

THE MINISTRY OF PLANNING
AND INVESTMENT

**CIRCULAR No.05/1999/TT-BKH OF NOVEMBER
11, 1999 GUIDING THE MANAGEMENT OF
PLANNING PROJECTS**

Pursuant to the Regulation on Investment and Construction Management promulgated together with the Government's Decree No.52/1999/ND-CP of July 8, 1999, the Ministry of Planning and Investment hereby guides in detail the management of planning projects funded by the State budget as follows:

1. Classification of planning projects

Planning projects include:

1.1. Overall planning projects for socio-economic development of the whole country, inter-provincial regions, provinces and centrally-run cities;

1.2. Planning projects for branch development under the Government's regulations;

1.3. Construction planning projects, including: regional construction planning, general planning for urban and rural construction, detailed planning for urban and rural functional quarters and specialized construction planning (traffic, water supply, electric power supply, water drainage, information and communication systems; waste treatment and environmental hygiene protection works...).

2. Funds for formulation of planning projects

2.1. Funds for formulation of planning projects include funds for investigation, survey and study for formulation, evaluation, consideration and ratification of plannings;

2.2. Planning projects using the State budget funds, which are balanced in annual investment plans, include:

- Overall planning project for the general socio-economic development of the whole country;

- Overall planning projects for the socio-economic development of regions (inter-provincial regions, provinces and centrally-run cities) and territories;

- Branch development planning projects, including planning for industrial park system, planning for land use throughout the country;

- Regional construction planning projects, general urban and rural population quarter planning.

- Other planning projects decided by the Prime Minister.

2.3. The following planning projects shall not use

the investment capital from the State budget:

- Detailed planning projects for construction of urban and rural functional quarters;
- Detailed planning projects for industrial parks, export processing zones, hi-tech parks...;
- Detailed planning projects for construction of new urban areas;
- Specialized detailed planning projects in service of formulation of investment projects.

Capital sources for realization of such plannings shall be mobilized from investment projects and accounted into the execution costs of investment projects.

3. Assigned responsibilities for managing funds of planning projects

Funds for formulation of planning projects shall be managed according to the following responsibility assignment:

3.1. Planning projects managed by the central government:

- Overall planning project for socio-economic development of the whole country;
- Planning projects for branch development, including planning for industrial park system, planning for land use throughout the country.
- Planning projects for regional construction, general urban and rural construction planning, planning for construction of key areas decided by the Prime Minister.

The Ministry of Planning and Investment shall perform the State management over the overall socio-economic development planning and branch development plannings, and directly organize the execution of overall planning projects for socio-economic development of the whole country, inter-provincial regions, key regions, and other planning projects decided by the Prime Minister.

The Ministry of Construction shall perform the State management over the construction plannings, and directly organize the execution of planning projects for construction of key regions, inter-provincial regions, plannings for general construction of urban centers of grade 1 and grade 2; plannings for construction of a number of rural population quarters and other planning projects decided by the Prime Minister.

The branch-managing ministries shall organize the execution of branch development planning projects and the planning for land use throughout the country according to the Prime Minister's regulations.

3.2. Planning projects managed by local administration:

The People's Committees of the provinces and centrally-run cities shall organize the execution of the following planning projects:

- The overall planning projects for socio-economic development of provinces and centrally-run cities;
- The planning projects for construction of regions within the territories of the provinces and centrally-run cities.
- The general planning projects for urban centers and detailed plannings of urban centers of grade 3, grade 4 and grade 5.
- The planning projects for land use within the provinces and centrally-run cities.

The People's Committees of cities of grade 1 or grade 2 shall directly organize the execution of detailed planning projects according to the responsibility assignment by the Prime Minister and provincial People's Committees.

4. The plan for formulation of planning projects funded with the State budget:

4.1. On guidelines:

- Overall planning project for socio-economic development of the whole country, plannings for economic regions and key regions and planning for industrial park system throughout the country shall be studied and proposed by the Ministry of Planning and Investment to the Prime Minister.

- Overall planning projects for socio-economic development of the provinces and centrally-run cities shall be studied and proposed by the People's Committees of such provinces and cities to the Prime Minister.

- Planning projects for construction of inter-provincial regions, construction of key economic regions and the general planning for cities of grades 1 and 2 shall be studied and proposed by the Ministry of Construction to the Prime Minister.

- Branch development planning projects (including planning for development of industrial parks, and the planning for land use throughout the country) studied and proposed by the branch-managing ministries to the Prime Minister.

The Prime Minister shall consider planning projects proposed by the ministries, branches, provinces and centrally-run cities and adopt guidelines thereon. Basing themselves on such guidelines, the ministries, branches, provinces and centrally-run cities shall direct the functional agencies to draw up and adopt planning programs or tasks and detailed cost estimates of planning projects.

Other planning projects (besides those specified in Section 4, Item 4.1) shall be decided by the ministries, provinces and centrally-run cities in

accordance with Point 2.2.

