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**STATE MANAGEMENT FOR BASIC
CONSTRUCTION INVESTMENT BY STATE
BUDGET IN VIET NAM**

Speciality: Public administrative management

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SUMMARY OF PH.D THESIS

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budget.

CONCLUSION

1. State management on basic construction investment funded from state budget depends on natural, history, economics, political and social conditions and the scale of investment ... But the important thing defined the effectiveness of state management on basic construction investment funded from state budget depends heavily on the subjective elements of the organizations and individuals involved in state management apparatus on basic construction investment funded from state budget.

2. On the basis of systematizing content and factors affecting the state management on basic construction investment funded from state budget, the author evaluated the situation of basic construction investment funded from the state budget in Vietnam as well as the state management in period of 2006 - 2015. The analysis and evaluation was based on official data announced by the General Department of Statistics and Ministry of Finance. Evaluation results focus on the qualitative and insightful analysis results to indicate the reason of each restraint.

3. The system of state management solutions to improve basic construction investment funded by state budget in Vietnam are placed in a specific context, that is the prolonged budget deficit, public debt raised seriously. It is important to implement uniformly, efficient solutions to improve the efficiency of state management on basic construction investment funded from state budget, together with other sources in the whole society to bring about effectiveness in public investment in general and promoting the development of the country.

INTRODUCTION

1. Rationale

Basic construction investment plays a decisive role in creating technical physical backgrounds for an economy, as an important factor changing economic structure of a country, pushing up the growth and development towards industrialization and modernization. Nowadays in Vietnam, capital for basic construction such as transportation infrastructure, water channels, dikes, schools, hospitals... mainly financed by state budget.

For a developing country as Vietnam, basic construction investment by state budget is a crucial matter because, huge amount of investments has been expected to lead to a high growth rate. In present, Vietnam's investment ratio for basic construction is up to 12% of GDP – much higher than other East Asia countries in the similar pace of development. However, up to now, Vietnam's infrastructure system has still been considered poor and one of three bottled-ties to its economic growth. Apparently, a large amount of investments only leads to growth in case of high efficiency. Thus, improving the efficiency of basic construction investments by state budget must be given a priority – which mainly depends on the quality of state management on this field.

It can be confirmed that, the quality of basic construction investments in Vietnam has been now very poor and one of the main reasons comes from weak management of the Government. The weakness exists in all steps of management; from setting a master plan of construction investment, co-operational mechanism, allotment of state management, budget distribution, inspection and supervision. The weakness in management ability has led to a lot of consequences such as a lot of violations in most of projects invested by state budget; a series of huge projects have been unused wastefully... In the meanwhile, total state budget turnover has recently been only

enough for the constant expenditure, all capital for development investment must be supported by loans of all kinds. Public debt has gone up to a seriously high level and estimated to touch safety level in this year (65%) according to National Strategy of Public debt towards 2020.

Facing this situation, the thesis' author has realised the importance and necessity of state management for state construction investments in terms of theory and practice, short term and long term. For this reason, the author would like to choose the topic "*State management for basic construction investment by state budget in Vietnam*" as my doctorate study at the speciality of public management.

2. The aim and tasks of the thesis

2.1. The aim

The study of this thesis aims at improving state management of basic construction investment by state budget in Vietnam.

2.2. The tasks

- Systematising, supplementing and improving a theoretical frame of basic construction investment by state budget and state management on basic construction investment by state budget.

- Analysing, assessing the reality of basic construction investment by state budget in Vietnam. Evaluating the real situation of state management on basic construction investment by state budget in Vietnam.

- Suggesting direction and solutions to improve state management for basic construction investment by state budget in Vietnam in the coming years.

3. The object and scope of the study

3.1. The object of the study

The object of the study is state management for basic construction investment by state budget.

by concentrating responsible clue, reducing administrative procedures.

4.2.3. Completing legal framework for basic construction investment funded from state budget.

4.2.4. Renovating building up the planning, plans for basic construction investment funded from state budget.

4.2.5. Reforming the budget allocation mechanisms in the management of basic construction investment funded from state budget to eliminate the ask-give mechanism.

