

# PUBLIC INVESTMENT STATUS: CASE STUDY OF THANH HOA PROVINCE, VIETNAM

Minh, Nguyen

*Hanoi Architectural University  
School of Urban Management*

## Abstract

*This study aims to analyze the current state of public investment in Thanh Hoa province, using data collected from annual summary reports on public investment activities in the area. The analysis revealed several positive outcomes: the scale of approved and implemented public investment projects has increased, bidding management activities have been conducted in accordance with regulations, and payment and settlement processes have been implemented diligently. However, despite these achievements, there are still certain limitations in public investment activities within Thanh Hoa province. This study also offers recommendations to further enhance public investment management in the province for the upcoming period.*

**Keywords:** *Public investment management; public investment; Thanh Hoa province*

## 1. Introduction

Public investment is crucial for the socio-economic development of countries and localities alike. It serves as a vital source of capital for constructing and enhancing infrastructure systems. By facilitating the growth of the private economy, public investment ultimately promotes the overall socio-economic progress of both local communities and the nation as a whole.

Thanh Hoa province serves as a transit province between the northern and southern provinces of Vietnam. It is situated within the Northern Key Economic Zone, which influences its economic development, particularly in sectors such as tourism and seaports. As a result, Thanh Hoa has garnered attention for investment in technical infrastructure from public funds to enhance the province's socio-economic growth. Additionally, Thanh Hoa has implemented programs aligned with national target programs to ensure the effective use of its public investment capital.

According to the statistics from the Thanh Hoa Provincial People's Committee (2024), the total public investment capital plan for Thanh Hoa in 2023 is approximately 14.924,312 billion VND. This capital is distributed across 296 programs, tasks, and projects within the province. Out of these, 93 projects have been completed; specifically, 35 projects have undergone final settlement, while 58 have been completed but not yet finalized. Besides, the statistical data indicates that the scale of public investment capital in Thanh Hoa Province has shown an upward trend between 2021 and 2023. In 2023, the scale of public investment capital increased by about 2,03% compared to 2022.

However, besides the achieved results, public investment management of Thanh Hoa province has also encountered some limitations such as:

(i) The scale of projects that have not been completed according to the planned schedule remains significant. Specifically, in 2023, there were 120 transitional projects, 65 newly started projects, and 18 projects in the preparation phase for investment-These projects have not met the established goals;

(ii) The ratio of disbursed capital of Thanh Hoa province to state budget capital is still quite low, only reaching about 61,5% (including some capital disbursed from 2022 to 2023);

(iii) Difficulties and obstacles in organizing and implementing public investment capital are still limited.

(iv) A part of the projects built according to the annual plan had to be adjusted in the capital plan because they did not meet the requirements for the project implementation process.

For such reasons, research on: Public investment management in Thanh Hoa province is necessary.

## 2. Research methods

Research data is gathered from the annual summary reports provided by the Provincial People's Committee and the Department of Planning and Investment of Thanh Hoa province, focusing on public investment within the region. Additionally, the study incorporates data from scientific research published in journals and textbooks...

Analytical, comparative, and synthetic methods are used to analyze the public investment situation in Thanh Hoa province in the period of 2019-2023.

## 3. Public investment status in Thanh Hoa province

Total social investment capital in Thanh Hoa province has shown a consistent upward trend in recent years. In 2023, the province's total public investment capital amounted to 14.924.311 million VND. This figure includes 9.302.226 million VND from the local budget and 5.622.085 million USD from the central budget.

In general, from 2019 to 2023, public investment capital in Thanh Hoa province has shown an overall growth trend, although the growth has been uneven. For instance, in 2020, the province's public investment capital rose to 12.281.920 million VND, but in 2021, it fell significantly to only 9.218.093 million VND. This decline was primarily driven by a major decrease in central budget capital, which dropped to 3.675.637 million VND, representing a decline of 64,15%. The reasons for this are largely due to: (i) The year 2021 was unique as all levels and sectors were focused on organizing and refining personnel following the Party Congresses and the election of the National Assembly and the all-level People's Council. This focus affected the organization and implementation of public investment plans, with new projects only commencing after the medium-term public investment plan for the 2021-2025 period was established; (ii) The resurgence of the COVID-19 pandemic led to social distancing measures in many areas, adversely affecting construction works; (iii) The slow progress of land-use projects hampered revenue generation from land use sources, resulting in delays in budget estimates for some projects.

