DEVELOPMENT & STRATEGIC PLANNING; A COMPARATIVE STUDY OF KENYA, SOUTH KOREA AND TURKEY

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ABSTRACT

DEVELOPMENT & STRATEGIC PLANNING; A COMPARATIVE STUDY OF KENYA, SOUTH KOREA AND TURKEY

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This research seeks to examine a problematic yet critical question that continues to fascinate researchers in social science. Why are some countries rich while some are poor yet structurally, politically, demographically and geographically they have immense similarities? By looking at the historical and contemporary political, economic and planning experiences of three case study samples namely Kenya, Turkey and South Korea; the author attempts to answer the question why some countries have benefited from planning by looking at the similarities and differences in formulation, implementation and the structural environment in which the plans are implemented. This is done through empirical methods and rigorous review of government planning documents as well as academic materials related to the subject matter. In the process, the author also looks at the historical evolution of strategic and development planning in these countries, challenges faced and success achieved. SWOT concept is also examined as a key component of planning. The results show that beyond having well-documented strategies and development plans, a country needs to establish not only efficient and responsive human-made political and economic institutions that are able to formulate and implement these plans with precise accuracy.

Keywords: Strategic Planning, Development Plans, Kenya, Turkey, South Korea

ÖZET

GELIŞIM VE STRATEJI PLANLAMASI : KENYA, GÜNEY KORE VE TÜRKIYE ARASINDA KARŞILAŞTIRMALI INCELEME

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Bu araştırma, sosyal bilimler araştırmacılarının ilgi odağı olmaya devam eden, problematik ve bir o kadar kritik sorunsalı inceler. Neden ülkelerin yapısal, politik, demografik ve coğrafik olarak pek çok benzerlikleri varken bazıları zengin, bazıları ise fakir? Yazar, üç örnek-olay incelemesi; Kenya, Türkiye ve Güney Kore'nin tarihsel ve güncel politik, ekonomik ve planlamasal deneyimleri göz önünde bulundurarak neden bazı ülkelerin denklemdeki benzerliklere ve farklılıklara, uygulamalara ve yapısal çevreye bakarak fayda sağladığını cevaplamaya çalışır. Deneysel metotlar kadar titiz devlet planlama dokümanları incelemesi ve konuyla ilgili akademik kaynaklardan yararlanılmıştır. Süreç boyunca yazar, bahsi geçen ülkelerin strateji ve gelişim planlaması konusundaki tarihsel evrimine, karşılaştıkları zorluklara ve kazanılan başarılara değinmiştir. SWOT konsepti, planlamanın anahtar bileşeni olarak incelenmiştir. Sonuçlar şunu gösterir ki, iyi dökümanlanmış strateji ve gelişim planlamasının ötesinde, ülkenin verimli ve işe yarar, insan yapımı, organize etme ve uygulama işlevi gören politik ve ekonomik enstitüler kurması, bu enstitülerim net bir isabetlilikle planları uygulamaya geçirmesinin sağlamasını yapmalıdır.

Anahtar Kelimeleri: Stratejik Planlama, Kalkınma Planları, Kenya, Turkey, Güney Korea

DEDICATION PAGE

I wish to dedicate this thesis to my family, my lectures, friends, Yurtdışı Türkler ve Akraba Topluluklar Başkanlığı (YTB), and the people of the Republic of Turkey

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CHAPTER 1
INTRODUCTION

Development, strategic and vision plans characterise not only most governments structures today, but also influence many private institutions and individual ways of doing things. Development planning are those measurable goals that a country, individual and organisations intend to achieve within a specific period of time. Strategic plans on the other hand refer to management activities aimed at defining priorities, ensuring stakeholders and employees' efforts are geared towards a common goal, strengthening operations and enabling the organisation to respond adequately towards the dynamic environment while vision plans are long term goals a country sets and hopes to achieve after a period of time, mostly corresponding with important dates. Despite the importance of planning, which has seen some countries benefit from it, there seems to be an unclear reason why some other countries are not successful. Kenya, Turkey and South Korea all have included planning in their respective government structures; however South Korea seems to have experienced stronger success than both Turkey and Kenya. In this master's thesis, we seek to answer the question why do other countries experience better outcomes in their development, strategic and vision plans than others. In terms of origin, development planning is much older than the strategic planning especially within the public sector. While development planning emerged from a political background, strategic planning traces its roots from a military background.

Dinu (2007) argues that the main reason why governments adopt development and strategic plans is to be able to transform from resource driven management to a form of management that is driven by results (Dinu, 2007: 13-25). This helps us to raise the question, why despite using development and strategic planning methods, some countries are not successful? Scholars such as Poister & Streib 2005; Hendrick, 2003; Poister et. al., 2010; have been attracted to this question. Their findings indicate that the problem is not with the presence of plans, actually even poorly performing organisation and countries do have good plans. The plans' implementation remain the biggest challenge as a result of a number of reasons.

Development and strategic planning in the public sector is highly influenced by the culture of public administration in a country. A joint initiative by the European Union and OECD places two components namely budgeting and management at the centre of planning. With that, we choose to emphasise at the nature of government as well as factors that affect the ability of a government to effectively utilise its budget and benefit from efficient management as primary basis for comparison of the success of development and strategic planning among our case studies.

Planning as a general term remains a critical pillar to the success of many entities. Planning allows decision makers to foresee the future and be able to determine early in advance challenges and opportunities that may come their way. It also allows for efficient and effective allocation of resources making it difficult to ignore the importance of planning for whichever reasons. When we look at more specific forms of planning, that is development and strategic plans, we realise that planning can be done in different forms and approaches. And this is a critical point to consider when choosing the type of plan that will be used. For example, many countries have failed to successfully benefit from the opportunities that come with planning because they simply copy what has been done elsewhere and try to replicate in their own societies. This kind of approach has left behind disastrous outcomes in what seems to have been a well implemented planning exercise. Caution is therefore necessary when deciding on the planning method.

At the centre of planning is SWOT which as we will see in our case study has dominated planning in Korea. SWOT not only helps countries and organisations to understand and utilise their strength and discard their weaknesses, it enables an entity to focus its energy where it matters most. Some of the questions related to SWOT include; what we can do better, what kind of advantages do we have over others, what are the unique endowments we have, among other questions. For example, Korea realised it has a unique advantage in production of electronics and heavy, steel and chemical products and it resulted to focus on this. This has given

Korea within a short period of time a huge success in her quest for development that other countries wish to emulate.

Robinson and Acemoglu in their book '*Why Nations Fail*' discuss a critical topic on development that informs our argument in this research. They developed a theory to explain why some countries are rich and why some are struggling to realize their full potential. Our research, on the other hand, selects three countries namely Turkey, Kenya and South Korea whose unique characteristics on economic development will help us further our understanding of why some countries have been able to witness rapid economic growth while others remain stagnant. Our approach will focus on two critical approaches, namely the consequences of strategic and development plans in development.

Over the years, countries have adopted strategic and development plans that are sometimes even similar to each other. The outcome of employing these two approaches has not always been successful. We, therefore, seek to answer the question why? Strategic and development plans provide countries with frameworks of organizing their societies in the short and long term. While most if not all plans seem to have good projections for the countries' future, not all countries get the opportunity to achieve the set-out goals. It is the failure in successfully implementing development and strategic plans that determine a country's fate as to whether it will emerge wealthy or it will remain poor.

In the process of formulation and implementation of plans, there are some notable challenges that countries face. Some of these difficulties are general and tend to cut across all societies irrespective of their socio-economic and political status. Such general problems include corruption, inadequate funding to implement the plans, lack or insufficient political goodwill and natural disasters. On the other hand, there are particular country specific challenges that affect implementation and formulation of plans. For example the nature of government and public service, political culture, quality, and quantity of human and natural resources as well as political and economic stability.

Challenges aside, there are enormous merits that come with the successful implementation of strategic and development plans. This is what distinguishes our three case study countries like South Korea's success story in planning has been accompanied by tremendous economic, Turkey which has been putting its planning process on the rise has also seen an economic growth. Kenya, on the other hand, has not been very successful, and we will examine why.

The question of development has remained problematic over the years. Scholars have developed some theories to try and explain why some countries have been able to develop while some have not been entirely successful. This problematic question is what informs our hypothesis. We seek to acknowledge that the many theories such as the role of culture, religion, geography, historical experiences such as colonialism and in extension neo-colonialism or availability and lack of natural resources in seeking to explain why some countries are not rich and others are poor are less sufficient. First of all, the time has been an excellent source of evidence for our assumption since over the years; some countries which had the characteristics mentioned above have been able to experience development and growth.

A good example is South Korea; a country like many other underdeveloped countries was colonized in the 20th Century and got her independence in 1945. The same country is not well endowed with natural resources as compared to many developing countries across Africa, Asia, Latin America and the Middle East. Despite the colonial history, a bloody civil war and lack of massive mineral deposits, Korea are today among the most wealthy countries in the world. Take a second example of North Korea, South Korea's neighbor with very similar characteristics such as geography, culture, history, lack of huge natural resource deposits as well as similar people yet North Korea remains to be among the poorest countries in the world. Such similar examples can be given all from across the world, and what this does is that it necessitates the need to offer other explanations as to the economic disparities witnessed across the world.

This thesis also shows that in addition to strong institutions as a remedy for under development, countries that have shown tremendous growth over the past years have done so through the formulation of efficient and effective strategic and development plans. The success in these countries has come irrespective of their political system, geography, demographics, religion, history, culture and many other reasons forwarded by previous scholars. Therefore the importance of this research is not to simply contribute to the ongoing debate over the causes of inequality among countries, but it is also to emphasize some issues that may be of importance to policy makers.

The first one is that there is an urgent need for less developed countries to understand that for a country to develop, there are fundamental characteristics that need to be present and among these development and strategic plans are at the center. Secondly, from the experience of South Korea, historical, geographical and cultural elements are not obstacles to a nation's growth in the event there is goodwill and intention. Last but not least is that the success of another country after using a particular strategic or development plan does not necessarily mean that the same strategy or development plan can yield the same result in another country. Each country has their unique challenges and strengths and therefore requires their tailor made plans that focus on the particular country's needs, potentials, and challenges.

Chapter one of this research is an introduction to the general objective of our research. It gives the reader a general idea of why we have chosen this topic, what are the motivations behind the choice of the subject, which countries will be examined in our comparative studies, the hypothesis and assumptions.

Chapter two covers the two concepts we intend to use as variable concepts namely development and strategic planning. We begin by defining and looking at the origin of development planning as well as the stages of development planning. We also discuss in detail the concept of strategic planning by defining what it is, looking at its evolution, and applicability. It is here that key terms such as strategy and planning that are defined. The introduction and evolution of strategic planning within the private sector is discussed. A comparison between development planning and strategic planning is done while how the two affect or influence the development of a country is emphasised.

Chapter three introduces first of the three case study countries which is Turkey. In this chapter, we will examine how strategic and development plans have been used to put the country in the path of development. Starting from the historical to the contemporary era, this chapter provides the reader with the general sense of understanding of how different governments came up with different types of development and strategic plans, how these plans impacted on the country's development and how the consequences of such impact affected the social, political and economic spheres of the country. The challenges the country has faced in the process of formulating and implementing the plans, the institutions involved as well as legal and constitutional frameworks that enable the use of planning in Turkey have also been examined.

Chapter four covers the case study of Kenya, and after introducing the reader to a general background about the country, the author goes ahead to discuss how consecutive government has attempted to overcome economic challenges through the various development and strategic plans. The chapter also examines how political transformation has influenced the nature of plans the country adopted. Kenya's delay in experiencing the benefits of planning are explained through looking at the kind of plans the state adopted.

Chapter five discuss the experience of Korea, one of the most prosperous countries in the field of development and strategic planning. It begins with the initial stages of introducing development plans in 1962 and tracks until the change in approach from 1997. The chapter also discusses some of the strategies Korea used to benefit from planning successfully. Chapter six focuses on the similarities and differences among the case study countries and tries to give an easier way of explaining why Korea has performed better than Kenya and Turkey in her planning. This chapter is then followed by the conclusion part which provides an observation to the whole research.

This research was achieved through a combination of document analysis and observation methods. The rationale for choosing text analysis which includes reviewing government documents, academic articles, newspapers and survey reports approach is because the research topic touches on historical events that are best kept in literature. This method proved useful especially in need for information dating back to the 1960s, 70s, 80, and 90s which are critical in our topic. Most of the documents required for this research are available for the public including some that were recently declassified. Since the study is comparative, and the comparison depends on the different time frame, secondary data collected from the government, academia, and organizations were used.

After evaluating the secondary data, the researcher was able to extract the experience the case study countries have undergone while implementing their strategic and development plans. In turn, this enabled easy comparison of the selected cases showing why despite each of them having some planning going on in their economies; the outcomes are not similar regarding the extent of economic development.

CHAPTER 2

CONCEPTUAL FRAMEWORK

2.7 Development Plans

Development plans are essential elements of the economic growth of a country. The word development is at times used to refer to a state/nature or process. Development does not only cover economic process but rather it a wider initiative that includes reorientation and reorganization of society's social and economic systems. According to Todaro and Smith (2015), development has three primary objectives. These include establishing socio-political and economic institutions and policies that will help promote peoples' self-esteem, raising the standards of living of individuals within a society and promoting freedoms by enabling access to a wide range of choices (Todaro & Smith, 2015).

Several development theories have been forwarded, and they have an important implication on the planning process. First is the Keynesian growth theory that rose to prominence in the 1940s and prescribes investment and savings as essential components of development planning. Then there is the modernization theory which includes social change and institutions. Neoliberal theorists emerged in the 1970s and associated development with private sector and market. These theories are only among the many that exist but most important to note is the distinction that is adopting

Development Planning has unique features that differ from one country to another. Even in the same country, there are different development planning experiences at various times with different outcomes. Also, the nature of the kind of development planning a country will adopt depends on some issues that may include level managerial, technical and administrative skills, natural resources and availability of skilled labor. Two other factors affect the nature of a country's development planning these are; the stage of development and the nature of institutional framework in the country. The political philosophy of a country also shapes the development planning approach to be used. For example, mixed economies and socialist economies both have different development planning methods. At the early stages, development plans may have different characteristics compared to later periods of development plans in the same country.

The political system in a country guides the nature of development plans that are to be adopted. For example, previously socialist countries which had strongly centralized systems tend to have a similarly strong central development planning system. On the other hand, decentralized systems of government are accompanied by a similarly devolved system of development planning.

2.7.1 Stages of Development planning

Project –by –project: As a standard practice in mixed economies, development plans begin with a series of specific projects with little association with each other or lack a single unifying goal such as a vision. While such projects may not appear in a single document, they can be factored in the annual budget or some cases they have been combined under public programs or *ad hoc* plans for development. Some examples of such development planning can be Pakistan's first six –year development plans of 1951 -1957, the first five-year development plans of India in 1951 -1956, Nigeria's 1945 ten –year development plan are all a collection of projects that were unrelated.

This project –by –project approach remains the most widely used method in countries which have no formal development plans, or those plans are not regarded in the annual budgets. This method has although is considered as a way of development planning, analysts consider governments that continue to use this approach as lacking a long –term vision of their societies and without clear development philosophy. One of its demerits is that creates a disconnect between investment and policy. The outcome is sometimes public resources may fail to generate value since allocated resources end up in a several small unrelated project s or few unduly mega projects. Nonetheless, despite its shortcomings, the project –by –project approach has been successful in the early stages of development by laying the important foundation.

Integrated Public Investment planning; this approach has been used as an alternative to the project –by –project planning method. It tends to overcome some short comings that the latter poses in a country's quest for development. The nature of this plan requires policy makers to have an estimate of the available resources that can be invested in development projects. Many at times, there is a constant attempt to increase the number of available resources for investment through domestic and external borrowing or aid and taxation.

The process that follows after determining the available resources is to allocate these resources into different sectors of the economy before coming up with specific projects that will be implemented. The expected can be identified and ranked by priority in this case by looking at the benefits and costs. Also, the relationship between the projects to be prioritized and those that are already on –going, completed or contemplated is put into consideration. The main view of choosing this approach is to ensure that there is an increase in the public's benefit from the investment made. A better description of the Integrated Public Investment Planning is that it begins with individual projects combined under one sector which translates into a public investment project.

While an integrated public investment plan may be covered by annual plans, the majority of them tend to fit best in five or ten –year development plans. In sectors such as industries that require prior existence of other socioeconomic infrastructure such as electricity, roads, and rail to exist, then priority is first given to making available these infrastructures before investment on the projects can begin. The projects identified for implementation under the integrated public investment planning determine a number of expenditures to be included in the annual budget. The role of the government becomes slightly limited as the private sector gain more prominence in various sectors of the economy. To compare the integrated public investment plan and the project –by –project planning, very few countries can fully achieve the required characteristics of the public investment plan. Less developed countries are the ones which come close to using this form of planning but fall short between integrated public investment planning and project –by –project approach. This brings us to the third and final development planning method.

Comprehensive Planning; also referred to as global, overall or aggregative planning, is one of the most advanced stages of planning as it covers all sectors of the economy. The prime target begins with predicting production and income rates over a period. This is achieved by relating the level of increase in saving and investment to the increase in income and production through what is considered as "capital – output ratio." Comprehensive planning involves creating a growth model which covers the period identified using an assured aggregates in private and public consumptions, savings, exports, investment, and employment. Comprehensive planning takes into consideration the private sector and integrated public investment plan (UN ECAFE, 1961: 3). This approach is characterized by two features of planning styles that can be adopted. They include the top –down model and the bottom –up a model of planning. While the top –bottom model seem to dominate most countries, the bottom –top approach is the most recommended approach.

Regarding superiority, the comprehensive planning ranks higher than other planning approaches because it allows high levels estimates to be made on investment, savings, exports, and imports. These are important variables in attaining growth in a county's per capita income. Also, the estimates derived through comprehensive planning covers all sectors of the economy making planning more realistic especially for long term programs. The comprehensive plan has been in use since the 1960s by some countries.

2.2 Origin of Strategic Planning

Strategic Planning, more often confused with Strategic Thinking, is an old concept that has grown and transformed over the years from different sectors. It is a process through which governments, organizations, institutions and even departments define their strategy or in other words, one can argue that it is the act of making decisions on how resources will be allocated in pursuit of specific goals (Sandres 1998). Strategic Planning has become an essential component of strategic management and a tool for organization planning and management. The birth of strategic planning can be traced back to around 490 BC, a time when members of the different Greek tribes had developed a tradition of electing an individual to become the leader of their military regiment.

These people were known as *strategos*. Their role became more significant during the battle of Marathon as they formed a council to advise the political elites. Their input was considered to be 'strategic' advice on how the political rulers could "manage battles to win wars" rather than tactical advice on how to handle troops to win battles (Lorenzen, 2006). At the time, the work of *strategoi* was extended to include the civil magisterial roles. These roots laid a fertile ground for the development of the strategic plan in the coming centuries.

Although it increasingly became fashionable and popularly used by various entities across the world in the 1960s, the intensive use of strategic planning dates back several centuries to around 6th Century BC an era when planning became of major importance to military operations and battle. According to the Webster's New World Dictionary, the strategy is "the science of planning and directing large-scale military operations of maneuvering forces into the most advantageous position before actual engagement with the enemy" (Blackerby, 2004).

Sun Tzu a Chinese philosopher, military strategist and army general born in the state of Qi and lived between 544 BC and 496 BC (according to tradition) came to influence both Eastern and western philosophy of strategy and planning. In his 13 chaptered work titled 'Master Suns, Military Methods' also known in the West as 'The Art of War' and cover topics such as strategy of attack, use of spies, military mobility strategies and how fire can be used in the military assault. These issues are not unique to the military field, and one should expect to encounter them in a military manual. Tzu was, however, able to pin down fundamental or be it philosophical principles of Knowledge which emphasized on employing extraordinary approaches and deception in battle. These teachings were later found to apply to different disciplines, time and place that continue to influence policy and decision makers in the 21st century.

In addition to Sun Tzu, other philosophers believed to have contributed to the growth of strategic planning include; M. Porter, S. Kaplan, H. Mintzberg and D.P.

Norton all who came up with different strategy schools with different definitions reflecting various opinions as we will discuss later in this chapter. Most important of all, however, is the realization of how critical it is to understand the different strategic approaches and schools of thought because the concept of strategy is very complex and none of the approaches can independently capture all the spheres of strategic planning.

In different circumstances, areas and time periods, the strategy may have a different meaning and application. However, on the part of policy makers, the strategy almost has a universal intent and purpose; that which provides a platform to express their vision, goals, and agenda.While observing the environment in which they are operating in, and the role such individuals and organizations they represent have to play to make the vision realistic (Walter, 2010). In fact, despite strategic planning being used by different people, for purposes, and in various professions, the underlying reason why it is hard to ignore its significance is that it helps contain the uncertainty that may occur in the unforeseen future. Therefore, whether it is being used in the military, private sector, government and non-governmental organizations, it remains the all-important tool for increasing the possibilities of success in future.

2.3 Evolution of Modern Strategic Planning

The Harvard Policy Model developed by the Harvard Business School in early 1920 is considered as one of the first modern strategic planning methods and was very popular within the private sector. Strategy, according to this model, is defined as a pattern of policies and purposes related to a particular institution and its activities. Under this definition, the very existence of an organization is pegged on strategy since this is the thread holding it together. Under this model, strategic planning means that there is a strong interconnection between the senior management (leadership), available resources, obligations of the firm and demands of the people. They also argue that the structure of the institution is determined by the strategy of which if done successfully, the results will be positive for the firm in question (Max, 2012).

Then came the 1950s, a period that saw strategic planning undergo a sharp shift from the focus of organization structure and policy to the growth of industries, management of risks and market share. This new approach came to be referred as ‘portfolio model’ and is credited with the rise of conglomerates within the industries. This same period also saw more emphasis put on financial management and planning of the budget (Max, 2012).

Strategic positioning later emerged in the 1960s with the support of the Harvard Business School. It focused on assessing how a firm’s weakness and strengths, as well as essential functions of business, relate with other competing firms. The industrial economic model was also a popular approach at the time. The approach mechanisms of strategic planning in this period focused on profits and production and almost every organization that belonged in the fortune 500 at the time was using strategic planning. This trend continued into the 1970s.

Michael Porter, an expert in strategic planning and a renowned professor at the Business school of Harvard University came to the scene in the early 1980s and revolutionized the growth of strategic planning. With his book *“Competitive Strategy”* he was able to further put more confidence in the use of strategic planning (Porter, 1998). Strategic planning at this time was at its peak in the United States of America and enjoyed significant confidence level among decision making organs. Nonetheless, in the mid-1980s, there was a turn of events as the popularity of strategic planning started to decline (Mintzberg, 1994).

The decrease in this attributed to the questioning of ROI by many organizations. Although this was happening, there were clear signs that military strategy books such as Sun Tu’s ‘*Art of War*,’ von Clausewitz’s ‘*On War’* and chairman Mao Zedong’s ‘*The Red Book*,’ continued to be read and inspire many within the business circle. The same year Jack Welch, Chairman of General Electric became quite controversial with the use of comparative advantage planning technics in his organization (Henry et al., 1996).

After a shaky decade, strategic planning re-emerged as a popular approach to more institutions developing interest and a strong passion for it. There was a booming increase in the number of complex joint ventures, acquisitions, and mergers. The result of this was increased attention given to innovation as organizations adopted new strategies, core competence started to be leveraged and decentralizing models.

Interestingly, the 21st century continues to witness a binding comparative advantage being strengthened. Pressure is also steadily building on the need to nurture and develop innovation within the organizations. Indeed, strategic planning is becoming more sophisticated by the day because it is being used to address some of the most challenging economic, political issues as firms also attempt to emerge victorious in trade competition. This is being achieved by inextricably linking operational and corporate strategies.

While the above mostly focused on the private sector development of strategic planning, the public sector was not left behind. Governments started to adopt strategic planning techniques in the 1980s with great support and lessons learned from the private sector. These experiences proved valuable within the public sector which considered notions such as industry growth, consumer needs, competition, marketing, risk management and market share as foreign. While the central government and agencies (State) relied on approaches like planning programs, other various public players such as the local governments used comprehensive plans that defined how land and other public resources would be utilized.

Noteworthy, the approaches previously used in the public sector were insufficient and narrow with the organization chart only covering chains of authority. Before the advent of the strategic plan in the public sector, we saw instances where management committees which could handle and resolve different types of conflict, organization structure and strategy were almost independent issues (Svenson, & Rinderer, 1992).

In the United States, a visibly high number of reformers became louder by the day with demands that the government adopts business like approaches in service delivery. The main concerns included the existing domination of inputs, where things like taxes, fees, digitalization of operations within the government, staff and funding levels required speedy reforms. What the reformers were calling for was a shift from input programs to unit cost and output that would result in getting more value for every dollar invested.

One of the key figures to adopt this transformation was Robert S. McNamara a former president of the Ford Motor Company and Secretary of Defence. McNamara used a sophisticated method at the time, the *planning, programming, budgeting system* (PPBS) to link the budget to activities planned by his organization. This in turn, lay foundation for the adoption of the Xerox Corporation invented technology "zero base budgeting" (ZBB) by President Jimmy Carter seven years later. The ZBB method was however reversed by administrators of the later governments who returned the country's budgeting system to its traditional input oriented approach which is still applicable to-date in some state departments.

2.4 Strategy in Strategic Planning

The strategy is a term closely associated with the Greek word *"strategos,"* literally meaning 'general of the army.' There are some schools that seek to define strategy as discussed below (Derek, 1999);

- ❖ Positioning School: Proponents of this school argue that the one who designs the plans becomes an analyst. This school includes concepts such as value chain, strategic groups, the theory of game playing just to mention a few. It covers analytical processes and is characterized by analytical specifics.
- ❖ Power School: it is divided into two camps namely macro power school that looks at an institution as an individual having power and control over other people and its partners in a complex system of joint ventures, alliances, and several networking links all intended to come up with somewhat an agreed collective decision that will benefit the organisation. The second sub branch is the micro power school which emphasizes on the use of pressure, confrontation and negotiations among powerful actors.
- ❖ Design School: It focuses on how organizations and institutions strike a balance between their internal weaknesses, strengths and external threats and opportunities.