4.2.6. Focusing on evaluation of basic construction investment project funded from state budget

4.2.7. Improving the effectiveness of inspection and monitoring basic construction investment activities funded from state budget

4.2.8. Strictly complying management cycle of investment from the state budget

4.3. GROUP OF ASSISTING SOLUTIONS FOR STATE MANAGEMENT ON BASIC CONSTRUCTION INVESTMENT FUNDED FROM STATE BUDGET IN VIETNAM

4.3.1. Strengthening mobilization of off-budget funds associated with state budget in basic construction investment.

4.3.2. Strengthening technology application in state management, improving the system of online electronic public procurement.

4.3.3. Building up and implementing budget management by output.

4.3.4. Building up mechanism to ensure completely voluntary and independent of investment supervision.

4.3.5. Improving the legal basis for ensuring the independence of the inspection and supervision bodies.

4.3.6. Building up public financial incentives to promote coordination between regions.

4.3.7. Strengthening prevention of corruption in utilization of state

Firstly, the working staff in state management of basic construction investment is not enough qualified. *Secondly*, the ask - give mechanism in the allocation of state budget is still popular. *Thirdly*, there is no mechanism of individual responsibility and explained clearly. *Fourthly*, the increasingly and serious corruption, especially in basic construction investment funded by state budget.

CHAPTER 4

SOLUTIONS FOR IMPROVING STATE MANAGEMENT ON BASIC CONSTRUCTION INVESTMENT FUNDED FROM STATE BUDGET IN VIETNAM

4.1. DIRECTIONS FOR IMPROVING BASIC CONSTRUCTION INVESTMENT FUNDED FROM STATE BUDGET

This thesis studied directions based on three basis: (1) 3rd Socio-Economic Development Strategy in Vietnam (2011-2020); (2) orientation of the overall public investment in medium and long term 2016 - 2020; (3) the guideline to improve state management of basic construction investment in Vietnam. Thenceforth, the thesis synthesized and set up complete directions of state management on basic construction investment funded by state budget in 3 directions: (1) the public investment objective in the medium-term till 2020; (2) views to improve state management on basic construction investment funded by state budget; (3) orientation to improve state management on construction investment.

4.2. GROUP OF SOLUTIONS FOR IMPROVING STATE MANAGEMENT ON BASIC CONSTRUCTION INVESTMENT FUNDED FROM STATE BUDGET IN VIETNAM

4.2.1. Innovation of awareness of the functions and methods of state management on public investment in general and investment from the state budget in particular.

4.2.2. To strengthen the organizational structure of the management apparatus of basic construction investment funded from state budget

3.2. The scope of the study

+ The scope in term of content:

(1) Due to the thesis's speciality is public management, thus the content of this study focuses on functions of state management including: building a master plan; formulating and implementing a legal system; setting policies; inspection and supervision; organisational structure of state management.

(2) The thesis does not go into technical and professional terms of basic construction, but puts an attention on investment.

(3) Basic construction investment by state budget studied in this thesis only includes investments from state budget of central and provincial governments; excluding official development aid, state credit capital, etc...

(4) The thesis focuses on studying practices of state management for the 2 first stages of basic construction investment including preparation for investment and implementation of investment. These 2 stages are the most important, involving budget distribution, especially projects financed by state budget.

+ The scope of space: Data of basic construction investment are collected all over the country.

+ The scope of time: Numbers and data are collected for a duration of 10 years: 2006-2015; oriented towards 2025.

4. New contributions of the thesis

- The thesis provide a complete theoretical system of basic construction investments by state budget. At the same time, providing a scientific backgrounds for state management on basic construction investments by state budget.

- The thesis specifies practical base for basic construction investments in Vietnam và assesses the reality of state management for this field.

- The thesis points out the orientation and suggestions including a system of solutions for continuing to improve state management for basic construction investments by state budget in Vietnam.

- The thesis can be used as references to researching basic construction investments by state budget; as consultation to state organisations to improve state management for basic construction investments in Vietnam. The thesis is also used for lectures in investment economics and state economics management.

6. The structure of the thesis

Apart from Introduction, Conclusion, References and Abbreviation, the Tables of contents; the thesis consists of 4 chapters:

- Chapter 1:** Overview on researching literatures related to state management for basic construction investments by state budget.
- Chapter 2:** Scientific background for state management for basic construction investment by state budget.
- Chapter 3:** Real situation of state management for basic construction investment by state budget in Vietnam.
- Chapter 4:** Solutions to improve state management for basic construction investment in Vietnam

decentralization, asynchronous decentralization, not binding responsibilities of the budget using units with the budget allocation unit.

