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INSTITUTE FOR DEVELOPMENT STUDIES

UNIVERSITY COLLEGE, NAIROBI

Discussion Paper No. 84

MACHINERY OF PLANNING IN KENYA

by

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October, 1969

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Introduction:

Planning in Kenya, as in most other ex-British colonies in Africa, has roots going back to two decades or so. The first attempt at a systematic use of resources to achieve predetermined objectives was made during the World War II. The need for increased self-reliance and intensive use of the available resources resulted in the creation of an elaborate planning machinery on an East African basis for allocation of scarce manpower, capital, land and imports. Although much of this machinery was dismantled and many of the direct controls abandoned after the war, the essential idea of planning was retained and given a new lease on life by the need to prepare programmes for the expenditure of Colonial Development and Welfare funds made available after the Second World War.

The first ten year plan, published in 1946, was followed by three year plans in the mid-fifties and early sixties.[1] Although they differed in technical competence and sometimes in developmental strategy, these plans shared some basic characteristics. They were not based on any comprehensive analysis of the constraints and development potential of the economy; nor did they attempt to elaborate programmes and policies for the private sector, with the notable exception of agriculture. In essence, they were little more than an assemblage of capital projects of the various central government ministries. These projects reflected the priorities of government officials, often of those in the field, but they were in general insufficiently elaborated and were seldom supported by detailed analysis of costs and benefits.

It is obvious that a limited exercise of this nature could be adequately carried out by the "traditional" civil service. The planning machinery consequently consisted of a few officials in the Ministry of Finance, and the plan itself was an extension of its traditional functions - the drawing up of the annual development estimates of the Central Government. The implementation

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* This paper was presented at the conference on "Crisis in Planning" arranged by the Institute of Development Studies, Sussex.
I am indebted to Emil Rado, Ronald Silberman, Bruce Berman and Frank Holmquist, all of the Institute for Development Studies, University College, Nairobi for discussions and assistance in the preparation of this paper. In addition, I owe a debt of gratitude to a number of government and aid agencies' officials who gave generously of their time and ideas. However, I alone am responsible for the views expressed here.

1/ The Development Programmes, 1954-57, 1957-60 and 1960-63.

of these projects was of course in the hands of the operating ministries, but the Ministry of Finance did exercise some influence on it through its control of the disbursement of funds and its insistence on the proper use of funds.

Judged by the current standards of planning, the planning mechanism operative in Kenya in the mid-fifties and early sixties can clearly be shown to suffer from some serious defects. Nevertheless, it made an important contribution to the subsequent evolution of more sophisticated planning of the mid and late sixties. In the first place, these earlier essays in planning served a useful function in ensuring the acceptance by the government of the idea of planning, and in making planning a regular function of the government. Secondly, they forced the operating ministries to draw up some sort of strategy of development and hence to order their projects into priorities. Thirdly, it educated them, however crudely, in the discipline and techniques of project design. Fourthly, the actual performance of the government tended to approximate fairly closely to the planned expenditure. This was a valuable legacy to hand over to the independent governments. Finally, despite a vast technical improvement in the quality and design of the recent development plans, the core of the planning effort continues in Kenya to be centered around the capital expenditure of the Central Government. In that sense, planning today is different only in degree and not in kind from its colonial predecessors.

The first post-independence plan covered the period 1964-1969. It was prepared under great pressure of time, and although comprehensive in conception, it was nearer in actual practice to the more limited colonial plans. The plan was subsequently revised extensively, and a new one covering the period, 1966-70, was published in 1966. Work is now underway on the preparation of another plan covering the period 1969-74, expected to be published later this year. This reflects the decision to have rolling plans every two or three years in preference to completely new plans at five year intervals.

This paper attempts to describe and evaluate the planning machinery in Kenya as it existed towards the end of 1968. It is not concerned with the broader questions of development strategy, assessment of Kenya's development plans, and the performance of the economy, except insofar as they bear directly on the machinery for planning.[1/]

1/ For a discussion of some of these questions, see Paul G. Clark, Development Planning in East Africa (Nairobi, East African Publishing House, 1965); articles by R.H. Green and J. Heyer in the December 1966 issue of the East African Economics Review. See also an exchange of views between Clive Gray and Paul Clark in the East African Economics Review, December 1965 and June 1966; and E. Edwards, Development Planning in Kenya, East African Economics Review, December 1968.