- ❖ Configuration School: this school view institution as configurations, that is, some clusters with the same characteristic and behavior. Any form of change is seen as a dynamic leap from one status to another.
- ❖ Cultural School: This particular school promotes an environment of integration and collective interest. It is associated with the concept that strategy formulation is simply a process highly influenced by the cultural identity of an organization.
- ❖ Entrepreneurial School: This particular school provides that the manager is the key figure. It shifts the attention of strategy from the traditional focus of accurate design, position or plan to what is considered as broad perspective and an unclear vision.
- ❖ Planning process: consider a formal process that is supported by techniques (including budget, operational plans, different objectives or schemes) can be divided into various specific steps and supplemented with control tables. Most importantly is that the planning referred to in this case is one that goes beyond mere brain thinking but the actualization of the goals.
- ❖ Cognitive School: this school is an intellectual process concerned largely with research of strategy. Interestingly it has its constructive view, trends, and interpretation of strategy. Its approach is mainly to construct strategy more as creative interpretations and not just simple charts presented objectively.
- ❖ Environmental school: Thought to be a reactive process, it consists of the ‘probability theory’ which is all about how an organization will react to certain circumstances in the environment it is operating. Also, the ideas of ‘population ecology’ which sets limits strategy and ‘institutional theory’ which gives an insight to the institutional pressure organizations face. This is also considered as a possible hybrid of cognitive and power schools

2.5 Planning in Strategic Planning

When all is said and done strategic planning comes back to the whole idea of planning, and it is equally reasonable to argue that strategic planning was born out of the theory of planning and thus is only prudent to examine the special role planning plays in any plan. Noteworthy, planning represents change, so while everything seems to be changing, planning helps us to be deliberate and thoughtful on how we undergo these changes. In a nutshell, it helps us to be more proactive and less reactive to the environment around us. It is equally important to distinguish between the process of planning regarding how people come to an agreement over how they intend to face the future and the actual results (Plans) that emerge from this process.

For any institution or organization to successfully project its future and be able to plan and ensure that its goals are achieved sufficiently, then proper planning needs to be involved. That is, the success of an institution can only come if it can successfully predict its future. Thus we can consider planning to be that process an institution undertakes to define its due diligence, objectives, and development of the tactics, strategies, and objectives that will govern its operations (Michael, 2007). To put in simple words, planning is the act of designing the future of an organization and building the necessary means to achieve this future, and since planning involves choosing one alternative from another, there is always need to have the alternatives to select from.

To give planning a more functional role, we employ four useful criteria are developed which include;

- ❖ Economic function of the system needs to be provided
- ❖ It should serve to prevent any adverse effects of change and uncertainty
- ❖ Focus should be on the main objectives at all times
- ❖ Streamlining and control measures should also be provided

The main pillar of the objectives mentioned above is placed on control (which is important to remember plays other independent functions such as day-to-day checking of efficiency) to ensure performance thus making it an important pillar of planning as illustrated in figure 1.1 which displays the close relationship between control and planning.

Figure 1. Management Function

Source: Anup Shrestha (December 25, 2013)

Planning from the figure I is central in any actions geared towards building the future of an entity systematically. We can argue that planning is critical in facilitating effectiveness and efficiency and in return the organization stands to have low-risk potential. Also, planning adds the value of coordinating activities and processes being undertaken in the organization while also allowing decision makers to quickly prepare for any possible future changes that may occur in the external environment.

Planning is also credited for the pre-empted solution of problems since policy makers may develop policies that can help avert a future problem today. Critics are however quick to point out the obvious possibility that an organization can be able to predict a future problem and fail to stop it from affecting them. This can be attributed to some issues that can range from the nature of the problem, availability of resources and experts as well as goodwill from the top decision making an organ.

The importance of planning cannot be emphasized enough even though it is a very complex phenomenon. According to V.Praude and Belcikovs planning involves "organization and substantiation of anticipated activities" and in the process, rational and considerate or irrational and inconsiderate decisions can be made (V.Praude et al., 2001). Time management is one of the fundamental merits of involving planning in decision making, if done appropriately, there will be little time required to implement the decision. An important distinction that needs to be made is that while planning takes place in the decision-making period, it does not mean that all decisions made involve planning.

For us to consider that planning was involved in making a particular decision, the following characteristics need to be factored in;

- ❖ That planning is a pre-condition of work. What we mean is that before an organization begins to implement an idea or investment, planning needs to have already been conducted and concluded. Planning comes even before decision-making, and therefore one cannot decide then starts to plan as that will hinder objectivity.
- ❖ While planning is not required in making all sought of decisions when the situation requires the adoption of some inter-related measures to achieve one's objective then planning becomes a necessity.
- ❖ Most importantly, planning becomes very useful if the desired goals cannot be achieved without specific actions being undertaken.

From these characteristics, we can conclude that planning "is a process of adopting and assessing interrelated decisions promptly especially when the desired goals cannot be achieved if concrete measures are not taken up." Figure 1.2 shows how classified is categorized in different levels;

Table 1: Classification of Planning

By Content	By Level	By Object	Activity Area	Time frame
Operational	Organisation Unit	Defining mission objectives	Designing	Short-Term
Strategic	Organisational level	Resource Planning (Capital, Land Labour)	Distribution	Medium Term
Tactical	Industry level	Activity Planning	Service	Long Term

	Regional Level	Performance results plan	Procurement	
	National Level		Sales	

The main aim of classifying planning is to aid an institution to achieve its goal. The five classifications in figure 1.2 are mainly used in planning as follows (V.Praude et al., 187-189);

- *Planning by Content:* involves the use of tactical, strategic and operational planning. The three are closely interrelated since operational plan leads to tactical plan which in turn helps to achieve the strategic plan. In some cases, decision makers prefer to have other plans that can back-up the existing plans. These are called the contingency plans to be used in case the initial plan fails. Organization planning aims to help realize the opportunities that exist within an organization, on the other hand, research and identification of opportunities that exist for an institution such as products, results, and resources fall under tactical planning. Last but not least the development of new products and searching for new ideas are achieved under strategic planning.
- *Planning by level:* is an interesting classification and one of the most predominant. To start with the national level category, here planning is done with the development of an entire country in mind. This complex process is in many cases aimed at developing a country's economy. Regional planning involves developing goals and objectives for a particular region example a province, district or state in a federal system. Industry level planning is essential for those sectors of a country's economy that may require special attention.

  For example, the area of health, security or even education. For organizational planning, this is more dependent on the needs and unique goals and capabilities of an organization and may include the contributions of its departments
- *Planning by object*: revolves around the development of objectives and missions for the institution. It also involves the planning of personnel,

physical assets, finance, and investment. Also, precise planning for a particular activity also falls under this category

- *The activity of area planning:* is where the managers look into issues such as product design, output distribution, customer service, product manufacturing, product sales and other key areas.
- *Time level planning:* This is a time determined planning method with the organization is categorizing its goals, missions, and objectives in the form of time span. For example, in the short-term planning method, the organization includes activities that need to be covered within a period of equal or less to one year. This can be done in quarterly, monthly, annual or semi-annual plans. Medium-term plans, on the other hand, refer to those plans that are supposed to be realized between 1 and five years. For those plans that take over a five-year period are known as long term plans

The idea of having these classifications in planning is to help managers to recognize the importance of making decisions within these perimeters otherwise failure to do so will only result in complications and uncertainties at the planning and implementation levels, therefore, affecting the final result. Important to mention is that many cases of disagreements that characterize decision-making groups are provoked by lack of consensus on the type of plan the organization should adopt. This is what we consider as a scenario of 'Oranges vs. Apples.' Therefore, it is imperative that members of the team agree from the beginning which planning approach they are interested in discussing since each classification can only function efficiently under particular condition and confusion on the type of method being used will lead to outright inefficiency (Rumelt, 2017).

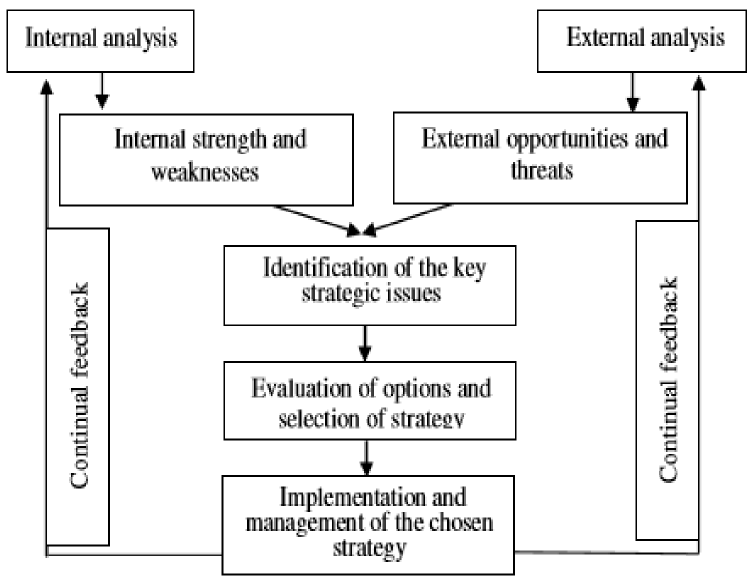
To help us make better choice of planning method, we may consider the following principles;

- Detailed plan –while we may emphasize the importance of a plan to be comprehensive, there is strong need to have the plan be as detailed as possible especially on issues that concern terms of reference, decision-making, management, and source of authority among others

- ❖ Continuity –any plan that is scheduled to achieve its desired goals has to be a continuous process. This is where we emphasize the use of operation plans in the short-term, tactical plans to cover medium-term activities and long-term plans to be covered by strategy.
- ❖ Flexibility –because the operating environment may change at any time, a plan needs to be able to adapt to any changes without compromising on the objectives of the organization.
- ❖ Accuracy –this is highly dependent on the type of plan that will be selected. If the right planning method is selected, there will be higher levels of accuracy
- ❖ Complexity –Since plans are comprehensive elements, they need to examine any possible event or situation that are important at each stage of decision making (ibid,189)

Figure 2: Sample SWOT planning process of a public organization.

	Strengths	**Weaknesses**
Opportunities	How do I use these strengths to take advantage of these opportunities?	How do I overcome the weaknesses that prevent me from taking advantage of these opportunities?
Threats	How do I use my strengths to reduce the impact of threats?	How do I address the weaknesses that will make these threats a reality?



2.6 Concepts of Strategic planning

Having looked at the origin and evolution of strategic planning and also went ahead to explore the idea of strategy and planning independently, we need to have then a more concrete definition of strategic planning that will encompass all the important elements of this concept. Before we look at the definition, it is critical that we understand that strategic planning takes different shapes, time frames, and approaches. For example, some planning processes may take years while others can produce results just in a couple of hours. It is also possible to encounter strategic planning documents that total to over 200 pages with tens of other technical appendixes while some may be just be written on one piece of paper. There plans that were never even committed to a piece of paper but sealed simply by a hand shake.

What we seek to stress, and this is an important point, there is no specific way of writing or developing a strategic plan. What we have are preferences which may differ from one organization to the other at the same time one method can be more effective than the other however there is always need to conduct a systematic analysis to examine the necessity of a formal strategic plan.

This requires; situational analysis, whereby decision makers can look at the internal and external environment they are operating in through a SWOT Analysis (Strength, weaknesses, opportunities, and threats). Secondly, defining the future state, here we define the organization’s mission and vision statement (see figure 1.3), third is to determine the strategies and objectives which help to lead to the overall vision and goals, fourth is to implement and fifth is to review.

Different definitions of strategic planning which portray the relative aspect of the term strategic planning have emerged. Benjamin B. Tregoe and John W. Zimmerman in their book Top Management Strategy published in 1980 define strategic planning as the framework which guides those choices that determine the nature and direction of an organization. Writing in 1994, Henry Mintzberg a professor in the school of management at McGill University added his voice to the definition of strategic planning. According to him, the term strategy is a perspective, a pattern, a plan, a position and in a footnote he goes ahead to argue that it can also be “a ploy, a maneuver intended to outsmart a competitor.”

A publication in 1996 entitled Strategic Planning for Public and Nonprofit Organizations by John Bryson, a professor at the University of Minnesota in the department of planning and policy; defines strategy as; “a pattern of purposes, policies, programs, actions, decisions, or resource allocations that define what an organization is, what it does, and why it does it.”

According to Johnson and Scholes (1993), strategic planning is at the center of providing direction through which an institution will follow over a long term. For them, it is the systematic process in which an organization can envision its future (Johnson et al., 1993). Other definitions of strategic planning are “a diagram or chart that shows a carefully plotted path between the present and vision of the future” (see Ways and Means Strategic Planning Session, c. 1994)

2.7 Strategic Planning and the Management of Public Organizations

Over the recent years, strategic planning has become closely tied to the operations of state organizations. Be it government ministries, departments, local governments and state corporations, a growing tendency to employ strategic planning tools has been on the rise. The primary objective of applying strategic planning in the public sector as we will see in our case study is to achieve development. Development as a general term has remained strongly dependant on the manner in which organizations tasked with the responsibility of leading development initiatives, and plans are managed (Peter, 1954).

For this reason, it is important for us to focus on how public organizations are transforming to live up to the current demands of the public. The main challenge that organizations face in creating a strategy for development is that these ideas are based on an unpredictable vision of the future. A report published by the Harvard Business Review Magazine paints a dull image of how strategic planning still faces huge setback especially from managers of public organizations. It reports that there is a growing tendency by many managers after having failed in meeting their development goals to place the blame on strategy and not on other factors that would be responsible for such failure that may range from challenges in the economic, social and political environment. What is also evident from information collected during the research is the repeated claim that strategic planning is not only expensive to formulate and implement but also labor intensive yet many other organizational issues require attention and resources.

In some cases, there are instances of development strategies being formed, but resources and good will to implement them are not provided. Nonetheless, there are those managers of public organizations and institutions that have opted to invest both time and resources in developing purposeful and formal strategies. Noteworthy, despite the diversity regarding strategy approaches, there has always been a clear distinction in the performance of institutions and managers who choose to use formal planning strategies and those who do not. Some public agencies or entities do not have strategic plans, at least in its formal sense, on their development targets, but have a defined vision on the direction they want to take in the future and what they want to achieve within the period. In a more general sense, having a formal strategic plan provides a strong sense of security and continuity for institutions, organizations as well as states.

2.8 Comparison between Strategic and Development Planning

The similarities and differences between strategic plans and development plans may be diverse. However, the two concepts are used for a single purpose which is to improve output and growth in an institution or a country. However, to look at some of the unique characteristics, development plans are robust plans that cover the whole country while strategic plans are implemented at the micro level that is within the various government departments, ministries, and institutions. Also, strategic plans focus more on management, employee efficiency, decision making, goal, outcomes and other priorities. While development plans can be implemented by various means, they always attempt to connect project from different sectors into one national goal. Strategic and development plans implemented concurrently are significant in promoting growth in a country. In the next chapter, we will begin to examine how different countries experience growth by using of strategic and development plans.

CHAPTER 3

CASE STUDY: KENYA

3.1 Country Profile

The Republic of Kenya is located in Central East Africa along the shores of the Indian Ocean and is cut across by the equator. With a land area of 219,788 sq mi (569,251 sq. Km and a population of 45,010,056 according to the census of 2014 (growth rate: 2.11%); the country is bordered by Tanzania to the South, Somalia to the East, South Sudan to the Northwest, Ethiopia to the North and Uganda to the West. Lake Victoria, the second largest fresh water lake in the world is located in the Southwest corner of the country while the eastern depression of the Rift Valley running across the heart of the country separates the lowland coastal strip to the western highlands.

Kenya, despite being the biggest economy in the East African region with comparatively advanced industrial and agricultural sectors than her neighbors and a substantial earning in foreign exchange, the country remains a low-income state. The country has a GDP Per Capita compared to other countries across the world, this low ranking trait that puts the country among the least performing in most social and economic indexes.

Geographical and individual income inequalities characterized by high poverty levels are blamed for the poor performance. To put this into context, 20% of the richest people in Kenya take 51% of urban and 61% of rural income while the 20% most poor only take 3.5% of rural and 1.5% of urban income. Despite what economists romanticize as a growing economy putting the figures at average 5% in the last decade, income and wealth inequality seems to be widening. This explains why the several development and strategic plans since Kenya's independence have focused on poverty eradication.

3.2 Social, political, economic and cultural background

According to Pathologists, humans first occupied the region about two million years ago, with traces of early man remains found in different archaeological sites across the country. Arab seafarers established settlements along the coastal strip by the year 700s before the Portuguese took control in the 1500s. The Europeans came in the 1800s and occupied the whole region declaring it a British Protectorate in 1890 and a Crown colony in 1920 called British East Africa thus marking the beginning of over 200 years of British colonial imperialism. Local uprisings began in the 1940 and quickly transformed to bloody rebellion (Mau Mau) in 1952-1956 sparked nationalist sentiments that continued to grow stronger until the country attained independence in 1963. While the debate of what happened before, during and after the colonial period is beyond the scope of this thesis, it is important to note that the happenings during this period remain an important point in understanding the contemporary nature of events taking place in the country.

Politically, after the country attained independence on the 12th of December 1963 under a Westminster administrative structure of government. After few months it became a single party state under the Kenya African National Union (KANU). The first head of state was Jomo Kenyatta, and upon his death, the then Vice President took over as the president further cementing the single party status through the Constitution of Kenya (Amendment) Act of 1982 introducing Section 2A in the Constitution of Kenya.

At this time the country's economy began to deteriorate as much effort, and resources were channeled towards cracking down political opponents and consolidating power around the person and office of president. Countries that were of the same economic status with Kenya such as Malaysia and Singapore were at this time laying the ground for sustainable growth while in Kenya corruption had taken over the public sector.

Between 1980 and 1999 Kenya, according to the Transparency International Watchdog, regularly ranked among the ten most corrupt countries in the corruption index. By 1995, Foreign aid to Kenya was withdrawn by many countries and international institutions such as the World Bank and International Monetary Fund. When a series of national disasters hit the country in 1997 ranging from ethnic clashes, floods that swept away a good number of bridges and roads, cholera and malaria epidemics that flourished with an inefficient health sector, the country was on the brink of collapse.

This was further worsened by the August $7^{th,}$ 1998 bombing of the United States embassy in Nairobi by Al Qaeda associates killing over 250 and over one thousand injured as well as destroying some of the country's iconic buildings. Starved of funding, the ruling party attempted to introduce a series of reforms to attract donor funding. To start with, in 1999 the president appointed Dr. Leakey, a third generation Kenyan of British descent, to head the Civil Service. Leacky, who had promised reforms and an all-out war on the corrupt bureaucratic system of Kenya, was sacked by the president after only 20 months in office.

Second attempt to regain donor confidence came in 2001 when an anti-corruption law sponsored by the ruling party KANU was brought to the floor of the Parliament. Nevertheless, that was the furthest it could go as the bill which was opposed by members of the opposition parties who termed the law as a simple ploy to mirror the image of reform but lacked the necessary strength and structures to end corruption failed to pass. This was, however, the last year the independence party KANU was in power as a powerful coalition of opposition parties defeated the ruling party in the December 2002 polls.

With the euphoria of hope and promise of change under the new government, Kenyans were optimistic about the future of the country as early stages of the NARC government looked promising. President Mwai Kibaki was able to convince donor countries and institutions to reopen their coffers for Kenya as he embarked on a crackdown on corrupt police, judges and introduced free education to all primary school going children.

Two years under the new government disappointment started looming across the country as the much-awaited constitution reforms which were, in fact, the biggest pre-election promise the government had made was stagnating. Also, John Githongo a high serving government official and a renowned anti-corruption crusader resigned from the government in 2005 in what he termed as frustrations from the government to investigate key corruption cases.

Indeed the new government was being faced by a series of corruption allegations some of which can be termed as the biggest loss of public funds in the history of the country as was the case of the Goldenberg Scandal. Afraid of the fast growing unpopularity, the government opted to fulfill the promise to deliver a new constitution which was rejected during the 2005 referendum. Opponents of the draft argued that it did not fulfill the most fundamental principle of having the new constitution which was to limit the powers of the president and ensure equitable distribution of resources.

In 2006 a severe drought hit the country threatening over 2.6 million people with starvation only worsened the prospects of economic growth in the country and perhaps made the government unpopular. In the 2007 election, the incumbent president Mwai Kibaki according to preliminary results was losing 59% to 39% to a one time ally and now a fierce opponent Raila Odinga who presented himself as a champion of the poor.

Despite later announcing that the incumbent had won against Mr. Odinga 46% to 44% the chairman of the Electoral Commission of Kenya (ECK) later admitted that he did not know who won the election. After the announcement of disputed results, the country was sunk in a bloody post-election violence that caught the attention of the international community, and after two months of intense fighting, a power sharing deal was arrived at through the mediation of former United Nations Secretary general Kofi Annan.

The grand coalition government that included President Mwai Kibaki and Prime Minister Raila Odinga marked a huge turning point for the country's development and most important strategic planning. The coalition government delivered a new constitution which was promulgated of the 27th of August 2010, and one of the key unique features of this new document was the transfer of power from central governments to County (Regional) governments. In 2011 Kenyan troops invaded

Somalia, after the government blamed members of the Al Shabab group which affiliates itself with Al Qaeda of carrying out attacks in the country. Since then the country has been at war with retaliatory attacks by Al Shabab inside Kenya affecting tourism which is a key source of foreign exchange.

The 2013 general election was won by a new party but again another unique thing about the president and his deputy is that they were both facing charges at the international criminal court (ICC) and had to spend the early years of their presidency trying to clear their names on charges of bearing responsibility for the 2007 post-election violence.

This historical section, however far fetching, is critical to understand the development history and challenges Kenya faced in public sector reforms. The political environment made it extremely difficult for the country to experience sustainable development. We can argue that since independence, much efforts, energy, and resources have been put on political reforms rather than economic reforms. We will now examine development trends in Kenya.3

3.3 Frameworks Development Plans in Kenya

According to William Ochieng' a historian, upon gaining independence, Kenya did little to change its development plans by simply adjusting the colonial economic and political structures to accommodate the needs of the people at the time (Ochieng, 1992, pp. 259).The government of Kenya did develop some plans aimed at stimulating development and reducing wide spread poverty in the country. Most of these plans were formulated to cover 5-years with the rationale being that medium planning would help the government achieve its objective. It was only the 1994 strategy paper that covered three years. Armed with the various strategies, the government's main goal was to curb poverty, a task that has so far proved elusive (Omiti et al., 2002). Critics like Ochieng' have gone ahead to argue that the development plans meant for Kenya's growth were not unique to the country's needs but instead mirrored plans developed in other parts of the world. They emphasized on the supremacy of the agricultural sector, foreign capital, dependency on importing capital goods and exporting primary raw materials.

Indeed the government appeared to be committed to ensuring that foreign capital remained in the country. In 1964, the Foreign Investment Act was passed by Parliament to protect foreign multinationals from leaving the countries upon independence. The law protected foreign owned Multi-nationals from nationalization; however by 1977 as the country became more Africanised this law became unsustainable forcing the government to amend it. Below are some strategy policies the government adopted in the quest of developing of the country.

3.3.1 Sessional paper No. 10 of 1965

Upon attaining independence in 1963, the country embarked on a development strategy that was geared towards eradicating poverty, hunger, disease, and illiteracy through an African socialist model defined in the Sessional paper No. 10 of 1965. With the desire of achieving rapid social and economic growth, the government prepared a medium plan strategy document that would cover the period 1965-1970 (KANU Manifesto, 1963). At that time the economy was well on its feet with the Finance minister announcing that the country was able to cover its entire recurrent expenditures budget for 1965 using government resources. However, one philosophy defined the Sessional Paper No. 10, and that is the African socialism. The government of Kenya stated that it was rejecting both the Eastern Socialist and Western Capitalist ideologies in favor for an African socialist approach.

The unforeseen danger of this decision was that this approach had not been previously tested and the fact that most of the new administrators were not experienced with the global economic trends, the country was at risk of taking the wrong direction. Nonetheless, the government started the process of Africanising the public sector and the economy. The document acknowledged the significance of private and public sectors as well as the free market in the development and economic growth. What the paper envisaged was an agenda to provide the citizenry with basic needs through economic growth.

One of the unique traits of this approach was the emphasis on creating wealth through economic growth and distributing this wealth to the people later. Encouraging foreign investment into the country as a way of boosting economic growth, providing the private sector with incentives as well as limiting the role of the state in the economy were also key pillars of this document (Goldsworthy, 1975). The Sessional Paper No.10 faced criticism from different parties because it was neither African nor Socialist. In fact, even its implementation faced some shortcomings as the government continued to produce parallel strategy papers such as economic surveys and development plans.

In 1970 what was described as a ‘Basic Needs Approach’ development plan was adopted by the government which focused on improving social service delivery by providing some subsidies. The government in an attempt to close the literacy gap introduced a loan scheme for students at the tertiary level and abolished payment of fees for primary school pupils. The aim of introducing loans to university student was meant to place the burden of education cost on the beneficiary. Also, subsidies in the health sector were also announced at around the same period. Nonetheless, the impact of these measures was not felt by the public simply because most of them were politically motivated and passed inform decrees and road –side declarations without the backing of any policy or legal framework.

3.3.2 The District Focus for Rural Development (DRFD)-Sessional Paper No. 4

In 1981 the government introduced a new strategy paper, the Sessional Paper No. 4 A Policy Paper of National Food. The goal of this policy paper was to reactivate the agricultural sector to embark on food sufficiency. Two years later the government launched the District Focus for Rural Development (DRFD) in 1983 with the main goal of decentralizing development.

According to Oyugi (1985) DRFD sought of sparked off the whole concept of planning in development and although the policy provided that planning is done at the local level, the framework was being provided by the central government (Oyugi, 1985). Indeed development under this policy paper was decentralized from the central to the districts and by such involve the locals in problem identification as a way of complementing government efforts and encourage development in rural areas and less developed regions.

