

Regionalization of Development Plans in Iran: A Review of Status and Challenges

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Abstract: *The objective of this paper is to examine the standing and thinking of regional planning in the country's planning system with an emphasis on national development plans. It intends to see to what extent and how this objective has been achieved or this type of thinking has been incorporated into development plans. By scrutinizing these plans both in pre-and post-revolutionary periods, the paper concludes that despite occasionally emphasis on regional planning, it has become a slogan not an essential and actual part of the country's planning system. The paper argues that this is due mainly to the country's centralized administrative structure, the integral opposition of the bureaucracy to changes implied in the regionalization policies; the sectorial structure of the country's planning system, and extreme deprivation of some regions and their consequent powerlessness to rally local potentials for development.*

Keywords: *regional thinking, planning, national plans, Iran.*

Introduction

In Iran, after the Second World War, the policy instruments used by most governments for development included the elaboration and implementation of centralised macro-economic development plans. Since then, nine development plans have been implemented, the planning initiatives may be divided into two periods: the pre-revolution period (1949-78) and the post-revolution period (since 1979). During the pre-revolutionary era there were five plans. The implementation of the Sixth Plan was interrupted by the episode of the Islamic Revolution. During the post-revolution period, after a plan holiday (1979-88) six plans were formally to be implemented (1989-2021). Nevertheless, the fourth and fifth plans, due to the government's unethical initiatives, in practice the Fourth came to a standstill, in the sense that what have been done was totally different from the plan's provisions and projections. Similarly, the sixth plan is under implementation. Hence, the fourth, fifth and sixth plans are not dealt with in this study.

Due to the existence of regional disparities², regional policies and planning have been a major plank of the country's development plans. In fact, Iran is one of the few among the developing countries, where the problems of attainment of balanced development and regional equality have been a major development concern and an explicit policy objective, since the introduction of the planning process in 1949. As a consequence, regional planning, in all development plans both in their national contexts and

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² Regional inequalities of the country could be divided in two broad categories. The first category might be called pre-development inequalities. This kind of inequalities has existed before the commencement of the implementation of the national development plans, mainly due to natural and environmental differential among different areas of the country. For detailed information see for example, O. Aresvik, *The Agricultural Development of Iran*, New York (Praeger, 1976); A. Namazi, *Iranian Approaches to Decentralization, in Iran: Past, Present and Future*, New York (the Aspen Institute for Humanistic Studies, 1975). The second category might be called post-development inequalities. This kind of inequalities has resulted from the development process, mainly as a consequence of the implementation of development plans. For example, according to the survey conducted by the World Bank study in 17 selected countries in 1976, out of these countries Iran and Brazil, with respect to the per capita criterion of regional gross product, experienced the highest regional differentials. The proportion of this disparity between the richest and the poorest region was over ten times. Regional Planning Office, 'The History of Regional Planning in Iran' [in Persian], Tehran (Plan and Budget Organization, 1983).

for individual regions has been greatly emphasised. Hence, this paper aims to study the status of regional planning in the country's planning system; as well as to examine the extent to which this objective has been achieved. Taking into account that regional problems and planning are subject to continuing changes regarding the context in which a particular regional policy assumes significance, it also deals with the fact that how regional policies in Iran have changed from time to time to cope with the problem of regional inequality in the country. To probe the research problem, this paper is organised in three parts. The first part examines the main characteristics of the pre-revolutionary development plans, with respect to their dominant approaches and goals pertaining to regional planning. The second part, similarly, discusses major features of the post-revolutionary plans in relation to regional planning. The third part sums up the discussion and evaluates the plans from the point of view of their main targets and achievements.

Regional Planning and Development Strategy under the monarchy, 1940-1978

The first plan (1949 – 1956)

As already pointed out, five development plans were implemented during the period of monarchy. The first Seven-Year Plan was mostly identified in the form of a number of projects. Projects were undertaken only by enterprises in the public sector. With respect to the country's economic structure¹ and the dominant approach among the policy-makers and planners emphasis was placed on social overhead capital like the infrastructure and social welfare. As a consequence, the plan granted the first priority to agro-based infrastructural projects such as dam building, canal digging, road building etc., on the basis of regional development perspectives, mainly in potential development areas. For example, the first plan allocated 5.25 billion rials (Iranian currency) for the agricultural sector, equal to 25 percent of the plan's total credit. Out of this amount 1.85 billion rials were disbursed for dam-building and irrigation projects.²

Because of regional disparities and inequalities that existed in the country, regional development received a particular attention in the country's planning system. The first step on regional balance was taken in the Article Four of the plan's Law which made an explicit emphasis on the subject. According to this law, all approved development credits, "should be proportionally distributed among the country's different counties (*shahrestan*) according to the local (regional) needs and potentials in such a manner that the total [credits of] counties of each province, altogether, should not be lesser than one billion rials during seven-years (the plan implementation period)".³

