

## People's participatory planning in communes

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### Summary:

After successfully testing participatory planning in communes for several years, there are still outstanding issues. DPI Quang Binh and the SMNR-CV have therefore agreed to design a revised concept for integrating people's participation into communal SEDP.

Current policies which have direct or indirect relevance for communal planning are reviewed for better grounding the development of a revised concept. This includes the forthcoming planning law, the new results based M&E framework in the SEDP, the forthcoming grassroots ordinance and others. The main conclusions from this review contain: progressing decentralization will lead to increased importance of communes in state management; in the course of decentralization, there is a clear trend towards results based management and more autonomy of levels and agencies combined with the requirement of measuring performance and the accomplishment of assigned tasks.

As for the integration of people's participation in communal SEDP, the current legal situation is explicitly supportive. A revised concept for participatory SEDP in commune can be formulated through few paragraphs additional to the existing laws and regulations on the current SEDP procedures. As a basis for discussion following articles are suggested:

- 1 The draft commune SEDP is to be consulted by the people before it is decided by the commune authority. This includes village meetings to discuss the draft commune plan, and a participatory meeting in the commune.
- 2 The commune plan is to be considered and approved by relevant authorities. The new feature here is the systematic presentation of villages' and the commune's priorities in terms of investment works and public services. These priorities build a new additional focus in the SEDP at commune and district level.
- 3 The approved plan is to be informed to the people and to relevant agencies. The people and / or local leaders need to be informed about approved support to their priorities as included in the SEDP. This is necessary in order to be able to supervise public works and services, and to appeal weak performance.
- 4 The works of the approved plan are to be supervised by the people. A new feature here is results based monitoring including public opinion survey. This is essential for knowing whether the ultimate purpose of participation in local SEDP is being achieved: to provide investment works and public services which meet the people's needs more effectively and in a better quality.

## 1 Introduction

Participatory planning in communes has been developed and successfully tested in Quang Binh and other provinces for several years (mostly under the name VDP-CDP). However, there are shortcomings as for the weak integration into the official planning process and for the complex and costly procedures.

Therefore, SMNR-CV and DPI Quang Binh have agreed to revise existing procedures on VDP-CDP, and to better integrate people's participation in the socio-economic development planning at commune level.

This general agreement (see minutes of meeting, 15 Nov. 2006) forms the basis for an international consultant to produce two main outputs:

- Further develop the concept and simplified procedures for people's participation in decentralized socio-economic development planning.
- Produce a revised and simplified set of training materials

## 2 Recent policy reforms and their consequences for local planning

Over the past years, political and administrative reforms have improved the conditions for participatory decentralized planning. Some of these reforms which are - directly or in the wider sense - relevant for further developing the concept of participatory planning in communes are listed here.

### 2.1 *Forthcoming planning law*

In the move towards a market economy with socialist orientation it has been recognized that the former planning system needs fundamental reforms. MPI is therefore drafting a new planning law which is expected to bring major changes in the way different levels of government are mandated to do planning. The forthcoming law is presumed to comprise three main parts (source: interview with Le Viet Thai, CIEM, December 2006):

First, the planning contents, i.e. the revised definition of responsibilities and tasks of the state at all levels. This includes the identification of those tasks which do not necessarily need to be done by the state in a market economy. And it includes a clarification of mandates responsibilities and tasks for each level of government, i.e. a clearer distinction combined with decentralization of mandates, responsibilities and tasks.

Second, the planning process, i.e. when to do what, whom to involve, how to coordinate etc. Guiding principles will be increased transparency, better democratic mechanisms and more participation of the people. While people might participate directly in communal planning, participation in higher level planning can only be done in indirect forms.

Third, monitoring and evaluation; so far, this has been the weakest part in the SEDP. There are mostly quantitative measures like export of rice or kilometre of new road constructions. The quality of roads is hardly being assessed. And even more significantly, the impact of projects and works is not being evaluated. At the outset, project proposals describe broadly the benefits a new road or bridge is expected to bring to a region or a village. But after completion, there is no assessment of what the effect of the public work really has on local economic development or of people's satisfaction with public services.