Architects of the DRFD policy paper were optimistic that rural development would ignite national development and help the country to industrialize. However, this policy just like the previous plans had very minimal impact largely because the stakeholders who were tasked with the responsibility of implementing this policy did not have the powers to hold government officials accountable. Also, they did not have the power to formulate policies by themselves and most importantly lack logistical, supervision and implementation of existing and new programs. Budget and lack of uniform plans for the development plans made the DRFD plan to fail, resulting in even worse economic crisis (Omiti et al., 2000).

In response to the continued poor performance of the economy that was now spanning decades and worsened by the 1973 global oil crisis, the government introduced another development plan, the Sessional Paper No. 1 in 1986 titled Economic Management for Renewed Growth Stru(The Republic of Kenya, 1986). This paper was to replace the previously inward looking strategies with an altruistic approach. It recommended three distinct approaches of returning the country back to the path of development. They included; managing budget deficit which was extremely high, supporting the private sector as well as correcting foreign trade policies which at the time were restrictive.

At the center of the national development, the policy was economic growth. One important aspect of this development strategy was that it liberalized the economy of Kenya at the same time approved the implementation of the Structural Adjustment Programs (SAPs) imposed by the International Monetary Fund (IMF) and the World Bank (Owino et al., 2014). The negative consequences of these SAPs to the development of Kenya can be examined in another paper, but for purposes of this thesis, we will point out that the effects of implementing the SAPs backfired and left the country's economy in a sorry state (Ngethe et al., 2016). We can indeed argue that the Economic Management for Renewed Growth strategy took away the government efforts from sustained development initiatives meant to alleviate poverty to sinking the country into harsh economic times as social service subsidies were withdrawn.

3.3.3 Social Dimensions of Development (SDD) Strategy (1994)

The country remained plunged in economic crisis until the launch of the Social Dimensions of Development (SDD) in 1994. What this strategy document recognized is that attempted economic reforms that were introduced in the 1980s with character traits such as cost sharing placed a huge burden on the poor masses. This strategy document was to provide a framework through which the poor would be cushioned against the endangering effects of economic reforms attempts in the 1980s. To support the SDD, an allocation of US$ 50,000 was allocated in the 1994/1995 budget.

Unfortunately, the money was not sufficient to effectively achieve its goal further, and since it was a future diversion of the resource from activities that would lead to sustainable development, this strategy only added to the economic woes. Also, even the bursaries that were issued under the SDD program only benefited those close to power and not those who were in desperate need of such support. Therefore despite the high expectation and euphoria that surrounded the SDD plan very little was achieved (Kenya Government, 1995).

3.3.4 National Poverty Reduction Strategy Paper (1999)

In 1999 as the International Monetary Fund and the World Bank developed policies to help low-income countries to achieve sustainable development, the government of Kenya adopted the Poverty Reduction Strategy Paper which was then approved by the World Bank. This long-term plan was intended to be operational from 1999-2015. It was a form of response to try and reduce the unprecedented increase in poverty and low economic development that occurred amid implementation of well-orchestrated development and poverty eradication plans.

We can thus argue that this plan was introduced as a counter-measure to the national development and strategic plans that had failed to achieve their goals in the past. In short, this plan was formulated on the realization that national plans factored little realities to the needs of the poor people at the local level and therefore was intended to act as a bridge between the needs of the local people and planning at the national level. Proponents of this strategic plan argue that it was aimed at facilitating the development of pro-poor planning and policies in an environment of social integration.

The plan's objective was to increase access to basic amenities by all citizens, ensure more children especially from low-income backgrounds had access to education, to put in place a broad base economic growth strategy. It also included efforts to counter hindrances to child and maternal health services and ease income and assets stream to the poor segment of the society (Government of Kenya, 1999). The assumption at this time by policy makers in Kenya was that once implemented, the gains made by increasing the production capacity of local households would then translate to sustainable development and economic growth at the national level. The NPEP introduced a new way of thinking within the government that was characterized by the idea of urgent means to balance poverty reduction and economic development and not just over-emphasising either of the two.

The objectives of NPEP were to reduce by 20 per cent the number of poor citizens by 2004 and by 30 per cent by 2010. Introduction of universal primary education (UPE) enrollment to primary school was targeted to increase by 15 per cent by 2005 and in the same period ensure primary school completion rate increased by 19 per cent. Access to universal health care was a key agenda in the plan which proposed the construction of a health facility within a radius of 5 Km from any rural settlement and maximum one-hour distance by available transport by 2010. By 2004 the plan proposed increasing access to clean and safe water by 8 per cent and ensuring that by 2010 the country's population had universal access to clean water. It also intended to help 20 per cent of the communities by 2004 to be able to formulate action plans by publishing 'best practices' guidelines for social development to the urban and rural populations.

Having lessons of previously failed efforts to implement development and strategic plans in the past, the government established the Commission of Poverty Eradication (CPE) and the Poverty Eradication Unit (PEU). These were independent entities with the mandate to provide a link between public sector leadership, policy and community action, coordinate projects and ensure equitable geographical allocation of resources.

The policy was to create a bottom-top partnership against poverty between the local population and the central government. Projects under the NPEP were to be financed by allocations in the Poverty Eradication Budget (PEB) from the exchequer and outside the government framework; an Anti-Poverty Trust Fund (APTF) with in-built evaluation and monitoring framework was to support the whole plan (Government of Kenya, 1999).

3.3.5 Poverty Reduction Strategy Papers (PRSP) (2003)

These particular planning strategies that would function between 2000 and 2003 were more or less imposed on the government of Kenya by donors who insisted that participation through interaction, shared efforts and partnership were important in combating poverty in the country (CRS, 2007). As a requirement, input from the society in the implementation and formulation of these papers was compulsory (World Bank, 2004).Even though the emphasis was put on public participation, there was a consensus that the government's role in poverty alleviation was crucial (Renard & Molenaers, 2003). The document provides an outline of measure and priorities necessary to stimulate development and poverty reduction.

It points out improving, through a broad based and sustainable growth, the welfare standard of the citizens of Kenya as a primary goal while encouraging the government to initiate measures that would lead to development through positive framework and action. Also interesting about this particular document was the acknowledgment that poverty could not only be reduced through economic growth, and government efforts but also non-governmental actors have an important role in the process.

It concludes by outlining four important policy objectives and components that will lead to development. These include; the need to improve security and governance systems in the country, the country has to embark on rapid, sustainable growth, creating an enabling environment for low-income earners to generate more wealth; and improving the standard of living across the country.

With this, PRPS was considered the most comprehensive development plan the country ever had since independence as the people who prepared the document did factor in the elements that led to past failures of similar plans as well as insist on inclusivity in the development process. Also, the government's decision to use the MTEF budgeting system allowed it to address long –term, medium-term and short term development plans within the available resources and time frame. This plan was abandoned with the change of government in 2003 for a more comprehensive 15-year long-plan the ERS.

3.3.6 Economic Recovery Strategy (ERS)

The NARC government which came to power in 2003 made an economic recovery which at that time was growing at an average of dismal 0.6% p. A top of their agenda and with that they introduced some new strategies to achieve this objective. They came up with the Economic Recovery Strategy (ERS) (The Republic of Kenya, 2006) in place of the NPEP and PRSP which were then abandoned. The new strategy seeks to deviate from government attempts to reduce poverty to employment and wealth creation a vision that was welcomed by many stakeholders. This 5-year development roadmap was prepared in line with the new government manifesto, the existing government strategies and the Action plan prepared before the elections.

Input in this strategy came as a result of wide consultations between the government and stakeholders ranging from financial institutions, members of parliament, civil societies, development partners, industrialists and trade unions making it an inclusive strategy paper with the opinions of the Kenyan people taken into account. An investment conference between the government and the private sector was conducted in 2003 giving birth to the Interim Investment Program that became a key guide when another conference was held in 2004 with donors (GoK, ERS 2003-2007).

The ERS became one of the most successful development strategies in the history of the country. Growth increased steadily from less than 1% in 2002 to more than 5.5% in 2005. For this to be achieved, the government implemented a Macroeconomic framework which largely leans on a fiscal strategy. At the core of the fiscal strategy is the budget which is an important determinant in economic reforms. ERS was supposed to ensure sustainable development by solving the existing imbalances in the fiscal sector, reduce domestic borrowing, stabilize the balance of payment and curb inflation.

Also, the fiscal policy under ERS had an objective of ensuring accountability in the public sector, increasing domestic saving and investment as well as ensuring efficient and effective expenditure. Tax reforms were also introduced through the ERS to ensure efficiency and transparency in tax collection, to harmonize regional tax collection and increase the GDP/Tax ration of above 20 % at the same time ensuring that the new tax structure is sensitive to low-income earners. A corporate plan running from 2003-2006 was prepared to guide the Kenya Revenue Authority in operationalising the new tax reform. The document provided a framework for developing and implementing a strategy for management of products that are exercisable.

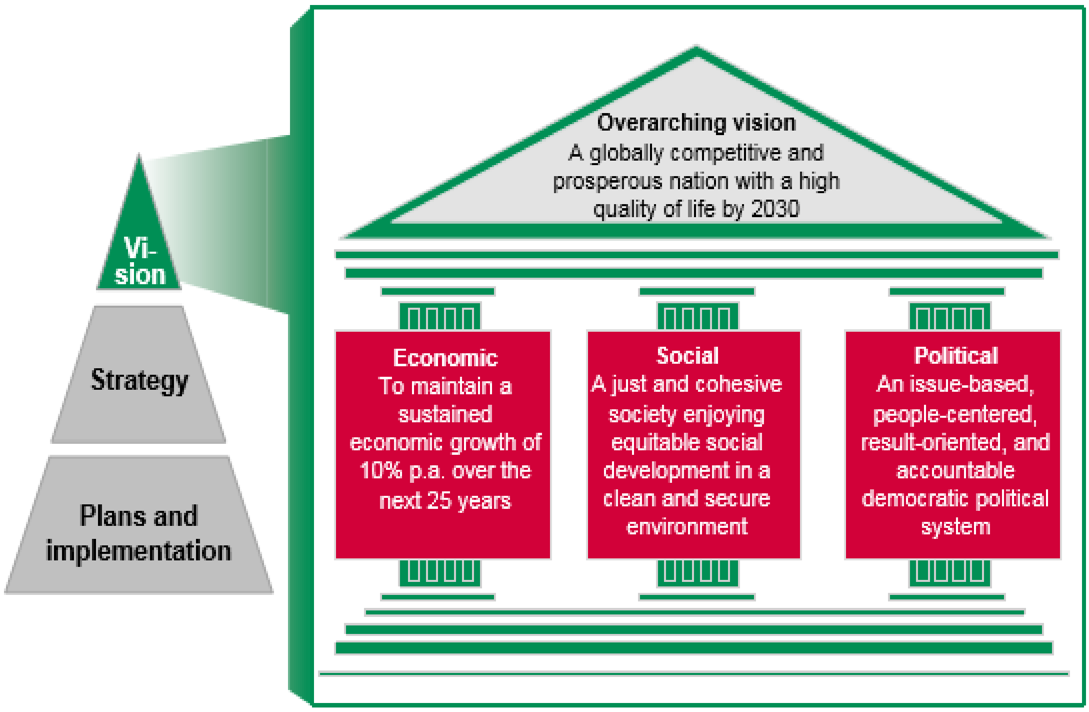
In its implementations, the ERS and its support policy Investment Program faced some short comings and success leading up to 2007 which is a year when the country appeared to be on the path to recovery but unfortunately the December 2007 post-election violence watered down these gains. That said, it is important to note that as the ERS was fluctuating between challenges and success, the government had commissioned the development of another development strategy, this time a rather long term plan than any other the country has had since independence. This new strategy was named Kenya Vision 2030; a master plan keen on elevating the country's competitiveness in the international arena by the year 2030

3.4 Kenya Vision 2030

Launched on 10 June 2008 the Vision 2030 is one of the most comprehensive long-term strategic plans Kenya has had since independence (GoK, 2007). The vision is to be implemented in a series of Medium –Term plans each is covering five years with the first one running from 2008-2012. The main objective of this vision plan is to turn Kenya into a globally competitive nation by 2030 a period it also seeks to ensure that the quality of life for all citizens is significantly improved. The NARC government that came to power in 2002 on the backdrop of a 40 year poorly governed country whose growth could only achieve a 0.6% growth made was able to transform the country to a growth of 7.1% by 2007 using the ERS development plan discussed above.

The plan is implemented under the Ministry of Devolution and the Kenya Vision 2030. Together with this plan was the establishment of the Sector Performance Standards (SPS) in 2009 whose mandate is to combine public sector reforms with budgeting and planning and Key Results Areas (KRAs) to align different sectors to the vision. Below is a sample overview of the theme.

Figure 3.1 Thematic overview of the Kenya Vision 2030



Source: NESC Vision workshop, January 13-14 2006, Naivasha, Kenya

3.4.1 Key Highlights and Pillars of the Vision 2030

The pillars of Kenya's Vision 2030 long term plan are anchored on foundations of Governance reforms, Macroeconomic stability and wealth creation characterized by equity in sharing opportunities, Technology, Science and Innovation (STI), Infrastructure development, Human resource development, Land reform, Public sector reforms and security.

The vision secretariat is tasked with coordinating actors involved in the implementation of the vision to enhance efficiency. With the vision supposed to be implemented in terms of five-year medium term plans, the government also identified some key flagship projects covering every sector to be implemented alongside the vision. These projects are in line with other development plans such as the Millennium Development Goals and cover sectors such as Health, Agriculture, Energy, Water, Environment, and Education all geared to making the country a globally competitive nation by 2030. Below we examine the three pillars holding on this plan.

3.4.2 Political pillar: moving to the future as one nation

The objective of this vision is to transform the country's political system into a democratic, result-oriented, issue-based, people-centred and accountable governance structure. To achieve this, the government will be guided by the core principles of the Constitution of Kenya that provides for gender equality, the sovereignty of the people, Bill of rights, the participation of the people in governance, A viable political system, Separation of power, A viable political system and decentralization. Six strategic thrusts are to ensure the success of this vision. They include;

Electoral and Political Process

This aims at ensuring a legitimate, genuine and competitive politics in Kenya that is issue based. The rationale of having such a strategy is informed by the fact that for years actors involved in Kenyan politics have failed to show clear ideology and issues they seek to tackle in case they are elected to power. This perhaps explains why the majority of them are formed and seek support around ethnic and regional base rather than a national agenda. Therefore important legislations on political parties would help the country move forward towards the right direction.

Transparency and Accountability

Another important objective of the Vision is to create transparent, ethical, result-oriented and accountable state institutions. To do this public management reforms as well as strengthening the ethics and integrity framework. The public administration in Kenya has been characterized by mega corruption and unethical scandals that this objective seeks to get rid of. The public sector has benefited from reforms in the office of the Ombudsman, strengthening of the Ethics and Anti-Corruption Commission, the introduction of the performance contract and e-government all aimed at ensuring more transparency in the government.

Rule of Law

Related to the above, the rule of law has been a slippery aspect in Kenya, and this vision is keen on ensuring everyone upholds the rule of law in a human rights adhering country. Institutional and legal frameworks to facilitate the operation of this objective started to be put in place since 2012.

Public Participation and Democracy

Promoting a politically-engaged, people-centred open society is an important feature of the Vision 2030. Operationalising and enacting legal, policy and institutional frameworks that enhance democratic participation would help achieve this goal. This will, of course, face steep challenge such as ensuring tolerance among differing opinions. Also, some key electoral reforms have been undertaken while public participation in development project identification, allocation and budgeting has become compulsory although sometimes public participation is done as a formality rather than the intended purpose of participation.

Security, Peace-building and Conflict Management

The intention of this goal is to ensure security for property and individuals across the country. A strategy to promote partnership between private and public sectors in advancing security is to be pursued. Also, Vision 2030 seeks to restrain people from resulting to violence to settle personal scores by proposing to build a culture of respecting the sanctity of life. The government has been keen on actualizing the 'Nyumba Kumi' initiative (Ten-House) which seeks to create a local security network that requires every ten houses to have a leader who monitors security locally.

Service Delivery and Public Administration

Here, promoting service-focused and Policy-driven state institutions is prioritized. Strengthening processes and rules surrounding policy cycle as well as building a culture of performance in the public sector are targets the vision seeks to achieve.

3.4.3 Economic pillar: moving the economy up the value chain

Under the economic pillar, the government wants to achieve over the next 22 years a growth rate of 10% p.a. To deliver this growth, six key sectors are identified. Policy makers are convinced that the strategies involved in these six sectors will facilitate the rise of Kenya's economy up the value chain. Below we will examine these six sectors;

Manufacturing

This sector covers only about 10% of the country's GDP over the last 30 years. This is not impressive especially given the fact that there are a whole lot of opportunities that can be tapped from regional and local markets. However, under this plan, Kenya seeks to develop a robust, competitive and diverse manufacturing sector.

Tourism

Kenya is one of the world's most popular tourist destinations a sector that also contributes around 13% p.a of the GDP and contributes significantly towards the country's foreign exchange (over US$1 billion) (Oketch et al., 2016). The aim of this pillar is to cement Kenya's position among the ten most visited tourist destinations in the world with high-end, distinctive and diverse consumer experience. Two resort cities in North Coast and Isiolo are among the flagship projects the government has identified to realize this goal (GoK, 2006).

Energy

The Energy sector is one that has been given attention in most of Kenya's development plans over the years. The Long term vision 2030 plan acknowledges the importance of energy in promoting the country's economic stability through industrialization as well as improving the standards of living for its citizens. A robust strategy to improve energy sufficiency in the country has come as a combination of policies and flagship projects explained below.

Table 9: Policies in the Energy Sector

Policies	❖ Electricity Power Act No. 11 of 1997 ❖ Sessional Paper No. 4 of 2004 on Energy ❖ Energy Act No. 12 of 2006 ❖ The Kenya Electricity Access Investment Programme Prospectus: 2009 – 2014 ❖ Least-Cost Power Development Program (LCPDP) 2009 – 2029 ❖ Rural Electrification Master Plan (REMP) ❖ Renewable Energy Feed in Tariff (FiT) ❖ The Energy (Solar Water Heating) Regulations, 2010 ❖ Strategy for the Development of the Bio-Diesel Industry in Kenya (2008-2012) ❖ The Grid Code ❖ Green energy fund

Source: Ministry of Energy/Kenya Vision 2030

Table 10: Flagship Projects on Energy

Rural Electrification program (REP)	A US$ 2.7 million project to provide electricity specifically in the rural areas is ongoing. This strategy seeks to upon completion ensure that all primary schools and trading centers in Kenya irrespective of how remote the area is, gets connected to

	the national grid.
Energy Access Scale-up Programme	The US$ 800 Million project by the government has a goal to connect over one million homesteads to the national grid by 2017. To achieve this goal, the government reduced to half the fee needed for electricity connection. So far over 700,000 homes have benefited from the project. Also, 2,000 ton and 6,000 liquid Petroleum Gas (LPG) handling facilities will be constructed in Nairobi and Mombasa respectively
Wind Power generation by IPPs at various sites	About 150MW of electricity is to be produced through sugar processing while another 120 MW will be produced using wing energy through Public-Private Partnership (PPP)
Appraisal drilling of 6 wells in Olkaria IV	An additional 70 MW of electricity will be produced on top of the 150 MW electricity being produced through underground steam
National Electricity Supply Master Plan	This strategy to triple production of electricity from 1, 050MW (in 2008) to 3,000MW by 2018 through new generation and supply sources that are dependable and efficient.
The Energy Sector Recovery Project (ESRP)	Although funded by donors such as the World Bank this project is incorporated in the national plan. It seeks to improve the quality and distribution of electricity in the country, increase access to electricity and reduce system losses.

Source: Ministry of Energy/Kenya Vision 2030

Financial Services

Borrowing from the experiences of countries such as Hong Kong, the government acknowledges the important role the financial sector plays in the economy. For this, Vision 2030 aims at creating a globally competitive and vibrant financial sector in order to promote financing of investment needs and savings. International capital, Banking, capital markets and informal finance are all earmarked for expansion under this strategy.

Retail and Wholesale trade

With this sector covering 50% of informal and formal employment and slightly over 30% of the country's GDP the retail and wholesale sector make a sizable input to the economy. That said, it is important to note that despite the immense contribution, the sector has remained largely informal and fragmented. To give a better insight, one needs to look at the numbers which indicate that out of the total employment opportunities created in this sector, 75% are informal. The vision 2030, therefore, seeks to transform the large scale opportunities in this sector to become structured and formal. At the same time, the objective is to make the sector multi- tiered, efficient, innovative and diverse in terms of production.

Agriculture

Considered to be the backbone of Kenya's economy, the agricultural sector contributes about 25% of the country's GDP. In the rural areas, 75% of all employment opportunities are found in this area. Nonetheless, compared to the international benchmarks, Kenya's agricultural sector is like three times lower since no much effort have been made to modernize and embrace scientific methods in production meaning majority of the farmers depend on rain and very traditional techniques of production which are extremely unreliable and result in very low production. Drafters of the vision plan acknowledge these challenges and recommend sectoral reforms, modernisation measures through innovation and commercialisation of the sector. To actualise these objectives, some programs and policies have been passed as indicated below;

Table 11: Programs in the Agriculture Sector

Program	Year
Kenya-Denmark Natural Resources Management Programme	2010-2014
Kenya-World Bank Arid Lands Resources Management Project (ALRMP)	1996-2011
EU Community Development Trust Fund (CDTF)	1996-2014
Kenya GIZ Programme	2003-2013
Kenya-IFAD Kenya Programme	2007-2012

Kenya- JICA Programme	
Ministry of Agriculture Strategic Plan	
Strategy to Revitalize Agriculture	2004 – 2014
Kenya Rural Development Strategy (KRDS)	2002-2015
Agriculture Sector Development Strategy (ASDS)	2010-2020
National Water Resources Management Strategy (NWSS)	
National Climate Change Response Strategy	2009

Business Process Outsourcing (BPO)

While this is a nascent and small sector of the economy, Vision 2030 in strategies spelled out in the document seeks to promote Kenya as a competitive off-shore destination in the continent and attract the emerging cohort of young professionals. What policy makers identified as key areas are ensuring sufficient and reliable energy, promote training and telecommunication infrastructure. Already the government has successfully installed high-speed internet connection through the importation of the fiber optic cable promising that the sector would expand faster. What the country is targeting is to not only provide traditional call center services but also to become a hub for business solutions exploiting its favorable time zone and English advantages. Some ICT flagship projects are being implemented towards this end as shown below;

Table 12: Flagship Programs on ICT Sector

Program	Details
The East African Marine Systems (TEAMS)	This project is an ambitious plan to extend an internet bandwidth cable from the city of Fujairah in the United Arab Emirates (UAE) to the coastal town of Mombasa in Kenya. This will, in turn, provide very fast and affordable internet connection
Government Common Core Network (GCCN)	This is intended to serve as a secure and shared interoperable architecture for the entire government. This will facilitate the inter-ministerial exchange of information and share databases. Also, the system will also enhance information flows and work processes
National Terrestrial Fibre Optic Network Project	It is developed to complement the TEAMS project and guarantee utilization of connectivity and capacity throughout the country

Local and Wide Area Networks	By 2016, all government ministerial headquarters had the Local Area Networks (LANs) installed. District and provincial headquarters are to follow.
Data Centre/Data Recovery Centre	Money has been allocated for the construction of a world-class Government Data Centre (GDC) whose function is to store all government databases. It will provide services to both government and the private sector.
Kenya Transparency Communication Infrastructure Programme (KTCIP)	With a sole purpose of ensuring equitable distribution of ICT services, this department will offer bandwidth subsidies and establish digital villages.
Policy in the ICT sector	National Information & Communications Technology (ICT) Policy of 2006

3.4.4 Social pillar: investing in the people of Kenya

The objective of the social pillar is to create a society which is cohesive and just characterized by development that is socially equitable. Just like the other pillars 18 sectors divided into six areas have been earmarked as a priority.

Sanitation and Water

Policy makers have noted that the scarcity of water across the country has been caused by uneven and limited water resources. The solution provided in this document is that the country needs with urgency to enhance rain and underground water harvesting projects as well as conservation of existing water catchment areas. These efforts have been divided and will fall into the following departments; Water Supply, Water Resource Management, Sanitation and Irrigation, Drainage, Water Storage and Harvesting. Below are some policies enacted to achieve this agenda;

Table 13: Policies on Water

Policy	Details
Water Resources	❖ Natural Water Resource Management Strategy (NWRMS), 2006 ❖ The Water Act, 2002 ❖ Water Sector Strategic Plan (WSSP) 2010 ❖ National Water Services Strategy (NWSS) – 2007 ❖ The Territorial Waters Act, Cap 371 ❖ The Lakes and Rivers Act, Cap 409

Irrigation and Drainage	❖ National Irrigation and Drainage Policy, 2009 ❖ National Water Policy, 1999 ❖ The Irrigation Act, Cap 347

Sources: Ministry of Water and Irrigation

In addition to policies, below are some of the plans earmarked for implementation under this strategy;

Table 14: Flagship programs in the water sector

Program	**Details**
Protection and Rehabilitation of indigenous forests in the five water towers	The Mau Escarpment, Aberdare Ranges, Mt. Elgon, Mt. Kenya and Cherangany Hills have been identified for full rehabilitation
Water resources information management	This involves the acquisition and rehabilitation of new hydro-metric data to be installed in vulnerable and strategic water resources which will also be directly linked to the World Hydrological Observation cycle (WHYCOS). The number of hydro meteorological stations to be established are 600
Water harvesting and storage program	Two mega multi-purpose dams will be constructed along river Nyando and Nzoia to tap the excess water available during the flooding seasons in western Kenya. The same drivers will also benefit from the construction of dykes on their lower reaches. Other medium sized multi purpose dams will also be constructed in 24 different areas.
National water supply and sanitation	The Mzima pipeline will be expanded to reach the capacity of sufficiently serving towns in the coastal region and serve the new resort cities in Isiolo and Lodwar.