Inspired by the theory of economic growth poles, the idea of setting up the organisation of regional (area) development for certain underdeveloped but potential areas was strongly put forward by development planners⁴. Accordingly, in 1953, the fifth year of the implementation of the plan, the Development Organisation of *Moqan* Plain was drafted and prepared for implementation. It followed such objectives as the optimum and effective use of *Aras* river (in the north west border of Iran with the former Soviet Union) for the purpose of modern and mechanised agricultural activities; settling local nomads (*Shahsovan*, later *Ilsovan*) and transforming the region's traditional nomadic economy into modern mixed agro-husbandry one. The organisation, indeed, was to be a practical experimentation of the notion of regionalism in the country, on the basis of growth poles. Although the establishment of the organisation and particularly the execution of its projects, in practice, confronted many bottlenecks,

¹ In this period, the country's economy is characterized by agriculturally based economy. For example in 1950, the agricultural sector accounted for over 50 percent of the country's gross national product (GNP). Further see, A. Shakoori, *The State and Rural Development in Post-revolutionary Iran*, London (Palgrave, 2001), p. 99.

² A. Ebtehaj, *Khaterat [Memories]*, Tehran: Entesharat-e Elmi va Farangi, 1996, pp. 22, 329; Plan and Budget Organisation, *Barnameh-e Panjsaleh-e Avval [The First Five-Year Plan]*, Tehran: Plan and Budget Organization, 1983, P.12.

³ Plan and Budget Organization, *The Collective of the Country's Development Plan's Law*, Tehran (Information and Public Relations Office, 1968), p.3.

⁴ H. Amirahmadi, *Regional Planning in Iran: A Survey of Problems and Policies*, 1986, *The Journal of Developing Areas*, 20 (4), p. 502-4.

physical and engineering operations pertaining to the Development Master Plan of *Moqan* Plain brought about few important implications in later periods. Firstly, it created a comprehensive water supply network for the agricultural purposes which, in turn, resulted in a considerable reduction of the waste of Aras River's water. Secondly, it paved the way for the formation of development process in the region through agricultural and animal husbandry projects. This process led to attracting agricultural labourers to the region and creating incentives for the settlement of nomads¹. Despite taking some steps, the First Plan did not record a great success in implementing its planned projects in general and realising the idea of regionalisation or regional development in particular, mainly due to the inefficiency of governmental bodies and the lack of infrastructures as well as political instability and financial shortages resulting from economic embargo by Britain and her allies after the nationalisation of Anglo-Iranian Oil Company by the prime minister Dr. Mosaddiq in 1951.² All of these brought the plan to a standstill. The consequence was that in practice over 82 percent of approved credits were transferred to the Second Seven-Year Development Plan.

The Second Plan (1956-62)

Since the objectives of the First Plan had not been achieved, the Second Plan continued the same measures, emphasised similar projects (agro-based infrastructural projects such as dam-building, irrigation projects etc.) and adopted the same development strategy (development of potential areas). The implementation of the second plan, which was concurrent with the fall of the nationalist government of Dr. Mosaddiq, experienced a fourfold rise of the credits as compared to the first plan, owing to oil revenues, the United States' aids, foreign loans, favourable climate etc.,³ which brought about favourable circumstances, in terms of raising financial resources, to carry out the plan's projects in general and regional development plans in particular.

The experiences of area planning in the First Plan, in the field of the establishment of the Development Organisation of *Moqan* Plain, led the authorities and planners to adopt the policy of growth of different areas, in the sense that developmental activities were to be distributed in different areas of the country on the basis of their certain natural potentials. This policy aimed at creating development poles in potential areas through pursuing the policy of concentrating investments in these areas. Nonetheless, since no considerable attempt was made to explore natural potentials of the country's different areas, in practice the above orientation did not receive any executive support, and was only confined to a few areas. Indeed, during the Second Plan, only Kuzestan region, due to having considerable economic potentials such as the existence of great numbers of rivers and that of productive capacities, received particular attention by planners and was selected as a developmental site for the implementation of regional master plan. For this purpose, Khuzestan's Water and Electricity Organisation, having an inclusive financial and executive authority, was set up. The organisation was to carry out the projects identified in the region's development master plan such as building up a big storage dam (on the Dez River), setting up power stations and power distribution networks needed for the region, developing sugar beet farms, establishing related industries and so on. According to official reports, the implementation of Khuzestan's Economic Development Master Plan had notable implications. For example, the construction of the Dez Dam, which was completed in 1962, as well as building up an electricity conducting network with 4000 kilo meters range led to more effective utilisation of 125 thousand hectares of fertile land in the north part of the Province of Khuzestan. It also resulted in the expansion of about 3000 hectares of the region's arable land for sugar beet cultivation. Simultaneously,

¹ For example see R. Aslani, An Evaluation of Rural Development Approaches in Iran over the Last Fifty Years, A Collection of Papers presented in the Seminar on Fifty Years Development Planning in Iran, held in Tehran in 1998, Tehran (Plan and Budget Organisation, 1999), p. 214-5.

² Plan and Budget Organisation, Amalkard-e Barnameyeh Dovvom, [The Performance of the Second Plan, Tehran, 1964], p. 3.