Relevance: There will be comprehensive changes in the contents, the process, and the M&E of planning. What this means in detail is difficult to predict. But the general direction is that local levels including the communes will be strengthened, and tasks and responsibilities will be more clearly and discretely assigned to different levels (and sectors?). This will probably go hand in hand with increased accountability. If responsibilities are assigned more clearly, it will also be clearer to point out good or weak performance. This in turn reinforces the importance of M&E.

The strengthening of M&E in SEDP, particularly of results based M&E, will probably have significant impact on the quality of both planning and implementation of plans. This is what might include high potential for improving the participatory planning system in communes.

## 2.2 Reform towards results based M&E of the SEDP

With input from donors (WB, ADB, and UNDP), MPI has developed a new framework for M&E of the SEDP - specifically for the period 2006-2010. This instrument has a similar shape as a logical framework and includes columns for policy objectives, input/activities, outputs, outcomes and impact. Presently the draft framework is being reviewed within Government, and it is expected that it will be issued by MPI shortly. There will also be a recommendation for provinces to adopt the same (or similar) framework for the local level, and it can be expected that many provinces will then follow this example.

**Fig: Shape of the forthcoming M&E framework by MPI**

Objectives	Activity/ Input	Indicators/ targets		Data sources and responsibilities	
		Output	Outcome/Impact		
<b>1.2 Maintain a stable macro-economic environment</b>					
1.2.1. Ensure sound macro economic policies and fiscal prudence	Carry out tax reform, improve tax collection and budget management	Total budget revenues by 2010: VND 362,500 bill; Total budget to GDP ratio by 2010: 22-23%; Revenue from taxes to GDP for 2006-2010: 20-21%	Budget deficit/GDP by 2010: 5%, Government external debt ratio/ GDP for 2006-2010: 35.9%	MOF	MOF

**Relevance:** The new M&E format might not have direct relevance for *communal* planning; at least at a short term. But again, the introduction of this instrument at central and subsequently at local level will probably have a great influence on the overall management style of the public sector. It supports the shift from a focus on activities or quantitative production figures towards policy related outputs and especially outcomes and impact. It will probably support a shift in the planning culture away from a bureaucratic exercise towards a managerial one, focused on results.

## 2.3 Forthcoming ordinance on the exercise of democracy in communes

The National Assembly is about to approve a new ordinance on the exercise of democracy in communes shortly. This is in line with previous policies on democratizing public management at the grassroots level as stipulated in Decree 29 (1998) which was replaced by Decree 79 (2003). The new ordinance will be quite similar in its content with decree 79.

With the forthcoming ordinance, the government is showing a strengthened commitment to improve the compliance with grassroots democracy. New passages in the first specify violations of the law on exercise of democracy in communes (article 5). And it stipulates the responsibility for the organization and the exercise of democracy in communes (article 6), i.e. the Party committees and authorities of all levels shall be held accountable for organizing the exercise of democracy in communes. It gives the people in the commune the rights and obligations to observe the stipulations of the law on democracy in communes. And the commune Fatherland Front and its member organizations shall launch their mobilization and supervision of the exercise of democracy in communes (source: Ordinance on the exercise of democracy in communes; draft of September 2006).

Other paragraphs of the forthcoming ordinance are almost unchanged as compared to Decree 79. Points which are relevant for people's participation in communal planning are (similar in decree 79 and the forthcoming ordinance):

- The draft SEDP is to be consulted by the people before it is decided by the commune authority or submitted to a competent authority for decision. The forms of consultation with the people include calling a meeting of the constituents or constituents' representatives of the households in each of the villages and / or distributing questionnaires to each household.
- The commune's SEDP is to be made public

In the list of affairs to be supervised by the people, the SEDP is not specifically mentioned. This coincides with the currently weak M&E practices in the SEDP. However, several affairs to be supervised by the people relate more or less to implementation issues of the SEDP.

Relevance: Both, Decree 79 and more even the forthcoming ordinance build not only an excellent legal framework but explicitly require to organize people's participation in communal SEDP. The revised and simplified training material could just build on the quite clear and practical provisions formulated there.

