

## Vietnam: Design/Implementation of Results-Based Planning and Monitoring<sup>1</sup>

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- Vietnam's economic and social progress stands out among East Asian countries. The poverty rate has fallen from 58 percent in 1993 to less than 20 percent in 2004.
- The country is going through a far-reaching transformation from an inward-planned economy to one that is globalized, market-based and comprehensive.
- The transition from a central command approach towards a more market-based economic development plan prompted a growing realization within Government of Vietnam of the need to shift from planning for production targets towards planning for achieving social outcomes
- The debate in the Government and National Assembly has shifted from a single focus on the 'pace' of growth to a broader debate on the 'quality' of growth. This change reflects the idea that achieving economic growth and developing infrastructure are not ends in themselves, but should be translated into better lives for the people.
- the critical next step is to monitor progress towards desired outcomes, using a clear and effective national M&E system.

### Introduction:

Since 2001, national planning processes have undergone considerable reform. Traditionally, draft plans were classified, with discussions during the drafting process largely internal to government. Only data from government reporting systems were used to underpin strategic direction or to report on past progress. The past five years have seen a shift to a new approach to planning that is based on consultations with a wide range of stakeholders

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<sup>1</sup> This case builds on "Vietnam: A Comprehensive Strategy for Growth and Poverty Reduction" MfDR Sourcebook First Edition, page 44.

and makes use of independent survey data on poverty and other social outcomes.<sup>2</sup> This new approach has helped the government develop a clear focus on results in medium-term development planning and monitoring. This transformation did not occur overnight. It resulted from an extended period of government, donor, and non-profit organization (NGO) collaboration (most of the donor management has been in-country). The process involved incremental steps forward, supported by responsive, flexible donor resources, rather than a one-off package of radical reforms. There are two main dimensions to the reforms discussed in this case: the introduction of evidence-based planning processes, using consultations and high quality data, and the introduction of globally accepted principles of M&E.

### **Application:**

Vietnam traditionally relies on five-year Socioeconomic Development Plans (SEDP) to elaborate its medium-term development strategies, set out development targets, and identify policies to achieve these targets. Until the production of the most recent SEDP 2006-2010, the drafting of the Plan was characterized by limited participation from stakeholders outside government. The planning process itself was confined to Government officials and draft documents were kept confidential. Plans contained too many targets for investment and the production of industrial goods and agricultural commodities, with little emphasis on outcomes.

The turning point in moving to an MfDR approach involved substantial planning reform, specifically the preparation and implementation of the Comprehensive Poverty Reduction and Growth Strategy (CPRGS). The Government's intention to prepare a comprehensive strategy to reduce poverty was first announced in December 1999 at the Consultative Group (CG) meeting with donors. Donors, encouraged by more institutionalized initiatives to

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<sup>2</sup> See the evolution of results-oriented planning/monitoring in the Vietnam Development Report 2007.

introduce Poverty Reduction Strategy Papers (PRSPs), embarked on an extended period of support to reform Vietnam's planning processes. Vietnam's first Poverty Reduction Strategy Paper (PRSP) was drafted in Vietnamese by local officials and consultants, but the process included many interactions with donors and NGOs. This collaboration prompted several innovations in the approach to planning such as a consultative process aimed at introducing a results-focus to the strategy. As part of the CPRGS process, the Government embarked on an intensive round of consultations with poor communities that provided feedback on the draft plan – it was the first time that such an exercise had been part of a government planning process. The Government also requested support in strengthening its ability to meet the Millennium Development Goals (MDGs). Collaborative work in a number of thematic areas provided the analytical basis for localizing the MDGs into a set of Vietnam Development Goals (VDGs). These goals and corresponding targets formed the backbone of the CPRGS and its monitoring framework, ensuring a focus on outcomes and serving as a reference point for planning guidelines. The CPRGS represented the first serious effort to move from input-focused, operational planning towards result-based plans formulated in a participatory process.

The CPRGS was piloted for implementation in 24 provinces in Vietnam. The roll-out process received strong support by donors and NGOs. Feedback from provincial officials provided strong supporting evidence of the relevance, feasibility and superiority of the new planning approach. The CPRGS roll-out led to changes in regulations linked to the new SEDP 2006-2010. These include the Prime Minister's Directive 33, instructing ministries and provinces on how to prepare the SEDP 2006-2010, and subsequent guidelines issued by the Ministry of Planning and Investment that provided for widespread consultations with people outside government and focused on achieving social outcomes as expressed in the VDGs. Additional impetus towards a results-based approach has come from public administration reforms,

increased participation of persons outside the traditional structures in policy-making processes, the revised budget law (2002) requiring greater transparency of budget information, and use of experimental Medium Term Expenditure Frameworks (MTEFs). The SEDP was approved by the National Assembly in June 2006.