3.3.1.3. Restraints in planning, basic construction investment planning funded from state budget: Fragmented, divided, locally planning, not yet planned by region; lack of discipline led to planning disruption.

3.3.1.4. Restraints in setting up and issuing legal documents for basic construction investment funded from state budget: There is no Planning Law so far; guiding for implementation of Law related to basic construction investment funded from state budget is still slow in overall.

3.3.1.5. Restraints in the enactment and implementation of policies for basic construction investment funded from state budget: Contractor appointment has been very popular in the field of basic construction investment funded from state budget; no screening policies and clearly arranged priority order in selection and approval of construction projects from state budget.

3.3.1.6. Restraints in the inspection, supervision of basic construction investment funded from state budget: inspection and supervision too often but ineffective; lack of mechanism for collecting and analyzing remote monitoring information; transparency and openness in the inspection, supervision is still low.

3.3.2. Fundamental reasons of restraints

4.3.2.1. Objective reasons

Firstly, the state budget revenues declined led to difficulties in budget spending. *Secondly*, the complexity, diversity of investment in basic construction. *Thirdly*, funds and material conditions serving for the state management work of basic construction investment is still inadequate.

3.4.2.2. Subjective reasons

gradually improved and demonstrated remarkably effectiveness. The violations sanctions in construction activities such as sanctioning forms and levels of violations of the investors, building contractors and construction consultancy contractors have been concretized. The implementation pilot of building inspectors over 3 levels in Hanoi and Ho Chi Minh city has helped strengthening management order of local building, gradually bringing construction activity into disciplined order. The inspection and supervision of the relevant authorities has been specified and clearly stipulated, the inspection and surveillance carried out more regular and more effective. Thereby, many existing problems in the management mechanism and many violations in the process of investment have been found, and specific proposals for handling violations have been raised to improve the legal system.

3.3. MAIN RESTRAINTS AND BASIC CAUSES OF RESTRAINTS IN STATE MANAGEMENT ON BASIC CONSTRUCTION INVESTMENT FUNDED FROM STATE BUDGET IN VIETNAM

3.3.1. Main restraints

3.3.1.1. Restraints in organizing state management apparatus on basic construction investment funded from state budget:

However, the biggest restraint of this stage is the coordination between ministries, agencies and between different levels of management apparatus. This restraint is not only limited to the management model of public investment but also in the entire system of state management of economic in Vietnam. The loose and overlapped coordination between Ministries in the investment management leads to inefficiencies, "conflicted" policy, to this Ministry was right but to another Ministry was wrong; or to the same problem but different guiding etc ...

3.3.1.2. Restraints in decentralizing management on basic construction investment funded from state budget: Mass

CHAPTER 1:

OVERVIEW ON LITERATURES RELATED TO STATE MANAGEMENT FOR BASIC CONSTRUCTION INVESTMENT BY STATE BUDGET

1.1. THE STUDIES ON STATE MANAGEMENT FOR BASIC CONSTRUCTION INVESTMENTS BY STATE BUDGET

Researches related to state management for basic construction investments by state budget focus on 4 following issues:

(1) The studies on development investments, public investments, public expenditures much or less relevant to basic construction investment by state budget.

(2) The studies on public management, state management

(3) The studies on public investment management, public expenditure management or state management for basic construction funds... These studies are somewhat similar with the content of this thesis.

(4) The studies on basic construction investments in terms of management functions such as: (i) Building and implementing strategy, master plans; (ii) Formulating và implementing laws and policies; (iii) Supervision and examination of basic construction investment; (iv) Organisation of management system...

1.2. THE ISSUES HAVE NOT BEEN STATED IN THE ABOVE STUDIES AND ORIENTATION OF THIS THESIS

1.2.1. The issues have not been studied in the former scientific publications – differentiated from the thesis

Firstly, accounting on term of management, public expenditure management or investment fund management... are considered in the side of budget distribution from step of setting fund plans, investment fund approval, investment estimation and settlement, plan revision... But state management for basic construction investment – the key

content of this thesis focuses in aspects of management functions: setting strategy, master plan for construction investment; legal system; organisational structure of management units; inspection and supervision on basic construction investment by state budget...

Secondly, there have not been any publication which systematically studied state management for basic construction investment by state budget in terms of 5 basic functions... The former studies just refers to one or some aspects of management.