³ Plan and Budget Organisation, Gozaresh-e Mogademat-e Barnameh-e Sevvom [The Preliminary Report of the Third Plan], Tehran, 1961, p.18.

a sugar producing factory having a capacity of 30 thousand tons upgradeable to 60 thousand tons was installed.¹

Although pursuing balanced regional development through implementing ‘target area programmes (for naturally and environmentally deprived areas) had social goals, they were not the direct and explicit objectives of the Second Plan. According to the then prevailing economic approach, it was assumed that such objectives would be automatically achieved by ‘trickle-down’ effects of growth poles. However, due to the existence of very poor regions in the country like the south-eastern region as well as the experience of early activities of Khuzestan’s Development Master Plan led planners to pay simultaneously particular attention to the south-eastern part of the country particularly the province of Sistan and Balochestan as one of the country’s most deprived areas?² This consideration followed social goals rather than economic ones. Since great differences existed between the south-eastern region of the country and the region of Khuzestan, from the point of view of having affluent natural resources, the implementation of large scale projects (those carried out in Khuzestan) were not considered economical and efficient. Hence instead of elaborating master plans, emphasis was only placed on the provision and implementation of small-scale projects in different parts of the region. For this purpose, the establishment of four agro- husbandry centres in Khash, Zabol, Bampur and Jiroft were proposed that aimed at training the people in modern agricultural methods; setting up 260 drinking water centres; diagnosing local diseases, exploring and exploiting mines in Khash, establishing fishing dock in the Chabahr Bay, setting up ice and dairy factories in Zabol and an oil seeds-processing factory in Jiroft.

The Third Plan (1962-1968)

This plan sought to pave the way for ‘a historical transformation in the wake of the introduction of the white revolution’.³ Its main thrust was to develop the economy through improving the infrastructure and set up basic industries such as steel and petrochemical industries. Yet the plan considered agriculture as the foundation of economic growth and targeted to achieve an annual growth rate of over 4 percent for the agricultural sector.⁴ As compared to the earlier plans, the third plan was regarded as a transitory plan, indicating the transition from the phase of building the necessary to the production phase.⁵ One aspect of building the necessary was the infrastructure, but the significant aspect was the agricultural development.⁶ The process of transition was to be followed through carrying out land reforms programme, starting in 1962, and preparing and implementing regional master plans. The beginning of the Third Plan coincided with the earthquake of Bueinzahra, in the province of Qazvin, which resulted in an extensive devastation of traditional irrigation networks in many villages of the region. Hence, first of all, in order to develop the region in general and reconstruct rural areas in particular, a master development plan was drafted for the Qazvin region, titled the Master Development Plan of the Qazvin

¹ Plan and Budget Organisation, *Gozaresh Amalkard-e Barnameh-e Dovvom* [The Report of Implementation of the Second Five-Year Plan], Tehran (Plan and budget Organization, 1964), P. 18.

² As the Italian Institute for Consulting Engineers (Ital Consult) reported in 1957, the region was very backward. Main reasons for the backwardness of the region and the people’s low level of living were the poor natural resources, saline (soil of) land, shortage of water, population disparity, lack of road and communication, distance from capital, the low level of culture, health, malnutrition etc. For details see *ibid*.

³ A. A. Banouei, *Planning and Development under the Monarchy and the Islamic Government of Iran: A critical Assessment*, *International Studies*, 1 (29), 1992, p. 42.

⁴ Plan and Budget Organisation, *Gozaresh-e Moghademati-e Barnameh-e Sevvom* [The Preliminary Report of the Third Plan], Tehran, 1961.

⁵ For details see A. A. Banouei, *Planning and Development under the Monarchy and the Islamic Government of Iran: A critical Assessment*, *International Studies*, 1 (29), 1992, p. 41-54.

⁶ Inspired by the historical experience of all advanced capitalist countries, it was concluded that a central episode in the process of the country’s development is the manner in which the agrarian question to be resolved. For details see A. Shakoori, *Toseh-e Keshavarzi dar Iran* [Agricultural Development in Iran], Tehran (Samt Publications, 2005). For more information about the historical experience of all advanced capitalist countries on the subject see J. Harriss, *Rural Development: Theories of Peasant Economy and Agrarian Change*, London, (Hutchinson, 1982).

Plain, which aimed at making the optimum use of natural resources –water and land--, utilising advanced and modern agricultural methods and paving the way for the establishment of agribusiness enterprises.

The experience of the Qazvin Plain master plan as well as the implementation of land reforms, which set the scene for transferring capital from the (traditional) agricultural sector to the modern one (either industry or agriculture), provided a suitable groundwork for pursuing the policy of the country's hasty development through elaborating and implementing a variety of development master plans for certain areas of the country. These master plans aimed at both creating growth poles and improving the state of retarded areas particularly rural ones. To this end, three main measures were put at the agenda: '(1) the creation of regional development in individual or specific areas; (2) regionalisation of activities related to development master plans and (3) the creation of agricultural (and industrial) poles'.¹ These policies and measures could be an indication of a significant departure towards developing the country's different areas and creating regional balance, much further than the earlier plan, as well as that of the promotion of regional thinking in the country. However in practice they were not so successful 'due to separation of the master plans from one another, their implementation by different ministries or executive bodies and accordingly lack of coordination in the implementation'.² For example, the policy of regionalisation of the national plan through sub-plans (regional development master plans) in practice was limited to few agriculturally potential areas with a highly economic output-yielding characteristic in such plains as Qazvin, Gorghan, Jiroft and Kohgyloyeh, and resulted in implementing agricultural development projects. Indeed, all these projects had been development programmes of the agricultural sector, rather than regional development plans. Moreover, the concentration of development master plans on most potential areas resulted in neglecting socio-cultural dimensions and regional balance issues.³

