

Comprehensive planning: Does it work? Experiences from Vietnam

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Abstract

Can we make a plan for a whole country? This paper examines adjustments the socio-economic development planning process in the context of Vietnam - a developing and transitional country. The main research question is whether the comprehensive planning processes have substantially changed from the top-down approach of the past to an open and participatory one today. Can Vietnam's current planning process, which has been described as 'suited for the command economy' (World Bank, 2005), fit into a global market economy or is there need for another approach? The paper analyses Vietnam's Five Year Socio-economic Development planning process within the three spheres: governance, management and participation. The paper concludes with a suggested planning approach for Vietnam.

Keywords:

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Introduction

Like most socialist economies of Europe and Asia, Vietnam followed the centrally planned model of the U.S.S.R. The central planning approach has been an ideology for the unitary state of Vietnam in the last few decades where the resource allocation was decided by the central authorities according to administrative plans. Originally, the plan was considered as a constitution for North Vietnam and for the whole country after unification (1975). The whole country followed the plan strictly in terms of what needed to be produced, and where and how many products were produced, etc. The centrally planned economy contributed greatly to the development of Vietnam during the time prior to Doi Moi 1986 (renovation). It was possible and justified during the central planning period since national economic activities were conducted mainly by the state through collective ownership of means of production. However, it has led to economic inefficiency and low quality of life. In 1985, Vietnam stated that it had a very low economy, with a GDP at 4.2 percent and low life expectancy at birth of 65 years².

Since the introduction of the Doi Moi (renovation) program, the government has implemented the public reform programs in which the reformative approaches have been applied to the national planning system. The GDP growth has been increasing during recent years (about 8 percent per year during 1990-2005)³. The social indicators (poverty, life expectancy and literacy) have been improved. However, these developments are unstable because: (1) the government balance sheet and domestic public sector debt indicators are still of concern (Vietnam National Assembly, 2006); (2) the gap between the rich and the poor is larger⁴; and (3) the voice and accountability to community in governance is still low⁵. These are great challenges to national and local authorities to look at their programs again, particularly the socio-economic development planning process.

The questions raised in this paper are: Is Vietnam moving away from the comprehensive planning approach? Can Vietnam's current planning process, which has been described as 'suited for the command economy' (World Bank, 2005), fit into a global market economy or is there need for another approach?

The paper is going to examine the Five Year Socio-Economic Development (FYSED) planning process in Vietnam. It analyses three spheres of the planning process: governance, management and citizen participation. In doing so, the paper seeks to contribute to a key debate in the literature on the developing and transitional country planning: whether the appeal of a top-down approach has waned and gone away from comprehensive planning as some suggest (e.g., Agarwala, 1985), or whether planning remains in a centralized planning approach. The paper draws on interviews, focus groups, observations in local government districts of Hanoi and experiences working on World Bank and ADB projects in Vietnam.

Vietnam's experiences in the FYSED planning process

Interviews with central government officers and local government officers in Vietnam indicate that the current planning system is a vertical and top-down approach (Figure 1).

² Source: World Bank estimates based on Vietnam Living Standard Survey (VLSS) 1993. 1985 is the earliest year for which comparable economic data are available