Source: Ministry of Water and Irrigation, Vision 2030

Education & Training

Kenya seeks to provide quality and globally competitive education, research, and training. Key factors that have been noted for emphasis are; quality increased access, regional and gender equity and developing a curriculum that is relevant to the emerging global trends. The aim is to encourage early specialization, capacity development, improved institutional development all geared towards ensuring that the education and training provided in the country meet the needs of Kenya. There are some proposed projects in the sector aimed at achieving this objective. Some are already underway as shown below;

Table 15: Flagship programs in the education sector

Program	Details
Construction of new schools	A total of 560 new fully equipped secondary schools are to be constructed in the next five years to match the increasing demand for secondary education
Computer supply program	The government is in advanced stages of supplying every class new student joining the primary school with modern ICT equipment including a tablet computer. This is in line with the objective of streamlining education in Kenya with information technology.4, 000 secondary schools, 20, 0000 primary schools and 31 institutions of special studies are targeted under this scheme.
Recruitment of more teachers	The acute shortage of teachers in Secondary and Primary schools has necessitated the recruitment of more teachers in order to increase student-teacher ratio. In the first four years of the plan, a total of 28, 000 teachers will be recruited
Construction of boarding primary schools in ASAL areas	Pastoral communities will benefit from the construction of one new fully equipped boarding school to tackle the problem of absenteeism caused by movement from place to place
Establishment of centers of specialization	Each of the Vision 2030 sectors will have a ‘center of specialization’ where experts in specific areas can be trained
Policies in the education sector	❖ Free Primary Education Policy, 2003 ❖ Early Childhood Policy ❖ Science and Technology Act (Cap 250) ❖ Kenya National Examinations Council Act (Cap 225A) ❖ Higher Education Loan Board (Cap 213A)

Source: Ministry of Education

Transport, Housing, and Urbanization

Against the backdrop of recent demographic research that project Kenya will by the year 2030 be a predominantly urban state, with a population of about 60million (GoK, 2007). A strategy to address issues of urbanization and housing largely in the form of Legal and Administrative areas, Supply, and Demand, Quality, Serviced Land, Planning, and Management, Finance as well as infrastructure has been developed. Through this development and access to adequate and affordable housing will be facilitated. The transport sector is also given attention to some flagship programs and policies enacted as shown below;

Table 16: Flagship projects in the transport sector

Program	**Details**
Nairobi Metropolitan Region Bus Rapid Transit System	The government is set to finance a Rapid Transport Network System in the capital city of Nairobi t to improve the quality and efficiency of mobility. The first phase will cover the following transport corridors; Athi River Town to Kikuyu Town; Thika town to the central business district; and the Jomo Kenyatta International Airport to the central business district.
Road and Rail Network Expansion	The government is committed to constructing an additional 10,000 Km of road between 2013 and 2017. A new 800 Km Standard gauge railway is due for completion in mid-2017
Development of a new transport corridor to Southern Sudan and Ethiopia	Covered under the ambitious US$29.24 billion LAPSET project, the construction of a new transport corridor from the new port at Lamu through Garissa Isiolo, Maralal, Lodwar, and Lokichogio is underway
National Integrated Transport Master Plan	Its aim was ensuring that location and investment of transport devices and infrastructure are consistent with the requirements of existing public policies while ensuring optimal transport infrastructure investment to position Kenya as a transport hub for the East and Central African region

Source: Ministry of transport, Vision 2030

Health

The reasons for transforming the health sector are informed by the need to for an integrated, high quality, efficient and affordable care. The approach will be centered on improving institutional frameworks, quality, access, capacity and equality on health. More emphasis will be laid on professionalization, education, and ethics in the health sector (Burja, 2009).

In addition to the policy frameworks, specific flagship programs have been identified as strategic measures to achieving the country's vision 2030. These include;

Table 17: Flagship projects in the Health Sector

Program	Details
Rehabilitation of health facilities	The objective is to offer citizens of Kenya health infrastructure network that is efficient, functional and sustainable
De-linking the Ministry of Health from service delivery	To achieve better coordination and efficiency a Health Sector Service Commission that is separate and autonomous from the Health Ministry is to be established.
Strengthening KEMSA	KEMSA is the strategic agency tasked with the paramount role of providing medical supplies and drugs for the health sector. Strengthening the institution is a key step in transforming the entire sector
Equitable financing mechanism	Financing is a major challenge for the highly demanding health sector. This plan proposes a mechanism through which resources can be equitable to health care centers and ensure that these funds are used for their intended purpose
Human Resource Strategy	It spells out the need to balance supply and demand for a human resource in the public health sector.
Community-based information systems	A crucial strategy to create awareness among the communities regarding promotive and preventive aspects of health to build a positive health tradition and behavior

Source: Ministry of Health/ Vision 2030

Gender

Vulnerable groups & Youth: the plan provides and outlines equity of gender in resource distribution and power. Also transforming the youths of the Kenya to become globally competitive and strengthening the prospects of vulnerable groups in the country are examined in this pillar. Empowerment, opportunity, and vulnerabilities are considered as critical issues to be addressed (Constitution of Kenya, 2010). In turn, this will ensure that the livelihood of the vulnerable people in the country is improved while the Kenyan youths will be made competitive and prosperous as per global standards. A strategic plan 2008-2012, National Gender and Development Policy 2000, National Policy on Female Genital Mutilation (FGM), Gender Policy in Education 2007, The National policy on older persons and Ageing Status and National Policy on Social Protection Status have been prepared towards this end.

Environment

The aim of this pillar is to provide a plan on how to ensure that by 2030 Kenya enjoys a sustainable, clean and secure environment (GoK, 2010). Addressing issues such as environmental degradation (Hazardous and solid waste, air pollution), management of natural environment (wildlife, marine life, and forests) desertification and climate change and the important issue of underexploited natural resources (low exploration and innovation capacities and initiatives) (GoK, 2007). In order to realize these goals, several legislations have been enacted as shown below;

3.5 Other Long-Term Plans

Apart from the Vision 2030, Kenya is also committed to other external plans that guide her development. These include; The UN Millenniumum Development Goals (MDGs), Education for all by 2015, African Union Agenda 2063, Industrialization by 2020 and National Water Master Plan of 1974. Important to say a big percentage of these external long term plans have not been achieved because of some issues such as slowly paced reforms aimed at creating a conducive environment for industrialization, limited funds, lack of proper coordination frameworks and corruption. Some of the Millennium development plans have all be it at a slow pace. And it is this not so promising result with other long term plans that critics use to defend their lack of optimism with the vision 2030.

3.6 Institutions involved in the implementation of development and strategic planning programs.

The formulation, implementation, monitoring and evaluation of key development strategies in Kenya has been done through not only the government institutions but also the private sector and external actors as listed below.

- Ministry of Devolution

- Ministries of Development
- Ministry of Planning
- Ministry of Finance
- Line Ministries
- Representatives of the Private Sector
- Representatives of the Civil Societies
- Development Partners
- Steering Committees

The government on its part plays the following role;

- The Ministries of Development and Planning ensure that evaluation and monitoring systems and coordinating committee are developed and used to ensure smooth implementation of various strategies;
- Define a set of indicators which will be used to measure the level of success or failure or used in the implementation process;
- The government identifies important measures/activities whose implementation will result in achievement of the various goals and objectives;
- Provide necessary public finance management systems such as the Intergraded Financial Management Information System (IFMIS) and Public Expenditure Review (PER) purposely to monitor priorities and expenditure of public resources across all government departments and ministries;
- The government engages with donor and development partners through frequent and institutionalized forums in order to harmonize external support with development needs.

3.7 Role of Strategic plans in Kenya's sustainable development?

With the current strategic and development plans defined by the Vision 2030 which is implemented in a series of five-year development plans, stakeholders are however split on whether this plan will help Kenya achieve sustainable development status. Proponents of Vision 2030 argue that the plan is 'comprehensive' and touches on some key sectors that need reforms to spark serious development. An alternative opinion to this, however, insists that the country need to prepare yet another long term strategic plan to be implemented concurrently with Vision 2030.

The latter argues that the changes which occurred in the country's administrative structure after the promulgation of the Constitution of Kenya in 2010 brought about a new devolved system of government which was not factored in with the Vision 2030. They recommend that a new plan that will provide the new county governments with the necessary guidance and link to central government development strategies and plans need to be formulated. The idea of creating a new scheme to be implemented alongside the Vision 2030 has valuable merits. For example, there will be no loss of time or recourse since there will be no need to start developing the new plan from scratch. That said the Kenya still faces immense challenges in implementing strategic and development plans as seen below.

3.8 Challenges in implementing Strategic and Development plans in Kenya

To start with, the approach used to implement strategic and development plans in Kenya has been the mandate of the line ministries. The vision 2030 is not different despite the existence of the Vision's secretariat making the success or failure of this plan to depend on whether the ministries involved successfully play their part. Some achievements have been registered particularly in the social cycle where the government has been able to meet its child mortality reduction goal by 26% and 26% improvement in maternal health.

However, on the other side, much success cannot be said in the political and economic pillars as projected targets in the medium and long term plans have not been achieved as was the prediction of an 8.3% growth p.a in the 2008-2012 Medium-term plans. Also, some of the flagship projects cut across different ministries without whose full commitment and cooperation much cannot be achieved. An example of such a project is the multi billion dollar Konza Technology city, a technology hub expected to serve as a model of US Silicon Savanna. Despite the construction of the city being in progress, the pace at which different phrases have been achieved is plodding. This has been attributed to the long chain of bureaucracy that involves the Ministry of Roads, Ministry of Communication, Ministry of Lands, Ministry of Water, ICT board, among others (Misati et al., 2010).

In the adequate budget, provision has been and continues to threaten the success of various development plans. Most of the flagship programs are ambitious projects that require an enormous amount of resources to implement successfully. These resources are in most cases not available, or in case they are available they are not released on time which ends up delaying implementation of projects.

Also related is the period involved with procurement particularly projects that require the government to buy land from private citizens such as the case of the standard gauge railway, court cases and allegations of low compensation arise or some people simply are not willing to surrender their land for personal or cultural reasons. Donor-funded projects also face an uphill task most of them being delayed to secure the necessary approvals from the donor. In case the funding comes with certain strings-attached, it may also be delayed further.

Political reforms despite getting much attention from the public, as well as significant amounts of resources being spent, programs initiated to facilitate political reforms, seem not to achieve their intended purpose. Constitutional Reforms, policy reviews, Truth, Justice and Reconciliation Commission (TJRC), Independent Electoral Review Commission (IERC), Commission of Inquiry on Post Elections Violence (CIPEV). Others are the political and electoral awareness, transparency and accountability, access to justice, National Cohesion and Integration Commission (NCIC), public participation and democracy are strategies used by the government to solve political challenges, very little success can be associated with either of these plans.

CHAPTER 4

CASE STUDY SOUTH KOREA

4.1 Country Profile

The Republic of Korea also known as South Korea (from now on "Korea") is an East Asian country boarded to the west by China, to the north by North Korea and the East by Japan. The country is popularly referred to as “Land of the morning calm, ” and the capital city is Seoul. Korea has a presidential system of government supported by central and local governments. At the middle level, there are 16 administrative units divided into nine provinces and seven metropolitan cities. There is also one additional special metropolitan city. At the municipal level, there are 77 cities (*Si*), 86 counties (*Kun*), 69 autonomous districts (*Jachi Ku*), 26 Districts (*Ilban Ku*) and 3,588 Town/Village (*Eup, Myon, Dong*). The Parliament is unicameral system and has a total of 299 seats.

Korea is a former colony of Japan and got her independence in 1945. Japanese influence would later have a significant effect on the future since some of the leaders who participated in the country’s transformation were influenced by Japanese culture. Also during the colonial period, the economy of Korea depended highly on that of Japan the Bank of Korea, (Annual Economic Review of Korea, 1948: 1)

According to the World Bank, along with Hong Kong, Taiwan, and Singapore, Korea is considered as a success story in economic development (World Bank 1993). Korea rose from an aid seeking a country in the 1950s-60s to become the third strongest economy in Asia and 13th in the world. With a trillion dollar economy characterized by very high living standards and a GDP per capita of US$ 40,000, it is also a member of G20. Globally, Korea is among the top ten highest exporters and among the ten fastest growing developed countries (OECD economic surveys, 2016). Since it was established in 1961, Korea became the first non-European country to join OECD’s Development Assistance Committee in 2010.This economic success is, however, a new experience for Korea as we will see later in this chapter.

Many consider the transformation of Korea a 'man made miracle' and sometimes referred to as 'miracle on the Han River. The GDP per capita of Korea increased from a meager US$67 in 1953 to US$20 050 in 2007 (Suh & Chen 2007: 6). The growth in Korea was so rapid that when Rostow visited Seoul in 1969, he gave an expression that Korea will in four or five years complete the take-off stage (Korea Times, 20th June 1969).

Our choice for Korea in this research is informed by the fact that it is the only country among all which were colonized in the 20th century to have successfully achieved political, economic and industrial reforms. Korea has become an example of a country that achieved rapid economic development in one generation. This makes it an excellent case study for developing countries. The approach that we will adopt will include the five-year development plans that were in operation between 1962 up to 1996. Then we will look at the post-1997 period which can also be referred to as the post crisis era up to 2016.

4.2 Socio –Political and Economic Background

Korea in the 1950S was a country in turmoil. The dust had not yet settled on the end of World War II before a civil war between North and South Korea broke out. The Korean conflict was an off shoot of the Cold War and had a devastating impact on the economy of the country. On the one hand, China and the Soviet Union supported North Korea, and on the other hand, the United States and her allies supported South Korea. The Korean peninsula was a colony of Japan between 1910 and 1945, and after the II World War had come to an end, the country was divided along the 38th parallel with the United States controlling the South and the Soviets controlling the North (Donald, 1996: 112-29).

A series of mistrust, failure to organize an open, inclusive election and subsequent failure in the negotiations for unification was followed by the North invading the South on 25 June 1950 (Robert, et. al, 2007). When the war ended, both the North and South had suffered immense losses on human (estimated 3 million people died) and infrastructure. However, the North due to its advanced industries and mining was able to recover faster than the South. Another challenge as pointed out by Song

(1990) was the issue of population and land. Massive migration from the North after the Korean War left the South with 2/3rds of the total population meaning more people and less land (Song, 1990: 42)

President Rhee Syngman took power in 1948, and during his time, lack of trade and economic development strategies led to slow economic recovery. The country was depending solely on aid from external actors and an overvalued currency (Tae, 1972: 12). The positive side is that investment in education was very high during this period. Nevertheless, the import substitution strategy that was being adopted by President Syngman regime could not lead to rapid economic growth because the existing industries were largely centered on consumer goods such as textiles and food that were not competitive as export commodities.

Corruption had overrun the government of President Syngman that economic reforms would not be successful. For example, getting subsidies from the government, access to foreign loans or even assistance from external actors directed to various sectors of the economy was done through favoritism and payment of bribes. It was difficult to become wealthy at the time without being suspect of engaging in corrupt dealings. This explains why when President Park took government through a coup in 1961; there was popular support for the arrest and confiscation of property of business persons who made wealth during President Syngman regime. In fact, poor economic performance, inefficiency, corruption, and poverty were responsible for the on 16 May 1961 coup.

4.3 Introduction of Development Plans and Economic Strategies

Between 1961 and 1996, the Republic of Korea had seven 5-year development plans and perhaps President Park is credited with introducing the 5-year development plan strategy. He is one of the most prominent figures to examine when evaluating the development and emergence of strategic planning in Korea. Born in the province of North Kyongsang-puked of Korea to a family of modest means his life experience as a soldier in the Japanese army prepared him well for the future task ahead (Cater, 1990: 359).

After a successful coup on May 16, 1961, against the government of Chang Myon, park embarked on transforming the Korean economy through a series of policies and strategies. In the 1950s, the economy of Korea was equal to many countries in Latin America and Africa. During that time with an insignificant number of industries, high unemployment, and high poverty rates were experienced (the GDP per Capita of Korea in 1960 was US$1 110 compared to an average US$430 for sub-Saharan Africa) (Suh & Chen 2007: 5).

Korea largely depended on agriculture which was further weakened during the Korean civil war of in 1950-53 making the country unable to survive without foreign aid. By the time Park took over power in 1961, the economy of Korea was highly dependent on foreign aid although the government of Syngman Rhee (1948-60) is highly credited for channeling into the development of infrastructure (Amsden 1989; Evans 1995).

Apart from using aid for infrastructure development, Syngman Rhee's government policy of 'March North and Unify Korea' focused more on the unification of Korea rather than economic development (Jon, 1983: 27). President Park also observed that continuing with the import substitution strategy of the previous government was not viable. President Park was also mindful of the fact that Korea did not have a lot of natural resources within her borders and therefore her development strategy would not depend on utilizing effectively her domestic resources. Aid from the US which reached its peak in 1957 was quickly declining towards the 1960s, and the country could no longer depend on it.

With the support of the military throughout his tenure, President Park Chung-hee was able to take a commanding role in the country and made economic development a priority of his government (Jon, 1983: 28). He introduced a model referred to as "administrative democracy" with the aim of fighting run away corruption across the country. It also promoted social justice and encouraged personal development. To turn the fortunes of Korea, President Park was keen on leading an industrial enterprise supported by the state. He wanted to ensure that the benefits of economic growth would trickle down to the people through equalization of income. The government was at this time playing a guardian role in the development of the economy while free competition was also guaranteed to some extent (Kim, 2004: 13).

Among the many challenges that Park's government was to facing was restructuring the bureaucracy and he started by recruiting some elite officers educated in Europe and the United States (Campbell, 2002: 373- 393). The new government also developed a new medium plan that was to guide the development of Korea from July 1961 to 1966. Below we will examine the first medium development plan.

4.3.1 Poverty Reduction Strategy (1961-1966 and 1967-1971 Development plans)

The first five-year development plan was a comprehensive economic blueprint that was drafted in just 80 days by Kim Songbom, Paek Yongch'an and Chong Soyong who are economists by profession upon directive by President Park. The document marked the beginning of guided capitalism in Korea that was characterized by a development plan that was externally oriented (Kim, 2004: 80). The philosophy of this plan was similar to a Confucian military style and promoted a kind of master-student relationship between the public and private sector. The main aim of the scheme was to trigger rapid industrialization that will lead to self-reliance of the economy. It was also supposed to ensure that resources generated in this process were effectively distributed. A target of 7.2 % annual GDP growth set to be achieved through export promotion was also set under the medium plan.

The plan elaborated an export promotion policy by boosting exports and increasing foreign revenue. It was to help transform Korea transform from depending on a weak and less developed agricultural sector and overcome the negative consequences of the Korean War into a flourishing economy. The plan also focused on easing access to capital as well as nurturing entrepreneurial talents that existed in and out of the country. It was indeed a bold step to attempt an outward-looking export oriented economic development strategy in a country where very few industries existed, and literacy levels were below 26% at the time. Therefore the first five-year development plan was to be guided by four components that include; having an educated population, foreign capital inflow, make Korea a world exporter and run a disincentive system. The plan had the following pillars

a) Secure energy resources, these were to include coal and electricity
b) Industrialization through establishing fertilizer, cement, steel and other basic industries
c) Increase production in the agriculture sector
d) Social overhead expansion through rail, ports and road construction
e) Balance of trade equilibrium
f) Promoting Science and Technology

This ambitious plan needed a lot of confidence and commitment to achieve. Most importantly was the source of funding. The program required a substantial amount of capital to finance the new industries. Equally, President Park came up with an ambitious plan to raise the capital beginning with the establishment of Medium Industry Bank (MIB) in August 1961. The role of this financial institution was to provide loans to small and medium enterprises, and the effect of this was a complete transformation in credit allocation (Korea Foundation: 8).

As part of generating the much-needed funds, the government also encouraged foreign loans to inflow into Korea. To understand the magnitude of foreign loans on the development of Korea, the first two-year development plans that ran between 1962 and 1971, more than 60% of the total investment was from foreign loans. For example, the cement industry that was a flagship project of the first 5-year development plan was 76% financed by foreign capital (Hattori, 1994: 248-53). Korea continued to depend on foreign aid for some years.

Table 17: below indicates the proportion of foreign loans to different industries in Korea.

Loan Recipient	Project	Source of Loan	Value of Loan (in Millions)	Year of validation
Korean Airlines	Introducing aircrafts	US, Canada, Hong Kong	US$ 327	1973, 1978

Daewoo Shipping & Heavy Machinery	OKPO shipping yard Construction	UK. Sweden Denmark Finland	US$ 30, Skr 3	1978
Daewoo Heavy Machinery	Construction of a diesel engine plant	Hong Kong	DM 72	1974
Korea Shipping ltd.	Purchase of shipping containers	Fr., US., H.K., Bah.	US$ 54 Fr 22	1974, 78
Hyundai Motor Co.	Construction of vehicle assembly plant	Fr., UK., Japan, Aust., Bah.	US$ 5 Fr 56,	1974, 75
Samsung Petrochemical	Construction of TPA plant	Den., US., Singapore	US$ 50	1977

Source: ROK, 1993 p. 171

4.3.2 Chaebol model of the state-corporate alliance.

The government of President Park opted for a unique approach to achieving its rapid industrial development policy. This was known as the *chaebol model* which involved strengthening the local businesses to participate in economic growth. This meant that the private sector was to partner with the government in achieving the country's development goals. The system heavily reflected the Zaibatsu approach that the Meiji dynasty of Japan had developed years ago. The *Chaebols* are giant business conglomerates mostly family owned and highly diversified that played a critical role in the transformation of the Korean economy (Keun Lee and Kangkook Lee, 2002: 17-35).

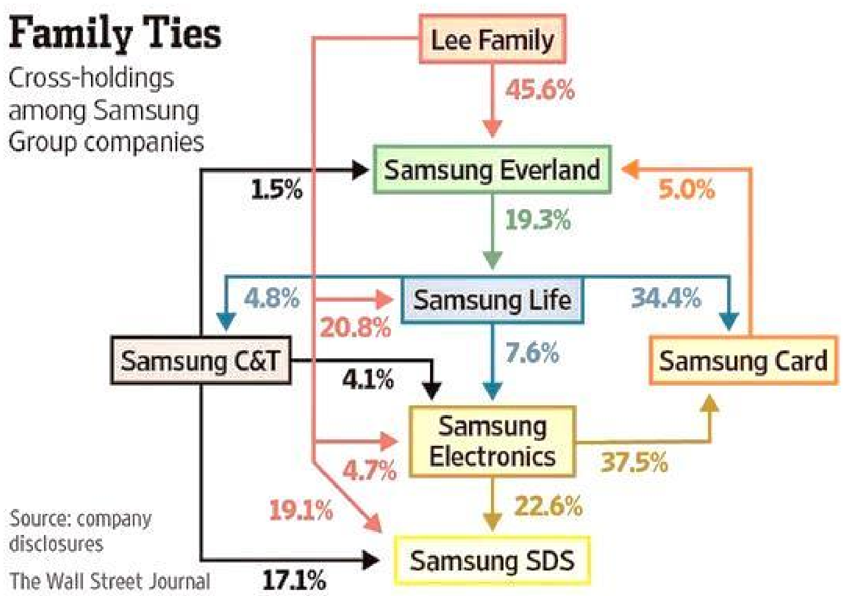
They emerged in the 1950s, and during the regime of President Syngman Rhee, these Korean business companies got special favors from the government in exchange for bribes. When President Park took over power, he ordered the arrest of 51 *Chaebols* who were accused of illicit profiteering. Their properties were confiscated however when the government realized that their entrepreneurial skills would contribute to the on-going government plans. The 51 chaebols were given conditional release in exchange for using their expertise and resources in nation building.

The government in return was to offer a guided capitalist system with endless privileges and protection. This means that the government acted as a guarantee for loans on behalf of the private companies seeking to secure capital domestically and internationally. Chaebols such as Daewoo, Samsung, Hyundai, Sunkyong, Lucky – Goldstar, and Hanjin become active participants in the transformation process in Korea. This strategy enabled private sector actors to diversify and expand their operations in the country. Example, with the additional funds from foreign loans Daewoo Shipbuilding and Heavy Machinery, was able to acquire Okpo shipyard while Honam Oil Company was able to construct refineries (Hattori, 1997: 462).

According to the first 5-year development plan, "foreign companies registered in Korea as well as juridical and natural persons in the Republic of Korea may conclude a contract with a foreigner by presenting an application for approval on loan-linked project to the Economic Planning Board (EPB). They are also to obtaini approval of the EPB minister after deliberation in the EPB and approval of Foreign Capital Inducement Deliberation Committee (FCIDC). The loans covered under this procedure not only include direct loans but also purchases (by foreigners) of loans and bonds issued by Korean companies" (GoK p. 57)

Below is a sample structure of Samsung firm which is in the form of chaebol indicating ownership shares.

Figure 5: Structure and stock ownership of Samsung



Source: Lee (1983)

Part of the first five-year developing plan was to guarantee capital inflow for the planned project. In 1963, the Korean Development Bank received 22 billion Korean won followed by 70 billion in 1966 from external lenders (Amsden, 1989: 45-77). These financial resources were used to strengthen the *Chaebol* groups as part of the industrial development policy. Apart from the financial privilege, the *Chaebols* had access to government policies and priorities thanks to a close connection between the manager of the companies and government officials some of whom had at one point been on either side. This access to information allowed the Chaebols to minimize risks.

The cooperation between President Park and the Chaebols in the 1960s sparked an era of economic development in Korea. Although the administration of President Park was considered an authoritarian regime, such a debate is beyond the scope of this research which seeks to emphasise only on the economic growth of Korea. The government at the time prepared blueprints for expansion of industries and the private sector through the Chaebols helped to actualizes the plans to reality.