**Introducing a focus on results in the SEDP 2006-2010 included:**

**Strengthening the evidence base** - While the previous SEDPs were strictly confidential, participatory consultations on the draft SEDP 2006-2010 brought in stakeholders from inside and outside the Government, both at the national and sub-national levels. Consultations included workshops with officials from local Government agencies, the domestic private sector, local associations, international NGOs, local NGOs, development partners, and researchers. The views of women, communities, and grassroots officials were solicited through intensive research at the community level. At the request of the MPI, local and international NGOs facilitated some of the consultations. The MPI collaborated with these partners to develop a common consultation framework based on the draft SEDP and NGO experience in poor communities. Feedback from poor communities in participatory research exercises in 17 sites across the country revealed that the consultations made a real difference in the content and relevance of the Plan.

Recognizing the weaknesses of internal reporting processes, planners concluded that they needed independent, reliable data on poverty and other social outcomes for planning. The SEDP 2006-2010 includes diagnostic work on key challenges. In addition to the traditional and sometimes unreliable data on poverty and other social outcomes collected through reporting mechanisms of line ministries, planners have used high-quality survey data produced by the General Statistics Office (GSO) - the product of ten years of collaborative work between donors and GSO to put in place high quality living standard surveys - to describe the challenges of

reducing poverty. Research institutes also produced studies using GSO data at the request of MPI.

**Focusing on results** - the transition from a central command approach towards a more market-based economic development plan prompted a growing realization within government of the need to shift from planning for production targets towards planning for achieving social outcomes. This transition resulted partly from the work on the VDGs; the guidelines for preparing the SEDP required the VDGs to be central to the SEDP so as to ensure a strong results-orientation. Consequently, the SEDP 2006-2010 is much more balanced between economic growth and social development objectives.

Some initiative for innovation came from line ministries. For example, when the Ministry of Agriculture and Rural Development (MARD) started preparing its new five-year sector plan in 2005, it drew upon its previous experience with the CPRGS process. Under the leadership of the MARD Minister, donors collaborated intensively with MARD staff and produced log frames and results-based monitoring frameworks for their five-year plan. The results were presented at seminars that generated strong interest from other ministries. Later in 2005, MPI linked the draft SEDP 2006-2010 to a results-based monitoring framework and requested help and training from donors for this task. Donors responded jointly, providing considerable input into this process.

### **Problem Solving: Challenges and Solutions**

Earlier Government Plans consisted of long lists of general targets, with little structure showing how overall goals translated into groups of specific objectives. While many indicators were used, they were often not linked to any of the plan objectives. As a solution, the new monitoring framework breaks with this tradition and links the main overall goals to a set of clear and specific objectives. Each of these objectives is linked to input/activity,

output and outcome indicators. As such, it presents a ‘results chain’ (Table 1), providing a solid basis for monitoring the results of the SEDP 2006-2010. The monitoring framework covers four development pillars: economic growth, social progress, the environment, and governance.

**Table 1: Example of a results chain for one of the SEDP objectives**

	Changes under the control of government		Changes outside the control of government
Objective	Activity/ input	Output	Outcome/ Impact
2.2.2 Ensuring access to health care services for all	Universalise coverage of health insurance	Proportion of people with health insurance; proportion of the poor and near poor with free health insurance	Proportion of people reporting satisfaction with service obtained with health insurance, by ethnicity and quintile

*Source: Monitoring framework of the SEDP 2006-2010*

Lack of incentives and capacity were two of the most important challenges in applying the new approach to SEDP planning process. Planners in line departments and provinces were unsure about how far they could go in re-orienting their plans without jeopardizing the prospects of plan approval, and they were concerned that submission of plans that were radically different from earlier formats might result in less funding. In a system in which planners are accustomed to following planning instructions issued by higher-level authorities, unambiguous, central-level commitment to reform planning processes and incentive structures is extremely important. To emphasize the determination of the Government to adopt a result-based approach in the SEDP 2006-2010, the Prime Minister issued the Directive 33, and the MPI Minister published the follow-up Circular 7681. These ordinances explicitly required planners to focus on the results orientation of the CPRGS by incorporating the VDGs as central components of the SEDP. In developing the monitoring framework, the MPI used internationally accepted M&E principles and concepts to produce a results framework that goes beyond the VDGs.

Adopting a stronger outcome focus demanded skills not used in the past input-oriented plans. Part of the solution was to intensify the training programs offered to officials in result-based participatory planning, design of M&E systems, and reporting. The CPRGS involved several training courses for MPI staff, other line ministries and staff in the provinces participating in the roll-out process (supplemented by training sessions outside the capital on results-based M&E for planners at various levels). Participants were trained on how to improve the structure of plans, define clear objectives, and link these objectives to indicators. A planning manual was developed to provide basic guidance on the application of key principles in the results-based approach to planning. Collaboration with actors outside government was important in introducing participatory forms of training and in transferring new skills to government officers. Intensive collaboration with NGOs provided specific expertise in arranging community consultations. The MPI worked alongside NGOs in designing the research framework for the consultations, implementing the fieldwork, and analyzing the findings.

## **Results:**

Changes in mindset - In recent years, the debate in the Government and National Assembly has moved away from a single focus on the 'quantity' of growth to a broader debate on the 'quality' of growth. This change reflects the idea that achieving economic growth and developing infrastructure are not ends in themselves, but should be translated into better lives for the people.

