborhood Care-Well Foundation	Health	NA	CRS, N/Delta A/ibom,Rivers
23	Community Health Enlightenment & Development	Community Health Enlightenment	8/10/08	Guasau
24	Excellence Foundation International Inc	Health	7/3/08	Jos, Kaduna, Akure, Ilorin, Abuja Bauchi
25	Gantys Aid for Widows, Orphans & Needy	Empowerment of Widows	14/2/07	Kafanchan, Jos
26	Global Network Against Trafficking in Women and Children	Child Tracficking	13/07/10	Abuja
27	People Against HIV/AIDs in Barack	HIV/AIDs care and support	21/07/10	Lagos
28	Liftup Care for the Needy Foundation	Support Physically Challenged	30/11/10	Lokoja
29	Sheikh Ahmad Al-Hamaweey Islamic Foundation	Islamic Affairs	17/03/11	Ilorin
30	Women of Vision Association	Poverty Alleviation & Women Empowerment	7/7/09	A/Ibom, Abuja, aiduguri, Nasarawa

Source: nairametrics.com › wp-content › uploads › 2013/01 › ngos-list-in-Nigeria From table 1.2, it can be inferred that NGOs in Nigeria can focus on different areas that are accountable, independent and truly representative of giving a voice to the common man. Despite, their historical and vast contributions to human and socioeconomic development in Nigeria, NGOs are still beset by several challenges, the most disturbing of which is the media exposure. Other challenges are access to funding, inadequate resources, weak

governance, lack of good regulatory framework, insecurity, lack of staff career development and public trust. However, in some ways the state can resolve these issues by providing basic infrastructure and allowing NGOs access, guarantee security of lives of staff/members of the establishment, public trust on NGOs activities, substantial financial resources from the governments and intergovernmental bodies.

### **SELF ASSESMENT EXERCISE**

1. Highlight the sources of funding to NGOs.
2. Outline the roles of NGOs in nation building.



### **1.6 Summary**

This unit has examined the concept of NGOs. Thus, it is stated that NGOs play an increasingly important role in the development cooperation. They can bridge the gap between government and the community. They facilitate the supply of inputs into the management process, mediating between people and the wider political party, networking, information dissemination and policy reform. By creating an enabling framework of laws, economic and political conditions, the State can play a fundamental role in helping NGOs to play their roles more effectively and as a result increase the access to infrastructure services for the urban poor. Therefore, it is stated that

partnerships between all groups should be achieved without ignoring each other strengths but make use of each other's comparative advantage.

In this unit, we have comprehensively discuss the concept of NGOS. In the course of the study, the history, features, types and functions of NGOs were emphatically described. In the same vein, the sources of finance to NGOs was discussed and the study went further to explain the concept of international NGOs. Example of the largest INGOs were listed. Lastly, the history of NGOs in Nigeria was stated and selected NGOs and their scope of duties were stated.



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## **1.8 Possible Answers to SAEs**

### **Answers to SAEs 1**

There are many different local and international sources for NGO funding. On the local level the most common ones are:

- **Governments:** Sometimes, NGOs may source funding from the government to finance their projects even though NGOs are independent of government.
- **Local businesses:** Local businesses might also be interested in having their names associated with development and community projects.
- **Community foundations:** There may also be local foundations already established that share some of the goals of the NGO and are interested in collaborating by sharing funding as well as other kinds of resources.

**Development and Operation of Infrastructure:** Community-based organizations and cooperatives can acquire, subdivide and develop land, construct housing, provide infrastructure and operate and maintain infrastructure

**Supporting Innovation, Demonstration and Pilot Projects:** NGOs have the advantage of selecting particular places for innovative projects and specify in advance the length of time which they will be supporting the project overcoming some of the shortcomings that governments face in this respect.

**Facilitating Communication:** NGOs use interpersonal methods of communication, and study the right entry points whereby they gain the trust of the community they seek to benefit.

**Technical Assistance and Training:** Training institutions and NGOs can develop a technical assistance and training capacity and use this to assist both CBOs and governments.

## Module 3 - Unit 2: THE REGIONAL ORGANIZATIONS

### CONTENTS

- 2.1 Introduction
- 2.2 Learning Outcomes (Los)
- 2.3 Main Content
  - 2.3.1 The Regional Institutions
  - 2.3.2 The ECOWAS
- 2.4 The African Union (AU)
- 2.5 AGOA, ACFTA and NEPAD
  
- 2.6 Summary
- 2.7 Reference/Further Readings
- 2.8 **Possible Answers to SAEs**



### 2.1 INTRODUCTION

In this unit, we shall be examining regional organization and their importance in development planning. By definition, regional organizations are international organizations with the aim of achieving economic cooperation and development of their regions. Although, they incorporate international membership and encompass geopolitical entities that operationally transcend a single nation state, however, their membership is characterized by boundaries and demarcations characteristic to a defined and unique geography, such as continents, or geopolitics, such as economic blocs.



### 2.2 Learning Outcomes (Los)

At the end of this unit, you should be able to:

- Explain the concept of regional organizations.
- State the functional characteristics of a particular regional organization.

- highlight the role of regional organizations in development planning.



## **2.3 MAIN CONTENT**

### **2.3.1 The Regional Institutions**

Regional organizations are established to foster economic, political, trade and dialogue cooperation among states or entities within a definite geographical frontier. The states or entities belonging to a particular regional organization might share common pattern of development, long cultural and historical facts. The association may have started shortly after the World War II or after independence. Also, the need for cooperation arises as a result of globalization and global supply chain. It can come as with the objective to ease capital movement. All these can increase opportunities among members in terms of production and distribution of goods and services and they form major reasons why regional cooperation institutional characteristics deviates from loose cooperation to formal regional integration. Most regional organizations are subset of the United Nations (UN), that is, they still follow the UN principle rules for the global world. Although in many cases a regional organization might be called an international organization, but in definite terms, it is clearer to use the term region to denote the limitation of a particular membership or region. With reference to development planning, some of the regional organizations observed in this study include Economic Community of West African States (ECOWAS), African Union (AU), West African Economic and Monetary Union (WAEMU), West African Monetary Zone (WAMZ), African Continental Free Trade Agreement (ACFTA), Southern African Development Community (SADC), Association of Southeast Asian Nations (ASEAN), and European Union (EU). There are also regional organization established by international organization to address economic issues at different level. These include United Nations Economic Commission for Africa and

African Development Bank (UNECA and AfDB). The African Growth and Opportunity Act (AGOA) was created by the United States (US) to promote African export trade.