Thirdly, some of other thesis, however they have similar contents, but their research scope is larger, for example, public investment, development investment or budget expenditure. The author's thesis focuses on a narrower scope as investment for basic construction. Moreover, some publications studied state capital, my thesis in the meanwhile studies capital from state budget.

Fourthly, one more point different from published literatures is the research scope in terms of space. The author's thesis is studied in a larger scope: country-wide Vietnam including central and provincial levels.

Fifthly, in recent 3 years, a series of legal documents on basic construction investment by state budget have been formulated và begin to be effective. According to that, mechanism, procedures and policies for basic construction investment by state budget have been changed remarkably.

1.2.2. Main research orientations of the thesis

Beside some basic contents similar to other scientific works, the thesis studies several different aspects as follows:

- Researching state management for basic construction investment in terms of 5 basic functions of management.
- Collecting data of basic construction investment just from state budget, not including state capital outside state budget.
- Researching mechanism of state management for basic

3.2.3. Current situation in setting up and implement the strategy, programme and plans for basic construction investment funded from state budget

In general, the management of construction plan recently has been changed positively, the planning has been in the local interest and has demonstrated innovative thinking and long term vision, planning covering ratio increased significantly, planning schemes quality increasingly improved. As a result, many new urban areas across the country have been formed with synchronized infrastructure systems, urban face increasingly shifted toward civilization and modernity.

3.2.4. Current situation in decentralization of management on basic construction investment funded from state budget

In recent years, decentralization in basic construction investment was made intensively on 4 aspects: (1) decentralization of investors; (2) decentralization of the state budget; (3) decentralisation of investment approval and decision; (4) decentralization the management of investment projects from the state budget. Implementing intensive decentralization in the management of construction investment, and between all levels of agencies, between central and local government, resolving the situation of evading of responsibility, especially pushing the responsibility to higher levels; clarifying the responsibilities of different levels, sectors and agencies involved, creating motivation to boost investment activities, development of construction market and real estate market with increasingly large scale, diversity, contributing to socio-economic development of the country.

3.2.5. Current situation of inspection, supervision state management on basic construction investment funded from state budget

Mechanisms for monitoring, inspection, evaluation and handling of violations of construction investment have been

A breakthrough related to state management of basic construction investment funded from state budget was Public Investment Law passed by the National Assembly and became effective on January 1st 2015. It was considered as one of the most important legal documents in the institutionalization of public investment, creating favorable conditions for conducting of public investment restructuring towards tightened discipline in the management and supervision of public investment and improving efficiency, avoiding losses and waste.

The promulgation of policies in the forms of directives, resolutions and decisions concerning public investment, basic construction investment funded from state budget was also conducted timely and continuously. A series of directives issued by the Prime Minister have contributed to tight management of basic construction investment activities, such as Directive No.1792/CT-TTg dated October 15th 2011 of the Prime Minister on strengthening investment management from the state budget and government bonds; Directive No.32/CT-TTg in 2012 on elimination of barriers and complete mechanism and policy to improve investment efficiency; Directive No.27/CT-TTg in 2012 on remedies in depts of basic construction; Directive No.14/CT-TTg in 2013 on strengthening investment management and processing debts of basic construction funded from state budget and government bonds; Directive No.27/CT-TTg on enhancing settlement of completed projects using state fund. Thanks to the a.m government directives, state management activities of basic construction investment funded from state budget has been fundamentally reorganized, especially in the situation of the public debt has penetrated the ceiling and debt in basic construction has speed up; and helped to overcome scattered investment, arbitrarily investment decisions, capital balance beyond capability.

construction investment, in which emphasizing the relationship between Central and provincial governments in approving investment projects financed by state budget.

- Building a set of criteria for assessing the effectiveness of basic construction investment by state budget and factors affecting state management for this field.

- Examining ‘cause and effect’ relationship among investments by state budget – corruption – increase in public debt – macroeconomic risks and its influences to economic growth.

- Building a system of management solutions in order to improve effectiveness of basic construction investment by state budget, together with conditions for feasibility in implementation.