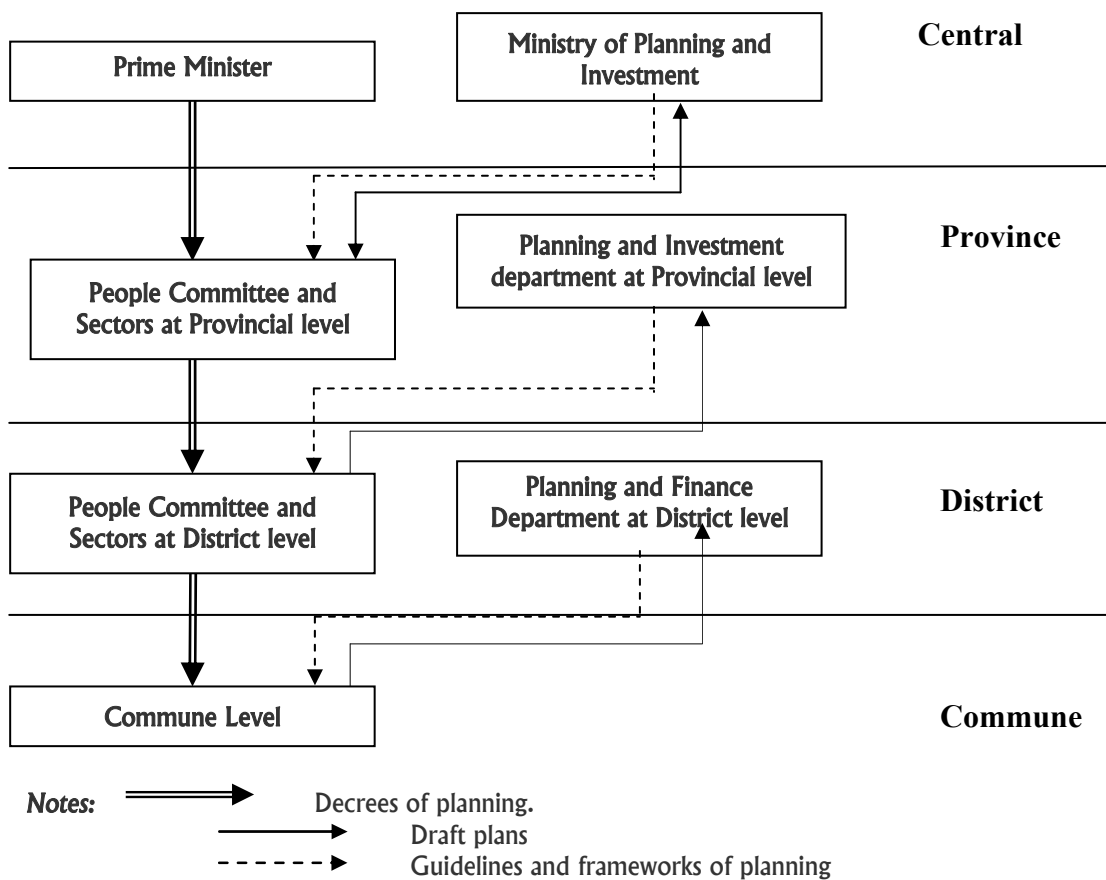
³ Source: Vietnam Statistical Yearbook 2005

⁴ Source: Vietnam Statistical Yearbook 2005

⁵ Source: The Worldwide Governance Indicators, the World Bank, 2006.

The planning process starts with instructions and frameworks moving from central government down to lower levels of government. In the preparation of the recent 5-year plan (FYP), the planning work started two years in advance with discussions among central planning officials and sector agencies on issues to be addressed in the next plan. The central planning agency then proposed “ideas” for the next FYP at a national planning conference which was usually held one year in advance with participants from sector ministries and local governments. The Ministry of Planning and Investments prepares the draft framework or guidelines for the next FYP reflecting instructions issued by the Central Party Committee. The draft guidelines are sent to the State Council for approval. The central planning agency’s report at a later conference provides guidelines, methods and deadlines for sector and local plan submissions and thus sets the framework and the tone for the whole planning process.

Figure 1. Vietnam’s planning process



Planning process -Governance context

The last five year socio-economic development planning process reflects single party top-down governance. The decisions of what to do and how to do it often come from the central government. The decentralization of authority to lower government levels is limited, as they have little independence on commanding issues without interference from the central government.

The central planning mechanism is one of the main coercive instruments that the central authority uses to exercise its power over local governments (Dieu hanh bang ke hoach). The central government controls all the ‘resources’ (Rhodes, 1999, p.80) of the local government such as mandatory powers, financial resources, political resources and informational resources.

The vertical structure of Vietnam’s government and the top-down planning system made the coordination across and among sectors difficult. Each agency is under a certain administration of its own sector and works independently with the other agency at the same level. Although the Ministry of Planning and Investment consulted sector agencies when making the overall development plan, such consultations were aimed at putting the plans together rather than coordinating them⁶. In fact, there is no coordination mechanism built into the planning process. The coordination is getting worse at the lower level of the Planning and Investment Departments which are dependent on decisions from superior levels (i.e., approvals of investment projects and business plans). In addition, there is a lack of fiscal decentralization (i.e., provincial budget depends on central budget allocation) (Pierre, 2000). As a result, local governments are passive in capital resources and this leads to lack of linkage between budgeting and planning.