The overall development planning objectives of these institutions include:

1. Economic cooperation
2. Dispute settlement
3. Economic openness via tariff reduction or elimination
4. Financial support or grant
5. Reduce rivalry among member nation
6. Export promotion
7. Financial integration

### **2.3.2 The ECOWAS**

ECOWAS is the Economic Community of West African States established on 28<sup>th</sup> May, 1975 is a regional political and economic union of fifteen countries located in West Africa. Collectively. The broad mission is to promote economic integration among member states. The vision was later revised and it is “to achieve collective self-sufficiency” for its member states by creating a single large trade bloc by building a full economic and trading union”.

Its mission in short is to promote economic integration in "all fields of economic activity, particularly industry, transport, telecommunications, energy, agriculture, natural resources, commerce, monetary and finance, social and cultural life. As part of development effort and among the achievement of ECOWAS is peace keeping mission among its members warring nations. There have been several dispute settlements. The states also have the intergovernmental action group against money laundering and terrorism financing.

According to an ECOWAS Court Information Manual Issued in Abuja, in 2001, the union among ECOWAS countries leads to the acceptance of the fundamental principles of:

- Equality and inter-dependence of Member States;
- Solidarity and collective self-reliance
- Inter-state co-operation, harmonization of policies and integration of programs;
- Non-aggression between Member States
- Maintenance of regional peace, stability and security through the promotion and strengthening of good neighborliness;
- Peaceful settlement of disputes among Member States, active co-operation between neighboring Countries and promotion of peaceful environment as a prerequisite for economic development
- Recognition, promotion and protection of human and people's rights in accordance with the provisions of the African Charter on Human and People's Rights;
- Accountability, economic and social justice and popular participation in development;
- Recognition and observance of the rules and principles of the Community;
- Promotion and consolidation of a democratic system of governance in each Member State as envisaged by the
- Declaration of Political Principles adopted in Abuja on 6th July 1991; and
- Equitable and just distribution of the costs and benefits of Economic Co-operation and Integration (ECOWAS, 2001).

There are two sub-regional blocks in ECOWAS, these include:

- The West African Economic and Monetary Union (WAEMU or UEMOA in French acronym) and,
- The West African Monetary Zone (WAMZ).

While WAEMU is association of eight French speaking ECOWAS nations, WAMZ is association of six English speaking ECOWAS nations.

Although each ECOWAS member might place priority on domestic affairs, nevertheless, ECOWAS, as a body of regional organization has quite a good number of functional and developmental objectives, some of them are highlighted below:

- Promotion of Cooperation and development.
- Harmonization of Agricultural, Economic, Monetary and Industrial Policies.
- Abolition of trade restrictions and Customs Duties.
- Establishment of Common Fund.
- Implementation of Infrastructural Schemes
- Greater economic competitiveness, through open markets, in addition to the rationalization and harmonization of the legal environment
- The convergence of macro-economic policies and indicators
- The creation of a common market
- The co-ordination of sectoral policies
- The harmonization of fiscal policies

#### **2.4 The African Union (AU)**

The African Union (AU) is an inter-governmental organization with 55 member countries. It is a continental organization aimed at bringing African countries under the same umbrella. The drive to form the AU started in a conference in Ghana in 1958. The conference aimed at forming the Africa Day, to mark the liberation movement each year concerning the willingness of the African people to free themselves from freedom from servitude. They aim freedom from the dictatorship of the colonial masters and attain independence for all African countries. The subsequent attempts to unite Africa leads to the formation of the Organization of African Unity (OAU) in 1963, and the African Economic Community in 1981. Since then, various conferences to consolidate the organization have been held in different point in time. The organization adopted the new

name, AU in Durban on the 9<sup>th</sup> July, 2002. Among others, some developmental objectives of the AU include:

- i. Establishing the New Partnership for African Development (NEPAD)
- ii. Canvassing for democratic government in Africa.
- iii. Calling for joint African space agency
- iv. Cooperation with the United Nations on the eradication of HIV

Aids

- v. Lessening poverty rate
- vi. Women empowerment and development
- vii. Agriculture and food production (Coleman, 2002 & Bronwen, 2004).

Other Objectives of the AU clearly stated in the AU Agreement, include:

1. To achieving greater unity, interconnection and harmony between the African countries and African nations.
2. To accelerate the political and social-economic integration of the continent.
3. To promote and defend African common positions on issues of interest to the continent and its peoples.
4. To defend the sovereignty, territorial integrity and independence of its Member States.
5. To encourage international cooperation, taking due account of the Charter of the United Nations and the Universal Declaration of Human Rights.
6. To promote peace, security, and stability on the continent.
7. To promote democratic principles and institutions, popular participation and good governance.
8. To promote and protect human and peoples' rights in accordance with the African Charter on Human and Peoples' Rights and other relevant human rights instruments.

9. To establish the necessary conditions which enable the continent to play its rightful role in the global economy and in international negotiations.
10. To promote sustainable development at the economic, social and cultural levels as well as the integration of African economies. Many have criticized the AU for lacking the might to stop dictatorship in Africa. Many African leaders have held on to power for too long without good governance. In addition, the continent has been affected by diseases and pestilences over the years. Most countries in the AU have remained underdeveloped, human trafficking, child labour, kidnapping and many social evils have rocked the many countries. As a result, low productivity, poverty and unemployment have been on the increase. Unfortunately, there might be no sign of end to these as the population is on the increase and productivity appears to be falling. In spite of all the shortcomings, over the years, the AU has recorded quite some level of achievements. Some of the achievements with respect to development are highlighted below:

- Establishment of human right courts
- Establishment of various developmental bank
- Participating in several peace keeping operations within and outside the continent.
- Maintaining cordial relations with the UN, EU and several international organizations and also UN veto-powers like USA, CHINA, UK and France. In fact in recent time, there had been a Forum on China–Africa Cooperation summit in Beijing, China.
- Ensure all the countries in African continent are member states unlike EU where some countries refuse to be members or some have left or planning to leave (Frugé, 2016).

Some of the future goals, as far as development planning for the continent is concerned, are:

- Formulating a customs union.
- To achieve a common or single market.
- Establish a central bank.
- To have a common currency or African Monetary Union.
- Granting visa-free travel zone.

## **2.5 African Growth and Opportunity Act (AGOA) and African Continental Free Trade Agreement (ACFTA)**

### **African Growth and Opportunity Act (AGOA)**

AGOA is a US Trade Act, enacted on 18 May 2000 as Public Law 106 of the 200th Congress. AGOA has been functional since then but has time duration. However, it has been renewed to 2025. The act significantly allows market access to the US of goods from Sub-Saharan African (SSA) countries. Benefits of AGOA include:

- Increases foreign exchanges earnings advantage to beneficiary countries.
- Induces productivity and export.
- Accords duty-free access for eligible products to the largest single market in the world.
- Provides beneficiary countries with a significant competitive advantage over nonAGOA countries that must pay normal tariff rates to enter the United States.
- It eliminates trade bias (Donaldson, 2017).