Despite further complaints about the accelerated emergence of the oligarchic and monopolistic economy in Korea, exports from South Korea were experiencing a miraculous boom (Lee et al., 1991: 36-50). The economic growth was positive with 72% of the capital required raised domestically while just 27.8% received from overseas between 1962 and 1966. The same period also coincided with government efforts to maximize use of domestic labor in implementing development projects (Lang, 2005: 81).

4.3.3 Capital Regulation Strategies.

On the 18th of July, 1961 President Park introduced an emergency economic program and with it came the Capital Regulation Program. Park acknowledged that for domestic industries to experience rapid development, foreign capital was going to play a major role. The policy on foreign capital that he inherited from the previous government was not well purposed to achieve this goal. For example, the existing laws spelled out that foreign investment could only be made by individuals from countries which Korea had diplomatic relations. Also, the Act stated that Koreans who wanted to make substantial investment must have lived in the country for not less than ten years. It also regulated some profits one could repatriate from the economy while also limiting the amount of foreign investment that could be made in the country (Khaled, 2007: 9).

The Capital Regulation policy amended the above restrictions and opened up Korea for foreign investment inflow. However the lack of international confidence in Korean private companies became a serious obstacle to achieving the development plans. The government on 18th July 1962 passed the Act of Foreign Loans which was a commitment that the government would offer a certificate payment guarantee to all foreign loans and Capitals acquired by Korean companies.

It required all domestic companies intending to seek foreign capital to apply for approval from the Economic Planning Board which would pass the request to parliament for assurance that the government would guarantee repayment on the foreign loan or capital. After the parliament has approved the insurance, the Bank of Korea gave the foreign investor the guarantee and the Korea Development Bank would offer insurance to the Bank of Korea (Kim, 2003: 132-142).

The assurance from both the Bank of Korea and the Korea Development Bank gave foreign investors' confidence in Korean companies since there was a surety that the loan would eventually be repaid irrespective of whether the company defaulted. This solved the biggest problem of securing funding which is critical in any development efforts. Most importantly, as time went by, the government expanded its scope of intervention even to cover not only foreign capital but also the allocation of resources, commodity price fixing and how manufactured goods were distributed in the domestic market were addressed in this policy (Jon, 1983: 91).

4.3.4 Labour Policy

In the 1950s and 1960s, Korea was marked by a series of unending industrial action as labor unions called frequent strikes demanding better wages and working conditions. President Park Chung- Hee after the coup realized that instability within the labor force would prohibit the successful implementation of his strategic plans.

On 3rd August 1961, two new revised acts namely the Interim Act on Workers Organised Activities, and the Registration of Social Organisations came into force. The two acts dissolved all trade unions in Korea and prohibited workers strike.

Trade unions were required to register again under the new rules set by the two acts which also prohibited any form of nationwide collective bargain by industrial unions. A new trade union known as the Federation of Korean Trade Unions (FKTU) was established to act as a unitary union of industry workers at the national level. However, the organization has been criticized as being pro-government and supported the regime of President Park. This meant that the state had strong control of the union's activities. That, however, being the downer side, stability in the labor sector was pivotal in the success of Korea's development and implementation of its strategic plans. Thanks to president park who ensured that the labor unions were put under control and their main function remained that of nation building (Sam-soo in Lee, 2007).

Later when the government liberalized labor relations in 1987, the consequences had serious ramifications. While the number of labor unions significantly increased from 2,725 to 7,380 in just two years, in the first six months of 1987, there was a total of 3,600 strikes across the country. 70% of these strikes affected the manufacturing sector.

4.4 The implications of the first two 5-year development Plans

The presidency of Park Chung-Hee gets special attention in the development history of Korea. He oversaw the development of the development plans in their early stages and laid a strong foundation for the country's rapid growth. However, why were his plans successful? By looking at the nature of Park's strategic plans, one can tell why he was able to transform the country within a short period. First, proper planning was a key contributor to his success. Amsend argues that the government's decision to take charge of when, how much and what to produce with the support of the private sector was worthwhile. Secondly, the government understood well the weakness of free market and developed a strategy that would work well for Korea which is government-driven capitalism.

The government also built a solid basis for its economic drivers mainly in the fertilizer, steel, cement, oil and technology sectors. To overcome the challenges of Balance of Trade disequilibrium, the government shifted to an export promotion strategy that enabled the country to become a competitive exporter in the world (Lee Byeong-Cheon, Op cit.: 83). The government also had control of the labor unions which gave investors more confidence in labor relations while solving the problem of discontinuity in the case of workers strike.

4.5 Chemical and Heavy Industry Policy (HCI) drive 1972-1981[1]

The government declared the Chemical and Heavy industry policy on the 12th January 1973. This policy would take the attention of the government into setting up heavy and chemical industries across the country. President Park in his speech also urged Koreans to acquire and master technical skills and use them to drive the country's development agenda (PPCHS, 1973: 58-59). Korea's educational sector underwent rapid transformation and expansion with emphasis on training engineers, scientists and technical courses (Amsden, 1989: 221-225). This sector got a boost with the publication of the "Long-Term Outlook for Korean Economy 1972-1981" in August 1973.

The new long term initiative identified six heavy industries that would receive primary focus from the government within the period. These include; nonferrous metal, steel, electronics, machinery and the government placed a production target for each industry. In total, the aim was to achieve an export target of $10 billion by 1980, and 50% of these exports were to come from the Heavy and Chemical sector. A presidential decree in May 1973 gave birth to the Heavy Chemical and Planning Board (HCPB). The Ministries of industry, commerce, and construction were placed in charge of implementing this policy. As a sign of commitment, the government allocated 67% of the total national investment fund to the heavy and chemical industries between 1974 and 1980. This accounts for 80-90% of the total financial loans (Kim, 2008: 1-32).

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[1] The third (1972-76) and fourth (1977-81) economic development plans were launched during this period

A custom Act gave the chemical and heavy industries such as metals, petrochemical, shipbuilding, and steel more privileges. For example, those investing in the above industries qualified for a three year- 100% tax-free direct waiver and the following two years 50% tax waiver (Khaled, 2007: 11). In addition to the tax waivers, each industry was allocated a unique location which the government ensured was provided with the necessary infrastructure such as roads, electricity, ports, and water. Those industrial locations were also heavily subsidized by the state making it easy to set up an industry. As we will see in the next sub-chapter, the government also pursued a strategy that ensured a labor friendly environment.

The Chaebols expansion and diversification played a major role in the development of Korea during the 3rd and fourth five-year development plans in shaping the structure of the economy. However, the economy was being dragged into a monopoly, oligopoly of duopoly system which accounted for 93% of products produced by 1977 while 60% of the market share was controlled by the three top producers. The 20 largest manufacturers had increased their market share of manufactured output from 7% in 1972 to 29% in 1982(OECD, 1994: 60). The top ten Chaebols controlled 48% of the economy by 1980, and with these immense resources, Chaebols led the way in investing in technology which further developed the economy.

The HCI drive resulted in increased wages and a boom in exports. Also, the 1976 construction boom in the Middle East benefited the already established Korean companies. However, with the huge fortunes generated from the Middle East combined with increased wages at home, the country faced a serious inflation in the 1970s due to increased prices. Growth in export, competitiveness, and industries slowed down as a result of inflation, decreased investment and overvalued currency (Koo, 1986: 19). In response, a Stabilisation Program that included restrictive monetary and fiscal management, economic liberalization, adjusting HCI investments and price stabilization was announced on 17 April 1979 by the government (Smith 2000: 93). A new strategy to devalue the currency was adopted in 1980 to try and align the currency that of the major trading partners.

However, the late 1970 and early 1980 reforms were not to be effectively implemented. In particular, 1979-80 became a crucial year in the history of Korea. The assassination of President Park in October 1979 sparked a serious political crisis in Korea. The same period, the 1980 global oil crisis was being felt across the world, and that led to an economic crisis for Korea which depended on exports.

There was poor harvest in the agricultural sector pushing up the price of food thus worsening the economic crisis. In May 1980, Prime Minister Choi Kyu-Hwa who was acting as president after the assassination of President Park was a force out of office and replaced by Army General Chun Doo Hwan following the proclamation of martial law. For the first time since 1961, the economic and political crisis led to a -2.1 growth in the economy and a 28% increase in consumer price inflation (Harvie and Lee, 2003: 14).

*4.6 Economic liberalization and stabilization 1980-198*7 (*Import Liberalization Five Year Plan*)

The 1980s was a difficult decade for Korea's development, with the assassination of President Park, followed quickly by a military coup General Chun Doo Hwan and the global oil crisis of 1980, the country was in chaos. General Chun Doo Hwan's new government was not popular among the people after the coup and lacked legitimacy. General Hwan lacked the economic knowledge to help resolve the economic crisis, yet the Chaebol, state-led capitalism of President Park had become more of a cartel that was forcing the government to act in certain ways that favor them. General Hwan came up with an ingenious plan to gain legitimacy through restoring the economic stability of the country. His government turned to a group of American trained neoclassical economists for ideas on how to restore the economy (Moon, 1994).

Kim Jae, a graduate of economics from Stanford University was named the chief economic adviser to General Hwan, and this had far reaching ramifications for the economy in the short and long run. Kim Jae brought on board fellow American graduates and prepared an extensive reform plan. This reform agenda was purely based on the economic concepts they learned in the US.

These consisted of controlling wages, privatization (including major banks), liberalization of foreign investment, removing government subsidies on the industries (including HCIs) and reducing budgetary deficits. These particular policies are what came to be known as Washington Consensus which mainly encouraged tax reforms, fiscal discipline, stabilization of exchange rates, privatization, property rights, removing state barriers to foreign investment (Williamson, 1994: 12-19). Therefore the choice of the Washington Consensus as a strategy was not surprising since persons tasked with developing the strategy were all trained in a neoclassical environment in the US that influenced their intellectual decisions.

Woo (1991) adds that the transition of Korea to a western model of the economic system in the form of Washington Consensus was made easy because the ideas of Kim Jae and his colleagues were supported fully by the regime of General Hwan which was authoritarian (Woo, 1991). The reform efforts during the 1980s would later have a devastating effect in 1997 as we will see later. Below we look at the policies in detail.

4.6.1 Financial liberalization strategies

The financial sector also underwent immense transformations in the 1980s. The new strategy provided room for nonbank financial institutions to enter into the economy without restriction, it called for commercial banks to be privatized, financial markets began to undergo a new system, interest rate ceiling was adjusted and emphasis on relaxed credit. These steps made the Korean economy attractive to foreign investors who started to take advantage of the opportunities provided. For the first time, banks had more autonomy in loan allocation as well as defining interest rates nevertheless the government still had significant control over the banks.

This is because the subsidies offered by the Bank of Korea and lending limits of banks remained tied on certain limits, therefore, distorting credit markets. Managerial autonomy was still not fully achieved despite the government privatization efforts of the 1980s. One challenge that existed as a result of government control of private banks is that there was a general feeling among bank owners that since they comply with the government set rules of lending, then should they face any problems then the government was to offer support.

As a result of financial liberalization, credit increased to 94% of the GNP in 1984 from 65% in 1980. This expansion is credited to the role of the less controlled non-bank financial institutions (NBFIs) which accounted for 45% of the total share by 1984. However, a trend of big companies dominating the ownership of financial institutions such as the commercial banks and the NBFIs and borrowers list was emerging. Example, the 30 biggest companies had by September 1984 borrowed over 70% of the total credit offered by the NBFIs.

In response, the government attempted to correct this imbalance by directing banks to priorities offering loans to SMEs. That is the directive required that nationally 35% of city bank credits and 55% of local banks credits be allocated to SMEs. In 1983, the government targeted the 30 biggest companies by freezing assets and blocking those whose debt-equity ratio was more than 500% from accessing further loans. The intervention failed to reach the target as SMEs borrowing remained far less than the stipulated figures by the government. Instead, it was the ten biggest companies whose borrowing had increased to 48% in 1984 up from 43% in 1983.

According to Park (2004), the failure of this strategy can be connected to the unfortunate financial distress that large enterprises were facing in early 1980 that necessitated the government to intervene and offer bail outs to the troubled companies through the banks (Park, 1994: 161). This is an important observation given the fact the government directive helped save some major companies from bankruptcy. However, having said that, we need to remember that the commercial banks that were providing these funds had to depend on the Bank of Korea for support through subsidies to the banks. By 1989 a number of loans allocated as a result of government directive were 35% of the total credit borrowed.

4.6.2 Stabilisation Policies

The new policies introduced in early 1980 by American trained economists were by mid-1980s gaining a positive response in the economy. The Korean economy had begun to recover its growth, productivity, and experience. The reform agenda by the new government was working while a combination of a weak dollar, low oil prices, and global interest rates getting lower, the economy became stronger once more. Towards the 1990s the growth was back to 12% while exports were more than imports. For the first time since the introduction of the 5-year development plans in 1962, the country was witnessing a surplus in the balance of payment while domestic savings was more than domestic investment. Stabilization policies had resulted in increased share of the manufacturing sector to 32% in 1987 from 29% in 1980 (Young, 1994: 641-680). However, after a short experience of the stabilization policy success, by 1989, Olympic Games, a general election, and an increase in wage and land prices reduced the country's growth to 8% (Lee 1996: 26).

4.6.3 Technological upgrading and Industry policy reform

The new government in the 1980s began reducing the number of the so called 'strategic' industries (HCIs) that benefited from tax exemption and credit opportunities. Also, direct credit and tax benefits were changed to indirect benefits such as allowances (Rhee, 1987: 31). In 1982, special interest rates that preferred exporters and industries enjoyed were revoked while the policy loans were also reduced. Nonetheless, preferential benefits continued to exist since credit rationing was used as a means of resource allocation.

The pressure was also mounting for the government to restructure and upgrade the system of production within the industries from labor intensive which was the dominant approach to capital intensive that will depend on technology. However, there was a problem; most of the industries lacked the technological capability to undertake such restructuring. Plus the concentrated and closed nature of the Korean economy meant that it was difficult for the local enterprises to develop or acquire top-end technology needed to drive capital intensive production (Graham, 1996). To achieve this goal, the government created a conducive and supportive environment for R&D which the private sector invested heavily.

The leading role in R&D by the private sector can be attributed not only to the government policy on the need for technological advancement but also wide spread competition globally. By 1985 75% of expenditure on R&D came from the private sector while overall R&D accounted for 1.25% of the country's GNP by 1990. Such statistics remained very high and impressive even when compared to other newly industrialized and developed countries at the time (Kim 1997: 56). Most important was the role Chaebols played once again at this stage when technology was seen as an important strategy for growth and development.

Domestic production of capital goods and technology was not highly emphasized in the 1970s, but instead, they were imported. A small proportion of the country's FDI benefited in the transfer of technology of investment in the technology sector. It is important to note that the in the 1960s and 1970s the government encouraged more of external borrowing rather than promoting FDI making the percentage of FDI in external borrowing much lower than countries like Hong Kong, Singapore or Taiwan(Kim, 1997: 42).

As a means of upgrading its technology sector, the government in 1980 liberalized FDI. Particularly in July 1984, there was a shift to 'positive list' from 'negative list' where the government sought encourage FDI that was characterized by open market competition and transfer of sophisticated technology. The FDI open policy was also aimed at exposing domestic companies to international competition which in turn would encourage domestic invention and innovation (Kim, 1991: 226). Incredibly this strategy resulted to huge FDI in the country as 50% of the US$3.6 billion that came into Korea as inward FDI between 1962 and 1986 was received between 1982 and 1986.

4.6.4 Trade liberalization strategies

According to Smith, Korea's trade policy before 1980 was characterized by a weak trade liberalization system. This only meant to appease foreign partners and open export opportunities. However, it could only be strong when there was a balance of trade disequilibrium and two politics overshadowed economics when it came to making trade decisions (Smith, 2000: 94). In fact, before 1980, there was no agency or central authority in government that was tasked with the responsibility of articulating and formulating trade policies but instead they were done in an *ad hoc* method. Interestingly liberalizing imports was done by considering each commodity independently that is by emphasizing on the micro economy rather than macroeconomic aspects of the economy (Young, 1988: 21). There was also very little or sometimes no debate by the public regarding the benefits and cost trade policies taken by the government. Most of the sectors were left out of decision making.

However, in 1983, the establishment of the Tariff Reform Committee marked the beginning of a centralized decision-making process within the government on matters of trade. Soon after its inception, the committee established a time-phased plan to liberalize trade (Smith, 2000: 93). Protected commodities were given priority in the liberalization process then commodities with monopolistic features came second in the liberalization plan. These and other trade liberalization policies were effective in reducing nominal tariff rate from 24% in 1983 to 11% in 1990. At the same time, trade liberalization increased to 95% in 1988 from 80% in 1983. Industries which used to enjoy from tariff exemptions mostly the HCIs had such exemptions revoked in 1984. Noteworthy, major reforms in trade policies that were undertaken in the 1980s came about as a result of pressure by the US which was uneasy with the surplus in bilateral trade and the exchange rate of the Won-Dollar.

4.6.5 Market competition and concentration

The strategic plans of the 1970s gave huge influence and control of the economy to the chaebols and the HCI industries. This negatively affected the rise and growth of small and medium enterprises (SMEs) as resource allocation benefited the monopolies and big inefficient companies at the expense of SMEs. There was concern over unfair trade practices due to discrimination of small enterprises as well as difficulty in restructuring the economy due to the political influence of the Chaebols.

In turn, the government attempted to rescue SMEs with by introducing the Monopoly Regulation and Fair Trade Act in 1980. The policy was aimed at regulating large business enterprises by curbing the activities of cartels and investment across affiliated companies. The government set loan limits for the large corporations, regulated horizontal and vertical integration and prevented acquisition and merger of big business to promote market competition. One important directive by the government to the 30 top enterprises was the requirement to concentrate their business activities on less than three core sectors (Kim, 1997: 34).Despite these policy interventions, the Chaebols maintained their dominant grip on the economy beyond the mid-1980s.

For example, in 1985, 23% of the total sales in the manufacturing sector were from the five biggest companies. Also, the share of GDP of these five biggest companies had increased to 52% in 1984 from 12% in 1977. Regarding exports, 70% of the total exports from Korea were produced by the ten biggest enterprises. Last but not least, by 1985, 270 firms owned by 30 enterprises (Chaebol groups) accounted for 10% of the country's total GNP. Despite these impressive figures, those big companies were facing huge debt crisis which reached 489% of their equity-debt ratio in 1983.

As the Chaebols were facing financial challenges, the government started to give more attention to SMEs in the second half of the Fifth Five Year Plan (1984). A special law was enacted in 1986 to promote the efforts of SMEs further. According to the Establishment Census of the National Bureau of Statistics, SMEs had increased to over 75,000 in 1986 from 24,000 in 1976 (ECNBS, 1986) further policies such as ease of accessing credit facilities and as a result, by 1990 64% of the country's employment was in the SMEs.

4.7 Seventh 5 year development plan (Korea between 1992 and 1997)

In the late 1980s, a combination of events made the government of General Hwan very unpopular. Apart from economic troubles, the use of force during the June Uprising of 1987 led to the rise of General Roh as the new president of Korea, who although was a military general was elected by a low majority of 36%. President Roh immediately introduced a series of reforms that gave workers more rights, national pension plan, construction of more housing units, national insurance scheme and continued implementing the 5-year development plans with the announcement of the seventh round in March 1992 (Bedelski, 1994: 105- 107). This was not to last long however as President Kim, Young Sam who took power in March 1992 retracted the five year development plan and introduced the New Economy Five Year Plan (1993-1997) marking an end to the series of 5-year development plans that began in 1961.

When President Kim took office, he announced “New Economy 100 Day Plan” which was a strategy to revamp the economy of the country. He emphasized on overhead capital, industrialization, globalization and advancement in technology. Importantly, between 1961 and 1997 three of the four presidents of Korea had served in the military in official capacity, and while regarding political freedoms they were considered as authoritarian, their success in economic growth made them heroes. In fact, in terms of economic success, every new military regime performed better than the previous.

Table 19: Summary of Regime economic performance

President	Date	5 –year plans	Target Growth Rate (%)	Actual Growth Rate (%)
Park Chung Hee (Military)	1961-1979	1. 1962-66 2. 1967-71 3. 1972-76 4. 1977-81	7.1 7.0 8.6 9.2	7.8 9.6 9.7 5.8
Chun Doo Hwan (Military)	1981-1988	5. 1982-86 6. 1987-91	7.5 7.3	8.6 10
Roh Tae Woo (Military)	1988-1993	6. 1987-91 7. 1993- 97	7.3 7.5	10 7
Kim Young Sam (Civilian)	1993 -98	7. 1993 -97	7.5	7

Source: Various annual reports from the National Statistics office.

The early 1990s saw Korea begin to shift slowly towards democratization. Human rights, freedom of speech, decentralization and local autonomy characterized the political scene. War on corruption also begun when President Young Sam declared 3rd of June 1993 the ‘judgment history’ and reopened the cases on two former presidents who were sentenced to prison for the coups that brought them to power, corruption, use of force and abuse of rights of their citizens.

Economically, President Young Sam regime introduced deregulation policies and decrease government control in the economy. The Real-Name Financial policy was adopted to curb the abnormal profits earned by including false names to increase money circulation and savings. Closely related to this policy was the Real-Name Property Ownership Policy which required full disclosure of wealth by all public servants after it was discovered that civil servants owned huge amounts of property in false pretense. He also reduced the business-politics tie that was strong between chaebols and politicians.

During the early 1990s, Korea was also campaigning to become a member of the OECD and therefore some policy strategies reflected this ambition. Reforms in foreign exchange rates, insurance and foreign direct investment which were beneficial in increasing foreign capital inflows. Lack of experience in implementing these new reforms was added to some other policy mistakes that had shown signs of possible crisis in future. A new labor law was also introduced for debate in the National Assembly in 1994 which provided for efficiency reforms, flexible working hours and managements given the right to layoff works. This bill, however, was rejected by the National Assembly

4.8 The 1997 Economic Crisis and Post Crisis era

After over four decades of rapid economic growth, signs of economic problems in Korea started to emerge in the early 1990s. While some of the possible reasons for this economic situation have been discussed in previous chapters, June 1997 saw the economy over-whelmed leading to an economic crisis. To start with, one would notice that the huge foreign debt which accounted for 25% of the country's GDP that Korean banks had accrued was certainly a recipe for disaster. Also, short-term debts had reached 350% of the foreign exchange reserves the country had while 30 larges Chaebol companies had a debt-equity ratio of 400% which if compared to the equity debt ratio of firms say in the US was just 70% (Laurence, 1999: 363). These statistics imply that in 1997, Korean economy was now officially in a crisis is the country faced a serious foreign exchange problem.

In response, the government introduced a series of reforms with the most significant one being the decision to stop using 5-year development plans that began in 1962. Instead, the measures adopted by the government were mainly aimed at promoting macroeconomic stability, corporate governance, trade and capital liberalization as well as increase transparency. These reforms also targeted private sector. Jung (2002) points out that part of the reforms introduced laws that require outsiders to seat in the board of corporations, minority shareholders getting more strength and stopping cross-credit among chaebol affiliates (Jung, 2002: 24). The role of the IMF in the post-crisis reforms is also captured by some scholars who acknowledged that while the pressure from IMF may have arisen public resentment and worsened the economic crisis, the demands were not any different from those used to respond to the earlier economic crisis in the 1970s and 1980s. These include;

4.9 Post crisis Financial Reforms

By 1999, ten banks had closed down as a result of the 1997 economic crisis living only 23 to be operational. The government responded by revising the Bank of Korea Act that provided for the independence of the central bank and giving it a priority responsibility of ensuring price stability (Lee, 2003: 22 -56). The Financial Supervisory Commission (FSC) was also established as an independent authority with a supervisory mandate over security houses, banks, and insurance companies. Also the Korea Deposit Insurance and Corporation (KDIC) and the Korea Asset Management Corporation (KAMACO) which are state owned were introduced to not only to get rid of non-performing loans but also strengthen Korean banks' capital base. With over US$128 billion spent on the banks, the result was nationalization of the banking sector, however as Crotty and Lee point out, this was not the form of nationalization that the country witnessed during the military regimes of the 196o,the 70s, and 80s (Crotty & Lee, 2001: 183-242). It was just a supportive measure to help the banks from total collapse.

Supportive bills were passed by the parliament in 1997 after President Kim Dae-Jung intervened. The bills had already been prepared earlier before the crisis begun by the previous government of President Young –Sam. The crisis acted as a catalyst to help Fast-track the legislation of the bills that were already prepared (Chopra et al., 2002: 56). The Foreign capital inflow was liberalized while foreign direct investment was made easier to increase competition between domestic and overseas companies. Accounting standards, transparency with the corporate balance sheet and entry of external auditors were aimed at promoting international best practices and corporate governance. The government encouraged companies to increase equity investment and debt levels.

Another cause of the financial crisis was the unhealthy Korean financial sector that in turn lowered profits was also dealt with through reforms in the financial sector which emerged to be very successful. Initially, corporations were operating with poor risk management, weak disclosure, and accounting standards, insolvency had weak legal procedures, and these delayed the reform process. Not only that, but due to poor accounting standards, documents provided by the corporations were less useful especially in determining the health status of the corporate sector.

Moreover, poor disclosure made it difficult for the banks to define the amount of non-performing loans among affiliate companies of the Chaebols. The whole process of restructuring the corporate sector became time-consuming and difficult because of a combination of a huge number of corporations that needed restructuring; weak risk management practices and lack of bankruptcy laws that would have facilitated dissolving of highly troubled firms.

Nevertheless, despite the tedious processes 16 of the 30 troubled firms were dissolved, debt-to-equity ratio was reduced to 126% in 2001 from 337 in 1997. Better corporate governance and transparency was achieved. That said some scholars do question the governments' imposition of so-called international standards with some like Jwa (2003) expressing doubt whether the so called international standards which in reality are Anglo-American standards would be effective in Korea (Jwa, 2003: 9 -33). Keun Lee, however, argues that the efforts made to bring about the reforms in the corporate sector were successful (Lee, 2003: 45-66).

