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THE DEVELOPMENT PLANNING APPROACH IN
VIETNAM

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S U M M A R Y

I. BASIC OBSERVATION.

1. The planning approach to development has been adopted by many countries in the world, especially by developing ones, as a way to utilize logically and efficiently all national resources in the development of the country. Vietnam has also been familiar with this approach for a long time. We had our first Five Year Plan (1957-1961) in 1956 and a second Five Year Plan in 1961 (1962-1966). We should also note the effort of the Postwar Planning Group in 1967 and especially the Five Year Rural Economic Development Plan (1971-1975) which was promulgated by the President himself on March 26 of this year.

Development planning should be primarily thought

as a continuous process in which the preparing of the plan proper is only a small part. A plan is merely the means and not the purpose in itself. In other words, preparing a plan is the first step, and not the final objective of the planning process.

Thus, development planning should not be confused with the plan, be it a four-year or a one-year plan. What we mean is that the completion of the plan documents should not be regarded as the necessary and sufficient condition for the assurance of a rapid economic growth.

On the other hand, it also means that planning does not necessarily require the existence of a well written plan and we should not think that only when we have a plan document then we can proceed with our development.

2. Another important aspect of development planning is the problem of day-by-day economic management.

In principle, a complete and careful planning system should encompass all sectors of the national economy. Such system should include all general and basic long-term goals of the whole economy, divided into general targets and sectoral targets for each

and every phase of the development effort. In addition general policies and measures should also be divided into specific measures and detailed management functions. All economic management functions thus should be foreseen and rightly carried out.

In reality, of course, that ideal planning system would be extremely hard to implement. Therefore, in recent years, various countries - ~~as~~ including those whose economies have been fairly well developed through planning approach- have chosen to treat the problem of economic management as a separate subject of study.

II. DEVELOPMENT PLANNING TECHNIQUES.

Let us ~~use~~ find an appropriate concept for the role of planning in the economic and social development effort.

The development effort does not only require a well decided development will from the people, it also needs a clarification of responsibilities and an intimate and permanent coordination among various ministries, other governmental agencies, as well as between the public sector and the private sector.

Above all, the success of the planning effort

should not be expected if we do not have an approach which reflects the true state of the country in the economic, as well as social and political aspects.

Some mistakes which we have committed during our planning effort in the past should be singled out first :

(1) The central planning agency had been plagued by a drastic shortage of qualified personels, by a not very well up-to-date techniques, and especially by a deplorable working facilities.

(2) Lack of coordination at all levels.

(3) Lack of cooperation among the planning agency, the financing agencies and the implementing agencies.

(4) Statistical data have been both inadequate and unreliable.

(5) The absence of a logical and efficient machinery for preparing, financing and implementing as well as evaluating the plan.

(6) Our financing ability for development projects is very limited.

II. PLANNING METHODS AND PROGRESS IN THE PAST.

1. Two-ways planning

- Bottom-up and top-down.

2. The planning method should insure the continuity as well as the flexibility of the plan.

We have three kinds of plans :

- The long-term plans (10, 15, 20 years)
- The medium-term plans (4, 5, 6 years)
- The short-term plans (6 months or 1 year)

All of them should aim to :

(a) Develop our economy following a well-determined path, a well-defined objective.

(2) Solve institutional and structural problems of the whole national economy in accordance with the aspiration as well as with the benefits , both present and future, of the people.

(3) Lay ground for the implementing of economic management tasks within the general development framework.

Each kind of plan is good for a special environment and satisfies special needs. However, they all have to be adjusted throughout the period when they are implemented. We would like to emphasize the need to review periodically those plans.

In the special circumstance that we have to face now, we think the rolling planning is the most

appropriate of all techniques.

A rolling plan is somewhat similar to a medium term plan but is re-adjusted annually and the length of the plan itself is kept fixed.

3. Planning limits and techniques.

Another important problem which is related to our planning approach is the determination of the limits of our planning. We can have two choices :

- Micro-planning, and
- Macro-planning.

The micro-planning approach can again be subdivided into two approaches :

- . The project-by-project approach
- . The investment projects coordination approach for the public sector.

The macro-planning approach enlarges the planning domain to include the whole economy, both public and private sectors.

Between those two approaches, the macro approach which is fused with econometrics techniques is usually considered as the most modern. In general, however perfected that micro-plan may be, without the support of sectoral plans as well as feasible programs and projects, that macro plan would be a useless document.

Based on those observations, we think that our current efforts should aim at sectoral planning and limit itself within the public sector. We would like to make it clear that the heavy emphasis on the public sector does not mean that we should neglect the role of the private sector; on the contrary, we should strive to establish a favorable atmosphere for all economic activities.

How detailed and elaborate the planning techniques would be will vary according to the general state of the planning machinery, and to the importance of and the status of each sphere of economic activities.

Within that framework, the vital task which should be undertaken first of all is the formulation of a national development strategy.

B. PLANNING MACHINERY AND IMPLEMENTATION.

1. Planning Machinery. Economic development planning can be divided into four vital tasks:

- Plan preparation;
- Plan financing;
- Plan implementation; and
- Plan evaluation.

Planning machinery has to satisfy these basic principles:

(i) Close cooperation between the plan formulation and the plan financing agencies;

(ii) The plan formulation and the plan implementation agencies, though separate, must maintain two-way and permanent consultation;

(iii) The plan evaluation agency should be completely independent and have jurisdiction over the three other agencies.

2. National and International Mediating Institutions.

Within the framework of economic development planning, the re-structuring of institutions to establish a communication channel between government and the people at large, between Vietnam and the rest of the world, is a necessary, and vital, requirement.