Planning process – Management context

In reality, the plan objectives of the five year socio-economic development plans in some district governments in Hanoi are still based on a top-down planned set of indicators. According to interviewees at central and local governments, the set of indicators such as GDP growth, education and health serve as indicative targets, except the targets for revenue raising and capital construction investment are considered as mandatory. The foundation for making a plan is based on the previous plans’ results and historic data. The current and future indicators listed in new plans need to exceed the indicators which were in the previous plans. Government officers set up targets and objectives based on what officers at higher levels of government say, otherwise they would be criticised for doing badly compared with the past. Therefore, the plan objectives are not a reflection of the real targets and objectives for achievement of socioeconomic development in planning units.

Table 1. Current style planning – objectives and impacts

| OLD STYLE PLANNING | | | |
|--------------------|-----------------|-----|-------------------------------------|
| | IMPACT | | - Not considered |
| | | . ↑ | |
| | OUTCOMES | | - Not considered |
| | | . ↑ | |
| | OUTPUTS | | - agriculture GDP grows by X% |
| | | | - produce XX tonnes of rice |
| | | | - rice yield 6 tonnes p.ha. |
| | | . ↑ | |
| | INPUTS | | - provide improved seed, pesticides |
| | | | - organise farmer training |
| | | | - provide funds for farmer credit |

⁶ Source: interviews with central and local planning officers

This research shows that, in the current process, the objectives setting is weak and without linkage with particular indicators. As a result, their outcomes and impacts are not considered (Table 1). An illustration is provided by the 2001-2005 Five-Year Plan for the rural sector, one of the objectives was to increase agriculture production of rice to 33 millions tons and in order to achieve this target, and the government invested a certain amount of money on inputs but without indicating its impacts and outcomes on employment and environment. Even more surprising is to find, among the long list of targets, one for the poverty rate, supposed to reach 10 percent by 2005. How this could be accomplished, or how this particular target related to the other, production-oriented ones, was unclear and/or was not included. In addition, planning priorities and solutions are intentionally drawn in plan outputs despite lacking strategic analysis.

This research shows that there are no available analytical techniques and planners lack the skills for planning tasks. This makes it hard for plans to cope with the dynamic complexity of the economic environment by remaining up-to-date, relevant, and comprehensive. Moreover, the data system and information is hard to access due to the data collection mechanism and decentralization⁷. The main sources of data are from the survey of the General Statistics Office which is decentralized under the administration of the central government. Therefore, the data was collected with a certain purpose of the central government and it was not able to be used by other agencies and for other purposes.

Planning Process-participation and spheres

Vietnam's vertical and top-down links between different levels of government make it harder to listen to the public at the bottom of the pyramid during plan preparation. As shown in Figure 1, the main sources of making a plan are from decrees, frameworks and guidelines from the higher level. The lower level has to listen to these sources first before conducting any stage of the planning process⁸. This leads to time wasted and constraint for the lower level. As a result, local plans are rarely debated among the public before they are submitted to higher level governments for approval. The situation improved during last (2005-2010) FYP period at the national level, but did not fundamentally change at the county and municipal level, where consultations with local stakeholders are especially important.

Despite the adoption of the Regulation on Exercise of Democracy in Communes 1998 and requirement of Prime Minister in the Decree No 33/2004, there is no participation of grass-roots people in the process of planning development. In fact, there is no informing and involving of the main stakeholders or the most affected communities in the planning process. The People's Councils are lawfully the people's representatives, but their roles of approving and monitoring the development plans are formal and most investment decisions are taken by top executive authorities at the People's Committee and higher government levels.

There are two directions of communication between central and local government but the strongest is from the higher level to the lower level. Lower levels communicate with the higher levels through sending reports and plans without hearing feedback and comments directly and sitting in on discussions or workshops. The higher level communicates with the lower level through sending decrees, directives and guidelines and they are considered as commands to the

⁷ Source: Interviews with planners at Hanoi

⁸ Source: interviews with local planning officers

lower level. The planning officers may attend the workshops of the lower level to give comments to the lower level⁹. The drafts of plans sent to the higher level of government are just a requirement. These restrict understanding of the higher level of government among the lower level and or on both sides of the other's position enabling agreement to be reached. So central government cannot understand what is realistic. These lead to token efforts to finish up and submit plans without much attention¹⁰.