#### **2.4 Decentralization,**

Decentralization is a broad policy with the Resolution 8/2004 as a land mark, providing the general framework for decentralization of planning and investment, state budget, organization and personnel etc. The provisions of Resolution 8 as well as the Law on State Budget (Dec 2000) apply for decentralization from central government to province level. Sub-provincial regulations are mostly subject to secondary legislations to be issued by the provinces. It lies mostly within the tasks and responsibilities of the province to regulate for instance the decentralization of state budget to the districts and communes. But while the decentralization from central to province level has largely been regulated, the further decentralization to lower levels is an ongoing and slow process.

Relevance: The project SMNRCV has only a very narrow mandate to work on decentralization, which is in the area of participatory planning at the sub-provincial level. There are other important areas of decentralization which are of high importance for participatory planning but which are beyond the project's mandate and control. This is in first line decentralization of state budget. To the extent that budgetary autonomy of districts is increased they are better in the position of responding to bottom-up demands and priorities. Other areas of importance are practically all service providing agencies like agriculture and rural development, agricultural extension, construction, transport etc. In essence, the question is to which service providers (especially at district level) operate on the basis of top-down sector policies, or on the basis of horizontal "corporate" management.

Decentralization in these areas is also beyond the mandate of DPI. If decentralized, participatory planning is to be successful and effective, the PPC would need to take strong leadership and invest significant efforts in advancing decentralization of all relevant areas to sub-provincial levels.

#### **2.5 Law on People's Council and People's Committee (2003)**

Law on People's Council and People's Committee at all levels (2003) regulates functions and tasks of the commune level in economic, social, environmental, security fields. Local authorities have been given broader supervisory and decision-making powers. It also strengthens the role of representative bodies and their oversight functions.

Relevance: People's councils will gain in importance – though may be at a slow pace. Their functions will increasingly be separated from the executive branch. This is likely to improve general awareness about people's representative participation in and oversight of public

matters. This should certainly be taken into account when developing planning processes and tools.

## **2.6 Self-management and results monitoring of public agencies**

Related to decentralization there is a policy to increase self-management of public agencies (Decree 43/2006/ND-CP providing the mechanism of autonomy and self-responsibility for task performance, organizational apparatus, payroll and finance, applicable to public non-business units; Decree 130/2005/ND-CP on the autonomy and self-responsibility mechanism concerning the staffing and budgeting in State organs)

Nghị định 43/2006/ND-CP (quy định về quyền tự chủ, tự chịu trách nhiệm về tổ chức, bộ máy, biên chế và tài chính đối với đơn vị sự nghiệp công lập) và 130/2005/ (quy định chế độ tự chủ, tự chịu trách nhiệm về sử dụng biên chế và kinh phí quản lý hành chính đối với cơ quan nhà nước)

The decrees require concerning agencies as well to formulate and apply criteria to measure the accomplishment with assigned tasks, including quantity, quality, timeliness, and financial correctness.

Relevance: There might be only little relevance of this policy for planning at commune level – at least at short term. This policy is still relative new and probably not yet implemented at wide scale. However, for a medium term perspective it might be worth exploring how this policy affects district agencies which are relevant service providers to communes. If they are to formulate performance criteria as well it could become powerful mechanism to hold such agencies accountable for following up participatory commune plans.

## **2.7 Results based management and Public feedback mechanisms**

Results based measurement and performance management are new issues in Vietnam but they are massively gaining in importance. The results base M&E framework for the SEDP (as described above) is just one of many developments into the same direction. Other instruments and pilot activities comprise the Performance Management System in HCMC and similarly in Lao Cai and Ben Tre province; Citizen Report Cards as tested in four major cities; the Provincial Competitiveness Index (published by VDDI); and Results Based Planning and Monitoring in Public Administration Reform. The important difference in all these initiatives is the focus on results rather than on activities. This includes a change in both, planning but more even in monitoring.

The questions in results based monitoring include not only how many kilometres of roads have been constructed, but also how is the quality of the work, and how does the road improve local traffic, or access to markets. Results based monitoring does not only ask for the area of rice production, but also whether farmers are satisfied with the agricultural extension. And it asks for people's satisfaction with grassroots democracy and with the quality of public service delivery.

As an example, Son La province is about to establish a new results based M&E system in the province to measure on an annual basis the performance of departments and of districts in public administration reform. This M&E system includes as well a public opinion survey in which people provide feedback on their satisfaction with grassroots democracy and with the quality of public services. A first survey with over 3000 questionnaires has just been conducted few weeks ago.