The Present Planning Machinery

The attached chart illustrates the main elements of the machinery for planning in Kenya. At the apex of the structure is the Cabinet, the supreme policy making organ in the country. Before any plans or policies can be adopted, they must first be approved by the Cabinet. Most of the matters relating to development planning are first referred to a sub-committee of the Cabinet. This was first created in 1965, and was known as the Cabinet Development Committee. It was chaired by the Minister for Economic Planning and Development, and consisted of 10 ministers from the economic and related ministries. The Committee's main tasks were defined in the Development Plan, 1966-70, as being:

i) the review of development plans for both the public and the private sector;

ii) the consideration of new proposals in relation to works and administrative capacity, availability of skilled manpower, sources of funds, and social benefits and costs;

iii) the assignment of priorities among proposed projects to ensure that the nation's limited resources are used most constructively;

iv) the review of progress in implementing approved plans; and

v) the recommendation of modification in plans and methods for implementing plans. 2/

The Development Committee met fairly frequently and took decisions on the major targets and policies embodied in the Development Plan. It appears to have functioned quite effectively. However, in 1967 the Development Committee was replaced by another sub-committee of the Cabinet known as the Council of Economic Ministers. Its functions are essentially similar to those of its predecessor, but its membership is considerably more restricted consisting of the Vice-President and Minister of Home Affairs as Chairman, and Ministers of Economic Planning and Development, Finance, Agriculture and Commerce and Industry. However, as with the Development Committee, other ministers are brought in when matters of interest to them are under consideration. The Council of Economic Ministers has met less frequently than the Development Committee, and appears to be less active and powerful.

2/ Development Plan, 1966-70, Republic of Kenya, p.5.

The planning activity is located in the Ministry of Economic Planning and Development (MEPD). Prior to its creation in December 1964, a year after independence, the planning functions were handled by the Directorate of Planning in the Ministry of Finance and Economic Planning. The MEPD has three divisions - Planning, Statistics and Administrative and Technical Assistance Coordination. The latter is principally concerned with technical assistance, liaison with Parliament and the public, coordination of international economic matters and cooperation with other ministries, in particular the Ministry of Finance. The Planning Division which is responsible for the formulation of the plan is sub-divided into six units - Man-power, Social Policy and Education, Agriculture, Land Settlement, and Cooperatives, Commerce, Industry and Tourism, Basic Services, Natural Resources and Physical Planning, Financial Analysis and Local Government, and Plan Implementation created in 1967. Each of these units is eventually to be staffed by one senior planning officer and two planning officers, making a complement of 18 professional staff. As of late 1968, only three senior planning officers' and three planning officers' posts had been filled by local staff. The bulk of the senior professional staff is, therefore, made up of expatriate planning advisers, of whom there were 21 in 1968. Thus the entire planning effort is heavily dependent on expatriate personnel. The Chief Planning Officer is also the Permanent Secretary of the Ministry.

In addition to the MEPD, there is some planning capability in the operating ministries. Of these, the planning unit within the Ministry of Agriculture is by far the most important. In 1968, it had about 8 technical assistance personnel and 2 local economists. There are also planning officers in the Ministries of Education, Housing, Tourism, Labour, Social Services and Cooperatives, and Commerce and Industry. Finally, the Development Finance Division of the Ministry of Finance must be included in the machinery for planning. It is responsible for financial aid, local finance for development, development estimates and coordinating UNDP/Special Fund projects. The Development Division has three principal officers, two of whom are expatriates.

Local participation is secured through a network of development and advisory development committees, created in 1966 at the district and the provincial level.1/ District Development Committees (DDCs) consist of the principal administrative and professional staff of the Central Government Ministries at the local level, such as agricultural, community development, veterinary, medical, education officers, and the chief administrative officer of the local authority. They are chaired by District Commissioners. The District Development Advisory Committee (DDAC) consists of prominent

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1/ The country is divided into seven provinces which are further sub-divided into districts.

politicians and other leading citizens of the area, in addition to the members of the DDC. The purpose of the DDACs is to involve the leading personalities of the area in the development process.