**Changes in content of the SEDP** – The evidence used to underpin the strategic direction of the SEDP has delivered important improvements in its scope and content. The consultations played an important role in shaping the final SEDP 2006-2010. The influence on the final document ranges from the expansion of some sections (gender and children) to structural

shifts in emphasis (mainstreaming of poverty issues beyond targeted programs), to language modifications (especially regarding activities previously described as ‘social evils’). OXFAM acknowledged the role of community consultations in improving the quality of the SEDP (World Bank, 2006).

The use of high quality quantitative and qualitative data in the analysis has encouraged the SEDP to recognize a number of marginalized groups that have not benefited from the country’s economic growth. Earlier analysis had been limited to official data and was less effective at describing the deprivations of groups such as ethnic minorities, people living with disabilities and rural-urban migrants who face difficulties in accessing social and administrative services on grounds of their registration status. As a result, there is a consistent approach throughout the SEDP to reduce poverty by including the poorest in economic growth plans and reaching disadvantaged groups through the mainstream delivery of public services.

**Changes in approaches to M&E** - The result-based M&E framework is structured around the four pillars of the SEDP and has notable strengths. First, the framework includes a substantial pillar to measure progress in the promotion of good governance. This development represents important progress, since previous attempts to systematically measure the results from governance reforms were weak. Though some governance indicators were included in the earlier framework such as monitoring of the promotion of grassroots democracy, progress was typically measured through self-reporting by communes and therefore lacked independent verification. The governance pillar commits the Government to measuring progress in improving transparency and participation, strengthening decentralization, and managing public resources. The MPI showed strong political commitment to the development of a monitoring framework for the SEDP 2006-2010 that applies sound principles of results-based M&E. Much of the information will must be provided or verified through independent

surveys, a shift from the previous reliance on administrative systems for measuring and reporting results.

Donors supporting the Poverty Reduction Support Credit (PRSC) V (the European Community, Australia, Denmark, the Netherlands, and Ireland) have all stressed the importance of a harmonized, well-coordinated approach. This joint approach has helped to sharpen the focus on M&E, as measuring the outcomes and impact of development programs is a priority of the donors and Government alike. The PRSC V results framework consists of clear Program Development Objectives (PDO) and comprehensive outcome indicators. Policy measures cover the following:

(i) Completing the transition to a market economy through actions to further trade integration, strengthen the equity/capital base of State Owned Enterprises, accelerate banking reform, and improve the investment climate; (ii) ensure social inclusion and sustainable development through actions to improve the financing of healthcare for the poor, quality of education for disadvantaged groups, and protection of the environment; and (iii) build modern governance by adopting a planning process focused on development outcomes, strengthening the transparency and management of public finances, simplifying procedures for obtaining public services, and fighting corruption. More than fifty indicators are used to track actual progress. Progress is satisfactory or highly satisfactory in all areas except for state enterprise reform, which too shows some improvement.

### **Conclusion:**

1. Though the SEDP has earned praise for its open process, improved content and emphasis on desired outcomes, this has not been a swift transformation. Mainstream national planning processes have been evolving since 2000. In addition to political will from high levels of government, it has taken the interim step of a “parallel” plan and sustained, flexible donor

support managed from in-country to shift slowly from a closed planning process geared to describing inputs-production targets to a broadly consulted plan that focuses on outcomes. Challenges remain at several levels, including improving the linkages between Plans and budgets by providing more detailed costing and a better match between objectives and inputs. This requires effective cooperation between the MPI, the Ministry of Finance (MoF) and other Ministries and agencies responsible for SEDP implementation. Planning reforms need to cover provincial and sub-national levels, and include institutional changes, in order to strengthen spatial planning.

2. It is critical to continue efforts to improve accountability. Corruption represents one of the most significant risks to growth and sustained poverty reduction over the Plan period. The Government is fully aware of the threat that corruption poses to the achievement of Plan outcomes and is strongly committed to fight against it. In 2006, the Government passed a law on anti-corruption (which accords a role to the media and civil society in ensuring the integrity of government officials) and established a high level steering committee to oversee the implementation of the anti-corruption strategy. The Government plans to ratify the international convention on anti-corruption in early 2007. Three high profile cases of large-scale corruption have been investigated and have brought perpetrators to justice. However, increased decentralization in the allocation and usage of public resources is likely associated with a potential rise in corruption unless the decentralization is accompanied by further improvement in planning and managing public resources, including improved selection and evaluation of public investment and an effective results-based M&E system.
3. Results-based monitoring is a new concept in Vietnam. The use of outcomes for monitoring progress can lead to confusion as government officials do not always understand why they need to measure things that are outside government control.

Also, the use of independent household or enterprise surveys for measuring outcomes is a new phenomenon for many officials. It is therefore important that government officials write guidelines for the application of the results-based monitoring framework across ministries and provinces. These should include clear explanations of the monitoring terminology and concepts that are being applied, the definition of each indicator, its data source, and collection responsibilities and frequency. The drafting process requires close collaboration between the MPI and the Statistics Office.