The fourth plan (1968-73)

This plan initially aimed at advancing industrialisation through the strategy of import substitution and the development of the domestic industrial base, and simultaneously the fulfilling of the objectives of the third plan was emphasised.⁴ The plan sought to provide a sectoral transformation from the agricultural and oil based economy to a full-fledged industrial one, mainly through the adoption of an inward-looking industrialisation strategy.⁵ Indeed, the objectives identified in the Third Plan were emphasised and even enlarged during the fourth Plan. In the fourth Plan, it was realised that in order to reach the plan's development goals, particularly balanced development, a more comprehensive perspective is required. Hence the scope of regional development was expanded in the manner that in addition to launching agricultural and industrial growth poles, as has been the aim of the previous plan, social and organisational aspects of development were also stressed. For this purpose, the plan divided into a number of certain regional development programmes that followed through the following stages:

The first stage was to explore and identify agricultural poles. Hence, in the Fourth Plan not only regional development measures of the Third Plan were continued, but also new (other) areas such as those aiming at the creation of industrial poles in Esfraeen, Arak, Tabriz, Ahvaz and Qazvin were underscored. The

¹ Plan and Budget Organization, *The First Collection of the History of Planning in Iran*, Tehran (Plan and budget Organization, 1983), P. 88.

² Plan Budget Organization, *A Review of Regional Planning in Iran*, Tehran, (Plan and budget Organization, 1976), p. 8.

³ Ibid, p.9

⁴ The strategy of import substitution had already been adopted by some developing countries. It was adopted, first of all, as part of the economic stabilisation programme prescribed by the International Monetary Fund to alleviate the country chronic balance of payments problems in the early 1960s. It also had its own social costs and unfavourable economic consequences. H. Pesaran, (1982) *the System of Dependent Capitalism in Pre-revolutionary Iran*, *International Journal of Middle Eastern Studies*, 14, 1982, P. 507.

⁵ A. A. Banouei, *Planning and Development under the Monarchy and the Islamic Government of Iran: A Critical Assessment*, *International Studies*, 1 (29), 1992, p. 43. The strategy of industrialisation was reflected in the plan's development credits so that the amount of credits of industry sector grew 560 percent and reached 112.8 billion rials.

second stage was to create new industrial complexes for Shiraz, Rasht, Mashad, Kermanshah and Imam Khomeini port. Simultaneously, attempts were made to promote and reinforce industrial estates (*Sharak*) in potential areas. The intention was to convert these sites into industrial estates and regional development centres. The third step was to take measures to improve the situation of the areas where had been by-passed by national development plans or regional master development plans, hence credits were taken into account for the implementation of small scale development projects under the supervision of local authorities. For the first time in the country's history of planning, an attention was paid for the nomadic community and consequently the establishment of animal husbandry and extension centres as well as animal husbandry related food factories was anticipated for nomadic areas.

The fourth step was to conduct comprehensive in-depth studies by consulting engineers in Khorasan, Bandar Abbas and Kermanshah. The results of these studies were not used effectively in practice. The significant event during this plan took place towards promoting a small complex of provincial development projects mainly made up of small-scale education, urban and community development, rural reconstruction and so on. The main feature of these projects was the financial decision-making power transferred to local (provincial) authorities for the first time. The fifth step was to pass the Town and Provincial Councils Law. "After more than half a century, the provinces were to be given a more effective voice in decision making through these councils".¹ However, the policy of transferring power to local authorities was faced with the opposition of centralised forces, "which until then successfully resisted all measures aimed at promoting the political goal of decentralisation".

According to many critics², regional policy and planning during the Fourth Plan plan meant not more than the concentration of investment in environmentally potential regions. Hence, pursuing the policy of hasty growth of gigantic poles in such regions as Tehran, Esfahan, Mashad, Tabriz and Arak resulted in great regional inequalities and increased gaps between rural and urban areas, which resulted in extensive emigration from rural to urban areas. For example, during a decade, the number of evacuated villages increased from 19.3 percent in 1966 to 29.4 percent in 1976.³ Moreover, it was pointed out that the strategy adopted by the fourth plan only turned the economy into high cost economy.⁴

The Fifth Plan (1973-1978)

The implementation of this plan was accompanied by a big boost in oil revenues (1973-74) and a quantum increase in Iran's foreign-exchange earnings. This rise affected all the country's economic sectors in general and the structure of planning mechanism and priorities of the plan in particular. First of all, for the first time, the plan's development credits were considerably increased that allowed the country's planning system to move from a totally centralised form towards a more decentralised one. Second, it resulted in revision in determining development priorities that led to an emphasis on such matters as to make an equal distribution of services, to improve the quality of life, to take into account socio-cultural dimensions in development activities, to initiate participatory processes and to equip local resources, far rather than the previous plans. Third, it encouraged the government to adopt

¹ A. Namazi, *Iranian Approaches to Decentralization*, in *Iran: Past, Present and Future*, New York (the Aspen Institute for Humanistic Studies, 1975), p. 246.