There is another tier of Development Committees and Development Advisory Committees at the provincial level. The former consists of the provincial administrative and professional heads of the Central Government Ministries, while the latter in addition includes the leading politicians and other eminent citizens from each province. The purpose of the PDCs and DDCs is to propose development projects for inclusion in the plan, to coordinate the projects initiated by different ministries and local authorities, and to review their implementation. The DDACs and PDACs, as their name implies, act in an advisory capacity to the DDCs and the PDCs.

The link between the development machinery at the local and the central level is provided by the Provincial Planning Officers (PPOs). They are appointed by the MEPD and their function is to coordinate the formulation and implementation of development projects at the local level. They act as general economic advisors at the provincial and district level. In addition, they serve as secretaries to the PDCs and the DDCs. They are expected to report periodically to the MEPD on the progress of development projects in their areas.

The general public is not associated in any formal way with the planning machinery. In 1964 an attempt was made to involve prominent citizens and outside specialists in the planning process through the National Social and Economic Development Advisory Council, but the experiment was not a notable success and it was abandoned subsequently. The Government has now indicated its intention of establishing a similar body in the near future. The Institute for Development Studies at the University College which has a close working relationship with the Government and more specifically with the MEPD, has assisted the planning effort in a number of ways, especially through the preparation of basic, long term studies in several key policy areas.

Plan Formulation

The major responsibility for plan formulation rests with the Planning Division of the MEPD. The basic objectives of government policy have been laid down in a number of policy documents, the most prominent of which is the Sessional Paper on African Socialism. The Planning Division draws up the initial aggregative framework in the light of these objectives. The crucial decisions on rates of growth, the level of public and private consumption, the volume and financing of investment, appear to be taken in the first place by the planners. It would seem that guidance from the political authorities at this stage is confined to only the broadest policy objectives such as acceleration of rural development, increased emphasis on employment creation, and rapid Africanisation of the economy. The sectoral plans are drawn up by the relevant operating ministries in the light of aggregative targets and within the limits of the financial ceiling laid down by the planners in the MEPD. The latter may extend some assistance to the operating ministries in the formulation of their plans through its sectoral experts. These draft sectoral plans are then considered by the planners and the proposed changes discussed with the relevant operating ministry. This provides an opportunity to review the size, composition and consistency of various sectoral plans and to agree on the required changes. The planners in the MEPD then integrate these sectoral plans into the final plan document.

In the meanwhile, the draft aggregative and sectoral plans are submitted for the consideration of the ministers. Each minister will of course approve the draft sectoral plan before it is submitted to the planners. In addition, political guidance is sought through the Council of Economic Ministers. The final document is thus meant to fully reflect the ministerial directives.

Unlike many other developing countries, Kenya does not have a system of working parties consisting of officials, businessmen, trade unionists and outside specialists, involved in the formulation of the plan. The only opportunity for popular participation in plan formulation is provided by the existence of PDACs and DDACs. This is a relatively new experiment and it is too early to say how it would work out. These committees have been relatively slow to establish and start working. Local, as opposed to popular participation, is secured through the PDCs and DDCs. As we have seen, these committees consist almost entirely of the field officials of the Central Government Ministries. The DDCs are charged with the drawing up of an inventory of projects in their district and setting out priorities based on some crude cost/benefit analysis. These projects are then forwarded to the PDCs, which attempt to produce an integrated project programme for the entire province. The projects are then submitted to the relevant Central Government ministries for their consideration before being passed on to the MEPD. As local participation has been sought in this systematic way for the first time in the formulation of the 1969-74 plan, it is too early to assess its effectiveness. The difficulties experienced in the establishment of DDCs and the PDCs, the recruitment of PPOs, and the general lack of project appraisal skills, would appear to indicate that at any rate in the preparation of the current revised plan, the contribution of "planning from below" is unlikely to be significant.

A major weakness of the earlier plans in Kenya has been their lack of locational specificity. This is being remedied to some extent in the present revised plan through the appointment of regional planning teams. Already a Canadian team has been at work drawing up an integrated regional development plan for the Coast Province. Similar exercises are planned for the Eastern and the Central Provinces with the help of the French and Norwegian teams. If these teams work closely with the DDCs and DDACs and their provincial counterparts, they would serve a most valuable function in strengthening the grass-roots institutions for development planning.