(<http://www.brookings.edu/events/2012/06/13-africa-growth-opportunity>)

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One of the benefits open to Nigeria is the Textile Visa Stamp. According to the Nigerian Export Promotion Council (NEPC), this would enable garment manufacturers in Nigeria to have tariff concession on textile and garments manufactured in the country for export to the United States under the African Growth and Opportunity Act.

## **African Continental Free Trade Agreement (ACFTA)**

The ACFTA is a new trade agreement between the African countries with the main objective to cooperate via free trade. ACFTA was established in March 2018. That is member countries signing the agreement accept free movement of capital, trade openness and abolition of trade tariff. At first other specific objectives. At the beginning Nigeria was not a member but later signed in mid-2019. Other specific objectives of ACFTA are:

- Encourage production and export among African countries.
- Given special consideration, like tariff reduction or elimination, to African countries with respect to tradeable goods.
- Enhancing African power in trade negotiation at the World Trade Organization.
  - Creating employment opportunities via increase trade activities.

However, ACFTA has quite some challenges, the major challenge is the inability of securing full cooperation of members. For instance, Nigeria did not sign the agreement for over a year for some economic reasons. Most of the countries, especially, the Sub-Saharan Africa, have relatively low volume of trade to contribute. As a result, in the long run, they may be at the receiving. In addition, economic openness may lead to unrestrained immigration of labour to resource rich or fast economic developing areas within the region, this may lead to over-population or population explosion in the long run.

## **New Partnership for Africa's Development (NEPAD)**

The New Partnership for Africa's Development (NEPAD) is a regional organization helping countries agree on priority corridors and investment allocations. It is an economic development programme of African Union. NEPAD aims at formulation economic policy framework for accelerating economic co-operation and integration among African countries. In order to foster her developmental objectives, NEPAD has formulated partnership with the United Nations Economic Commission for Africa

(UNECA), African Development Bank (ADB), Development Bank of Southern Africa (DBSA), African Capacity Building Foundation and Office of the UN secretary general and special adviser on Africa.

NEPAD specific objectives are:

- ✓ To promote sustainable growth and development.
- ✓ To eradicate poverty.
- ✓ To place African countries, individually and collectively, on a path of sustainable growth and development.
- ✓ To end marginalization of Africa in the globalization process.
- ✓ To enhance its full and beneficial integration into the global economy.
- ✓ To accelerate the empowerment of women.

What can be regarded as instruments to achieve the long run objectives of NEPAD are:

- Engage in social and political activities that is based on underlying principles of a commitment to good governance, democracy, human rights and conflict resolution,
- Recognition that maintenance of these standards is fundamental to the creation of an environment conducive to investment and long-term economic growth.
- Seeks to attract increased investment, capital flows and funding,
- Providing an African-owned framework for development as the foundation for partnership at regional and international levels.

NEPAD has been criticized on the basis of failing to include wide participation of more African countries, civil societies, and NGOs. Insufficient funding and poor management of fund; slow decision making process and poor project implementing framework are also some of the shortcomings of NEPAD.



## 2.6 Summary

Regional organizations are integral part of development objectives because they serve as complementary to development policies of member nation. For instance in peace keeping, they maintain security of life and property. They create a safe environment for career development and enable the people to pursue their aspirations in life. In provision of financial aid, implicitly, they support developmental projects. By promoting unity among member nations, they recognize the need to be in peace and harmony. The future aspiration of common monetary union and free entry-visa zone and developmental goals and objectives of other partners organizations are expected to add more strength to the goal of cooperation, development and development planning process of Africa and other poor countries.

This unit has examined the regional organizations and their important objectives relative to development planning. Regional organization include countries forming peaceful coexistence of member nations. Most of the objectives of regional organization will boost development projects if implemented efficiently. We explained that while the African Union (AU) encompasses the whole African continent, the Economic Community of West African States (ECOWAS) cover the West African region. Although ECOWAS was made of two blocs, the British and the French African countries, their objectives are similar, aiming at promoting cooperation mostly through trade and monetary union. Other regional organization like AGOA and ACFTA are created to increase trade opportunities. AGOA is an Act of Parliament of the United States to reduce tariffs on products of beneficiary nations. African is being given priority in the Act. The ACFTA is a proposed trade agreement focusing on elimination of trade barriers within member African nations. NEPAD is another partnership that can catalyzed Africa development

plan if aims and targets are efficiently pursued. It is noted that if both African regional and also international organizations focus on achieving their set targets, it will enhance full implementation and successful outcome of development planning in the region and others in the world.



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## 2.8 Possible Answers to SAEs

## **Module 3 - Unit 3: UNITED NATIONS INSTITUTIONS (I.E. UNESCO, UNCTAD, WTO, FAO ETC.)**

### **CONTENTS**

- 3.1 Introduction
- 3.2 Learning Outcomes (Los)
- 3.3 Main Content
  - 3.3.1 A Brief examination of United Nations Institutions (UNESCO, UNCTAD, WHO, FAO, UNIDO, FAD, and ILO) involved in Planning.
  - 3.3.2 United Nations Educational, Scientific and Cultural Organization (UNESCO)
  - 3.3.3 United Nations Conference on Trade and Development (UNCTAD)
- 3.4 World Health Organization (WHO).
  - 3.4.1 Food and Agriculture Organization (FAO).
- 3.5 International Fund for Agricultural Development (IFAD).
  - 3.5.1 International Labour Organization (ILO).
  
- 3.6 Summary
- 3.7 Reference/Further Readings
- 3.8 **Possible Answers to SAEs**



### **3.1 INTRODUCTION**

The previous unit examines regional organizations involved in economic reforms in Nigeria and other sub-Africa regions. This study unit takes a step further to look at United Nation Institutions that indirectly involve in social and economic planning globally. The institutions to be examined and discussed are UNESCO, UNCTAD, WHO, FAO, UNIDO, FAD and ILO. In the course of explaining what the institutions stand for, more emphasis will be on the duties of each establishment.



### **3.2 Learning Outcomes (Los)**

At the end of this unit, you should be able to highlight the mission and functions of the following arms of United Nations:

- UN Educational, Scientific and Cultural Organization (UNESCO);
- International Labor Organization (ILO);
- Food and Agriculture Organization of the UN (FAO);
- World Health Organization (WHO);
- International Fund for Agricultural Development (IFAD);
- UN Industrial Development Organization (UNIDO), and; □ World Trade Organization (WTO).