This development takes place in the frame of the PAR Master Programme. And it is very likely that the overall state management – also at province level – will move into this direction. This means concretely, in a few years time, most provinces will probably have a results based M&E system in place with public opinion surveys as a major component.

**Relevance:** This issue is of high relevance for the concept of participatory planning in communes. Aligning the revised planning concept with concepts of results based management would mean that administrative planning regulations could be reduced to a necessary minimum (significantly less complex than the initial VDP versions). Instead, a mechanism to assess the *results* and *people's satisfaction* with the new planning and the quality of plan implementation could be designed. Such a tool could on the medium term become an integral part of a results based M&E system of the province. A separate exercise just for communal SEDP would then not be necessary – which is a relevant point when it comes to financing such surveys.

For now, the project may focus on the aspects of planning in communes only. But on the medium terms the questions of results based monitoring are essential and might be kept in mind already now when designing the planning part.

## **2.8 Conclusions**

- Communes will play an increasingly important role in state management and in SEDP
- People's participation and elected bodies will play an increasingly important role in the formulation of priorities of public plans and in the oversight of their implementation
- Public service provision will increasingly become citizen-centred, i.e. oriented in people's needs and demands on the one side and in their satisfaction with public management and service provision on the other
- Consequently, planning needs to turn from a formalistic, administrative activity towards a management tool in the public sector.
- This means, among others, that targets - for instance about agricultural production or numbers of animals in the commune - are not so much a top-down instruction of what to achieve. Such figures are rather meant as an orientation and data on key development items for leaders to take better informed management decisions.
- Self-management of public administrations and public service delivery agencies will increase. Parallel, monitoring mechanisms will be established to measure their performance against agreed criteria. Planning of those agencies automatically need to shift more towards results.
- Management in the public sector is clearly shifting its focus from activities towards results. Results based planning and monitoring will increasingly dominate the way administrations and public service providers are operating.
- This means also, public feedback mechanisms will rapidly gain importance in Vietnam. Of particular relevance are public opinion surveys – for instance to assess people's satisfaction with local government, implementation of grassroots democracy, and quality of public services.

## **3 Drafting a revised concept for participatory SEDP in communes**

DPI Quang Binh and the SMNRCV have already been working on this issue for a while. The latest joint documentation on is the Minutes of Meeting dated 15.11.2006. Additional to this, some further ideas are drafted for discussion.

### **3.1 Current situation (where are we)**

The initial model of VDP has been tested over several years. Most involved people appreciate the participatory model and the increased quality in planning. However, a number of significant shortcomings need to be tackled.

VDP has so far been conducted parallel to the official SEDP. Official government plans are not systematically informed by the people's needs and priorities as expressed in VDP. Public resources and services for communes are mostly managed by the district level, like Agricultural Extension Office, Construction Office, Management Board of the 135 Program, Office of Labour Invalids and Social Affairs, etc. The managers of these agencies are not informed in a systematic and official way of the needs and priorities of the people in the communes as appraised in VDP. Therefore, the participatory plans are not properly being followed up by relevant agencies. Agencies, at least formally, follow the official SEDP which is more informed from top-down rather than from bottom up.

The official SEDP process itself is about to change and the relevant agencies show commitment to make planning more democratic, participatory and transparent. This opens opportunities for integrating VDP experiences into the formal SEDP at commune level.

Resources are scarce, particularly at district and even more severely at commune level. Introducing new participatory modes in planning seems to be too costly and can not be afforded on large scale. However, there is a realistic assumption that people's involvement in planning and supervision of implementation can significantly increase the effectiveness and efficiency of public investments and services. There are rough economic estimates which suggest that the finances invested into participatory planning do more than compensate due to more effective use of investment budgets. This would suggest that participatory planning can have positive effects on the local budgets.

Despite of this, the initial model of VDP is too complex and the related training too expensive. Both, procedures for participation in commune SEDP and related training need to be simplified significantly.

And finally, on May 2005, the GSVDP group submitted to Quang Binh Provincial People Committee - PPC for approving the Decision of implementing the piloted VDP method in wide scale, but was turned down by Quang Binh PPC. The reason for this decision is that the VDP methodology was not completely finalized (for example: the contents of the VDP plan, indicator system, timeframe, target groups, expenditure, etc.)