Plan Implementation

As far as the public sector is concerned, once the plan has been formulated, the responsibility for translating the broad targets into concrete projects and measures rests with the operating ministries. Since a large proportion of the public sector programme consists of various sorts of building and construction projects, the Ministry of Works plays a key role in plan implementation.

For the public sector, the annual budget is of course the principal instrument for the translation of plans into reality. The Ministry of Finance is responsible for preparing annual recurrent and development estimates for the Central Government. The general procedure is for the Ministry to invite draft development estimates from the operating ministries within the framework of an overall ceiling. The latter is obviously determined by the availability of financial resources, but an attempt is made to keep it as close as possible to the plan figures. These draft estimates form the basis of discussions between the Ministry of Finance and the relevant ministry. Although the Ministry of Finance remains responsible for formulating development estimates, there has been increasing consultation and discussion with MEPD over the years. It is at this point that the annual budget becomes the principal vehicle for giving effect to the Development Plan. In general, projects which have been included in the Plan are approved without much discussion. Any new projects are carefully scrutinized by the Ministry of Finance, often in conjunction with the MEPD, and will only be included if they are of high priority in the general strategy of development. Many of the sectoral plans are of course not sufficiently detailed and concrete; therefore, the annual development estimates are somewhat less closely related to the Plan than might appear from this account. Nevertheless, it is important to stress that inclusion in the development plan is an important criterion determining their inclusion in the development estimates, and close coordination exists between MEPD and the Ministry of Finance in the formulation of the annual budget. Disagreement on whether a particular project should be included in the development estimates is usually resolved by Cabinet decision.

Once a project has been included in the annual estimates and hence financial provision made for it, there is still the question of control over its implementation. This is provided in the main through the release of funds by the Treasury whose primary objective is to exercise general financial check on the progress of the project. This system applies to both the domestic and foreign financed projects. The control exercised by MEPD is less formal and less effective. The individual officers in the ministry would keep a close watch on the projects on which they have worked. In addition, all the operating ministries are required to send in quarterly reports on the progress of the projects being undertaken by them. This requirement has, however, seldom been complied with. Finally, the PPOs are expected to send in quarterly evaluative reports on the progress of development activities in their province. However, the exact form and content of these reports are left largely to the discretion of PPOs. Since it is only recently that all the PPO posts have been filled, it is not possible to comment on how they have performed this aspect of their duties. In theory, the PDCs and DDCs and their advisory equivalents are also charged with overseeing the progress of development activities in their areas. As they are much closer to the scene of actual operations, they could potentially be an important instrument for assessing the progress of development projects, though their role thus far has been minimal.

The Development Plan, 1966-70, in contrast to the earlier plans, contains production and investment targets for the private sector. But often these targets are not sufficiently detailed or specific to permit an easy comparison between performance and plans. The government has at its disposal a wide range of policy instruments - fiscal, monetary and direct controls - to influence the pattern of private economic activity. Fiscal policy, as represented, for example, by tax incentives and various kinds of protective measures against imports, has traditionally been used to induce desired changes in private economic activity, but in recent years direct controls in the form of ministerial directives and licences, have been used increasingly to promote objectives of government policy.

In addition, the operating ministries can influence private activity either directly or through para-statal bodies. Direct influence can most readily be applied in ministries such as agriculture where the government has an army of extension officers in close and continuous contact with producers. Parastatals such as Development Finance Company of Kenya, Industrial and Commercial Development Corporation, Kenya National Trading Corporation, Tourist Development Corporation, National Housing Corporation, and National Construction Corporation, normally have close contacts with their counterparts in the private sector, and are therefore an important mechanism for transmitting government views to the private sector and vice versa. Most of these bodies have, however, been created to accelerate the Africanisation of the economy. The government has evolved a number of policy instruments to force the pace of Africanisation in the economy, and its attitude towards the private sector has been largely dominated by this consideration. Africanisation is of course an overwhelmingly important objective of public policy. But it does mean that other aspects of policy towards the private sector have tended to be somewhat neglected, and the government has not sought in any systematic way to exoloit the full potential for growth in the private sector. An improved flow of information between the public and private sectors, possibly through the creation of a new body with joint membership, would undoubtedly contribute to greater coherence and certainty of government policy towards private sector.