² For example see 2 A. A. Banouei, *Planning and Development under the Monarchy and the Islamic Government of Iran: A critical Assessment*, *International Studies*, 1 (29), 1992, pp. 41-54; Pesaran, H. (1982) *The System of Dependent Capitalism in Pre-revolutionary Iran*, *International Journal of Middle Eastern Studies*, 14, 1982, pp. 501-22; A. HajYusefi, *Barnamehrizi-e Mantageaei dar Iran [Regional Planning in Iran]*, A Collection of Papers presented in the Seminar on Fifty Years Development Planning In Iran, held in Tehran in 1998, Tehran (Plan and Budget Organization, 1999), p. 419.

³ Plan and Budget Organization, *Barnameh-e Panjum [The Fifth Development Plan]*, Tehran (Plan and Budget Organization, 1972), p. 119.

⁴ A. A. Banouei, *Planning and Development under the Monarchy and the Islamic Government of Iran: A critical Assessment*, *International Studies*, 1 (29), 1992, pp. 41-54; A. Shakoori, *Toseh-e Kesharvi dar Iran [Agricultural Development in Iran]*, Tehran (Samt Publications, 2005).

industrialisation of the “big push” type and to follow the Shah’s idea of making the country the world’s fifth largest industrial power by the turn of the century with maximum speed.¹

The regional development goals of the Fifth Plan was wide and comprehensive and included many dimensions such as:

1) contributing to the national goals of a fair distribution of income and employment opportunities, raising living standards of disadvantages of the masses (especially less-privileged groups); 2) bringing about more effective coordination in the investment process; 3) creating favourable grounds for the effective participation of all people in the development process as well as paving the way for the direct participation of local authorities in development affairs of areas (in order to fulfil the principle of decentralisation. 4) striving to achieve an optimal population settlement pattern; 5) narrowing regional disparities and developing potential regions.²

In order to achieve these objectives, a number of policy instruments were proposed. The legal base was envisaged in the Fifth Plan Law to formalise the system created for provincial project which were termed ‘specific regional projects’. In order to enhance technical and administrative capacity at the provincial level, the following measures were proposed: 1) setting up strong regional units; 2) creation of provincial development authorities; 3) boosting of the authority of the governors to grant them a significant executive role in the regional development process.³ The country was divided into 11 development region, each having an investment programme. About 11 percent of the Fifth Plan’s sectorial funds were earmarked for specific regional projects. As the plan started, the contradictions of the regional plan with the centralised government system began to emerge. For example, the division of the country into 11 regions was rejected due to inconformity to the political and administrative divisions. In practice, the government favoured the structural divisions in the provinces. The provincial development authorities formally were confined to two or three provinces. The idea of spreading them to all areas was rejected.⁴ Besides, not only the plan objectives of creating the condition of regional equilibrium and equal distribution of welfare and social services were not materialised, but also regional and social inequalities, which had been already started in the earlier plans, were intensified.

Great disparities between different areas and social groups became more evident in distribution patterns of such variables as household expenditure, consumption and income. For example, available data indicate that in the pre-revolution era, the bottom 10 percent of household (the lowest income group) accounted for only 2.5 percent of total expenditure, while the highest 10 percent income group was responsible for about 23 percent of expenditure. The differentials among the regions were similar.⁵ For example available data indicates that during the last decade before the revolution the income gap between rural and urban households exacerbated and exceeded 2.5 times. Likewise, while the rural population accounted for 60 percent of the total population, rural consumption only amounted to 35 percent of the total. The significant point here is that about 80 percent of government provision was earmarked for the urban sector, which explains the great gap between the consumption patterns in rural and urban areas.⁶

¹ The adoption of this strategy resulted in growing the industry sector much greater than the other sectors particularly the agricultural one. For example, industry enjoyed an average growth rate of 24 percent, while agriculture experienced only 4.5 percent, A. Shakoory, *Toseh-e Keshavarzi dar Iran [Agricultural Development in Iran]*, Tehran (Samt Publication), 187.

² M. Bagher Namazi, *Iranian Approaches to Decentralization*, in J. W. Jacqz, *Iran: Past, Present and Future*, New York (Aspen Institute for Humanistic Studies, 1975), p. 247.

³ *Ibid*, p. 248.

⁴ *Ibid*.

⁵ A. Shakoory, *the State and Rural Development in the Post-revolutionary Iran*, New York: (Palgrave, 2001), p. 104.

⁶ Statistical Centre of Iran, *Natayej-e Tafsilieh Amar Giry Az Hazineh va Daramad-e Khanevarhayeh Shahri va Rustaei [Detailed Results of Statistics Collection of Rural and Urban Households Expenditure and Income]*, Tehran, 2003.