4.2. Plan synthesization and assignment

a/ The ministries, branches and localities shall base themselves on guidance in Section 3 of this Circular to draw up investment plans covered by the annual State budget, and propose the list of projects and investment funds for the planning work.

b/ Depending on the State budget's annual funding capability, the Ministry of Planning and Investment shall balance the funding level planned for the planning work of the ministries and localities for synthesization and submission to the Prime Minister for decision together with investment plans covered by the State budget.

c/ After the National Assembly adopts the State budget plan proposed by the Government, the Prime Minister shall assign the norms of investment plans covered by the State budget to the ministries, branches and localities, clearly stating the total fund reserved for the planning work.

d/ Basing themselves on their allocated capital amounts, the ministries, branches, provinces and centrally-run cities shall allocate specific capital amount to each planning project, and register it with the Ministry of Planning and Investment, the Ministry of Finance and the Ministry of Construction for monitoring the implementation and capital allocation.

Planning projects included into plans must be adopted by the competent level(s) in terms of undertaking. Each project must be drawn up with program, work volume or tasks and cost estimates approved by the concerned minister, head of the agency attached to the Government or the president of the People's Committee of the province or centrally-run city.

5. Management of allocation and final settlement of capital for planning projects

5.1. Allocation of advance capital:

a/ The conditions for being allocated advance capital:

A planning project shall be allocated advance capital when it fully meets the following conditions:

- Having its program or tasks ratified in writing by the competent level;
- Having an approved planning cost estimates;
- Being included in the planning capital plan;
- Having an economic contract between the investor and the contracting unit.

b/ The advance capital level:

The capital level to be allocated in advance to a planning project shall be equal to 25% to 50% of the contract's value, but must not exceed such planning

project's annual capital plan.

In cases where the planned capital of the whole year is lower than the above-said advance capital level, the capital-allocating agency shall continue allocating advance capital to the contract in the next year's plan till the prescribed advance capital level is attained.

c/ Retrieval of advance capital:

The capital allocated in advance to planning projects shall be retrieved upon each allocation of capital for settlement of the completed planning work volume, on the following principles:

- The time of retrieval shall be the beginning of the period for settlement of the completed planning volume for the first time;

- The advance capital level to be retrieved in the settlement fund each time shall correspond to the advance percentage.

The advance capital may be retrieved earlier than the above-prescribed time, if so agreed and proposed by the investor and the contractor.

In cases where the project is not further planned or suspended from execution while the advance capital is not yet fully retrieved, the investor shall have to explain the use of unretrieved advance capital to the capital-allocating agency, and at the same time report it to the competent level for handling.

5.2. Allocation of capital for settlement of completed planning volume:

a/ A planning project shall be allocated capital when it fully meets the following conditions:

- Having its tasks ratified in writing by the competent level;
- Having the planning work cost estimate approved;
- Having the competent level's decisions to set up the project management board and appoint the person in charge of accounting work;
- Having detailed plan on the planning volume to be performed in the plan year approved by the competent level;
- Having an economic contract between the investor and the contractor;
- Its completed planning volume is eligible for settlement and compatible with the approved cost estimates.

b/ The completed planning work volume allocated with capital for settlement is the one which has been performed, inspected for acceptance and compatible with the capital contents in the cost estimates already approved by the competent level and the already signed economic contract.

c/ To be allocated capital for settlement of completed planning work volume, the investor shall

have to send to the capital-allocating agency the following documents (in addition to initially sent documents):

- The written record on inspection and acceptance of the completed planning work volume of the studying and proposing agency.
- The table of detailed calculation of the value of the completed volume enclosed with the cost synthesizing table.
- Other settlement vouchers.

Within 5 working days after receiving complete and valid dossiers, the capital-allocating agency shall examine such dossiers and allocate capital to the investors, and at the same time make payments to the contracting units and retrieve the capital allocated in advance according to the principles prescribed in Item 5.1, Point c of this Circular.

For a completed planning project that has already been inspected and accepted, but not yet been ratified by the competent level (there has not been a decision to ratify the planning blueprint), if the economic contract contains no binding provision, the investor shall have to report to the managing agency and the finance agency of competent level in order to get in full the payment for the contracting unit according to the economic contract.

5.3. Final settlement of planning projects shall be made at the end of each plan year and upon the completion of such projects; and the investors shall have to make final settlement of projects according to the current financial management regulations.

6. Inspection of and report on the performance of plans

According to their respective State management functions, the Ministry of Planning and Investment, the Ministry of Finance and the Ministry of Construction shall conduct regular or irregular inspections of the allocation and use of the planning capital source, and propose appropriate handling measures.

Quarterly, biannually and annually, investors shall have to report on the execution of projects, use and allocation of settlement funds to their superior agencies, ministries, agencies attached to the Government and provincial/municipal People's Committees for general synthesization in investment and construction reports to be sent to the Ministry of Planning and Investment, the Ministry of Finance, the Ministry of Construction and the General Department of Statistics.

7. Implementation effect

This Circular takes effect 15 days after its issuance.

The study contents of planning projects, procedures, rules, unit prices and norms according to the functions prescribed in Article 8 of the Investment and Construction Management Regulation promulgated together with the Government's Decree No.52/1999/ND-CP shall comply with specific guidance by the Ministry of Planning and Investment and the Ministry of Construction.

Any problems arising in the course of implementation should be reported by the concerned ministries, branches and localities to the Ministry of Planning and Investment for study and appropriate supplement.

Minister of Planning and Investment
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