Evaluation of Planning Machinery

The previous sections have described the formal system of plan construction and implementation in Kenya. How has the system worked in actual practice? Any evaluation of the machinery of planning must start from the recognition that development planning as currently understood has been in operation in Kenya for no more than five years. During this short period, there has been an impressive buildup of staff and planning capacity. The country has been particularly fortunate in attracting a large number of able expatriate advisors. However, while necessary in the short-run, the excessive reliance on expatriate advisors must continue to be a source of anxiety about the continuity and long run viability of planning in Kenya.

The general political environment in a country clearly has a decisive impact on the effectiveness of planning. In a country with a dedicated political leadership united in according primacy to economic development, defective machinery is seldom a serious bar to purposeful planning and implementation. On the other hand, it is well known that no matter how sound the planning machinery, lack of political support for development can undermine the entire planning effort. The Kenyan experience is instructive in this regard.

The years immediately following independence were marked by political unity and determination to secure accelerated development through national planning. This was reflected in active political participation in plan construction, in frequent meetings of the Cabinet Development Committee, and in the power of the Ministry of Economic Planning and Development in securing government backing for programmes and policies designed to stimulate growth. Despite considerable advances in the formal machinery, the planning system has not worked nearly so effectively in the last two years or so. There has been much less political involvement in the formulation of the new development plan; consequently the officials have tended to take what are essentially political decisions around which the plan is built. Similarly, implementation has suffered through loss in centralized direction and coordination of various projects and policies. To a large extent, these setbacks can be traced to a weakening of the political unity, and factional bickering in the ruling party.

Given the constraint imposed by political forces, there are nevertheless a number of ways in which the planning system can be strengthened in Kenya. As in most developing countries, the planning machinery in Kenya works better on the formulation than on the implementation side. The Development Plan, 1966-70, has been widely praised for its technical competence. However, even on the formulation side, the process suffers from a number of weaknesses. Firstly, as with development plans in almost all developing countries, the Kenya Plan is weak in its "project content".[1/] With the exception of a few sectors, especially agriculture, most of the sectoral plans are not sufficiently broken down into concrete projects. Even when the projects are listed, they are often not supported by requisite feasibility and engineering studies. This weakness in the project content of the Plan renders it less operational and is an important cause of delays in implementation. To some extent, this is inevitable in a country in the early stages of planning. Project appraisal and design is a time-consuming process, requiring skills which are often in scarce supply. And the plans cannot be held up until all the necessary work on project preparation has been carried out. Nevertheless, a number of features of the planning process in Kenya have exacerbated this situation.

The practice of having rolling plans every two or three years would appear to have been a mistake in Kenya's circumstances. The work involved in revision of sectoral and aggregative targets tends to absorb a disproportionate amount of staff time and energy which could more profitably be spent on plan implementation and evaluation. Another weakness of the planning machinery has been the concentration of planners in the MEPD to the neglect of operating ministries. Since the latter are largely responsible for the preparation and implementation of sectoral plans, there is an urgent need to strengthen their planning capability if there is to be a substantial improvement in Kenya's planning effort.

Furthermore, it would appear that more detailed and specific guidelines from the MEPD to the operating ministries at the time of plan formulation would significantly improve the process of project selection. Greater specificity and project content could also be achieved through more systematic utilization of the expertise available outside the government. The commonest device to promote wider participation in plan making is through a network of working parties, drawing their membership from business, labour and farm leaders, and independent experts. The planning effort in Kenya would benefit considerably from the establishment of such working parties.

1/ A. Waterston, Development Planning: Lessons of Experience (London, Oxford University Press, 1966).

Lack of consultation with the partner states in the East African Community in plan formulation continues to be a grave weakness in the planning systems of all the three countries. Not only would greater consultation and cooperation at this stage result in obvious economies in skilled manpower, (e.g. you would not need to make three sets of projections for the supply, demand and price of the main export commodities), but it would enhance the consistency of the three plans, insofar as they are based on varying assumptions about the markets in the neighbouring countries. The greatest contribution that coordination of national planning in the three countries could make to accelerated development lies of course in the integration of the separate industrial plans. There are clearly serious political and administrative obstacles to such cooperation in planning. But the potential gains from this would seem to justify a serious effort to overcome such obstacles. There already exists in the Economic Consultative and Planning Council of the East African Community a natural locus for effecting such a coordination of national development plans. What remains is the political will to use these facilities.