### **3.2 *Desired situation (where do we want to be)***

There is no need to re-define socio-economic development planning. But it is suggested to draw an ideal future situation of democratic, participatory, effective and transparent planning in communes. Such a "vision" might provide suitable direction and guidance for the development of the planning concept.

- The new planning concept is focused in systematically integrating the needs and priorities of the citizens into the commune SEDP and subsequently into the district SEDP.
- For this, local government is proactively promoting the exercise of democracy in communes. And the people participate actively in the public affairs of the commune.
- Agencies – especially at district level - are systematically informed about the people's needs and priorities, and they prepare their plans in a responsive way, so that the people's needs and priorities are reflected in the overall SEDP of the communes and districts and in the annual plans of relevant agencies.
- All relevant agencies strive for implementing the plans and for meeting the people's demands and priorities as approved by the relevant authorities.
- A results based monitoring system assesses the quality of plan making and identifies the level of accomplishment of the plan implementation. The system helps identifying and rewarding strong performance, as well as identifying and improving weak performance.

- The contents of communal plans and the respective indicator systems are clearly defined in line with latest policies and laws, and at the same time flexible enough to systematically include bottom-up demands and priorities.
- ...
- ...

### **3.3 Proposed action (how to get there)**

- Develop the new concept for participatory SEDP in communes. The concept would be based on the minutes of meeting between the SMNRCV and DPI, which includes a first outline.
- Prepare a standard indicator system for planning.
- Develop quality criteria and minimum standards for the planning process and the implementation of the SEDP.
- Review current legal documents and policies on local planning and clarify whether amendments of existing or the drafting of new normative legal documents is required.
- Work with relevant agencies in the province on strengthening of the implementation of grassroots democracy – especially in the area of socio-economic development planning. Most relevant agencies are the provincial PAR department, DoHA, and may be DoF. This could include the coordination of training contents and training material.
- Test the new approach in 2007
- Evaluate the experiences. For the evaluation of the pilot activities, a draft M&E system could be developed with indicators assessing results (not only inputs and activities), quality criteria, and especially a public opinion survey. Latter feature should not be done by DPI alone. A regular public opinion survey should be envisaged by the PPC as a key instrument for overall assessment of people's satisfaction with public administrations, with grassroots democracy, and with the quality of public services.

#### **4 Draft regulations for people's participation in the commune SEDP**

In order to keep the concept and procedures as simple as possible the draft regulations focus on the aspects which are relevant for a systematic and effective integration of people's needs and priorities into the official commune SEDP.

##### **1 The draft commune SEDP is to be consulted by the people before it is decided by the commune authority.**

The forms of consultation:

- 1.1 Call for a meeting in each village with the constituents or constituents' representatives of the households; beforehand, a copy of the draft commune SEDP is to be submitted to each village for discussion.

Additionally, in the village meeting, villages develop or update a "vision" / long term plan and set priorities of the village to be included in the commune SEDP, including infrastructure works and public services.

- 1.2 Call for a meeting of the commune people's council; beforehand, a copy of the draft commune SEDP is to be submitted to the commune people's council for discussion.
- 1.3 Call for a commune meeting to collect comments from the participants and to prepare the commune SEDP.

Identify the contents of the plan (objectives, targets and solutions). Distinguish the activities which can be implemented by the commune itself and the activities that should be considered and allocated funding by the district. Agree about priorities of public investment works and public services for each village and for the entire commune. Use formats in annex 1 and 2 to record these priorities.

Participants of the meeting are the commune authorities, the representatives of each village, staff of Communal Division of Finance and Planning, representatives of social organizations, and the commune people's council.

Time: 1 – 2 days around June (2 days for those communes having many villages)

##### **2 The plan including village and commune priorities is to be considered and approved by relevant authorities**

- 2.1 The commune plan is submitted to the commune people's council for approval of the activities which lie within the mandate and capacities of the commune
- 2.2 The plan is submitted to the district (through the Finance-Planning Section) for consideration of the activities to be supported by the district and province level (e.g.: investment, public services) Time: around July

The form of consideration and approval by the district

- 2.3 Call for a meeting in the district to discuss the potential support from different sources at district and province level for meeting the priorities as presented in the commune SEDP(see annex 1 and 2).

