

DEVELOPMENT PLANNING OVERVIEW & THE CASE OF VIETNAM

Do Duc Dinh, Prof. Ph.D in
Economics, Presentation at
Workshop on Integration of
Population & Gender Issues in
Development Planning, July 2009

1. Basic Concepts of Growth & Developments

● Growth

- *Concerning mainly quantitative & economic growth*
- *Following the pyramid or trickle-down model*
- *Aiming at GDP growth rates & GDP per capita income*
- *Little attention to social issues*
- *Little attention to environment protection*
- ⇒ *Results: Widening gaps of incomes, regions, sectors*
- ⇒ *Danger of social & political unrest*
- ⇒ *High destruction of environment*

2. Basic Concepts of Growth & Developments (con't)

● Development

- *Quantitative plus qualitative growth*
- *Comprehensive: integrating economic with social issues*
- *Paying more attention to social issues*
- *Change of structure toward industrialization*
- *Economic growth with less widening gaps*
- *Little attention to environment protection*
- ⇒ *Results: Reducing gaps of incomes, regions, sectors*
- ⇒ *Quick alleviation of poverty*
- ⇒ *Less danger of social & political unrest*
- ⇒ *Still high destruction of environment*

3. Basic Concepts of Growth & Developments (con't)

- **Sustainable development**

- *Economic growth plus social development & environment protection*
- *Paying more attention to environment protection*
- *More attention to long-term & qualitative developments*
- ⇒ *Results: Reducing gaps of incomes, regions, sectors;*
- ⇒ *Quick alleviation of poverty*
- ⇒ *Less danger of social & political unrest*
- ⇒ *Better protection of environment*

3. Vietnam' Renovation of Development Model

- Starting Renovation (Reform): 1986.
- Fundamental Changes in Development Concepts:
 - *Socialist economy: Prior to 1986;*
 - *Multi-sector commodity economy: 1986-90;*
 - *Market mechanism: 1990-2000;*
 - *Socialist-oriented market economy: Since 2000 (IXth Party Congress)*

=> More realistic, less doctrinaire & increasingly oriented toward sustainable development

4. MAIN FEATURES OF THE SOCIALIST-ORIENTED MARKET ECONOMY

- Up-to-date: Comprehensive development = Combining economic growth with social progress & equity (growth with equity)
- Leading role of the State sector.
- Planned on Government investments
- Indicative on non-Government investments.
- Diversification of GDP Shares by Ownership:
 - 1985: *State & collective nearly 100%.*
 - 2005: *State 38%; Non-state 46.5%; FDI 15.5%.*
- Top priority: poverty reduction
- Other priorities: education, health care, population, gender...
- In recent years: Increasing attention to environment protection

5. Role of Government in Planned Economy

- **Setting plans, policies, targets**
- **Organization of the implementation of plans, policies**
- **Managing through direct intervention: command / orders**
- **Basing mostly on State-own enterprises & collectives (cooperatives, work-exchange teams...)**

6. Role of Government in Market economy

- Setting strategies, plans, policies & targets
- Organization of the implementation of strategies, policies
- Managing through indirect or indicative intervention: incentive instruments (taxes, interest rates, exchange rates...)
- Basing on various sectors: State-own, private, collective & foreign own enterprises

7. SHORT & LONG-TERM DEVELOPMENT PLANS

- Short-term programs to solve acute problems, to overcome shortages & to meet intermediate needs:
 - *Curbing inflation: Positive interest rates => 800% 1986 to 10% 2007.*
 - *Development of agriculture & rural areas.*
 - *Increased processing of agricultural products.*
 - *Increased production of consumer goods & exports.*
 - *Positive balance of foreign exchange supply & demand, & flexible exchange rates => Minimum impact of Asian financial crisis 1997-98.*
- Long-term & sustainable strategies:
 - *Comprehensive socio-economic development strategies (1991-2000; 2001-2010; 2001-2020).*
 - *Industrialization, modernization.*

8. Integrated approach

Integrating Population planning, Woman advancement & empowerment, & Gender programs with other socio-economic programs such as:

- *Poverty reduction*
- *Agricultural & rural development, Consumer goods, Exports;*
- *Job creation (1.5 million/year)*
- *Labor export (78,000 workers in 2006 with over \$2 billion remittance);*
- *Labor-intensive industries (garment, shoes, assembly...);*
- *Education development (over 90%);*
- *Health care & elimination of diseases (HIV/AIDs, malaria...);*
- *Micro-credits provision;*
- *Land redistribution;*

9. Integrated approach (con't)

- *Mass media programs;*
- *Social security for poor & old people;*
- *Environmental protection (clean water,...)*
- *Reforestation.*
- *Improving infrastructure (roads, communication, schools, irrigation, electric supply...);*
- *Improving administrative procedures;*
- *Improving living conditions of minority groups*

10. integrated approach (con't)

- Integrating domestic development programs with regional & international programs:
 - *Foreign Trade/GDP (2007) = \$108/\$80 bil. => Over 100% => Engine of growth*
 - *FDI: Nil 1987 => \$60 bil. 2008 => possible \$20bil. 2009 – Big factor for development*
 - *ODA: US\$5.4 bil. in 2007*
 - *Remittance: \$8 bil/y (2007, Overseas Viet 90%, workers 10%).*
 - *Tourism 2005: \$3 bil.; 3.5 mil. passengers; 1 of 10 world's largest tourist points*
- External factors considerably contribute to population planning & gender issues