### **3.3 MAIN CONTENT**

#### **3.3.1 A Brief examination of United Nations Institutions (UNESCO, UNCTAD, WHO, FAO, UNIDO, FAD, and ILO) involved in Planning.**

Development plans and economic reforms also involve collaboration between regions, countries, states and several international institutions. These institutions provide help by formulating policies, provide technical assistance, and other forms of practical help in virtually all areas of economic and social endeavor to different countries and regions. A good number of such agents are under the umbrella of the United Nations. Such agencies include: The International Labor Organization (ILO), the Food and Agriculture Organization of the UN (FAO), UN Educational, Scientific and Cultural Organization (UNESCO), World Health Organization (WHO), World Bank, International Monetary Fund (IMF), International Civil Aviation Organization (ICAO), Universal Postal Union (UPU), International Telecommunication Union (ITU), World Meteorological

Organization (WMO), International Maritime Organization (IMO), World Intellectual Property Organization (WIPO), International Fund for Agricultural Development (IFAD), UN Industrial Development Organization (UNIDO), International Atomic Energy Agency (IAEA) and the World Trade Organization (WTO). However, with regards to the subject matter of the study only seven of these agents (UNESCO, UNCTAD, WHO, FAO, UNIDO, FAD and ILO) will be examined.

### **3.3.2 United Nations Educational, Scientific and Cultural Organization (UNESCO)**

UNESCO, acronym for United Nations Educational, Scientific and Cultural Organization, is a specialized agency of the United Nations (UN) that was outline in a constitution signed November 16, 1945. The constitution, which entered into force in 1946, called for the promotion of international collaboration in education, science, and culture. The agency permanent headquarters are in Paris, France.

Each member state has one vote in UNESCO General Conference which meets every two years to set the agency budget, its program of activities, and the scale of contributions made by member states to the agency. The 58-member Executive Board, which is elected by the General Conference, generally meets twice each year to give advice and direction to the agency's work. The Secretariat is the agency backbone and is headed by a director general appointed by the General Conference for a six-year term. About 200 national commissions, composed of local experts, serve as governmental advisory bodies in their respective states. Most work occurs in special commissions and committees convened with expert participation. Prominent examples include the Intergovernmental Oceanographic Commission (1961), the World Commission on Culture and Development (1992-99), and the World Commission on the Ethics of Scientific Knowledge and Technology (1998). The findings of these commissions are regularly published by UNESCO.

The main objective of UNESCO is to contribute to peace and security in the world by promoting collaboration among nations through education, science, culture and communication in order to further universal respect for justice, for the rule of law, and for the human rights and fundamental freedoms which are affirmed for the peoples of the world, without distinction of race, sex, language or religion, by the Charter of the United Nations.

In support of these objectives, UNESCO's principal functions are:

- a. To promote intellectual co-operation and mutual understanding of peoples through all means of mass communication;
- b. To give fresh impulse to popular education and to the spread of culture;
- c. To maintain, increase and diffuse knowledge;
- d. To encourage scientific research and training;
- e. To apply sciences to ensure human development and the rational management of natural resources. (<https://en.unesco.org/>)

As noted earlier, UNESCO is also involved in efforts to protect the natural environment and humanity's common cultural heritage. For example, in the 1960s UNESCO helped sponsor efforts to save ancient Egyptian monuments from the waters of the Aswan High Dam, and in 1972, it sponsored an international agreement to establish a World Heritage List of cultural sites and natural areas that would enjoy government protection. In the Nigeria scenario, the Youth Mobile Initiative is an innovation by UNESCO launched in 2014 at the global level, which aims at engaging a critical mass of young people to acquire basic technical skills and confidence to develop, promote, and sell locally relevant mobile applications (APPs) that address local issues for sustainable development. Within the framework of this initiative, UNESCO Abuja Office collaborated with the Federal Capital Territory Administration (FCTA) to implement a project tagged UNESCO-FCTA YouthMobile Project. This project began its first phase in June 2017, graduated over 400 beneficiaries in March 2018.

In conclusion, the UNESCO agency has not only promoted education globally, but has also help to create environmental awareness campaign, ethical awareness, things like values, attitude change, skills acquisitions, and good behaviour.

### **SELF ASSESMENT EXERCISE 1**

**Describe any four objectives of UNESCO.**

### **3.3.3 United Nations Conference on Trade and Development (UNCTAD)**

The United Nations Conference on Trade and Development (UNCTAD) is a permanent organ of the United Nations (UN) General Assembly, established in 1964 to promote trade, investment, and development in developing countries. The headquartered is in Geneva, Switzerland, UNCTAD has approximately 190 members which Nigeria is inclusive.

UNCTAD working at the national, regional, and global level, help countries to:

- Comprehend options to address macro-level development challenges
- Achieve beneficial integration into the international trading system □ Diversify economies to make them less dependent on commodities
- Limit their exposure to financial volatility and debt
- Attract investment and make it more development friendly
- Increase access to digital technologies
- Promote entrepreneurship and innovation

- Help local firms move up value chains
- Speed up the flow of goods across borders
- Protect consumers from abuse

Particularly, negotiations at UNCTAD's meetings resulted in the formation

Generalized System of Preferences (GSP) (1968), an agreement that reduced tariffs and removed or reduced nontariff trade barriers among participating developing countries; the Common Fund for Commodities (1989), an intergovernmental financial institution that provides assistance to developing countries that are heavily dependent on commodity exports; and various agreements for debt relief. In the 1990s UNCTAD's efforts were directed toward the challenges globalization poses to developing countries, and special attention was focused on measures to help the poorest and least developed countries become integrated into the world economy.

The highest policy-making body of UNCTAD is the Conference, which meets once every four years to set policy guidelines and to formulate a program of work. The UNCTAD Secretariat, whose members form part of the UN Secretariat, performs policy analysis, monitors and implements the decisions of UNCTAD's intergovernmental bodies, and provides for technical cooperation and exchanges of information. It comprises four divisions on globalization and development strategies; international trade; investment, technology, and enterprise development; and services infrastructure as well as the Office of the Special Coordinator for Least Developed, Land-locked, and Island Developing Countries (OSC-LDC). The Trade and Development Board, UNCTAD's executive body, is responsible for the operations of the organization when the Conference is not in session.