4.9.1 Post crisis Labour Reforms

The IMF driven reforms resulted in some changes in the labor sector. Most noticeably was the introduction of temporary workers and legalization of layoff to redundant employees. In 1998 the government established the Tripartite Commission (with representatives from the labor, government, and business) which prepared a report known as the Tripartite Accord which provided a framework of laying-off workers. The accord was adopted by Parliament amid huge protests from workers.

This infamous law, however, insisted that layoff would only be as a last resort example in the event of bankruptcy, acquisitions, corporate restructuring, and mergers. Also, employers are required by law to “consult sincerely” with the relevant trade unions before carrying out any layoff. The reforms created a kind of dual system in the labor market since on the one hand we have lowly paid, casual workers who are not employed on a permanent basis and the other well paid workers with job security. At the end, this strategy was aimed at bringing flexibility in the labor sector after the crisis.

4.10 Korea between 2000 and 2016

The Korean experience of development is on that has left many baffled over its success. In just one generation, Korea has transformed from an aid seeking a country in the 1960s. Its membership to the Organisation for Economic Cooperation and Development (OECD) and later admission to the Development Assistant Committee (DAC) shaped the country’s development strategy in the first decade of the new millennium. Internally, Korea shifted from five-year development plans to a knowledge-based development strategy after 1997.

This may have been as a result of a steady decline in the growth of the country that continued for decades after the 1997 crisis. From an average growth of 7% in the 1980s, Korea’s growth has declined to 2.3-3.0% in the 2000s (Ahn, 2010: 19-23).

Since late 1999, a new trade policy strategy was introduced as the government sought regional and global trade agreements. Chile became the first country to sign a bilateral trade agreement with the government in 2002 then Singapore in 2003 before the government entered into a bilateral agreement with the European Free Trade Area (EFTA) in 2004 (Park & Koo, 2008: 26-46). The aim of this strategy was to enable Korea to regain her position in the global market as a competitive player and secondly, minimize negative costs while maximizing benefits for Korean companies by engaging with large-scale economies simultaneously (Galloway & Dunlop, 2017: 18- 44).

In 2013, President Park Geun-Hye opted for two new strategies for the country. These came to be known as the Creative City model and job-centred creative economy (MSIFP, 2014). This however was not a new strategy for Korea since throughout the 1990s; local governments had already been implementing such a strategy. It is, however, it is until 2013 that the central government adopted it as a national strategy. The local governments' use of job-centred creative economy has been to achieve two main objectives.

First, is to promote a strong cultural industry that would not only preserve but also market Korean culture and art. The industries established to achieve these goals were meant to run parallel to the manufacturing sector. The second objective is to provide support for value addition in the creative jobs. President Park Guen -Hye in a speech acknowledge that Korea's previous strategies, although were effective in the growth of the country had limitations and were no longer sustainable in the current years (Park, 2014: 34-45). Specifically, she pointed out dependence on the chaebol system as a grave burden to the economy.

In turn, her new strategy was aimed at ensuring that during her five year tenure, the country was to create 2.5 million new jobs through promotion of small businesses. The objective was to make sure that out of these new jobs, 410,000 of them were to be generated in the creative sector particularly information and communication technology (ICT). To achieve this, her government established a new ministry for ICT, Science and Future Planning. Also, venture capitalists and entrepreneurs were to benefit from tax incentives under this new strategy while to raise money for the small businesses, a new stock market was established (Won and Yeon, 2014: 34). At the aim, this radical and ambitious strategy was to make Korea a technological hub that can rival America's Silicon Valley. Within the administration of Korea, remaining a competitive economy in the world and ensuring jobs for the people is of much bigger concern than the North Korean threat according to the president's advisor Cho Won-dong (Washington Post, June 12, 2013)

CHAPTER 5

CASE STUDY: TURKEY

5.1 Country Profile

The country is known today as Turkey is historically the center of once a mighty empire, the Ottomans. Founded as a republic in 1923 under the stewardship of a former army general and nationalist Mustafa Kemal Ataturk, Turkey has remained a modern secular state with a strong military and economy. According to the census report of 2016, the population of Turkey stands at 79.1 million, occupying an area of approximately 779,452 sq km (300,948 sq miles). Two main languages dominate the country. They are one Turkish, which is the official language and two Kurdish while Islam is the main religion. With Ankara as the capital City, the politically, Turkey has a unitary parliamentary system of government that was established by the November 7^{th,} 1982. A Constitution a referendum on April 2017 introduced a presidential system headed by the president

Economically, 2016 statistics by UNDP indicate a GDP (PPP) of US$ 1.66 trillion (15th in the world) and GDP (Nominal) of US$ 751 billion (18th in the world) GDP per capita is at US$ 9, 562 (62nd in the world). Its unique geographical location and proximity to the former Soviet Union, the Balkans, Europe, North Africa and the Middle East makes Turkey an important actor in the Eurasian region and at the same time confronting it with several opportunities and challenges. Turkey remains a leading source of capital in many central Asian and Caucasian countries and has significant control over access to the Black sea.

While Turkey's strategic location at the cross roads of three continents comes with significant benefits from trade, foreign investment, diversity in market products and tourism. Turkey faces some internal and external threats such as the Kurdish separatist movement, ISIS, and other terrorist groups as well as the refugee's inflows from the neighboring Syria and Iraq. Nonetheless, Turkey has been able to overcome enormous obstacles to development and political stability that date back to the 1960s which saw the country experience some economic crisis characterized by a huge balance of trade deficits, public debts, inflation and unemployment which resulted to military coups in some instances. Today the country prides itself a stable democracy which overcame a military coup attempt in July 2016, a globally competitive economy earning her a place among the G20 countries and social development that has seen millions lifted from poverty and improved standards of living. In the recent years, perhaps until the aftermath of the Tunisian Revolution that came with political reforms, Turkey's political model was praised for being the most exemplary of all the 51 majority Muslim countries.

Up until 1980, the country was strongly dependent on the agricultural sector and import substitution, an economy that was firmly controlled by the government. The economy was closed and heavily controlled by the government with terrible consequences. Attempts to introduce some reforms were highly undermined by domestic politics and a strong sense of nationalism. Prime Minister Turgut Özal in 1980 sought to liberalize the economy aiming to turn the country into an export-oriented economy. However, his efforts resulted once again in an economic crisis an unstable economy through what came to be known as the lost decade. It is only until 2002 that the country seems to have found the right prescription to its long standing economic troubles. Prime Minister Erdogan's (then, now the president) government, skillful use of some strategic planning tools, ushered what came to be referred to as 'Turkey's Miracle' characterized by the enormous boom in wealth accumulation, exports, and a competitive socioeconomic status.

The country is also a being considered for membership in the European Union although the success of this depends on the continued negotiations between the European Commission and the Government of Turkey. The success story of Turkey which became apparent after the rise of the Justice and Development party (commonly referred to as AKP) in 2002 is highly attributed to the nature of strategic plans and management of state resources as we will see in this chapter. However, first, we will look the history of development from 1923 to 2016 by examining the success and failures, particularly of planning strategies.

5.2 Development Planning in Turkey 1923-2015

Development planning in Turkey dates back over 200 years to the Ottoman Empire which at its height enjoyed massive political, military and economic power. Nonetheless by the time Turkey was declared a Republic in 1923, the Ottoman Empire economic heritage was not as productive as it was before or compared to other Empires such as Austria which had also lost her status as an Empire but was relatively economically stable. Many reasons can be attributed to the weak economic foundation of the Republic. However, the most convincing is that the declaration of Republic in 1923 came in the backdrop of some wars such as the 1st World War (1914-19), the Baltic War (1912-13), the Libyan War (1910-11) as well as the War of independence all which the Empire was involved in. This means that the new republic inherited a weak and underdeveloped economy.

To give a summary of the planning experience of Turkey one will need to examine the 1920s and 1930 development plans that focused on industrialisation, followed by a mixed planning experience between 1960s and 1980 which then paved way for the much more sophisticated national planning in the 1980s and 1990s before there was the entry of strategic planning that has been operational alongside the development plans and the vision plans 2023 and 2073. Below we examine in detail how the development and strategic plans affected the country and what were the challenges.

5.2.1 Turkey between 1923 and 1950

Upon becoming a Republic, the new government of Turkey embarked on some economic strategies that culminated to what we describe as the 1923-1950 economic recovery period. During this time, there was tremendous progress in economic development, even though a lot still needed to be done. For example, there was a 30% increase in GNP per capita between 1923 and 1950 while the average Turkish citizens experience an almost double improvement in their welfare. Also, the country experienced a steady growth in population at about 2.1%. By 1950, the population of Tukey had increased from 12 million to 20 million. Most impressive was the rate of economic growth between 1923 and 1950 which hit a high of 9.1% as illustrated in figure one below (Hale, 2016: 46-47).

Despite the overall growth in GNP, development within specific sectors was not balanced. Turkey's industrial sector was not strong with urbanization remaining very low. The country which was largely an agrarian society was struggling to shift to industrialization (Wagstaff, 1989). This was further worsened in the 1930s which saw a stagnant economic growth that was caused by economic depression almost similar to that witnessed during the pre-war period. The loss of market in regions such as Syria, the Arab Peninsular, Palestine, and Lebanon as Turkey was downsizing from an Empire to a nation state. There was also the exodus and exchange of populations leading to loss of entrepreneurship, and accumulated wealth have been attributed to the 1930 economic crisis as regions such as Trabzon and Samsun taking long to recover (Thornburg et al., 1968: 22). Table 2 below shows that the labor force was highly dependent on the agricultural sector between 1927 and 1950.

The period between 1930 and 1950 is a critical stage in the development of Turkey. This is because it provides many lessons to be learned regarding development strategy. This period was characterized by the collapse of the Ottoman free trade model, to a closed system of economy that included nationalism and protectionism. Many would argue that the early gains witnessed in the Soviet Union's closed economy had a significant impact on Turkey. A visit to Moscow by the then Prime Minister İnönü sought of encouraged him to shift to a development strategy that involves state enterprise planning (Herslag, 1968: 60-73).

A closed economic system seems to have gained support domestically from even intellectuals like Kadro Periodical. Prof. Orlov and a group of Soviet experts then prepared the first five-year industrial plan for Turkey in 1933-38. With the Soviet Union providing financial aid during this first-period iron, cement, paper, textiles, and sugar industries were established.

Noteworthy, Etatsim had penetrated political and economic ideologies in the country. The ruling party Republican Peoples Party's (CHP) Secretary General Recep Peker emphasized that the government was committed to creating privileges and classless society making etatism a form of constitutional rule (Ahmad, 1981:

145-165). Two state economic enterprises were founded to deal with mining, Hittite Bank (Eti Bank) and industrialization Sumerian Bank (Sümerbank). However, this strategy seems not to have had a positive impact on the country's development.

Consolidation of economic and political power in the hands of few political elites which was considered necessary for sustainable development was slowly giving rise to authoritarianism and bourgeoisie class in Turkey. By 1937, as economic performance took a downward trajectory, the President Mustafa Kemal Ataturk appointed Celel Bayar, a market-oriented banker to replace İsmet İnönu as the Prime Minister hoping to introduce market oriented reforms. The entire cabinet was also dismissed during this period. At the time of Ataturk's death in 1938, Turkey's economy can be described as being dominated by import substitution strategy, planning, and state economic enterprises as well as low foreign direct investment.

Economic development continued to be a challenge going into the Second World War that began in 1939 to 1954. During this period, the government attempted to introduce other policies to help hold the economy. Two most prominent policies at this period were the Capital Levy (Varlık Vergisi) whose main objective was to discourage primitive accumulation in the private sector. Those who felt the effects of this policy were the minority wealthy business class. The second was the National Protection Act (Milli Korunma Kanunu) which was a market regulatory measure by the bureaucrats. Accompanying these two laws were the policies of rationing that were enforced even after the Second World War. For all their good intentions, by 1950 policy makers in Turkey had not succeeded in finding a strategy of development that would work best amid all the uncertainties within and outside the new Republic. What resulted from the various efforts and measures put to help economic development were a series of economic crises.

5.2.2 Turkey between 1950 and 1960

The rise of the Democratic Party (DP) and the following decade 1950-1960 is a period worth mentioning in Turkey's development history. The DP era marked a transformation of political representation in the country as it saw the rise of farmers and bourgeoisies to higher political offices. This new political class comprised of people who had liberal ideas and supported a market economy, free market, and private ownership. Another important observation is that American aid began to trickle in under the DP government and this came with the training of Turkish officials by European and American experts on matters of economic development. At the same time, the war in Korea offered Turkey with an opportunity to boost her exports.

Despite the liberal ideological stand of DP government officials constraints such as lack of adequate capital and entrepreneurs explain why state economic enterprises remained the dominant means of economic development and investment. Economic deficits and lack of visible development the DP started to face fierce opposition from political opponents and the citizens who demanded change (Singer, 1979). In response he DP turned to monopolize economic and political power as their predecessors thus abandoning the ideals of market enterprise and private enterprise they once believed in. The decade Turkey was under the DP was therefore characterized by an economic crisis that occurred in 1958 as a result of an inevitable inflation as shown in table 3 below.

During the DP era, the ratio of saving was below 15% of the GNP while growth was at 6%. Public investments were financed through inflation tax and public deficits. The SEE also increased during this period while the price support in the agricultural sector became a political issue. For the first time in the history of the Republic, the government was committed to a market economy. Comparative advantage was not emphasized at the expense of foreign trade while co-operating and income taxes were introduced, however, because they were sectarian, it affected the level of capital accumulation. A positive characteristic of the period was the rise of all be it a small size of Turkish entrepreneurs who became merchants and industrialists.

Indeed, the DP was right to try and transform Turkey's economy to a market-based economy from an etatist model, and the intention to cover the masses through development achieved by investing in infrastructure also created a fertile ground for market forces to operate with ease. This combined with extending support to the entrepreneurial class in the country can be considered as objective and sound policies.

However, the impact of these policies could not translate to sustainable development because of the government at the time financed development through inflation. That is the price system, by increasing the number of public enterprises, the government failed to open up Turkey's economy to the global market and therefore could not benefit from advantages that come with such a system. The creation of rent seeking society was also considered as a down side of the DP era. It gave room for corruption and inefficiency which resulted in a tragic military coup in 1960 that ended the decade long era of DP with further negative ramifications of the coup on the development of the country (Okyar 1981:77-167).

5.2.3 Turkey between 1963 and 1983

The two decades between 1963 and 1983 marked a crucial starting point in the use of planning strategies in Turkey. As we have seen in the previous years during the statist era, there was little planning attempted by the then government, but in 1963, strategic planning was taken to a new level. To start with, a constitutional amendment in 1961 made planning compulsory in the public sector which was a good strategy since most of the enterprises at the time were owned by the state, therefore, introducing planning measures would, in theory, mean more efficiency and effectiveness.

A closer look at the strategies also indicates that they were highly influenced by those developed in 1930 since the new strategies emphasized protectionism (closed market) and import substitution (inward oriented, industry driven model). Across the border, this form of planning and the aim of planning under this model seem to have a good number of similarities with the Soviet and Indian strategies. The objective of these strategies as evident in past application was to improve the balance of trade, diversify the economy as well as help to consolidate economic and political independence (Herslag, 1988: 6-29).

The failure of planning in Turkey, the Soviet Union, and India at around the same time in 1970 was attributed to the use of almost similar strategies by these three countries. They ended up underutilizing capacity, ignore the absence of scales, low productivity particularly in the agricultural sector, artificial pricing, exchange rates that were not realistic as well as ignoring agriculture and focusing on investment goods. For this reason, economies such as the Turkish, Indian and that of the Soviet Union that used planning strategies that failed to recognize the global trends and gains could not overcome the negative consequences of the oil shock since they had lost the comparative advantage.

Unfortunately despite the excitement that may have accompanied planning strategies in the 1960s, one can see that the expected goals were rather naïve. The first 5-year plan for Turkey (1963-1968) sought of set the pace for the coming decade and a half. This plan pegged on the concept of social justice, aimed at reducing unemployment, increase growth rate up from 7% and to facilitate the training of scientists and experts (DPT, 1963: 33). The plan was criticized for promoting state control over the economy, training scientists and experts at the expense of encouraging entrepreneurship were not going to strengthen a market-based economy.

Planners at the time also failed to put into consideration the important factor of a population boom that took place at the time and therefore would have required advance measures to look at unemployment in a more robust scope while ensuring a fair balance of external trade. In the end, the first 5-year plan failed to meet either of its defined targets only the economic growth coming close as 6.5% instead of the anticipated 7% in the years 1963 and 1978 (Ibid 104). In total, four strategic plans were implemented in the years 1963-67, 1968-72, 1973-77 and lastly 1978-83.

An important event to remember is that as the economy was struggling to respond to the economic plans, the adverse outcome led to an economic crisis in 1979 attempts were made on the 24th of January 1980 to introduce an economic stability program. However, the same year coincided with another military coup, and this led to the rise of Turgut Ozal in 1983 a period that marked the beginning of reinventing an open market economy. Between 1978 and 1983, the plans used yielded a 20.7% increase in investment ration up from 16.3% in the previous years.

Also important to note is that average growth, in the beginning, was 5%, but towards the end of 1983, it was down to -2% with inflation figures going over 100% by 1980. A short period of economic stability was witnessed between 1980 and 1983 after the military government introduced some reforms. These included; using collective bargaining between the trade unions and the government to establish wages for workers, Subvention was used to keep interest rates low through state owned banks, and agricultural prices were set above the global market price (Ibid pp 89-128). The success of implementing these new plans came through the support of state owned enterprises.

However, although the military regime had continued with planning measures, the economy was still closed thus resulting in unemployment, the balance of payment deficit, inflation, and negative growth. The fact that the military regime continued to ignore global prices when it introduced the new price policies yet the country was operating within the global system, and therefore a global economy led to the collapse of the Turkish. The International Monetary Fund (IMF) stepped through regulation to try and stabilize the economy (Blassa et al., 1999: 22-30).

Indeed, one can have a clear picture of the changes that had occurred since 1963 when planning was introduced in Turkey up until 1982 by looking at the export rates. The country has made significant progress from US$ 400 million in 1963 to US$ 5 billion in 1982, but because the planning strategies had several loop holes, by 1982, Turkey had a trade deficit of US$ 3 billion.

During the 1979 oil shock crisis, the vulnerability of Turkey's closed and planned model economy was exposed when the economy which had an export value of US$ 2il billion was not able to cover the cost of oil imports into the country. Thus, while the years between 1963 and 1983 symbolize the '20 years of planning' in Turkey, all be it for the first time, GNP per capita almost doubled, which is a good thing, but economic growth was lower even in comparison to countries like South Korea which were export oriented. Table IV below gives us a summary of the two decades between 1963 and 1983

The fourth plan prepared by the government of Ecevit aiming to achieve an 8% growth and reduce private sector stake in the economy between 1979 and 1983 may have sealed the fate of successful planning in Turkey's public sector (Conway, 1990). This plan began to show signs of failure right from 1979 as the country faced very high inflation and negative growth. Serious concerns were raised by different actors including Turkish Industrial and Businessmen Association (TUSAİD) which used newspaper advertisements to express their dissatisfaction with the government policies especially the efforts made to turn Turkey into a semi-socialist economy.

5.2.4 Turkey between 1983 and 1991

Turgut Özal and the Motherland Party came to power in the 1980 coup and on the backdrop of an economy whose planning strategies had failed before. He presented himself as a reformer and embarked on pushing Turkey from a mixed-planned economy to a market-based economy which begun in earnest almost ten years before other former socialist states such as the Soviet Union made the transition.

His policies were aimed at liberalizing imports, converting the Turkish Lira, introducing Value added tax (VAT), reducing the strength of State Planning institutions, privatization of the economy, providing subsidies on exports, reduce investment from the public sector as well as reduce restrictions on foreign exchange. This government also aimed at downsizing the public sector. Planning and development experts in government at the time were convinced that these were good measures that would open up the economy and transform Turkey to a market-based economy which was a seen as a necessity for sustainable development at the time (Saracoglu, 1987).

This opinion would change however when the country faced yet another economic crisis in 1994. A look back at some of the reasons why the seemingly good strategy did not yield the expected results paints a picture of some issues that were either deliberately or without intent neglected. First, the government did not change the already distorted prices that were as a result of high wages and low interest set by the military. Secondly economic development was still being financed by inflation/deficit, and third, the price of foreign exchange was continuously kept lower than the inflation rate.

The tax base was also shallow as citizens did not contribute much through income tax, income transfer made most people become free riders, in turn, pushing inflation rates higher (Buchanan, 1989: 23). The idea of free riders was crafted from the realization that out of the over 40 million voters, just a fraction of them at seven million paid taxes. Thus the majority who benefited from the ballot machine was in fact transfer of income from minority tax payers to a significant population of men and women who did not pay taxes, the so called free riders.

Turgut Ozal's income policy also failed to get a good deal through a collective bargain with trade unions that may have resulted in lower wages and increased public saving. Another weakness of his planning strategy was the failure to implement the planned privatization of the economy, which mostly remained state controlled during his time. He was also seen as an elitist with little touch with the reality especially in his belief that the masses had the biggest responsibility in the success of fiscal and monetary policies through income taxes and the masses were not willing to have taxation reduce their ability to consume. Table V shows how Turkey's economy responded to the planning strategies introduced by Ozal's government in 1983 to 1991.

In the beginning, Özal's planning policies seem to have been working as the ratio of saving had significantly increased. However he changed some policies after losing the 1989 local elections, he reintroduced old policies meant to appease the masses yet these affected savings and caused inflation. Nonetheless, he succeeded in increasing exports from US$ 5.7 billion in 1983 to US$ 13.7 billion in 1991. Inflation, on the other hand, rose to 60% from 25% in the same period which is a negative trend.

Despite the fact that he was not able to successfully stabilize the economy, Özal did well in providing a stable supply of foreign exchange whose shortage was a decade old problem. Inflation and public deficits at the time had become so much intertwined with politics that even Özal could not provide a permanent solution since the solving the problem required strict measures such as reducing wages of the masses the so called free riders thus would affect once political ambition (Buchanan, 1981: 100-110.

5.2.5 Turkey between 1991 and 2001

This short period can be referred to as the years of economic crisis and began after the 1991 General Elections. Moreover, its causes were very similar to those that led to the 1971 and 1980 economic crisis. The 1991 crisis is blamed on two main reasons, on the one hand, the government had introduced further requirements for public borrowing leading to inflation and on the other, the government strategy of reducing foreign exchange rate below the rate of inflation at the same time reduce interest rates leading to a deficit in foreign trade. Statistically, exports in 1993 were at US$ 13 billion which was equal to the balance of trade deficit of the same year. The cycle of inflation causing trade deficits and the deficits leading to reduced production threatened development prospects in the country (Blassa, 1999, pp. 164).

The government then adopted some economic strategies to curb the crisis. Measures such as increasing taxes, raising prices of public enterprises, raising interests on borrowing as well as the devaluation of the Turkish Lira were adopted. It is important to note that while these are economic measures capable of stabilizing the economy, one should not forget that such response has negative political consequences and cannot hold for long if a government still needs to be popular among the masses.

Also, the Turkish government did not also provide a solution to the problem of free ridership whose effects to the economy cannot be ignored. The 1993 crisis is also attributed to some policy mistakes such as the review of the laws on bank taxation particularly those touching on deposits. The strategy of regulating Public Sector Borrowing Requirements (PSBR) turned out to be an extension of income transfers whose impact distorted internal prices of sectors such as agriculture and public sector wages (Uygur, 1993).

What happened between 1991 and 1995 particularly the economic crisis was inevitable due to use of planning strategies that were not sustainable. If the government had resulted to over employment or collective bargaining by trade unions, lead to excessively high wages above what the market can sustain. If the capital flow is determined by cheap credit offered by state enterprises or even if measures are taken to increase the price of agricultural products above the global market price as was the case in Turkey, then even foreign exchange shortage, inflation, as well as macroeconomic imbalances, become inevitable. By 1994, the wholesale price index was at 125%, PSBR had reached 12% of the GNP while the devaluation took place at 300%.

It is important to stress that by the time the government introduced stabilization strategies, time was not on the side of success. To introduce such measures one and a half years before an election was not sufficient to guarantee success. The government lost in the local elections due to lack of confidence from the electorate, and this loss made it introduce policies that would please the public and in the process making wrong monetary policies.

For example, an enormous amount of money was pumped into the economy between March (money in circulation was 64 trillion TL) and September (it had risen to 118 trillion TL) 1994 (DPT, 1994). Stabilization was further postponed to 1995 after the election and this time the government was not only going to face stabilization but was required to also deal with structural change if the country was to witness significant development. Also important to note is that by 1994, despite the previous consequences of having a planned-closed economy, very little success has been made in transforming the country to a market economy. The table below shows that the economy was still dominated by the public sector.

The public sector could easily reach 60% if other forms of taxes and expenditures such as those enjoyed by the military are to be added. This translate to a 40% share of the market and a 60% share of the public sector in the economy by 1994 yet other countries like Hungary and East Germany which had adopted a socialist market economy had by this time transformed almost fully to market-based economic model. At the end of this period, the country needed two important planning strategies that would lead to economic stabilization and transformation to a market economy.

The economic crisis of 1994 had a tremendous impact on the development of the country as it saw a 6% shrink in the economy, the biggest drop in history. The Turkish Lira was devalued at 50% against the US dollar while the Central Bank experienced a 50% loss on its reserved. Interest rates went to an all-time high as the government responded by among other measures cutting the supply of treasury bills

5.2.6 Turkey between 2001 and 2015

Unlike the past years, Turkey has made significant progress in development over the last decade and a half. It all started after the economic crisis that hit the country hard in 2001 and the election of the Justice and Development party in 2002. The new government came up with measures that brought discipline in the public sector and restructured the economy. The high economic growth characterized by single digit inflation, investment on mega-infrastructure projects and a new wave of industrialization has been branded the 'Turkey's, Miracle.'