Plan Implementation

One index of a country's commitment to the plan is the extent to which plan estimates for public capital expenditure are reflected in the annual development estimates. Judged by this criterion, Kenya's commitment to the Development Plan must be rated very high, as both the composition and total amount of annual development estimates bear a reasonably close relationship to the Plan estimates. An index of the efficiency of the implementation machinery is provided by the extent to which the annual development estimates are actually carried out. Judged by this test, the Kenyan experience in recent years has been rather disappointing. From fiscal year 1964/65, the first year of the Development Plan, 1964-69, through 1966/67 the latest year for which figures are available, there continued to be persistent and substantial shortfalls between final approved estimates and the actual development expenditure carried out: the ratio of shortfalls to final approved estimates rose from 20% in 1964/65 to nearly 25% in the following two years. The capacity of the government to undertake capital expenditure did not increase significantly over this period.

Although delays in foreign aid negotiations and in budgetary appropriations must share some responsibility for this underexpenditure, lack of financial resources has not been the pervasive constraint. The operative constraints over the period have been the lack of adequate administrative and executive capability to design and implement projects, and the limited capacity of the construction industry. An analysis of the shortfall in expenditure over this period revealed that of the 60% of under-expenditure which could be explained by specific reasons, nearly 30% was attributable to inadequacies of administrative and executive capability, while another 22% was accounted for by delays in construction and delivery of equipment, which to some extent are themselves a reflection of scarcity of managerial and technical skills. 1/

The shortfalls in expenditure in the early years of planning are quite typical in developing countries. They arise from the well-known time lags between the decision to undertake greatly increased expenditure and the creation of the necessary capability to implement it. The problem was compounded in the case of Kenya by the departure of large numbers of experienced expatriate civil servants in the years immediately preceding and following independence. Although there has been some improvement in the ability of the government to undertake enhanced development expenditure in recent years, the scarcity of skilled manpower will continue to be a critical constraint on development over the next few years.

A major weakness in Kenya on the implementation side is the lack of a well-developed system of evaluation of plan progress. We have seen that requests for quarterly reports have not in the main been complied with by the operating ministries; nor has serious thought been given to the kind of periodic reports expected from the PPOs. The Treasury exercises a general financial check on spending ministries but this is no substitute for evaluation of plan progress. What is needed is a regular mechanism for a wide ranging probe into plan performance. For this to be possible, a regular reporting system from all operating organisations in the public sector has first to be established. These periodic, say biannual, reports could then form the basis for a thorough analysis of the achievements and failures of the planning effort, the identification of lagging sectors and critical constraints, and proposals for remedial action. This task could be entrusted to an inter-ministerial committee of officials.

A crucial aspect of implementation pertains to the evolution of economic policy and day to day decisions on economic issues. New developments call for new decisions; the old policies must be reviewed in the light of changing circumstances. These must be consistent with the overall strategy of development being pursued. While such decisions and policies are largely the responsibility of the operating ministries, subject of course to the overriding authority of the Cabinet, the Ministry of Economic Planning and

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1/ E. Rado and J. Wells, Costs and Constraints in the Building Industry in Kenya, Discussion Paper, Institute for Development Studies, University College, Nairobi.

Development is consulted and is influential on virtually all important economic policy decisions. Basically the creation of the Ministry of Planning has planted upwards of thirty highly trained, professional economists in a strategic place in the government machinery. This provides an assurance that economic considerations - evaluation of costs and benefits, coordination and consistency of policy instruments with the overall objectives - will be brought to bear on the entire range of government programmes and policies. Indeed, in the end, this aspect of the influence exercised by the Ministry of Planning and Economic Development on the evolution of economic policy and on day to day economic decisions may be more important than the formal responsibilities it bears for the construction and implementation of the plan.

Conclusion

Serious planned effort to markedly raise the tempo of development is relatively new in Kenya. The planning machinery is still in the process of evolution, and the Ministry of Economic Planning and Development has been commendably innovative and experimental. It has solid achievements to its credit. The passage of time has revealed the remaining major weaknesses in the planning system. Of these, the most serious are lack of adequate capacity to design and implement projects in the operating ministries, and lack of a sound reporting and evaluative system of plan progress. Efforts over the coming years should be devoted to strengthening these aspects of the machinery for planning.

Figure 1.- PLANNING ORGANIZATION