### 3.4 World Health Organization (WHO)

The World Health Organization is an organization within the United Nations that is responsible for helping governments to improve their health services. World Health Organization (WHO) was created in 1948 by member states of the United Nations (UN) as a specialized agency with a broad mandate for health. The WHO is the world's leading health organization. Its policies and programs have a far-reaching impact on the status of international public health.

Defined by its constitution as "the directing and coordinating authority on international health work," WHO aims at "the attainment by all peoples of the highest possible standard of health." Its mission is to improve people's lives, to reduce the burdens of disease and poverty, and to provide access to responsive health care for all people.

WHO's responsibilities and functions include;

- Assisting governments in strengthening health services;
- Establishing and maintaining administrative and technical services, such as epidemiological and statistical services;
- Stimulating the eradication of diseases;
- Improving nutrition, housing, sanitation, working conditions and other aspects of environmental hygiene;
- Promoting cooperation among scientific and professional groups;
- Proposing international conventions and agreements on health matters;
- Conducting research;
- Developing international standards for food, and biological and pharmaceutical products and;
- Developing an informed public opinion among all peoples on matters of health ([https://en.wikipedia.org/wiki/World\\_Health\\_Organization](https://en.wikipedia.org/wiki/World_Health_Organization))

WHO's operations are carried out by three distinct components: The World Health

Assembly, the executive board, and the secretariat. The World Health Assembly is the supreme decision-making body, and it meets annually, with participation of ministers of health from its 191 member nations. In a real sense, the WHO is an international health cooperative that monitors the state of the world's health and takes steps to improve the health status of individual countries and of the world community.

The executive board, composed of thirty-two individuals chosen on the basis of their scientific and professional qualifications, meets between the assembly sessions. It implements the decisions and policies of the assembly.

The secretariat is headed by the director general, who is elected by the assembly upon the nomination of the board. The headquarters of the WHO is in Geneva. The director general, however, shares responsibilities with six regional directors, who are in turn chosen by member states of their respective regions. The regional offices are located in Copenhagen for Europe, Cairo for the eastern Mediterranean, New Delhi for Southeast Asia, Manila for the western Pacific, Harare for Africa, and Washington D.C. for the Americas. Their regional directors, in turn, choose the WHO representatives at the country level for their respective regions. There are 141 WHO country offices, and the total number of WHO staff, as of 2001, stands at 3,800. WHO is the only agency of the UN system with such a decentralized structure. The Pan American Health Organization (PAHO) existed before the birth of WHO and serves as WHO's regional office for the Americas.

### **3.4.1 Food and Agriculture Organization (FAO)**

The Food and Agriculture Organization (FAO) is a specialized agency of the United Nations that leads international efforts to defeat hunger. It was founded in 1945 and its Headquarters is located in the city centre of Rome. FAO has 194 Member Nations, two associate members and one member organization, the European Union. It played the leading role in the global food and agriculture issue areas, overseeing the establishment

of important agreements and institutions, including the World Food Programme (WFP). The functions of FAO include efforts to improve agriculture, forestry and fisheries practices, ensuring good nutrition and food security. The objective is to achieve food security for all and make sure that people have regular access to enough high-quality food to lead active, healthy lives.

FAO has five strategic objectives:

- ✓ Help eliminate hunger and malnutrition (including food security concerns)
- ✓ Make agriculture (and forestry and fisheries) more sustainable (and productive)
- ✓ Reduce rural poverty
- ✓ Enable inclusive food systems
- ✓ Increase resilience of food related livelihoods (e.g., farmers) to threats and crises  
(<http://www.fao.org/home/en/>)

FAO is also a source of knowledge and information, and helps developing countries and countries in transition modernize and improve agriculture, forestry and fisheries practices, ensuring good nutrition and food security for all. Other functions of FAO are to furnish such technical assistance as governments may request; to organize, in cooperation with the governments concerned, such missions as may be needed to assist them in fulfilling obligations arising from their acceptance of the recommendations of the UN Conference on Food and Agriculture and of its constitution; and, generally, to take all necessary and appropriate action to implement the purposes of the organization as set forth in the preamble.

## **SELF ASSESMENT EXERCISE 2**

What are the strategic roles of FAO?

### **3.4.2 United Nations Industrial Development Organization (UNIDO).**

On 17 November, 1966, the United Nations General Assembly passes resolution 2152 (XXI) establishing the United Nations Industrial Development Organization (UNIDO) as an autonomous body within the United Nations. Its mission is to promote and accelerate the industrialization of developing countries. It also provides a platform wherein developing countries can fight, mitigate and counter marginalization in the globalizing world.

In order to contribute substantially in the achievement of Millennium Development Goals (MDGs), UNIDO has identified three core functions:

- Poverty Reduction through Productive Activities;
- Trade Capacity Building and
- Energy and Environment (<https://www.unido.org/>).

In each of these areas, UNIDO activities include technical cooperation, analytical activities and advocacy through fora and publications. The policy-making organs of UNIDO are the General Conference (GC), which meets biannually, the Industrial Development Board (IDB) which meets twice in non-GC years and once in GC years, and the Programme and Budget Committee (PBC) which meets once every year. UNIDO has offices in 44 countries to manage its programmes in a decentralized manner. Twelve of these are regional offices each covering a number of countries. As at April 2019, 170 States are Members of UNIDO.

They regularly discuss and decide UNIDO's guiding principles and policies in the sessions of the Policymaking Organs. It must be noted that the adoption of the New Partnership for Africa's Development (NEPAD) by the summit of heads of state held in Lusaka, Zambia, situated South Africa's co-operate with UNIDO on a much focused and strategic path.

In carrying out the core requirements of its mission, UNIDO has considerably increased its technical services over the past ten years. At the same time, it has also substantially increased its mobilization of financial resources, testifying to the growing international recognition of the Organization as an effective provider of catalytic industrial development services.

### **SELF ASSESMENT EXERCISE 3**

Highlight the missions of UNIDO.

### **3.5 International Fund for Agricultural Development (IFAD).**

The International Fund for Agricultural Development (IFAD) is a specialized agency of the United Nations mandated to enable poor rural women and men to improve their food security and nutrition, raise their incomes and strengthen their resilience. Its mandate therefore aligns with the priorities of Switzerland's development policy.

It was established in 1977 in response to the food crisis of the 1970s. IFAD is today the only multilateral organization with a mandate specialized on smallholder agriculture. Its

work focuses on poor rural people, including poor smallholder farmers, fishermen and pastoralists, as well as landless and indigenous people. Its programmes aim at improving poor rural people's access to financial services, markets, technology, land and natural resources. As an international financial institution, IFAD provides grants and loans on favourable terms to countries affected by widespread rural poverty. IFAD also provides expertise in the agricultural sector and supports innovation.