CHAPTER 2:

SCIENTIFIC BACKGROUND FOR STATE MANAGEMENT OF BASIC CONSTRUCTION INVESTMENT BY STATE BUDGET

2.1. THEORETICAL BACKGROUND FOR BASIC CONSTRUCTION INVESTMENT BY STATE BUDGET

2.1.1. The concept of basic construction investment

According to the Law of Investment No 67/2014/National Assembly dated 26/11/2014 of the Socialist Republic of Vietnam, in Clause No.3, the concept of investment is defined as: “*Investment is the fact that investors put capital in terms of visible or invisible assets into doing investment actions*”

“*Basic construction investment is defined as putting money into newly building, enlargement or repairation of existing construction works with an aim of developing, sustaining or*

improving the quality of construction works or products and services in a certain period”.

2.1.2. The role of basic construction investment

The thesis has analysed to make clear the role of basic construction investment to aggregate supply, aggregate demand, economic growth and development, transformation of economic structure, and creating jobs.

2.1.3. Stages of basic construction investment

Basic construction investment can be conducted in 3 stages: (1) investment preparation stage; (2) investment implementation stage; (3) exploitation and utilization stage. Depending on the nature and size of construction projects, the above stages can be shortened. For example, in the stage of investment preparation, for projects type B or C, the research of investment opportunities may be unnecessary and the investors can start the project with feasibility documents, or even making economic-technical reports for ready-designed projects.

2.1.4. Fund for basic construction investment and the State budget

“Fund for basic construction investment is the total expenses spent out to achieve the initial investment objective including the cost for construction planning, investment preparation, designing and construction, procurement and installation of equipment and machinery, and other costs recorded in the total expense budget” .

As stipulated in the Law of Public Investment No. 49/2014/QH13: State fund is from the following sources (1) from the State budget; (2) from the national bonds; (3) from government bonds; (4) from local government bonds; (5) from Official Development Assistance fund (ODA) and preferential loans from foreign donors; (6) from credit fund of the State investment and development fund; (7) from revenue source intended for investment but not allocated in the state budget balance; (8) from other loans for

3.2. CURRENT SITUATION OF STATE MANAGEMENT INVESTMENT IN BASIC CONSTRUCTION INVESTMENT FUNDED FROM STATE BUDGET IN VIETNAM

3.2.1. Current situation of State management apparatus in basic construction investment funded from state budget

The state management apparatus in basic construction investment funded from state budget is mainly formed in two levels which depend on the budget decision: central and local levels. Central-level management includes investment projects funded from state budget and investors are ministries, ministerial-level agencies, investment capital is from the central budget. Local government manage investment projects and investors are the provincial committees or districts and communes level to be investors who were being transferred; these projects are funded from the local budget and partly from the central budget.

3.2.2. Current situation of promulgation and enforcement of policies and laws related to basic construction investment funded from state budget

The Construction Law 2014, the Public Investment Law 2014, Procurement Law 2013 and the State Budget Law 2011 and guidelines and has created an adequate, complete legal framework to institutionalize the Party's guidelines, creating an important legal basis to manage basic construction investment activities funded from state budget.

Amended Construction Law were favorable for investors to deploy construction project, through which raised a big amount of social capital for investment; at the same time, it is an effective tool for state agencies to manage the investment and construction activities in accordance with laws, thereby contributing to improve effectiveness and efficiency of state management and better meet the requirements for the development of the country.

with GDP of public sector has decreased but VAT creation has also decreased leads to the ICOR of this sector increased rapidly, despite efforts to cut and limit public investment of the public sector.

3.1.4. False, scattered investment in basic construction from state budget

False and scattered investment seriously affected to investment performance. Many projects were not really necessary to invest, not yet ripe enough for investment or not necessarily to be allocated from state budget caused significant waste. The scale and location of many basic construction projects identified incorrectly lead to additional capital continuously, completed projects lack of raw materials for production, no output for product consumption.

3.1.5. The waste, losses, negative, corruption is the common situation in the basic construction investment funded from state budget

Losses in basic construction investment is a matter of concern. The main losses of basic construction investment are often due to the following reasons: (1) due to bad management lead to the gutted project; (2) due to improper design, excess the actual construction; (3) due to prolonged construction period; (4) in handover and put into use, settlement.

3.1.6. Overdue debt in basic construction investment funded from state budget increase severely

Overdue debt in basic construction funded from state budget has become popular. There were many reasons lead to ballooning of construction debt, of which the direct and basically causes are the disability to balance the State budget to met the the growing investment demand and impossibility to allocate enough fund as scheduled, even the work has been tended and equipment has been ordered but still imposse to allocate enough fund.

investment of the local budget. The study scope of this thesis is just focuses on the fund from the State budget.