11. Multi-stakeholder 's participation

- **Government authorities (Central & Local)**
- **Woman Union**
- **Youth League**
- **Trade Union**
- **Peasant Union**
- **Local & foreign donors (Governments & NGOs)**
- **Business communities (State, private, foreign firms)**

12. Steps & process of development planning

- **General mechanism:** *“(1) The Party leads, (2) The State manages, (3) The people master”*.
- 1. **Communist Party** initiated the renovation strategy.
- 2. **National Assembly** revised and passed resolutions => **President of State** turned them into national formal policies => **Government led by the Prime Minister** concretized policies into measures & ask ministries and local authorities to adopt.
- 3. Concrete plans prepared by the Ministry of Planning & Investment in consultation with other ministries & provinces
- 4. **People** participate in the process of implementation.

13. Achievements

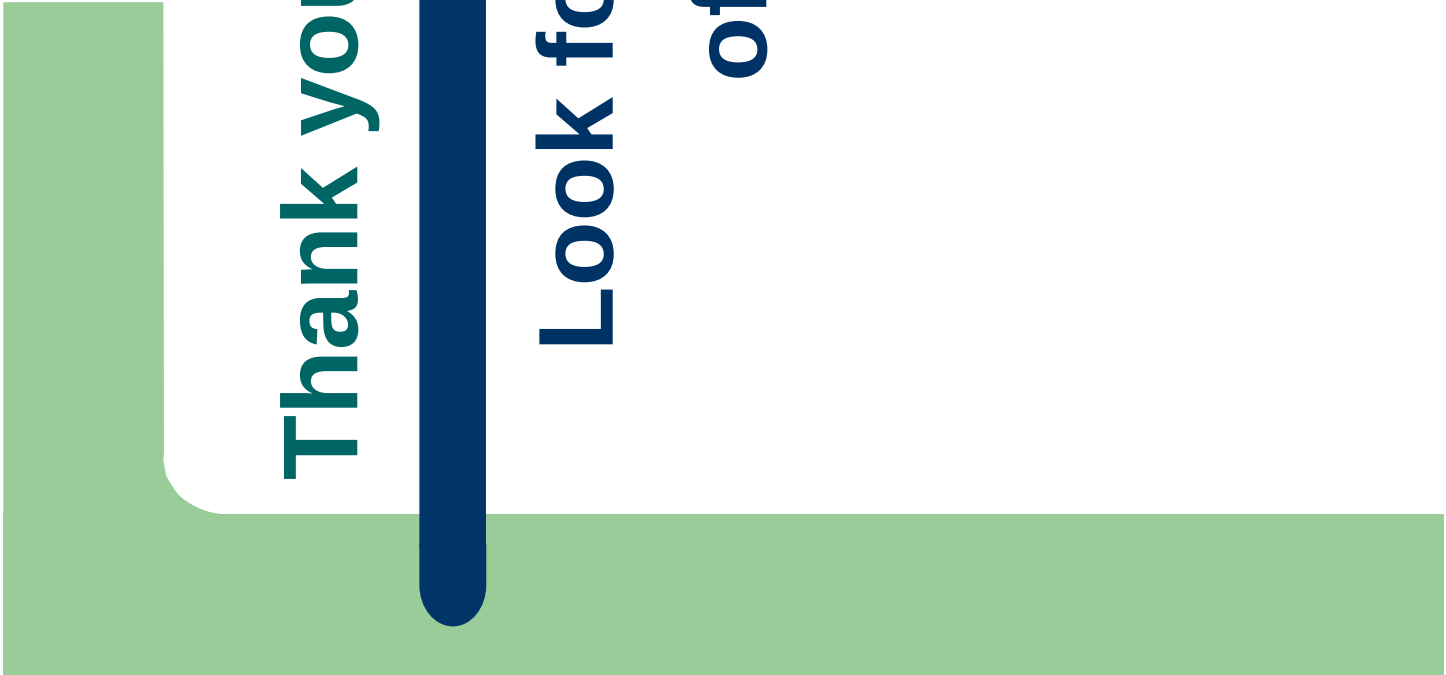
- Lower population growth rates
- Increasing participation of women in political, social & economic activities
- Smaller families
- Lower poverty rates (from over 70% to around 20%)
- Better human resource development
- Better education: High literacy rate - 95%
- Higher quality of life (life span from 50 in 1960 to 70 currently)
- Significantly contributing to social stability & economic growth

14. PROBLEMS & CHALLENGES

- Being a least developed country.
- Poor quality of growth.
- High unemployment: around 10%.
- Widening gaps of *Rich vs Poor*; *Urban vs Rural*.
- Lack of skilled labor.
- Low competitiveness.
- Serious corruption & large waste.
- Poor infrastructure.
- Immatured markets.
- Increasing destruction of environment.
- Negative impacts from globalization.
- Drug, prostitution, HIV/AIDs, ...

15. MAIN CHARACTERISTICS OF DEVELOPMENT

- Comprehensive: Socio-economic development with environment protection, oriented toward sustainable development;
- Combining high economic growth with social progress and equity;
- High priority for human resource development (education, health care, population growth, gender issues...);
- High priority for poverty reduction.



Thank you for your attention!

**Look for further exchange
of experiences!**