The overall direction of IFAD is summarized by the Strategic Objectives of its Strategic Framework 2016- 2025;

- Increasing poor rural people's productive capacities in a sustainable and resilient manner;
- Increasing and improving their engagement in markets, while enabling them to better manage related risks;
- Strengthening the environmental sustainability and climate resilience of their economic activities (<https://www.ifad.org/en/>).

IFAD is thus today the only multilateral organization with a mandate specialized on smallholder agriculture. It finances the development of sustainable agricultural value chains. Its work is complementary to the two other Rome-based agencies, the Food and Agricultural Organization (FAO) with its focus on policy and knowledge, and the World Food Programme (WFP) focusing on humanitarian interventions. IFAD continues to partner with the Nigerian Government in building rural institutions, establishing community-driven development initiatives, developing profitable smallholder agribusinesses, and pursuing financial inclusion for rural poor households.

#### **SELF ASSESMENT EXERCISE 4**

What are the key objectives of IFAD?

### **3.5.1 International Labour Organization (ILO).**

The International Labour Organization (ILO) is a specialized agency of the United Nations (UN) dedicated to improving labour conditions and living standards throughout the world. Established in 1919 by the Treaty of Versailles as an affiliated agency of the League of Nations, the ILO became the first affiliated specialized agency of the United Nations in 1946.

The main functions of the ILO are as follow:

- ✓ The development and promotion of standards for national legislation to protect and improve working conditions and standards of living;
- ✓ Provides technical assistance in social policy and administration and in workforce training;
- ✓ Fosters cooperative organizations and rural industries;
- ✓ Compiles labour statistics and conducts research on the social problems of international competition, unemployment and underemployment, labour and industrial relations, and technological change (including automation);
- ✓ Helps to protect the rights of international migrants and organized labour. (<https://www.ilo.org/global/lang--en/index.htm>).

In its first decade, the ILO was primarily concerned with legislative and research efforts, with defining and promoting proper minimum standards of labour legislation for adoption by member states, and with arranging for collaboration among workers, employers, government delegates, and ILO professional staff. During the worldwide

economic depression of the 1930s, the ILO sought ways to combat widespread unemployment. With the postwar breakup of the European colonial empires and the expansion of ILO membership to include poorer and less developed countries, the ILO addressed itself to new issues, including the social problems created by the liberalization of international trade, the problem of child labour, and the relationship between working conditions and the environment. Among intergovernmental organizations, the ILO is unique in that its approximately 175 member states are represented not only by delegates of their governments but also by delegates of those states' employers and workers, especially trade unions. National representatives meet annually at the International Labour Conference. The

ILO's executive authority is vested in a 56-member Governing Body, which is elected by the Conference. The International Labour Office in Geneva, Switzerland, composed of the permanent Secretariat and professional staff, handles day-to-day operations under the supervision of an appointed director general. The ILO has international civil servants and technical-assistance experts working in countries throughout the world.

#### **SELF ASSESMENT EXERCISE 5**

Briefly discuss the main function of ILO.



### 3.6 Summary

This unit has examined the historical background of selected institutions under the umbrella of the United Nation. From the discussion, it is observed that each institution/agents has its own specular mission, goals and responsibilities as regarding economic reforms in both developed and developing countries alike. Nigeria is one of the developing countries that has benefited from these agencies in one way or the others. For instance, World Health Organization (WHO) has been supporting the government's efforts to improve the health status of all Nigerians over the years. Also, in support of the Nigerian government's efforts in addressing the lingering security challenges in the country, the United Nations, under the framework of the Counter-Terrorism Implementation Task

Force (CTITF) initiative on "Integrated Assistance for Countering Terrorism" (I-ACT) initiated, through UNESCO Abuja office, a project titled, 'Conflict Prevention and Deradicalization of Youth in Nigeria through Cultural Dialogue and Education.' The project supported conflict prevention, promote peace education and contribute to de-radicalization of youth and adults in Nigeria. In each of UNESCO's fields of competence, namely education, culture, sciences and communication and Information, gender equality is mainstreamed into planning and implementation of programmes. Finally, we can conclude that all agencies in the United Nations perform unique functions to positively touch lives in Nigeria and the rest of the world.

In this unit, we have briefly discussed seven agencies that were establish within the pinnacle of the United Nation. These agencies include International Labor Organization (ILO), Food and Agriculture Organization of the UN (FAO), UN Educational, Scientific and Cultural Organization (UNESCO), World Health Organization (WHO), International Fund for Agricultural Development (IFAD), UN Industrial Development Organization (UNIDO), and the World Trade Organization (WTO). Moreover, we have examined the

aim, structures, functions and location of each of these agencies. From your understanding of this unit, you should be able to explain the mission of each of these agencies of the United Nation. Also, it is expected that knowing the functions of these agencies will prepare you for the next study unit.



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[nigeria/](https://infoguidenigeria.com/8-functions-unesco-nigeria/) <https://caast-net-plus.org> › page › attach ›

Attachment\_2\_Nigeria\_UNESCO <http://www.fao.org/home/en/>

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### 3.8 Possible Answers to SAEs

#### Answers to SAEs 1

In support of these objectives, UNESCO's principal functions are:

- To promote intellectual co-operation and mutual understanding of peoples through all means of mass communication;
- To give fresh impulse to popular education and to the spread of culture;
- To maintain, increase and diffuse knowledge;
- To encourage scientific research and training;
- To apply sciences to ensure human development and the rational management of natural resources. (<https://en.unesco.org/>)

#### Answers to SAEs 2

FAO has five strategic objectives:

- ✓ Help eliminate hunger and malnutrition (including food security concerns)
- ✓ Make agriculture (and forestry and fisheries) more sustainable (and productive)
- ✓ Reduce rural poverty
- ✓ Enable inclusive food systems

### **Answers to SAEs 3**

On 17 November, 1966, the United Nations General Assembly passes resolution 2152 (XXI) establishing the United Nations Industrial Development Organization (UNIDO) as an autonomous body within the United Nations. Its mission is to promote and accelerate the industrialization of developing countries. It also provides a platform wherein developing countries can fight, mitigate and counter marginalization in the globalizing world.

### **Answers to SAEs 4**

- Increasing poor rural people's productive capacities in a sustainable and resilient manner;
- Increasing and improving their engagement in markets, while enabling them to better manage related risks;
- Strengthening the environmental sustainability and climate resilience of their economic activities (<https://www.ifad.org/en/>).