This impressive growth became an inspiration to many countries across the world particularly those from the developing south. Oniş and Kutluy in their book argue that the government seems to have adopted the fundamental principles of the post-Washington (Oniş et al., 2013: 1408-13). The AKP during its first years in office appears to have focused on regulatory strategies more so in the banking sector rather than that of physical development. The successful implementation of regulatory measures In the economy explains why Turkey was able to maintain a growth during the 2008 global economic crisis (Oniş & Güven, 2011).

Nonetheless, this quickly changed as the government through the prime minister's office developed an elaborate industrial planning strategy in 2005. Also, was the adoption of the *Turkish Industrial Strategy Document: Towards EU Membership* an inter-ministerial policy paper whose goal is to transform the country into "the production base of Eurasia in medium- and high-tech products[2]." Post-2008 despite some economic turbulence affecting the economy, economic growth of Turkey (8%) remained higher than those of other emerging markets (7%) and the EU (1.5%) in fact the only economies that grew higher than that of Turkey in 2009 were those of China and India respectively. Statistically, there has been a huge boom in exports.

The economy has however shown signs of decline in the last two years with concerns as to whether the economic miracle produced by the AKP is coming to an end. Unemployment, inflation, and weakening of the Turkish Lira have been witnessed raising speculation as to whether the economic strength strategies are declining. Proponents of the government policies have argued that it is unfair to criticize the government for the economic woes being experienced without being mindful of the external factors such as the several terrorist attacks the country faced in the last two years. The high influx of refugees particularly from Syria who have entered the country to escape violence back home and most recently and attempted military coup by a small fraction of the army and air force, which although failed, the government insists that it is part of a wider conspiracy by members of an outlawed group who have managed to infiltrated the government and their activities may include economic sabotage.

5.3 Public Management Reforms in Turkey

After decades of a struggling economy mainly controlled by the government, many would argue that privatization, the introduction of neoliberal strategies, the transformation of the economy and globalization in 1980 marked the beginning of sustainable development in Turkey. This also included input from the private sector whose role in macroeconomic policies had also begun to rise during this period (Ökmen and Parlak, 2015: 516-518). Özal's liberal ideas and policies that encouraged privatization of state enterprises did help to decentralize power from the central government to the local authorities (Demirkaya, 2006).

[2] Turkish Ministry of Industry and Trade, Turkish Industrial Strategy Document 2011-2014, 2010, http://www.sanayi.gov.tr/Files/Documents/TurkiyeSanayiStratejisiIngilizce.pdf .

The sudden death of Turgut Ozal in 1993 at a time when the economy had not successfully adopted his new policies and was therefore vulnerable led to the economic and political crisis. The new government attempted to solve the problem of budget deficits and inflation through short-term or sometimes even daily decision-making habits, external audit, budgeting with deficits and financial controls which were not very successful since many things were on the agenda.

These difficult periods only got worse in 1999 when a catastrophic earthquake hit Istanbul in August killing over 18, 000 people and disrupting the economy. The emotional consequences of this era were escalated by further criticism of state institution's response to the natural disaster and others begun even to question the legitimacy of the heavily bureaucratic government system whose performance had seemingly become cumbersome.

Further, as the government struggles to respond to public grievances, another economic crisis hit in 2000-01 that somewhat marked the end of citizens trust in the existing political class and the nature of the country's public management systems. Then came 3rd November 2002 when a national election was held. The public now had an opportunity to express their dissatisfaction with the political parties that constituted the incumbent coalition government through the ballot.

A sought of revenge or what others consider a severe reaction by the public on the one hand but on the other an opportunity for one right-wing center political party which had keenly analyzed the cause of people's concerns and was ready to challenge the now unpopular bureaucratic system. This party is known as the Justice and Development Party (AKP) and upon ascending to power embarked on rapid reforms of the principles of Turkey's public administration sector. It brought in public orientation, public participation, performance based strategic management, ethics and effective monitoring as well as building trust and efficiency in service delivery (Dinçer and Yılmaz, 2003: 127).

The government introduced a restructuring model that ensured more accountability; more transparency, more participation, and fair respect of human rights, efficient and effective public administration in addition to setting up measures that would ensure public services meet the highest quality standards. The government also insisted that all public institutions be required to adopt managerial tools especially in dealing with the civil societies. At the same time efforts to decentralize roles and responsibilities to local levels were driven by increased use of information and communication technology (ICT), devolution system characterized by a horizontal organizational Structure, management strategies that include participation, effective working, and quality based performance (Ministry of Development, 2015).

The crucial turning point of making all these arrangements a reality came on the 24th of December, 2003 with the adoption of the Financial Management and Control Law (no. 5018). This legislative regulation would now ensure that all public institutions adopt without failure strategic planning methods and most interesting are that strategic planning became an obligation for all public institutions to adopt. The strategic planning law was then strengthened by some legislations that include; Municipal Law (no. 5393), Metropolitan Municipality Law (no. 5216) and Special Provincial Administration Law (no. 5302).

Under these regulations, public entities with a population of over 50, 000 people are in social security institutions, departments of the central government or special provincial administrations and municipalities have an obligation to prepare a five-year development plan. Article (9) of the Financial Management and Control Law also goes ahead to make it a requirement that public institution’s plans must cover both long and medium term targets, performance criteria, basic policies and principles, priorities and objectives, resource allocation plans and methodology.

5.4 Objectives of Strategic Planning in Turkey

The above legal regulations and strategic management strategies can be seen or analyzed as having the following goals and objectives;

- To strengthen decision making and management of finance in the budget making process.
- To curb the challenges of implementing administrative plans and initiatives within public institutions at the macro level.

- To enhance capacity in preparing long and short term provision of public service while focusing on performance and results.
- To establish an effective link between programming-planning-budgeting components through adopting of planning strategies in public institutions.
- To introduce a participatory culture that depends on the satisfaction of the citizen who is also the consumer.
- Implement accountability and openness (Ministry of Development, 2015, p. 6).

The aim of implementing strategic planning in Turkey is surrounded by the need to use the available public resources economically and more efficiently and in turn be able to improve the welfare of the masses through sustainable development. Since the implementation of the various public administration reform policies, the Ministry of Development (2015) outlines the expected results of these reforms. They range from introducing strategic thinking in public institutions, to enable systematic collection of data critical to public service delivery, facilitate efficient spending of public resources and enable easy audit of success and failure that may occur in the public sector.

The reforms targeting public sector that was introduced in 2003 changed the inefficient, bureaucratic, overcentralized and profoundly hierarchical administration that Turkey had at the start of the millennium (Ökmen and Parlak, 2015, pp. 544-545). The success perhaps was inevitable given the domestic and international goodwill to introduce a public management system that can work for all. Indeed the support of several international organizations such as Municipal Services Project and Municipal Sector Review by the World Bank, LAR 1 and LAR 2 by UNDP and also the Local Agenda 21 Project came in handy (Demirkaya, 2009). Another important external actor in the whole process has been the European Union through its external aid initiatives that fall under the European Commission for the pre-accession of Turkey to the Union (Demirkaya, 2008).

5.5 Public Management Reforms and development in Turkey

The highly centralized, bureaucratic system of public administration meant that local authorities had very little control over decision making and were in-charge of the insufficient scope of service delivery. This necessitated the need to have more responsibilities and duties devolved to the local authorities not only as a means of democratization but as a course for effective and efficient service delivery. The reforms introduced in 2003 have so far expanded the general scope of local governments in Turkey which in turn has enabled economic and social development among different communities. However, as we will observe later in this chapter, these reforms have faced some challenges such as the difficulty to set effective performance indicators and targets for managing and measuring the local governments particularly. Also, the Napoleonic model that characterize the local governments explains the slow and imperfect process of implementing these reforms since the local authorities appear to be keen on protecting their autonomy and therefore exhibit a lot of reluctance in absorbing the new measures into their systems (Huseyin, 2004).

5.6 Legal Regulations on Strategic Planning in Turkey

In Turkey, the legal regulations set to guide and protect strategic planning processes have become quite comprehensive with the aim of improving efficiency and accountability in the public sector. All public entities have since 2006 been expected not only to prepare strategic plans that will guide their operation over a specific period but also these institutions are required to prove that indeed they have been guided by the said plans. Below is a summary of the laws introduced in public management sector and have a direct influence on the strategic planning stakes of the country.

- Law no. 6360, 2012
- Law on Unions of Local Authorities, 2005
- Public Financial Management and Control Law, 2003
- Municipality Law, 2005
- Metropolitan Municipality Law, 2004

- Law on the Establishment of Districts within the Boundaries of Metropolitan Municipalities and on the Amendment of Certain Laws, 2008
- Special Provincial Administration Law, 2005[3]
- Law on the Allocation of Shares to Special Provincial Administrations and Municipalities from the General Budget Tax Revenues, 2008;

A comprehensive report prepared by the Ministry of Development in 2005 helps us to examine the chronology of legal regulations in the public sector.

Law no. 5018, enacted on 24/12/2002 (Public Financial Management and Control Law[4]) this was the main legislation that identified and made strategic planning application mandatory to all public institutions. Despite its earlier formulation, this law had to wait until 1st January 2006 to be fully operational. At this time, the Ministry of Development was tasked with the responsibility of drafting and preparing a timetable for the process of strategic planning. These plans and schedules were supposed to be aligned with public administration principles.

The Ministry of Finance was also directed to come up with policies and principles as well as set out the procedures that public authorities needed to implement to comply with the budgetary framework spelled out in the strategic plan. Authority to formulate performance-based budgeting principles and any other policy related to this context and necessary of public administration were also delegated to the Ministry of Finance under this Law[5].

Law no. 5216, enacted on 10.07.2004 (Metropolitan Municipality Law[6]**)** was an important turning point for the management of Metropolitan municipalities which under this law were obliged to ensure that six months after the local elections, they prepare their strategic plan. It also became mandatory that the budget of all

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[3] See "Special Provincial Administration Law, No.5302" http://www.tbmm.gov.tr/kanunlar/k5302.html

[4] See Public Financial Management and Control Law, No. 5018" http://www.tbmm.gov.tr/kanunlar/k5018.html

[5] Regulation on Working Procedures and Principles of Strategy Development Unit http://rega.basbakanlik.gov.tr/Eskiler/2006/02/20060218-2.htm

[6] See "Metropolitan Municipality Law, No. 5216", http://www.tbmm.gov.tr/kanunlar/k5216.html,

metropolitan municipalities were to be in line with the already prepared strategic plans.

Also, all metropolitan mayors are required to shape their management models as per the strategic plan. That is, the strategic plan is to guide their decisions in preparing the municipality budget, in creating their corporate strategy, in measuring, monitoring and evaluating the performance of their employees and in presenting to the local council their reports on the above mentioned. The responsibility for ensuring that the policies and objectives of the metropolitan are successfully implemented is delegated to the municipality's secretary general and their deputies, and they should do so by the annual programs and the prepared strategic plan.

Law no. 5393, enacted on 10.07.2004 (Municipal Law) this law made it mandatory a strategic plan must be prepared by all municipalities with a population of over 50000 people not later than six months after the conclusion of the local elections[7].

Law no. 6085, enacted on 03.12.2010 (Court of Accounts Law*)* the purpose of this law is to define which authority has the power to audit performance (meaning the measurement and accountability of identified indicators and target results) and regulate (both financial audit and compliance) public institution. It gives these powers to the Courts of Account.

To achieve this important objective, the Ministry of development has prepared the 'Strategic Planning Guide for Public Administration[8]' which is a kind of general framework that gives public institutions the necessary guidance in preparing their strategic plans. The document was first put for pilot testing and later updated in 2006 following recommendations that arose from the trial period. The new report was improved to give clear and detailed step-by-step information to the implementing agencies from how to formulate, implement, monitor and evaluate the strategic plans developed by public entities (Songül, 2011).

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[7] See "Municipal Law, No.5393", http://www.tbmm.gov.tr/kanunlar/k5393.html

[8] This guidance could be downloaded from http://www.sp.gov.tr/tr/kutuphane/s/55/ .

The reviewed plan also gives examples as to how any authority can develop mission, vision, performance indicators, objectives, and goals at any level of government, which is a major step in ensuring success.

5.7 Institutions Tasked with Administering of Strategic Planning in Turkey

The table below shows which organization and their roles in the strategic planning process in Turkey.

Table 2: Responsibilities and roles of central authorities in the process of Strategic Planning

Public Bodies	Responsibility/Duties
TBMM (National Parliament)	– TBMM examines the financial reports of public institutions prepared by the Court of Accounts regarding obtaining and use of public sources.
Ministry Of Development	– Fulfills central harmonization and routing functions in the strategic planning process; and Co-operate with relevant national and international actors for the public administration; organizes training programs for implementing projects.
Ministry of Development and Ministry of Finance	– Fulfills central harmonization and routing functions in the strategic planning process; and Cooperates with relevant national and international actors for the public administration; organizes training programs for implementing projects. – Determines the public instructions which are obliged to prepare strategic planning and prepares the timetable for the process of strategic planning. – Ensures the compliance of the strategic plan with national development plans and other Macro plans of each public institution. – Prepares the secondary and tertiary legislation for the implementation of strategic planning. – Evaluates and expresses an opinion on the strategic draft plan of the public institutions. – Prepares middle term plans and annuals plans. – Prepares additional investment circular and investment program preparation; – Oversees the compliance of investment objectives and strategic plans of the public administration

Ministry of Finance	– Prepares the secondary and tertiary legislation for the implementation of strategic planning. – Examines the compliance of public institutions' budgets with the indicators in their strategic plans. – Determines the performance-based budgeting. – Announces the budget call and prepares/publishes the guide of budget preparation. – Prepares the general activity report and announces it to the public. – Sends a copy of the general activity report to the Court of Accounts. – Determines the principles of subjects in the annual report. – Gives an explanation of the public and other procedures related to these transactions. – Sets standards and procedures related to financial management and internal control pro-cesses. – Ensures the coordination of internal control and internal audit system of public administrations and guides public institutions.
Ministry of Interior	– Prepares the general annual local authorities report and the annual report, and answers to the public. – Submits this report to the Court of Accounts and Ministry of Finance.
National Audit Commission	– Prepares the general conformity statement and general activity report to present it to the Parliament; – Conducts the external audit and prepares general assessment reports to present to the Parliament. – Prepares the evaluation of financial statistics reports and presents it to the Parliament.
Internal Audit Coordination Board	– Sets standards and procedures regarding internal control (improves and harmonizes these standards). – Ensures the coordination of the systems and guides public authorities.
Public administration institutions under the central government	– Prepares the strategic plan and sends it to the Ministry of Development, Ministry of Finance, Court of Accounts and TBMM. – Prepares the performance plan and sends it with a budget plan to the Ministry of Finance. – Prepares the activity report and sends it to the Ministry of Finance and Court of Accounts.
Metropolitan Municipalities	– Prepares the strategic plan and the budget as per the strategic plan. – Prepares the performance program and presents it to city council before budget talks. – Prepares the activity report and sends it to the Ministry of Interior and announces it to the public.
Special Province Administrations	– Prepares the strategic plan and the budget in accordance with the strategic plan. – Prepares the performance program and presents it to the provincial council before budget talks. – Prepares the activity report and sends it to the Ministry of Interior and announces it to the public.

Source: Ministry of Development (Kalkınma Bakanlığı, 2015, pp. 19-23

Table 3: Notable actors in strategic planning process

Public Bodies	Responsibility/Duties
Strategy Development Units	– Coordinate the preparation of the strategic plan and performance program and consolidate the results. – Prepare the annual administrative report. – Prepare the administrative budget and evaluate the compliance of all administrative activities in accordance with the prepared budget.
Ministers	– Ensure the accordance of strategic plans and budget of the ministry with the national development plan and annual program. – Coordinate with other ministers in this context. – Inform the public about the aims of the administration, targets, strategy, assets, liabilities and annual performance of the program. – Are responsible to the prime minister and the parliament on legal and financial public sources.
Top Public Bureaucrats	– Prepare and implement strategic plans and the budget of the administration in accordance with the national development plan and annual program. – Have responsibilities to the usage of economic resources in an efficient way to obtain and pre vent abuse of these public resources. – Oversee the functioning of financial management and control systems and monitor them. – Ensure the establishment and oversight of financial management and effective internal control systems.
Governors	– Govern the province in accordance with its strategic plan, create a corporate strategy of the provincial government, prepare and implement the budget of the province and present compulsory reports to the provincial council and the Ministry of Interior. – Prepare strategic plans, and annual performance plans to present to the provincial councils. – Prepare the annual report and present it to the Ministry of Interior and Court of Accounts, and announce this report to the public.
Mayors	– Manage the municipality in accordance with its strategic plan, create a corporate strategy of the municipality, prepare and implement the budget of the municipality and present compulsory reports to the city council. – Prepare strategic plans, and annual performance plans to present to the municipal council. – Prepare the annual report and present it to the Ministry of Interior and announce this report
General Secretary	– Conducts the public services in accordance with the municipal objectives, policies, strategic plan and annual program.
Municipal Councils	– Discuss and approve the strategic plan, investment plans and work programs, municipal activities and performance criteria of staff.

Internal Auditors	– Supervision for the economy and efficient utilization of resources. – Evaluate the expenditures of the administration and the decisions related to financial transactions. – Check all the financial transactions in accordance with the goals and policies, programs, strategic plan and performance plan.

Source: Ministry of Development, 2015, pp. 24-25

5.8 Strategic Planning Experience in Turkey's Public Sector

In 2010 a survey conducted by TEPAVE[9], the Ministry of Development with the assistance of a UK-based firm INVOLVE[10] covered a population sample of 67 public institutions located in Ankara and were required to prepare strategic plans under the law. The objective of this survey was to measure and evaluate how public institutions perceived strategic planning in terms of whether it was beneficial or not and the involvement of external and internal actors in the process.

In their response, 95% of the public institutions surveyed acknowledged that in their strategic planning process, they involved external actors majority of who are stakeholders from other public organizations. Also, 48% of the surveyed public organizations indicated that public participation in the strategic planning process was always upheld (Ministry of Development, 2012: 71). When requested to evaluate the impact of external stakeholders in their strategic planning process, the institutions responded in the manner shown in the table below;

Table 4: Reasons for the involvement of External actors

	1st Priority	2nd Priority	3rd Priority
Acknowledgment	19	7	16
Consultative	21	33	39
Involvement	25	35	39
Cooperation	35	23	25
Strengthening	0	1.8	0

9 http://www.tepav.org.tr/en
10 http://www.involve.org.uk/

Source: Ministry of Development, Improving stakeholder participation in strategic planning: current situation report, Ankara, 2012

In responding to how the public institutions consider the benefits of allowing external stakeholders to participate in the process of strategic planning, the response was as presented in the table below;

Table 5: Response to the external stakeholder's involvement in the planning process

Opportunities	I don't agree at all	I don't agree	I have no idea	I agree	I totally agree	I agree+ I totally agree	Response Rate
It is good to understand stakeholders' priority for us in order to set our priorities	3.5	3.5	8.8	64.9	19.3	84.2	85.1
It provides more openness and accountability for the decision making process	3.4	6.9	15.5	53.4	20.7	74.1	86.6
It is good to clear out conflict in order to set priorities	3.6	5.4	19.6	51.8	19.6	71.4	83.6
It is a good opportunity to clarify the topics discussed	3.4	8.6	17.2	50.0	20.7	70.7	86.6
It is a good opportunity to establish an effective coordination with external stakeholders	5.3	10.5	33.3	33.3	17.5	50.9	85.1

Source: Ministry of Development, current situation report, Ankara, 2012

The response given by the surveyed institutions regarding the opportunities that emerge with the involvement of internal stakeholders in the strategic planning process was as follows;

Figure 6: Response to the internal stakeholder's involvement in strategic planning

Opportunities	I totally agree	I agree	I have no idea	I don't agree	I don't agree at all	Response Rate
It is good to understand stakeholders' priority for us in order to set our priorities	1.6	1.6	14.3	52.4	30.2	94.0
It provides more openness and accountability for the decision making process	1.6	3.3	8.2	65.6	21.3	91.0
It is good to clear out conflict in order to set priorities	1.6	3.3	4.9	59.0	31.1	91.0
It is a good opportunity to clarify the topics discussed	1.6	3.3	6.6	62.3	26.2	91.0
It is a good opportunity to establish an effective coordination between internal stakeholders	3.3	8.2	23.0	47.5	18.0	91.0
It is good for internal stakeholders to understand the responsibility of their institution	3.2	8.1	9.7	45.2	33.9	92.5
It improves the motivation to implement a strategic plan	3.3	4.9	24.6	44.3	23.0	91.0

Source: Ministry of Development, Improving stakeholder participation in strategic planning: current situation report, Ankara, 2012

5.9 The new local government structure under the Public Management reforms

There are some new strategic management techniques introduced under the public management reforms (Sozen, 1998). In Turkey, strategic management system and strategic planning are considered to be similar in many ways (Aşgın, 2008, pp. 49-50). The emergence of municipalities as important players in the new public administration structure is quite recommendable and is founded on the intellectual principles of the entire reform initiative that is centered on localization and democratization of public administration. Much of the reforms touching on strategic management in Turkey since 2003 have been rotating around the relations between the local and central government. That said, it will not be surprising to find people argue that the New Public Management (NPM) reforms in the country can be considered or even referred to as local government reforms (Gül et al., 2014).

The council of ministers has the responsibility and mandate to structure the Local government authorities which together with the central government authorities form a unitary system of public administration in Turkey (Eryılmaz, 2015: 129-131). Between the two levels of government, the central government has had more powers over the local government and until the reforms made in the public sector, local authorities had very little powers (Poister & Streib, 2005). For purposes of effective service delivery, the number of municipalities has increased three fold since the formation of Turkey as a republic as shown in the table below,

Table 7: Number of Municipalities since 1923

Year	1923	1950	1970	1980	1990	2000	2010	2013	2014
No.	421	628	1.303	1.727	2.061	3.215	2.950	2.950	1.396

Table 8: Types of Municipalities in Numbers

Year	Metropolitan Municipality	Metropolitan District Municipality	Other Province Municipality	District Municipalities	Town Municipalities	Total
2014	30	519	51	400	396	1.396

Source: General Directorate of Local Authorities, http://www.migm.gov.tr/

5.10 Impact of strategic planning reforms on Local Governments performance

Some changes came with the reforms made in the public administration sector in Turkey. As noted earlier a big part of these reforms touched on the local government leading to the following results;

- Municipalities are now required to form an internal audit function and an internal audit committee
- Municipality Council meetings have been increased to monthly meetings from previous three meetings per year
- Fiscal transfers from the central government have been increased
- Municipalities are required to adopt accrual performance management and accounting reporting[11]
- Establishing citizens assembly at the municipality level has become a requirement
- All public institutions are required to formulate a strategic plan under the new reforms
- Inter-municipality unions have been granted legal recognition
- Human resource policies (Cadre System) have been restructured to provide better control over the number of personnel who a municipality can employ. This system estimates the number of workers who can be recruited to work in a municipality based on the size of the municipality
- External technical audit experts can be included to work with the audit council and;

[11] See Regulation on Annual Reports Prepared by Public Agencies http://rega.basbakanlik.gov.tr/Eskiler/2006 /03/20060317-8.htm, 17.01.2011

- Preparation of strategic planning documents has become a requirement for all municipalities[12]

[12] See “Regulation on the Procedures and Principles of Strategic Planning in Public Administrations” http://www.mevzuat.adalet.gov.tr/html/27027.html

CHAPTER 6

COMPARATIVE FRAMEWORK

In this chapter, we will highlight the similarities and differences in the development experience of Kenya, South Korea, and Turkey. This is important because understanding the similarities and differences will enable us to why some countries like Korea have successfully been able to experience rapid development as a result of planning while others like Kenya have not been able to fully realize their full potential. Indeed as classical economics would argue, a country needs to be endowed with factor providence in order to experience economic success. This would mean that regions in Africa, Asia, Middle East and Latin America would be in the forefront due to the abundant minerals, land, population and rich natural resources. Yet, this is not the case a good example is Korea which has very little natural resources but has been able to reach very high national incomes. This has largely been attributed to proper planning. We will now examine the similarities and differences that have characterized our case study countries in their economic planning processes.

6.1 Origin and Evolution of planning:

Economic planning in Turkey dates back to the 1840s during the Ottoman era when efforts to open up the country's economy to capitalism dominated by elites and the consequent establishment of formal bureaucracy in 1860s begun. However, between 1923 and 1950, the government embarked on planning strategies that would achieve Industrialisation and modernisation, public infrastructure investment, economic depression, social services, and manufacturing. Between 1950 and 1960, rapid urbanization, integration into the global capitalist economy and shift in modernity projects were introduced. It was between 1960 and 1970 that serious planning practices were introduced. The first five –year development plans were introduced at this time, State Planning Organisation (SPO) and changing tendencies were adopted. 1980 to date has seen a new trend in planning practices by Turkey as the government seems to be focusing on privatization of state enterprises, development based on planned projects, foreign direct investment, globalization, liberalization of the economy, expanding information and communication technology (ICT).

Korea's planning began in 1962 with goals or promoting export promotion, establishing of Heavy and Chemical Industries (HCI) and import substitution which ran up to 1979. Between 1980 and 1987, the focus was on liberalization, stabilization and industrial rationalization of the economy. 1988 and 1993 saw continued efforts on liberalization, but with the inclusion of deregulation and competition. Deregulation continued between 1993 and 1998 a period that also saw internationalization efforts being introduced in the planning process. 1998 up to 2003 was dominated by post-crisis era and therefore planning focused on overcoming crisis through structural reforms. 2003 and 2008 were dominated by the democratization of the economy and social equality while between 2008 and 2013 included market stimulation and a new round of internationalization. Recent years between 2013 to date planning emphasized on the creative and democratic economy. Korea's planning and economic development can be divided into five stages namely; first growing stage, stabilization stage, restructuring stage and revitalization stage.