Conclusion

Vietnam's planning system is still based on a vertical, top-down approach under a unitary system. The lower level plans are sub plans of the national plan. In other words, it is still a comprehensive plan.

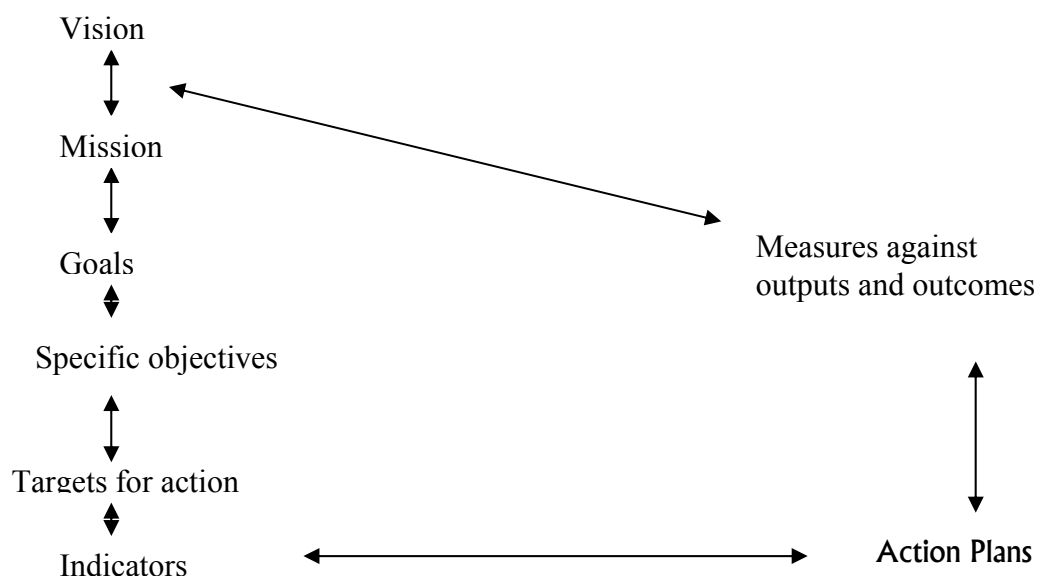
The comprehensive plan was possible for the closed system with highly centralized and collective ownership. In the dynamic global environment, comprehensive planning is static without flexible practices and would not meet the demands of change.

Applying a strategic planning approach would overcome the pitfalls in the current planning process. It involves building and sharing visions (governance), diagnosing current environments and alternating strategic courses of action (management) (Bryson, 1989), and enhancing participation (democracy) (Jones, 1996; Brody, Godschalk and Burby, 2003).

Governance

Politically, strategic planning is hampered by the need to set new indicators that do not make the past achievements look inadequate, because the new planning indicators need to be matched to the old plans and an argument needs to be made as to why past goals were not achieved. Thus it is very difficult for bureaucrats to ensure that senior officers do not set low limits to ensure easily achievable goals and to ensure political success. There is thus a temptation for planning bureaucrats to set limited goals.

Figure 2. Planning process loop



⁹ Interviews with local government officers at Hanoi

¹⁰ Interviews with planners

Management

The strategic planning process defined above, the loop process (Figure 2), enables comparison of the outputs and outcomes against the indicators and checking the action plans. The objectives of the plan are set up based on the diagnosis of the current situations with different techniques such as SWOT analysis (Bryson, 1989).

Participation

One way for resolving the participatory problems is conducting consultation on the planning process, which would allow better coordination and implementation of development activities. Strategic planning can help with the visioning, where a community of people come together to wrestle with strategic questions about what can be done, how it can be done and why do it. Vision is the critical element that gives life, breath, and meaning to the mission statement, the core values, and the strategic plan. The visioning concept of strategic planning is critical to public agencies and governing bodies because of the need to involve the public and numerous stakeholders in any planning process. Public officials can use visioning as a means of furthering a strategic conversation among citizens and stakeholders about the kind of society and future they wish to build. In so doing, officials not only carry out their administrative responsibilities but also contribute to the democratic well-being of their constituents. The strategic planning process enables participation and accountability to citizens by involving them in the process (Hughes, 1994).

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