The Division of Finance and Planning is responsible to incorporate the results of the district meeting into the district SEDP.

- 2.4 The district authorities submit the draft district SEDP to the people's council for approval.

#### Finalization of commune plan

- 2.5 Upon receiving the targets from the district, CPC develops the official plan based (i) on its own plan, (ii) on the targets allocated from the district, and (iii) on the approved support from the district to priorities of villages and communes.
- 2.6 CPC submits the annual plan to the People's Council, which issues the Resolution (around January)

### **3 The approved plan is to be informed to the people and to relevant agencies**

#### The forms of publicising

- 3.1 The commune SEDP as approved by the commune People's Council including the priorities for which support from agencies at district and province level has been approved are to be posted at the commune centre and distributed in copy to the village heads.
- 3.2 The village and commune priorities for which support from agencies at district level has been approved are to be informed by the Division of Finance and Planning to the concerning investment and service delivering agencies. Latter ones are responsible for delivering approved investment works and public services to the respective villages and communes.

### **4 The works of the approved plan are to be supervised by the people**

- 4.1 The people shall supervise activities of agencies, organizations and individuals directly by themselves or indirectly through socio-political organizations, their representative organizations or people's inspection boards
- 4.2 The accomplishment of assigned tasks to deliver investment works and public services to villages and communes is to be monitored on an annual basis.
- 4.3 The criteria for measuring the accomplishment include the quantity, quality, timeliness and financial correctness of tasks, and the people's satisfaction with the public works and services.

### Annex 1: Format for recording priorities of public services in villages and the commune to be requested from the district<sup>1</sup>

No.	Description	Priority	Time, location	Estimated cost	Remark
1	2	3	4	5	6
I	Economic development services Agricultural extension service - service 1 - service 2... Forestry extension service - service 1 - service 2... Industrial extension service - service 1 - service 2 ....				
II	Educational services - service 1 - service 2,....				
III	Health care services - service 1 - service 2,....				
IV	Cultural services - service 1 - service 2,....				
V	Other services - service 1 - service 2,....				

- These services are managed by district level and commune is the beneficiary
- Funds for these services are from state budget
- The type of funds are stable in a period for 3 years, therefore district can be active in making a plan to respond to the needs of services proposed by commune

How to fill in this table:

- Column 2: the services are aggregated based on proposals of villages (use VDP approach)
- Column 3: priority is identified according to specific criteria agreed upon at commune level by local authority, SOs and representative of villages (a computer-based software can be developed to facilitate the identification of priority)
- Column 4: based on the specific requirements of villages
- Column 5: identified if required

<sup>1</sup> Taken from the Report on Renovation of Socio-economic Development Planning Procedures at Commune level; Joint report by CIEM, DPI Dak Lak and the GTZ funded RDDDL project; February 2006

## Annex 1: Format for recording priorities of public investment works in villages and the commune<sup>2</sup>

Currently, communes are not considered as a level in the system of investment management, therefore it is necessary to develop a suitable approach to identify the list of investment works that responds to the real needs of the local people. Following options should be considered:

- Allocation of investment fund to commune level
- Devolution to commune in investment management, or
- Continuing the current management mechanism but *using the list of investment needs* as follows:

### LIST OF INVESTMENT NEEDS REQUESTED TO DISTRICT

No.	Investment Work	Priority	Time, location	Estimated cost	Remark
1	2	3	4	5	6
	- Work 1 - Work 2 - Work3 - Work 4 - Work 5				

Column 2:

- These works are aggregated from *the needs of commune and villages*, based on the mid-term and long term orientation of commune and villages, therefore commune and villages *should develop their midterm and long term development plans*
- This list should be adjusted and revised every year

Column 3:

- priority is identified according to specific criteria agreed upon at commune level by local authority, SOs and representative of villages

Column 4:

- according to requirements of commune and villages

(The purpose of this approach is to increase the efficiency of investment projects while responding to the real needs of local people)

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<sup>2</sup> Taken from the Report on Renovation of Socio-economic Development Planning Procedures at Commune level; Joint report by CIEM, DPI Dak Lak and the GTZ funded RDDDL project; February 2006