The Sixth Plan (1979-1986)

The sixth plan was based on the experiences of the past five plans. Indeed, the Sixth Plan intended to reverse unwanted and adverse effects of the past developments. To this end, the plan was drafted on the basis of regional development perspective and structured within the framework of a decentralised system at macro, meso and micro levels. At the macro level, social, economic and spatial planning were to be organised; at the meso level, sectoral planning for socioeconomic, and infrastructural sectors were to be structured; and at the micro level provincial planning committees, including local committees and regional specialists were to be formed. The offices of regional planning were also to be constituted in order to fulfil the role of linkages between these levels. With respect to the structure of the Sixth Plan, in fact, the regional-development plan had been moving towards preparing and drafting of a regional-sectoral plan. In spite of having many positive points, the implementation of plan the ceased due to the episode of the Islamic revolution in 1979.

Regional Planning under the Islamic Republic 1979-2004

The post-revolution planning could be divided into two periods: (1) a period of plan intermission (1979-1989); (2) the period of the implementation of three five-year plans (1989-2003).

Period of plan intermission

Transitional period

The revolution of 1979 was the consequence of long-term dissatisfaction in Iranian society, mainly due to unbalanced growth and increasing regional and social inequalities resulting from the past development policies and plans. Hence, the revolution brought with it social demands and policy expectations for a fundamental change the economic and social system and the adoption of policies that would reverse the past development trends. For this purpose, Article 44 of the constitution explicitly emphasised regional equilibriums and poverty alleviation. To this end, several steps were taken. The first step was to allocate a day of the country's oil revenue per annum for every province. The priority in this allocation was determined according to the developmental state of provinces. Since in that time, the province of Kurdistan was considered disadvantaged, and had confronted with socio-political unrests, the first allocation was earmarked to this province. Since the new regime had no organisation of its own to achieve its objectives or carry out its policies, it had yet to decide the broad lines of policy in various areas, say, regional development policies. Hence, as a second step, it started to set up revolutionary institutions (*nahad hayeh-e englabi*) such as Jihad-e Sazandegi (crusade for construction), and Housing Foundation, Imam Khomeini Relief Committee etc.¹ These organisations mainly targeted to serve the poorer strata and disadvantage regions.

The next step was taken to move through elaborating development plans. The first attempt in this regard was made in 1980 that led to the constitution of the High Council for Revolutionary Plans. In its last report, particular emphasis was put on the spatial distribution of socio-economic and physical activities in order to make balance between sectorial, regional and industrial planning as well as to make national space integrated. The next attempt was started in 1981, after extensive debates among the country's policy-makers that whether the market economy or the planned economy was preferable, when the bill of the first plan, entitled the First Five-Year Economic, Social and Cultural Plan of the Islamic Republic of Iran for the years 1983-88, was prepared. Planning system in this bill was elaborated according to a sectorial-regional perspective. This bill, nevertheless, did not receive parliamentary sanction. It was finally abandoned due to the outbreak of the war with Iraq, differences of opinion among the ruling circles over the state of the economy, the future economic policies of the country with respect to state intervention.

¹ These measures was accompanied by many reforms such as setting up an Islamic banking system, nationalising large industries and foreign trade, implementing radical land reforms and so on. For details see A. Shakoori, *The State and Rural Development in the Post-revolutionary Iran*, New York: (Palgrave, 2001). A. Saeidi, *Charismatic Political Authority and Populist Economics in Post-revolutionary Iran*, *Third World Quarterly*, 2001, 22, no. 2, pp. 219-237.

During this period, there was only annual budgets and these were prepared on a piecemeal basis. Within the annual budgets, some notes were proposed in order to create regional equilibrium and alleviate poverty. Likewise, several regional studies such as the base territorial spatial master plans for provinces were carried out.

The First Plan (1989-93)

The First Plan was drafted in October 1988, two months after ceasefire with Iraq. It talked of rehabilitation of the institutional setup and improvement in the planning machinery of the country, as the country's economy was war-ravaged. It, therefore, intended to reverse negative effects of the pre-revolution plans and that of the post-revolutionary episodes like the Iran-Iraq War and economic embargo etc., on the country's economy. With respect to regional planning, the First Plan identified three main problems as the country's development bottlenecks, including unequal distribution of regional development activities, inter-regional disequilibrium and urban-rural disparity. According to the plan's document, the concentration of the key economic activities within certain cities has resulted in the formation of more privileged areas and population poles. For example, it was pointed out that over 63 percent of the total big industrial factories and over 60 percent of employees in these units belonged to such provinces as Tehran, Zanjan and Esfahan. Over 40 percent of these units and employees concentrated in Tehran, the capital of the country. In addition, there existed interregional heterogeneity and imbalances, mainly due to the political and administrative centrality of some cities, which led, on the one hand, to the expansion of marginal spaces within these regions; and on the other hand to the creation of more populated city centres where had only service supplying functions rather than productive ones. To this should be added rural-urban disparities, both at the national and regional levels, from the point of view of differential in capabilities, possibilities, services and activities status.¹

To overcome these problems, the first plan sought to organise and distribute population and activities spatially and geographically appropriate to qualified advantages of every region. To this end, the plan followed such policies as choosing regional centres in order to decentralise population and activity from Tehran; reinforcing a network of middle-sized cities; and creating growth poles within potentially productive areas. Nevertheless, the plan neither provides any practical proposal to achieve the above goals nor identified any policy instrument to tackle the above problems.