### **Answers to SAEs 5**

The main functions of the ILO are as follow:

- ✓ The development and promotion of standards for national legislation to protect and improve working conditions and standards of living;
- ✓ Provides technical assistance in social policy and administration and in workforce training;
- ✓ Fosters cooperative organizations and rural industries;

## **Module 3 - Unit 4: THE BRETTON WOODS INSTITUTIONS (IMF, THE WORLD BANK, ETC.)**

### **CONTENTS**

- 4.1 Introduction
- 4.2 Learning Outcomes (LOs)
- 4.3 Main Content
  - 4.3.1 Bretton Woods Institution I, the IMF
  - 4.3.2 Functional Objectives of the IMF
- 4.4 Bretton Woods Institution II, the World Bank
  - 4.4.1 Objectives of the World Bank
- 4.5 Critique of the institutions
  
- 4.6 Summary
- 4.7 References/Further Readings/Web Resources
- 4.8 Possible Answers to SAEs



### **4.1 INTRODUCTION**

In this unit, we shall continue the discussion on international organization which has relevance to achievement of development planning. This unit centres on one of the Bretton Woods Institutions, the IMF. Apart from the IMF, the institution also includes the World Bank. The immediate aims of the two institutions were to help rebuild the shattered post World War II economies and promoting international economic cooperation. They also help to stop the competitive currency devaluations that contributed to the “Great Depression” of the 1930s. Member countries also primarily unite to prevent another event that may plunge the world into another world war.



## 4.2 Learning Outcomes (LOs)

At the end of this unit, you should be able to:

- Know the functions of IMF.
- Itemize IMF's assistance to developing countries.
- Know the objectives of the World Bank.
- Evaluate World Bank's support to underdeveloped countries.



## 4.3 MAIN CONTENT

### 4.3.1 Bretton Woods Institution I, the IMF

The Bretton Woods institution is a system of monetary management that established the rules for commercial and financial relations among the United States, Canada, Western European countries, Australia, and Japan after the 1944 Bretton Woods Agreement. The agreement reached in Bretton Woods was not supported by the USSR or Russia. The International Monetary Fund (IMF) as a body of the Bretton Woods, is an international organization consisting of 189 countries. The IMF working to address balance of payments problems among member countries. The institution promotes global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth and reduce poverty around the world. It also relies on the World Bank assistance. However, it has encountered the need to address the lack of cooperation among other countries and to prevent competitive devaluation of the currencies. The IMF has been a dominant leader in financial management of many underdeveloped economies of the world (Kindleberger, 2000). Nigeria, Ghana, Sierra Leone have benefited from IMF loans since its inception. Also, many countries from South America and Asia have benefited as well. As part of its responsibility, the IMF implicitly provides political protection for its members by its

virtue of universality. This is because the institution represents nearly every country in the international system, and therefore, can pursue international financial rescues without implicating specific creditor governments. It often uses conditionality to prevent moral hazard associated with loans to correct adverse balance payments (Stone, 2008). Apart from poverty alleviation policy paper, the IMF also demands and evaluates country's reserves before giving financial assistance.

#### **4.3.2 Functional Objectives of the IMF**

According to the IMF itself, it works to foster global growth and economic stability by providing policy advice and financing the members by working with developing nations helps them achieve macroeconomic stability and reduce poverty. Other objectives are as follow:

- ✓ Ensure the stability of the international monetary system.
- ✓ Oversee the fixed exchange rate arrangements between countries
- ✓ Keeping global watch of economic systems to prevent global economic crises.
- ✓ Maintain the stability of exchange rates and international payments system.
- ✓ Maintaining stability of all macroeconomic and financial sector issues that bear on global stability.
- ✓ It facilitates international trade, promotes employment and sustainable economic growth, and reducing global poverty.
- ✓ Collection of sensible data such as available reserves and macroeconomic trends.
- ✓ Give advisory counselling to member nations on balance of payments.
- ✓ Carry out research on types of government policy that would ensure economic recovery (<https://www.imf.org/external/index.htm>)

Although the IMF might have achieved a great deal of economic recovery for its members, nevertheless, the institution has come under strong criticism. Critics regard IMF as agent of the “West” to exploit less-developed or underdeveloped countries. It has

been observed that the huge interest charged on loan, as well as loan servicing demanded on loan obtained, are burden on the poor countries often worsening their balance of payments problem. Some of the challenges encountered by the IMF include:

- Insufficient data to capture the real activities of member nations
- Lack of effective cooperation by members.
- Inadequate fund availability to poor countries.
- Credit facilities not accessible by extremely poor countries
- Induce structural adjustment of poor nations
- Strict loan conditionality often disadvantageous to poor countries

Although, when the IMF was established as an institution for monetary cooperation in 1944, there was no reference to conditionality. Indeed, the concept of conditionality did not appear in the original Articles of Agreement. This concept was later introduced in an executive board decision in 1952 and much later incorporated in the Articles, as part of the First Amendment. Although, strict conditions give the IMF institution leverage advantage, but with respect to development planning, conditionalities is disadvantageous. This is because conditions, in the long run, impose debt burden which may impact negatively on planning set targets. The need to pay high interest rate on loan and servicing debt (out of reserves or dwindling government revenue) will definitely reduce the amount that might be earmarked for planning projects. With regard to development planning, some of the structural conditionalities given by the Bretton Woods Institutions are:

- i. A member's use of the resources of the Fund shall be in accordance with the purposes of the Fund. The Fund shall adopt policies on the use of its resources that will assist members to solve their balance of payments problems in a manner consistent with the purposes of the Fund and that will establish adequate safeguards for the temporary use of its resources.

- ii. Under Article V Section 3(c) of the Agreement, the Fund must examine the member's representation to determine that the requested repurchase would be consistent with the Articles of Agreement and the policies on the use of Fund resources.

The broader structural conditions also known as, Washington Consensus, are highlighted below:

- Cutting expenditures, also known as austerity.
- Focusing economic output on direct export and resource extraction.
- Devaluation of currencies.
- Trade liberalization, or lifting import and export restrictions,
- Increasing the stability of investment (by supplementing foreign direct investment with the opening of domestic stock markets),
- Balance budget and prudential financial management.
- Removing price controls and state subsidies,
- Privatization, or divestiture of all or part of state-owned enterprises,
- Enhancing the rights of foreign investors vis-a-vis national laws, □ Improving governance and fighting corruption.
- Draw up Poverty Reduction Strategy Paper (PRSP) (Clemens and Kremer, 2016; <https://www.imf.org/external/index.htm>).

The IMF conditions, which also include high interest on loan (Hardstaff, 2003) have been criticized to be counter development. For instance, focusing economic output on direct export and resource extraction and evaluation of currencies have resulted into long term underdevelopment of poor countries. The IMF does not encourage industrialization for underdeveloped countries. Industrialization stands as a critical employment generation and should be hallmark of development planning.