2.1.5. The Characteristics of basic construction investment funded from State budget

Firstly, basic construction investment funded from State budget is mainly invested in the construction of socio-economic infrastructure which impossible to payback, the socio-economic efficiency from investment of these projects is of great significance in socio-economic development, security and defense of each locality.

Secondly, basic construction investment funded from the State budget often accounts largest proportion of the total investment and development fund of the country's state budget in general and a locality in particular.

Thirdly, the central government or local government involve directly in the management of the whole construction investment process funded from the state budget in order to ensure the conformity with the strategy, planning and socio-economic development plan.

Fourthly, the works using investment funded from the state budget depends greatly on the size and capabilities of the budget balance.

Fifthly, fund from the state budget in basic construction investment needed to be inspected, controlled strictly in order to prevent from improper, inefficient, wasteful or speculation utilization purposes, corruption or leading to state budget losses.

2.1.6. Effectiveness of basic construction investment funded by State budget

The effectiveness of basic construction investment funded from the state budget is the comparative relationship between direct and indirect benefits which the socio-economic gained versus the directly and indirect costs which the socio-economic paid out during the

investment implementation process.

In the basic construction investment funded from the state budget, the socio-economic efficiency is far more respectable than financial performance.

Many basic construction projects funded from the state budget are impossible to count their effectiveness directly.

A number of investment projects funded from the state budget are affected by many unquantifiable non-economic factors.

2.1.7. The relationship between basic construction investment funded from state budget, public debt and budget deficit

In executing the policies for socio-economic development, the Government uses the state budget deficit policy to impact on the economy. To offset the deficit, the Government generally preferred the borrowing solution. The borrowing increases the debt burden and further undermined the financial power of the Government from spending a proportion to pay for maturing debt obligations. Public investment increased, leading to bigger budget deficits, public debt increased will lead to bigger payable interest. In turn, increased payable interest will add burden on the budget deficit. This vicious cycle will become more serious when interest rates rising, low growth rate, low efficiency in using state budget.

2.2. BASIC ISSUES OF STATE MANAGEMENT TOWARDS BASIC CONSTRUCTION INVESTMENT FUNDED FROM STATE BUDGET

2.2.1. The concept of state management in basic construction investment funded from state budget

State management on basic construction investment activities funded from state budget is the impact of the government in the process of basic construction investment from the preparation to the implementation of investment to ensure efficient use of state budget funds and to implement socio-economic objectives set fourth.

In the period of 2006 - 2013, the investment scale for basic construction funded from state budget increased quickly and continuously, tripling from 88.341 billion VNĐ to 271.680 billion VNĐ. However, in 2014 and 2015, due to difficulties in budget, and also due to the implementation of Directive No. 1792/ CT-TTg dated October 15th2011 on strengthening the management of investment funded from state budget.

In terms of funding from the state budget, basic construction investment funded from state budget mainly came from local budgets. If in the period of 2006 - 2013, basic construction investment funded by the central government budget increased about 2.5 times while the local budget expenditures for basic construction investment has increased nearly 3.5 times. In term of percentage, over the years, basic construction investment funded by central budget accounts for approximately 30% while basic construction investment funded by local budgets accounted for about 70%, i.e. almost twice in scale.

3.1.2. Basic construction investment funded from state budget also accounts for a big proportion in total development investment of the whole society

In the period of 2006-2015, investment from state budget accounted big proportion in the total investment of the whole society, accounted for over 20%, even in some year (2011) accounted for nearly 27%. This represented that capital mobilization capability off-state sector and attract foreign investment for basic construction investment remain poor. State subsidy is still lumbering in basic construction investment.

3.1.3. Faint performance in basic construction investment funded from state budget

Investment efficiency in using state funds in recent years is not fine, it has been demonstrated in the ICOR of public sector. In the period of 2006-2015, especially in recent years, although the proportion of investment from the public sector in comparison

c) Leadership management capability and staff professional qualifications of the state management apparatus on basic construction investment funded from state budget

d) The coordination between agencies in the state management of basic construction investment funded from state budget

2.3. INTERNATIONAL EXPERIENCES ON STATE MANAGEMENT ON BASIC CONSTRUCTION INVESTMENT FUNDED FROM STATE BUDGET AND LESSONS FOR VIETNAM