The Second Plan (1994-99)

The nature and structure of the Second Plan did not differ substantially from the earlier plan, therefore, it aimed at achieving social justice through the optimum distribution of public resources and possibilities as well as implementing the policy of decentralisation. An important development that took place during this plan in order to pursue the above goals was to consider a special chapter to regional development titled the chapter of multi-purposed operations for area development. This chapter proposed three kinds of programmes as follows: (a) the development plan of deprived regions and specific areas. This programme aimed at improving socioeconomic state of the country's poorer and underdeveloped regions through: utilising capabilities and comparative advantages of deprived regions having potential in the process of rising production, employment and income; and inducing development in strategic deprived regions where had no development capability, but their protection were politically and ecologically significant. (b) the comprehensive development programme of nomadic regions, aiming at organising nomads by means of the provision of social, infrastructural and productive services to nomad households appropriate to their ecological features; and the recognition and equipment of capable lands in nomadic areas and the settlement of nomads willing to live in these areas. (c) spatial programme, which pursued such objectives as: elaborating national space development strategies and identifying the role of different areas in the national division of labour and the establishment of industrial, agricultural and service activities; drafting the plan of population distribution and organising hierarchical system of rural areas and urban centres with respect to the distribution of activities, possibilities and capabilities;

¹ Plan and Budget Organisation, *Barnameh-e Toseh-e Kalan-e Eghtesadi va Ejtemaei 1989-1993*, Moghademati [The Macro Socioeconomic and Cultural Development Plan, 1989-1993, Introductory Draft], Tehran (Plan and Budget Organisation, 1994), P. 10.

classifying the existing and coming cities and determining their optimum sizes along with determining their hierarchical linkages; and preparing middle-term and long term development of the country's different provinces.¹ In order to proceed with the decentralisation policies, the Second Plan law placed particular emphasis on assigning provinces more authority to define and implement regional development programmes/projects as well as allocate/spent their budgets. Nevertheless, what actually happened was the domination of sectoral perspective and regional policy makings, not regional planning.

The Third Plan (2000-2004)

This plan was drafted on the basis of the analysis of the past trends and existing concerns about the country's macro-economic situation. For the first time after the revolution, it was realised that 'despite having suitable position with respect to population, size, resources, and regional and global location, the country's present economic growth have extensively lessened its status from international trade --from the point of view of absorbing capital and foreign resources in accompany with developments of global economy—and now the country have confronted with serious limitations'.²

Major characteristic of this plan, indeed, was to find out basic challenges of the country's development and pave the way for the materialisation of sustainable development. For this purpose, the plan took on the strategy of pro-market economic reforms with an emphasis on socio-political foundations of economic development. At the national level, regional differences, with respect to population density, having productive capabilities, enjoying infrastructures etc., were considered the country's main development challenges. Hence, the spatial approach to the development of different areas with emphasis on spatial analysis was given recognition in the Third Plan. Given the existence of disparities between the country's north-west and south-west region (including rims and slopes of Zagros and Alborz mountains chain and plains of Caspian sea coasts) and southern and eastern region (comprising of the southern and central plains, the Persian gulf and Oman Sea coasts and the eastern strip), the plan proposed the following spatial programmes. For the former region, the territorial spatial programme with emphasis on increasing productive capabilities was prepared so as to make maximum use of its existing infrastructural and service capabilities. For the latter region, space organising programme, with emphasis on the equipment or creation of infrastructures and the promotion of services, was predicted so as to activate its relatively unutilised and rich resources. In the first region, with regard to higher population density and its notable increase in future 25 years, the formation of new population centres were considered necessary, consequently linear or extensive development regarding space development was preferred. For the second region, with respect to the lower population density and the disparity of population centres, polar or focal development was proposed as the spatial development pattern, aiming at creating more activities in peripheral areas.³ It was assumed that on the one hand, increasing linkages between these focal regions would result in more economic motion; and on the other hand, 'upgrading the development process in backward areas' would be occurred without 'curtailing the growth of regions which have acquired certain momentum'. As a consequence, the mechanisms of spatial planning would eventually lead to the national development.

In general, in the Third Plan documents as well as the earlier plans, especially in the post-revolutionary ones, we come across some pious statements touching on the issues of balanced regional development and the need for the removal of regional disequilibrium through regional planning. But, by and large, they do not amount to any kind of a national policy for regional planning or tackling the county's

¹ Plan and Budget Organisation, *Mostanat-e Barnameh-e Dovvom-e Eghtesadi, Ejtemaei va Farhanghi-e Jomhoryeh Eslamyeh Iran* [The Documentations of the Second Economic, Social and Cultural Development Plan of the Islamic Republic of Iran], Tehran (Plan and Budget Organisation, 1998), p. 101-103.