According to Moore-Sieray, (1997), “the (IMF) has caused more harm to the underdeveloped and developing countries than the good. In Africa, in particular, IMF and the World Bank have destroyed Africa's capacity and prospects for development through misguided policies and conditions which are based on some universal standard criteria rather than situation-specific needs of individual countries”. This might not be true in all ramifications because often, corruption and mismanagement of public fund in Africa, especially, in the Sub-Saharan Africa, prevent the efficient utilization of IMF fund to the extent that fund allocated to African countries usually finds its way back to foreign countries of the world.

#### **SELF ASSESMENT EXERCISE 1**

1. List five structural conditions of the IMF.

#### **4.4 Bretton Woods Institution II, the World Bank**

The World Bank is another international financial institution formed together with the IMF in 1944. The major role of the World Bank is provision of long term financial assistance to foster development in poorer countries mainly for the purpose of pursuing capital projects. The Bank comprises two institutions: the International Bank for Reconstruction and Development (IBRD), and the International Development Association (IDA). The World Bank is a component of the World Bank Group. In recent times, the World Bank most stated goal is the reduction of poverty. From the definition, we can understand how relevant the World Bank is to the development of

underdeveloped or developing countries and how it can assist to achieve development planning. Unlike the IMF, the World Bank gives loan at a very low interest rate and thereby promoting long-term economic development and poverty reduction. The World Bank group also provide technical and financial support to help countries reform certain sectors or implement certain capital projects such as building dams for electricity generation or irrigation; establish schools and health centers; providing pipe-borne or drinkable water, fighting diseases, and environmental protection.

#### **4.4.1 Objectives of the World Bank**

For several decades following its establishment, the World Bank main objective is to promote economic development of the poorer countries as well as assist in accomplishing their developmental planning objectives. Apart from this, the World Bank has several objectives which are pertinent to planning goals and targets, these include:

- Providing long term capital to members for economic development and reconstruction.
- Helps in inducing long term capital for improving the balance of payments. Balancing international trade by providing institutional framework that promotes export promotion. In the long run, these also improve balance of payments.
- Embark on projects in rural areas of poor countries thereby reducing rural-urban migration and lessening pressure on urban infrastructures.
- Provision of low interest loans or grants to fight diseases or prevent the spread of diseases.
- Contribute to global entity by providing relatively reliable data on developmental index.
- Launching global food security programme.
- Assist in restoring and sustaining benefits of global integration, by promoting international economic cooperation.

- Reduce poverty by offering assistance to middle-income and low-income countries.
- Provide low-interest loans, interest-free credit, and grants, these enhance improving education, health, infrastructure and natural resources management.
- Guarantee peace by creating the International Centre for Settlement of Investment Disputes (ICSID) (<https://www.worldbank.org/>; <https://icsid.worldbank.org/en/>)

In addition to these functional objectives, currently, the World Bank has two stated goals that it aims to achieve by 2030. These include:

- To end extreme poverty by decreasing the number of people living on less than \$1.90 a day to below 3% of the world population, and,
- To increase overall prosperity by increasing income growth in the bottom 40% of the world's population.

The group aims to work with the private sector and its specialized agencies: International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Financial Corporation (IFC), and Multilateral Investment Guarantee Agency (MIGA) to achieve these two objectives. Also, Development Impact Evaluation (DIME) is to be introduced for impact assessment of programmes or projects.

## **SELF ASSESMENT EXERCISE 2**

Explain the World Bank's development objectives that are relevant to development planning in the poor countries. .

## 4.5 Critique of the institutions

The IMF and the World Bank are not necessarily different from each other. Both appear to be pursuing objectives not favourable to poor countries particularly the Sub-Saharan African countries. In fact, the IMF and World Bank policies have generated serious economic problem in South American countries in the 1960s to 1980s. In other words, criticisms against the World Bank are not really different from that of IMF, except that some of them usually focus on inappropriate policy advice which might be inimical to development plan objectives in developing countries. Some of these criticisms are highlighted below:

- Just as the IMF, the World bank Loans are conditional loans - Countries must strictly adhere to structural adjustment.
- Often time funding inappropriate agricultural method like growing wheat in the tropical zones, (Williams, 1987).
- Offering policies that would implicitly aggravate balance of payments crisis or lead to policy reversals.
- According to Klein (2010) the conditions are to the advantage of the Washington Consensus but to the detriment of recipient nations.



## 4.6 Summary

There is no doubt that the IMF and World Bank play significant role in the global world particularly in development of the poor countries. The two institutions are significant in promoting coeoperation and economic development. If the poorer countries can avail themselves of the adavantages open to them as member of the institutions, they would attain their planning objectives. However, there ought to be

a consensus on reduction of the conditions of the Bretton Woods institutions. For instance, the high interest rate on loan should be reduced and less emphasis should be laid on export of primary products. Reliable data and more developmental projects are needed to supplement individual poor country's development plan.

This unit has examined the International Monetary Fund (IMF) and the World Bank (WB), they are also called the Bretton Woods Institutions. The primary objectives of the institution are promotion of economic cooperation and development. The two major institutions also assume advisory role on economic management and development planning projects. While the IMF basically gives short term loans usually to correct adverse balance of payments, the World Bank provides long term loans for provision of capital projects. The International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA) are two branches of the World Bank assisting in achieving its objectives. Although, the IMF and the WB have achieved handful of development in the poor countries, yet, the two have been criticized for their financial exploitation like high interest rate on loans to poor countries; strong averse to import substitution; enforcing recipient nations to use IMF or World Bank expatriates and ideologies; and insufficient development projects in the underdeveloped countries. These insensitivities have been claimed to be one of the major factors increasing poverty in poorer countries.



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## **4.8 Possible Answers to SAEs**

### **Answers to SAEs 1**

The broader structural conditions

- Cutting expenditures, also known as austerity.
- Focusing economic output on direct export and resource extraction.
- Devaluation of currencies.
- Trade liberalization, or lifting import and export restrictions,
- Increasing the stability of investment (by supplementing foreign direct investment with the opening of domestic stock markets),

### **Answers to SAEs 2**

the World Bank's development objectives

- Providing long term capital to members for economic development and reconstruction.

- Helps in inducing long term capital for improving the balance of payments. Balancing international trade by providing institutional framework that promotes export promotion. In the long run, these also improve balance of payments.
- Embark on projects in rural areas of poor countries thereby reducing rural-urban migration and lessening pressure on urban infrastructures.