2.3.1. Experience in management of public investment

2.3.2. Experience in setting up and managing the construction investment planning

2.3.3. Experience in developing legal documents system for basic construction investment

2.3.4. Experience in managing state budget in basic construction investment

2.3.5. Experience on inspection and supervision of basic construction investment funded from state budget

2.3.6. Applicable lessons in state management on basic construction investment funded from state budget to Vietnam

CHAPTER 3

CURRENT SITUATION OF STATE MANAGEMENT ON BASIC CONSTRUCTION INVESTMENT FUNDED FROM STATE BUDGET IN VIETNAM

3.1. CURRENT SITUATION OF BASIC CONSTRUCTION INVESTMENT ACTIVITIES FUNDED FROM STATE BUDGET IN VIETNAM

3.1.1. Increasing of investment scale for basic construction funded from state budget

2.2.2. The necessity of state management on basic construction investment funded from State budget

The most important reason of state management on investment projects funded from state budget is the state-owned fund, therefore, the state need measure how to use those funds in right purpose, avoiding wasteness, embezzlement, losses and preserving the value of the investment.

2.2.3. The principle of state management in basic construction investment funded from state budget

2.2.3.1. Efficiency and savings principle

2.2.3.2. Centralization and democracy principle

2.2.3.3. Principle of harmonization between interests

2.2.3.4. Principle of combined management between sectors, regions and territories

2.2.4. State management in basic construction investment funded from state budget

2.2.4.1. Organizing state management apparatus on basic construction investment funded from state budget

State management apparatus on aspect of basic construction investment funded from state budget includes entities with the functions, duties, rights and relationships between entities. State management apparatus on aspect of construction investment project funded from state budget includes Parliament (as the legislature), Government (the Ministry of Planning and Investment, Ministry of Finance, Ministry of Construction, ...), State Audit, Government Inspection, People's Committee at all levels and the specialized agencies at every level In the establishing state management apparatus, the most important things is to establish coordinating mechanism among agencies, organizations and units of the apparatus. In the organizational structure of the state management apparatus on

the aspect of basic construction investment, personnel is the key factor.

2.2.4.2. Setting up and enacting policies and laws on the management of basic construction investment

In state management in general and basic construction investment in particular, the law plays a very important role. It is the measure, the framework for the State to carry out its management in basic construction investment activities strictly. Based on that, the investors invest under the orientation and regulation by the state, in order to avoid risks, prodigality, losses of budget, prevent corruption, embezzlement of state fund. Thus, the legal system on construction investment is the framework for orientation, guidance, creating corridors for conducting of construction investment activities. In principle, the law should be clear, transparent, united interpretation, ensuring the activity orientation of basic construction investment projects basically meet the socio-economic development goals.

2.2.4.3. Setting up strategy, programme and planning for basic construction investment funded from state budget

Setting up the planning and organizing the management and implementation of planning is the core issue of state management on construction investment project. The planning affects specially on the effectiveness of the activities of construction investment project. The wrong planning will lead to wasting of resources. The scattered planning will make the investor's construction becomes fragmented and less efficient. But without planning, the consequences even more severe. Once having planning, it's necessary to public the planning to citizens and authorities of all level. On the basis of the planing, the state should list the investment plans, encouraging others sectors to join the investment in order to avoid plans frozen.

2.2.4.4. Decentralization of state management on basic construction investment funded from state budget

Decentralisation is the process of transferring powers and responsibilities from central government to local governments or to the private sector. The scope of decentralization in economic management has continuously been extended, covering 6 fields so far. Among which, the two fields are strong decentralization on aspect of state management on basic construction investment funded from state budget, which are: (1) planning and development investment management; (2) the state budget.

2.2.4.5. Inspection, monitoring the implementation of basic construction investment funded from state budget

Inspection and monitoring is an important step in the process of investment management. Inspection and monitoring aims at finding out what are the advantages, the new, positive factors to promote; at the same time, to detect deviations of management to correct promptly. On the other hand, through inspection and monitoring to possibly detect shortcomings and irrationalities in management mechanism, even investment decisions for timely amended accordingly.

2.2.5. The affecting factors to the state management on basic construction investment funded from state budget

2.2.5.1. Objective factors

- a) Natural condition*
- b) Socio-economic condition*
- c) Science and technology condition*
- d) The capability of the resources of state budget*

2.2.5.2. Subjective factors

- a) Economic institutions*
- b) Corruption issues*