² Plan and Budget Organisation, *Mostanat-e Barnameh-e Savvom-e Eghtesadi, Ejtemaei va Farhanghi-e Jomhoryeh Eslamyeh Iran* [The documentations of the Third Economic, Social and Cultural Development Plan of the Islamic Republic of Iran], Tehran (Plan and Budget Organisation, 1998), p361.

³ Management and Planning Organisation, *Mabaniyeh Nazari va Mostanadat-e Barnameh-e Chahraom-e Toseh* [The Theoretical Base and Documentations of the Fourth Development Plan, Tehran (Management and Planning Organisation, 2004), P. 220-21.

regional development problem. This is more evident in the post-revolutionary Fourth Plan Documentations that examine once again the major country's developmental concerns, including unequal distribution of population in the territory; the polar and concentrated structure of population centres; disequilibrium between rural and urban societies; and inappropriateness between population and development capabilities of different regions.¹

Concluding remarks

This paper scrutinised development plans in Iran with respect to regional planning and regional development policies. The discussion was presented in two periods: pre- and post-revolutionary periods. It was argued that regional planning in Iran commenced and preceded within macro (national) development plans. During the First and Second plans before the revolution, emphasis was placed on social overhead. With respect to the country's economic structure and inspired by the theory of growth pole, priority was given to agro-based infrastructural projects in certain underdeveloped and potential areas. Initial steps, especially during the second plan, were taken to elaborate economic development master plans for the development of specific regions (potential and the poorer). The Third Plan shifted from the listing of projects to more comprehensive approaches to national planning. The plan paid a particular attention to the regionalisation of activities of development master plans and the creation of the agricultural poles, as a part of its objective of the transition from the phase of building the necessary to the production phase. The Fourth plan stressed the implementation of multi-purpose schemes like modern agricultural, animal husbandry and industrial enterprises. Nevertheless, its main orientation was to shift from agricultural-based to industrial-based economy through developing industrial sites or poles in different potential areas. Since regional development policies and measures adopted during these four plans were mainly based on economic perspective, they paid little attention to socio-cultural dimension of development. Hence, in the Fifth plan the process of planning moved greatly towards a socioeconomic, administrative and regional development planning as well as towards establishing organisational and executive decentralisation. However, the adoption of "big push" industrialisation strategy along with Kuznets' hypothesis as well as the existence of the centralised administrative structure stultified the plan's social and regional measures and objectives; consequently they were to be fulfilled in the Sixth Plan.

During the plan holiday, after the revolution, no significant systematic attempt was made towards regional planning; most efforts were fragmented and were done on the basis of social justice perspective, mainly through revolutionary organisations for the deprived regions or the poorer strata. In the First Plan, the initial steps were taken to decentralise planning through assigning more power to provinces in the process of drafting and preparing the plan. During this plan, in addition to specific area schemes, particular attention was paid to the creation of regional and national schemes. In the Second Plan, although, the decentralisation of development and current budget resulted in an increase in the decision-making power of regions in national plans, due to technical shortcomings and the low quality specialist human force in the process of planning as well as management difficulties of planning at the macro level the integration of national and regional planning was not occurred. In fact, the second plan was the continuation of the first plan which by granting development budget to regions, decision making power of local authorities was increased. The Third Plan, with respect to the country's global and regional location and its major developmental concerns, aimed at following more comprehensive regional planning through elaborating and implementing spatial as well as space organising programmes.

With regard to the foregoing discussion we may say that, in general, Iran's regional policies have been considerably improved during the implementation of development plans, through moving from area development programmes in the First and Second plans in the pre-revolutionary period to more comprehensive regional policies and planning such as territorial special planning in the Third plan in the post-revolutionary period. Nevertheless, past experience indicates that despite policy pronouncements and emphasis on regional planning, a careful examination indicates that the past efforts have not made the necessary impact on regionalisation. Regional planning has not become a serious part

¹ For example see *ibid*, P. 286-293.

of the country's planning system. Some of the main reasons responsible for this might be noted as follows:

1. The country's centralised political and administrative structure and inefficient and voluminous bureaucracy. The country's long history of centralisation in the system of decision making has given rise to complicated socio-political and administrative obstacles to the decentralisation measure.
2. The sectoral structure of the country's planning system. This is rooted in the domination of sectoral planning perspective among planners and that in the country's political and administrative structure.
3. A strong inclination in the bureaucracy to centralise decisions in the capital. This stems from the fact that administrative structures in the regions were replicas of central bureaucracy with no special orientation to the needs or circumstances of the region, and that most of the regionalisation efforts were partial and fragmented. Moreover, the data base follow of information have had little regional base.
4. Regional inequality from the point of view of executive authority as well as excessive deprivation of some regions and their inability to mobilise local forces for development have nullified any authentic attempts to regionalisation policies. To these should be added financial dependency of the plans on the oil revenues and lack of any attempt to equip local financial resources so as to be used for regional development efforts.

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