For Kenya, planning began in 1963 upon independence with the as the government introduced measures such as tariff protection in order to promote import substitution. Generally, much of this strategy was borrowed from the colonial era and the objective was to lower the balance of payment, the rapid growth of industries, increased wages for employees and Africanizing the economy, however, this strategy had mixed results with the negative consequences leading to worse balance of trade disequilibrium. In turn, the government changed the planning approach in the 1980 and 1990s to focus more on liberalization and structural adjustment strategies. These plans were detailed in a series of sessional papers. Poverty eradication, industrialization, and rural development guided the nature of plans the government developed at the time. But by the turn of the millennium, the government had not achieved much through her planning initiative for reasons we will examine later. Nonetheless, the 2002 general election brought in a new government after over 30 years of the independence party KANU regime.

The new government introduced an Economic Recovery Strategy (ERC) plan which was a five-year medium term development plan to try and stabilize the country's economy. However, what many consider to be the most impressive planning initiative by the government of Kenya came only after the country underwent its darkest year following a disputed elect in 2007 that gave rise to a coalition government which subsequently introduced the Kenya Vision 2030. This Vision prescribes a number of public sector reforms such as compulsory use of strategic plans in all public ministries and institutions. Although it is a long term plan, the implementation has been divided into annual (short), medium five year and long term plans. Also, the Vision has a number of flagship projects that seek to improve significantly the country's infrastructure, information, and technology, agriculture, energy, education and security sectors. The objective is also to make Kenya a globally competitive country whose citizens enjoy high-quality life by 2030.

6.2 Nature of government

To begin with, Kenya and Korea are former colonies of Britain and Japan respectively and both received their independence in the 20th Century. This had significant influence in the nature of government that the formed after independence not just because they may have borrowed certain features from the existing colonial structures but some of the leaders who ascended to power after independence had been influenced by the education they received in their colonial masters' countries. Korea and Turkey, on the other hand, have experienced military regimes in the political history and this had an important impact in their planning process. President Park Chung –hee became the first military head of state in Korea and the first to introduce planning strategies in economic development. Military regimes maintained control of Korea's government between 1961 and 1980 a period the government maintained medium five –year development plan strategies.

Turkey had its first military coup in 1960 and has had four other successful coups. Among the many reasons, economic development was at the center of the coup. As the Democratic Party begun to lose their grip on the declining economy in the early 1960s, the military intervened and one remarkable consequence was the 1961

Constitution the introduced nationwide short term annual economic plans and medium five –year development plans for the county. In fact, the establishment of the State Planning Organisation (SPO) is highly credited to the change in government in the 1960s. From the account of Turkey and Korea, one can conclude that indeed the nature of government played an important role in the success of implementing the plans. For Kenya, the first development plan was prepared in 1965 by the new independence government; however the lack of strong authority such as the one a military government. Therefore while planning documents may be well prepared, the success of its implementation depends to a larger extent the nature of government and political goodwill.

6.3 Philosophy of Planning

Another important distinction of planning among different countries is the philosophy driving the economic planning process. Kenya, which among our case studies is the least successful in economic planning has had to shift it planning philosophy a number of times. First, upon independence, economic planning was geared towards Africanising the economy by enabling the natives to take control of sectors previously held by the Europeans. This program was not very successful since the redistribution of colonial wealth ended up benefitting just a few people. The impact of this was, in the long run, it created a country of tens of millionaires and millions of poor people. In the mid-1990s, the government reversed the philosophy of planning to one that sought to an emphasis on poverty eradication and a series of policy papers were produced in this regard. I was only in early 2002 (ERC) and specifically with the launch of the Kenya Vision 2030 in 2010 that the country began to embark on a more technology driven export promotion strategy. Korea began with a planning philosophy of industrialization, import substitution, and export promotion. The government took a leading role in influencing price structures and industrialization policy while the concept of economic growth first and distribution latter, as well as institution building, are important elements in Korea’s development philosophy.

Identifying light industries as a comparative advantage for Korea due to the quality and quantity of its labor was also a critical decision. As part of its philosophy, the government identified rural areas as potential contributors to the economy and developed a comprehensive plan targeting rural development. Also, public –private partnership and promotion of foreign direct investment characterized the economic planning. This philosophy dominated the medium five –year development plans that began in the early 1960s and ended in 1997. Investment in hi –tech production through R&D, job creation, economic stabilization, and internationalization dominated the planning philosophy of Korea in the post -1997 economic crisis to date. Turkey, on the other hand, has seen its development philosophy dominated by public sector reforms, devolution, and strengthening of local governments. Philosophy of planning helps a country to prioritize the needs they seek to achieve in a specific period of time and defines how to achieve these goals.

6.4 Degree of government involvement

The extent of government involvement in economic planning implementation is also a very important characteristic that distinguishes different countries. For the case of Korea, there has been a strong involvement of the government and the private sector in the process of economic planning and development. The government had, for many years acted as a guarantor for loans borrowed abroad by private enterprises; it also influenced the appointment of a board of governors of several private entities especially those dealing with finance. Development agenda and flagship project such as the Heavy and Chemical Industries were also mainly government initiatives. On the other hand, the private sector also has a strong role in the development process and sometimes the interest of the state and private sector ends up in collusion.

For Turkey, early years of planning were characterized by strong government control in what almost became a closed economy. However as years went by, the private sector has continuously played an important role in the planning and development process of the country and today, there is a reasonably dominant presence of the private sector in development programs. The Kenyan case is rather unique, upon independence; a big percentage of the economy was dominated by Europeans who benefited from the colonial regime. The owned vast tracks of land dominated the agricultural and industrial sectors. When the government began using planning in 1965, the private sector began to fade away. Africanising the economy meant employment of more locals into the government making the public sector the biggest employer up to the 1990s. As a result, huge wage bill made it impossible for the government to implement some of its plans. Basically, the government both the central and local government were responsible for formulation and implementation of economic plans. It is only after 2002 that the private sector in Kenya again begun to be active.

6.5 Implementing Authorities

The institutions involved in formulation and implementation of economic and strategic plans vary from country to country. In Turkey, both the central and local government are involved. The Financial Management and Control Law (no. 5018) of 2003 has made it compulsary for all public institutions to prepare strategic plans in relation to the economic and development plans. Some of the important institutions include; National parliament, Ministry of Development, Ministry of Finance, National audit commission, Internal audit coordination board, metropolitan municipalities, special province administration, internal auditors and key bureaucrats. Also, a number of statutory bodies and judicial organs are in place to ensure that strategic and development plans are implemented appropriately.

In Korea, authorities involved have changed over the years but in general the line ministries such as Ministry of Finance, Ministry of Planning, Ministry of Commerce, Industry and Energy (MOCIE), The Ministry of Construction and Transportation (MOCT), The Ministry of Agriculture and Forestry are at the centre of Koreas planning. Just to give some examples, these ministries have developed respective short, medium and long term plans such as *5-Year National plans for Energy Conservation, Environmental Policy in Agriculture, Forestry and Fisheries for the 21st Century, 10-year National Plan for Energy Technology Development* and others (Republic of Korea 2002). Apart from the ministries other institutions involved in planning include; Presidential Commission on Sustainable Development (PCSD), Environmental Conservation Committee, Economic Policy Coordination Committee, Industrial Committee on Measures for the Climate Change Convention among others (Swanson, 2004: 6). The case Kenya, on the other hand, has, historically, saw the sole responsibility of formulating strategic and development plans monopolized by the Ministry of Planning and National Development's planning division with the collaboration of the Ministry of finance. Implementation of these plans was then forwarded to the relevant ministries for implementation. However, this changed after 2010 new constitution and the Vision 2030 blueprint. Today, departments such as the Vision 2030 steering committee, Parliamentary Committee on Sustainable Development and Ministries of Devolution and Finance play an important role. Also, the devolved county governments are now involved in producing their own local government strategic plan while public institutions such as universities, the police, public hospitals and others also prepare strategic plans that are in line with the country's development agenda.

6.6 Implementation strategies

When it comes to implementation of development and strategic plans, many countries find it very difficult given the many stakeholders involved in the process. However that said if well implemented, the country stands a better chance in fulfilling its development objectives. In Korea, implementation strategies included using private sector or what is known as the Chaebols. The strategy was to use the skill and comparative advantage available in the private sector in order to achieve national goals. This, however, also requires the strong intervention of the state in the economy something that may discourage foreign direct investment. Also, Korea's emphasis on human resource development is also considered as an implementation strategy that has had positive impacts on the implementation process. Turkey is one example of countries whose implementation of development plans strategies have benefited significantly from public management reforms. This includes proper demarcation of duties of the central and local governments, strong involvement of the bureaucracy, restructuring of administrative areas in order to achieve efficiency among other measures.

6.7 External Influence

As the world continues to experience the effects of increased globalization, so are government's planning processes. Kenya, Turkey, and Korea have all at one point had to shape their development plans based on direct or indirect coercion by external elements. These include donor countries and agencies such as the World Bank and International Monetary Fund (especially in the 1990s), regional, continental as well as global organisations such as the African Union's Agenda 2063 which influences Kenya's development plans, the European Union for the case of Turkey which had to carry out a number of specific reforms in order to be admitted as a new member, Turkey and Korea have been influenced by the Organisation for Economic Co-operation and Development (OECD) which has specific requirements for a country to be admitted as a member. Also, there are the United Nations Sustainable Development Goals and previously the Millennium Development Goals have influenced many developing countries including Kenya.

6.8 Challenges in implementing Strategic and Development Plans

6.8.1 Kenya

For more than half a century after independence, Kenya's approach to development relied on poverty reduction strategy papers (PRSP) rather than long term plans. Although this has changed in the last decade or so, the general challenges that the country has faced in trying to implement her development plans continue to act as a stumbling block to Kenya's prosperity. Lack of adequate resources has been a key challenge for Kenya. On paper, most of the plans look impressive but to achieve the objectives the government needs adequate resources. If we compare the value of financial aid countries like Korea were able to receive from external actors we can clearly understand the difficulty Kenya has to undergo given that what it received for many years as loans and aid from external actors could not jump start any significant development. The arrival of China since 2002 in Kenya is slowly changing this misfortune as the country is now able to secure funding that can support the implementation of her plans. Closely related to this has been the allocation of available resources. Due to what has been considered as tribal politics, sometimes the government has spent the little available resources on projects and/or in an area where they yield very little impact. Sometimes this has seen existing plans overlooked and projects which are less important and were not budgeted for being undertaken.

Corruption is perhaps Kenya's biggest obstacle in implementing planning and development. A survey report by Price Waterhouse Coopers (PwC) in 2016 ranked Kenya as the third most corrupt country in the world and the most affected area is the public sector. Corruption starves the country of the much-needed resources necessary for implementing development plans. Historically the country witnessed over four decades of authoritarian rule that at one point culminated into a single party state. State enterprises and resources were managed as personal assets by the ruling elites to the extent that even the little post-colonial gains that the country had made were lost.

Similarly, the lack of proper reforms in the education system resulted in the production of half –backed intellectuals whose skills in science, technology, agriculture, and economics could not match the fast paced global trend that was shifting from dependence on natural resources to dependency on innovation. Lack of adequate skills also meant that the country had few experts in the field of planning and implementation of development strategies. Although this is slowly changing, there is still a lot to be desired. For example, despite the existence of national development plans such as the Vision 2030, the general public seems not to be well conversant with not only the goals of such plans but also their role in ensuring that such plans are achieved. Sometimes even among the people who make important decisions on behalf of the country, there is a general attitude to look at such plans as elitist and distant from reality.

Other challenges are structural in nature, which is to say, there are still many important physicals, legal and social infrastructures such as adequate rail, road, and energy that need to be developed in order to set the stage for rapid development. Security and other factors necessary to boost investor confidence have also remained a big challenge especially in encouraging foreign capital inflow. The issue of poverty and income inequality also affects government's plans since the majority of people depend on government for subsidies in health and agriculture yet the high unemployment rate coupled with low incomes means that the government does not meet its tax revenues most of the time. The government has also been blamed for undertaking over ambitious plans which in reality may not be achieved. A good example was ten-year plan to provide all households in Kenya with piped water between 1990 and 2000 however by 2003 the government had fallen short of this goal by a big margin. Brain drain and overdependence on foreign funding are serious challenges holding the country back from achieving their planned goals.

6.8.2 South Korea

Korea is today considered a success story in development planning, however, this did not come on a silver plate. The country had to put up with a number of challenges along the way that threatened to undermine the success of achieving the countries goals. The first is political uncertainty which was characterized by political assassinations and military coups. The assassination of President Park Chung-hee on October 26, 1979, was perhaps one of the biggest threats to Korea's development plan since it was President Park who is credited as the architecture of planning in Korea, the recent impeachment of President Park in 2016 also creates an unpredicted flow in the political sphere. At the beginning, the effects of the colonialism and the Korean civil war left the country with huge financial, political and social challenges.

Although these were later solved, it took the intervention of the military to overthrow the government and come up with strategies that overcome the lack of capital and other structural issues. Then there is the challenged posed by the Chaebols who became extremely powerful and had the potential of influencing government decisions. These few, but dominant firms were keen on making profits while the government had an aim of redistributing wealth among the citizens. The firms became over ambitious and thus unsustainable in the long run while top managers of these private enterprises engaged in cronyism. Another challenge can be found in the very reason why Korea's planning strategies succeeded, that is government intervention. While the government played an important role in formulating policies and strategies of development, its presences for some time discouraged innovation within the economy. In addition, some of the policies developed by the government distorted the market. There are also challenges of hidden costs and economic inefficiency that surrounded the early years of planning. Last but not least was the welfare of workers which has been described as 'militaristic work ethics' that requires people to work long hours and sleep less. These challenges were however overcome through economic liberalization, securing capital from foreign actors, deregulation, internationalization, structural reforms, market stimulation, export promotion and social equity.

6.8.3 Turkey

Turkey, just like Korea has had political, economic and social challenges that impressively it has been able to overcome. To start with a series of military coups that started in the 1980s threatened the implementation of short and long term plans. For example, some of these coups occurred during difficult periods when the government was trying to find sustainable solutions. The intervention of military also scared away potential investors over market lacked uncertainty. However, the country was able to tame military's involvement in state activities since 2002 and the events of July 15, 2016, seem to have sealed the fate of military intervention. Secondly, the issue of global oil prices, particularly during the oil crisis such as the 1980 and consequent other years, destabilized Turkey's economic equilibrium as more resources were channeled in importing the precious commodity.

The debt crisis in the 1970s ignited years of negotiations with creditors, scheduling, and rescheduling of payment, shrinking of the economy and widened the income gap between urban and rural dwellers. The August and November 1999 earthquakes that hit the Turkey had direct consequences on the development and planned goals of the country. The huge financial and human loss that the country experienced during this period diverted much of the resources that could have otherwise been injected in development to activities aimed at mitigating the effects of these earthquakes. However, most of these challenges were overcome thanks to the strategies and planning approach introduced by the Justice and Development Party commonly referred to as AKP.

Turkey experienced accelerated growth since 2002 putting the country among the top 20 biggest economies in the world. That said, a number of challenges within the last decade have had negative effects on the successful implementation of strategic and development plans. To name a few, recent terrorist attacks within the country and the state have had a severe impact on tourism, one of Turkey's high foreign exchange earners at about US$ 30 billion by 2015. A combination of diplomatic fallouts between Ankara and the neighbors, terrorism, conflict as a result of the Kurdish separatist attacks as well as activities of FETO a group the government accuses of attempting a coup against the democratically elected government has seen a fluctuation in the number of visitors coming to the country.

The Turkish Lira has also had a fall against other foreign currencies at a challenging time when the country is involved in mega infrastructure projects that are in line with the country's Vision 2023, the 100th anniversary of the founding of the republic. What this does is that it makes the cost of implementing the long term projects particular infrastructure more expensive. Declining trade relations between the EU and Turkey is also affecting the country's output yet the ongoing crisis in neighboring Syria which accounted for about 7% of Turkey's exports has also fallen to its lowest. Inflationary pressures and a current account deficit which is higher than other emerging economies may affect implementation of other plans and projects.

In conclusion, it is easy to identify that there are a number of similarities and differences in the nature and challenges of planning in Kenya, Turkey, and Korea. It is also clear that a number of unique characteristics in planning and implementation of strategic and development plans in Korea and Turkey have enabled these countries to overcome their development challenges to become some of the leading emerging powers.

Kenya, on the other hand, has found it difficult to match Korea which it was equal to in terms of development in the 1960s. How to utilize the country's human resource can mean the difference between development and underdevelopment if the example of Korea and Kenya is anything to go by. In addition, dependence on foreign aid is not a bad thing; however, this dependency should be in the short run. Foreign aid needs to be in amounts that can spare economic development as China has been doing in Kenya in the recent years. Korea is an example of a country which received substantial foreign aid that enabled it to trigger an economic take –off. However, this aid requires a certain environment that will be able to convert the resources into profits. This is where strategic planning comes in, Kenya needs to identify areas that it has a comparative advantage over other countries and give emphasis on them. Public sector management, country's goals, and objectives sharing and allocation of resources between the central and local government as well as transparency, accountability and good governance are necessary measures Kenya can learn from Korea and Turkey in her quest for rapid development.

CONCLUSION

Colonialism has been an important theory of explaining development or lack of it over the last decades. However the comparison between Kenya and South Korea tends to paint a different picture. While the consequences of colonialism on the socio –political and economic lives of those who experienced it can never be taken for granted, how states reorganised upon independence seems to have a better explanation of the present and future state of the country. Institutional reforms, establishing of effective and efficient development plans from an early period as well as a highly skilled and organised public service in Korea seem to have changed the fortunes of the country from what was once a miserable colonial nation under Japan to a flourishing donor country. Kenya on the other hand seems to have transitioned from colonialism to independence on a wrong footing. The nature of development strategies the government adopted failed not only because they were adopted in a top –down model, but also because institutions that were supposed to implement the programs were weak and lacked proper coordination. The lack of radical reforms in Kenya even after it was clear that the use of policy documents in place of comprehensive development plans for a long time only worsened the already fragile state of affairs in the country. I took over four decades for Kenya to have its first comprehensive plan.

Turkey's development on the other hand has faced a number of challenges before finally it seems to be on the right path. Important characteristic that led to the success has been the several reform from one development strategy to another and a combination of effective implementation of strategic plans and public sector reforms. Again Turkey and Korea dispel the idea that political instability particularly military regimes such as the ones that have experienced in a number of African, Latin America and Asian countries cannot lead countries to development. On the contrary despite the two countries having had military regimes at some point in their political history, they have still managed to keep up the pace with other prosperous nations. Kenya on the other hand has never in its history had a military government yet its economic success has not been impressive. Turkey, like other countries struggling to improve their economies has been faced with a number of political and natural disasters. Despite these experiences, the country has maintained a forward momentum. Also observed is the fact that Turkey, Kenya and South Korea are not major exporters of natural resources, in this case oil. This similarity means that whatever Turkey and Korea did to witness their economic boom can also be applicable to Kenya.

One important approach that Turkey and Korea have benefited from is the use of SWOT analysis. Their plans show strong characteristics of plans that took into consideration their countries internal strengths and took advantage of the opportunities the countries enjoy externally. In addition both Turkey and South Korea seem to have identified their internal weaknesses as well as external threats and found ways to overcome them. Evidence that SWOT analysis played an important role in the planning experience of the two countries is that they both show some form of high specialisation in their national output. For example Korea has earned the brand of being a source of electrical manufacturing, ship building, automobile and construction. Turkey on the other hand has positioned itself as a major producer of steel, textile, cement and a major player in the construction sector.

Kenya in relation to the above approach has not made significant progress. Planning during the early years was driven by attempts to eradicate poverty an approach that diverted the attention and resources of the nation from exploring the internal strengths and external opportunities on one hand and internal weakness and external threats. In fact most of the initial plans were either borrowed from models of other countries or dictated to them by international organisations such as the World Bank and IMF. The consequence of these has been formulation of plans that have little touch with the reality of the country thereby leaving the country to depend largely on sectors that highly depend on nature's providence such tourism and subsistence agriculture.

Nonetheless, irrespective of whether the plan has been developed by local experts or it is a culmination of external influence, the research indicate that all the countries used as study samples have development and strategic plans, however the question of implementation remain problematic. Some general challenges that affect the effective implementation of development and strategic plans include the following. First is the idea of writing plans for the sake of following a global trend. There is a clear trend that causes alarm that countries simply produce plans without the intention of implementing them to the letter but instead just to appear as if there are some plans in place or in order to reduce pressure from external actors. Another reason is lack of skilled expertise to prepare, implement and monitor the contents of development and strategic plans in the country. This is even worse in areas where literacy levels are low or countries with huge brain drain.

Having the wrong people in office is also a serious challenge in implementing strategic plans. This point can be argued in a number of ways as some would interpret that the wrong people in office refer to those individuals without vison or political goodwill to enforce good plans for the country. There are others who would look at the wrong people in office as corrupt crop of leaders who are more concerned with enriching themselves rather than helping the country move forward. These are the kind of leaders who will allocate unnecessarily huge amounts of the budget on recreation and personal satisfaction as well as leaders who are keen on stealing money which has been allocated to facilitate development projects.

Other challenges include partial commitment which could either be that the government is committed to achieving certain goals but the general public appears not to be supportive or less concerned. The opposite is also true where the government is less committed yet the general public is demanding for change. Partial commitment can also be on the part of implementing agencies, where departmental or ministerial rivalry ends up compromising the success of development plans. Closely related is the problem of lack of continuity where whenever a new government takes over power, they want to introduce new projects perhaps which they had promised to implement in their manifesto. Sometimes, this leaves activities of the previous government pending. This may not be a common problem among countries that have strong institutions but rather those countries that are yet to have mature institutions.

There are instances where good development plans are written and put on the shelves. Instead road side declaration and presidential decrees determine how resources will be allocated. This sometimes results to scenarios where there is regional imbalance or lack of value for money on the investments made. Cases of rigidity to change are also common especially if the changes require certain elements of government to lose power as in the case of decentralisation and devolution. Yet the importance of sharing decision making and resource allocation powers will lead to speedy and efficient transformation. The challenge of little economic resources to implement the programs is also a difficult reality. This can be as a result of overambitious plans or simply lack of resources.

In conclusion we can argue that despite other strong reasons explaining why some countries are developed and others are not, the nature of and how strategic and development plans have been formulated and implemented provides a much stronger explanation to this disparity. The very absence of good planning will undermine key pillars of a country's growth and hinder it from realising its full potential. But most importantly, is the link between development and strategic planning and how they supplement each other. On one hand, development plans specify goals and objectives of a country while on the other hand strategic planning ensures that these goals are achieved through effective and efficient public institutions.

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APPENDICES

Appendix 1: Korea's Socio-economic Development during the 7 five-year development plans

Plan	Period	Strategy	Results
1st	1962-1966	❖ Expand electrical/coal energy industry ❖ Emphasize importance on the infrastructure for establishing a solid foundation ❖ Enhance agricultural productivity ❖ Neutralize balance of payments	▪ 7.8% GDP growth p.a. exceeding expectations ▪ GNI per capita grew from \$83 to \$125
2nd	1967-1971	❖ Seek to shift the Korean state into heavy industry by making Korea more competitive in the world market ❖ Build major highways for easier transportation ❖ Establish food self-support ❖ Forest greenification	▪ 9.7% GDP growth p.a. ▪ \$1.4 Billion foreign capital inflow
3rd	1972-1976	❖ Heavy Chemical Industrialization Plan (HCI Plan) ❖ Big Push to fund the HCIP ❖ Borrow heavily from foreign countries	▪ 8.2% GDP growth p.a.
4th	1977-1981	❖ Construct self sustainable economy ❖ Improve social equality ❖ Promote technological advancements and economic efficiency	▪ 6.2% GDP growth p.a. ▪ GNI per capita reach \$1,000 in 1977 ▪ Achieve \$10 billion exports
5th	1982-1986	❖ Put emphasis more on efficiency, stabilization and balancing rather than growth ❖ Boost open market economy	▪ 8.7% GDP growth p.a. ▪ Current account surplus for the first time ▪ Stabilize prices
6th	1987-1991	❖ Establish law and order in economy for promoting open free competition ❖ Improve income distribution	▪ 9.4% GDP growth p.a. ▪ Host 1988 Olympic
7th	1992-1996	❖ Enhance the global competitiveness of Korean companies ❖ Improve social equity and balanced development ❖ Promote internationalization ❖ Construct foundation for unification of Korea	▪ 7.3% GDP growth p.a. ▪ End of Military Government

Appendix 2: Changes in Korea's Indusrial Structure between 1962 and 1997

Planning Period	Industrial Structure			Manufacturing Structure	
	Agriculture, Forestry, and Fishery	Mining and Manufacture	SOC and Others	Light Industry	HCI
1st EDP Period (1962-1966)	34.9 (34.0)	20.5 (27.2)	44.6 (38.8)	65.9	34.1
2nd EDP Period (1967-1971)	27 (34.0)	22.3 (26.8)	50.7 (39.2)	'60.7	39.3
3rd EDP Period (1972-1976)	23.7 (22.4)	28.6 (27.9)	47.7 (49.7)	53.2	46.8
4th EDP Period (1977-1981)	17.2 (18.5)	30 (40.9)	52.8 (40.6)	47.1	52.9
5th EDP Period (1982-1986)	11.5 (12.2)	32.6 (31.0)	55.9 (56.9)	40.4	59.6
6th EDP Period (1987-1991)	8 (10.1)	28.6 (32.9)	63.4 (59.0)	31.7	68.3
New Economic Plan Period (1993-1997)	5.7	25.9	68.4	22.8	77.2

Source: Dal Hyun Kim, 2009

Appendix 3: Turkeys strategic and development process

YEAR	STRATEGIES AND RESULT
1923-1950	Modernisation and industrialisation efforts, economic depression, state investment in public infrastructure, Manufacturing industry and social services
1950s-1960s	Integration to capitalist world, rapid urbanisation and changing approaches in modernity project
1960s -1970s	Changing tendencies, planning practices, state planning organisation: introduction of the five year development plans
1980s -2000s	Transition to liberal economy, privatisation of public services, disposal of public estates, foreign investments, obliteration of modernism project, improvement of information and communication technology