**Table 1: Public investment capital in Thanh Hoa province by investment capital source in the period 2019 - 2023**

*Unit: Million VND*

Year	2019	2020	2021	2022	2023
<b>Investment capital in the local budget balance</b>	5.461.760	6.552.490	7.164.300	7.327.559	9.302.226
<b>Central budget capital</b>	3.200.348	5.729.430	2.053.793	4.981.783	5.622.085
<b>Total</b>	8.662.108	12.281.920	9.218.093	12.309.342	14.924.311

*Source: Thanh Hoa Provincial People's Committee*

By overcoming the challenges faced in 2021, Thanh Hoa province experienced growth in its total public investment capital in 2022 and 2023. By the end of 2023, the total public investment capital reached 14.924.311 million VND. This amount represents an increase of 6.262.203 million VND, which is equivalent to a 72,29% rise compared to 2019.

**Table 2: Investment capital by sector in Thanh Hoa province in the period 2019-2023**

*Unit: Million VND*

Year	2019	2020	2021	2022	2023
<b>Agriculture, Forestry, and Fishery</b>	2.188.119,09	3.120.635,47	397.975,86	803.381,60	962.312,70
<b>Mining</b>	57.236,14	267.028,14	217.146,12	250.943,81	291.475,68
<b>Manufacturing</b>	1.282.462,74	327.191,80	432.845,76	814.471,95	730.311,49
<b>Construction</b>	1.125.143,77	3.208.174,89	289.007,43	2.525.949,80	4.553.521,06
<b>Transport, Warehousing</b>	704.354,11	730.783,72	397.107,97	211.682,00	362.856,33

<b>Accommodation and Food Services</b>	90.175,34	163.882,26	68.428,32	194.353,34	187.367,15
<b>Household Activities</b>	-	1.886.206,61	2.397.961,27	3.481.823,64	4.839.974,70
<b>Other Industries</b>	3.214.616,82	2.578.017,11	5.017.620,27	4.026.735,85	2.996.491,89
<b>Total</b>	<b>8.662.108</b>	<b>12.281.920</b>	<b>9.218.093</b>	<b>12.309.342</b>	<b>14.924.311</b>

Source: Thanh Hoa Provincial People's Committee

The table above indicates that public investment capital in Thanh Hoa province is primarily directed towards key sectors aligned with the province's economic structure, including industry, construction, transportation, and agriculture. Over the past five years, investment in construction has consistently represented a significant portion of the budget, averaging about 18,65% from 2019 to 2023. This focus is entirely reasonable, as the province must prioritize infrastructure development to attract investors and stimulate economic growth.

From 2019 to 2023, the total public investment capital realized by the end of November 2023 was VND 38.743.823 million. The total investment capital realized tended to increase from VND 7.638.166 million in 2019 to VND 9.321.397 million in 2020 and decreased slightly over the years. By 2023, the total investment capital realized was VND 7.631.523 million.

**Table 3: Value of realized public investment capital volume in the period 2019-2023 in Thanh Hoa province**

Unit: Million VND

No.	Capital	2019	2020	2021	2022	2023
<b>I</b>	<b>Investment capital in local budget balance</b>	<b>5.436.902</b>	<b>5.982.184</b>	<b>6.940.038</b>	<b>5.068.719</b>	<b>5.591.888</b>
1	Capital expenditure for construction with domestic capital	1.436.902	1.166.384	1.105.000	599.417	1.015.623
2	Investment capital from the land use charge	4.000.000	4.770.000	5.810.038	4.446.549	4.556.045
3	Investment capital from lottery revenue			25.000	22.753	20.220
4	Investment from local budget deficit		45.800			
<b>II</b>	<b>Central budget capital</b>	<b>2.201.264</b>	<b>3.339.213</b>	<b>1.021.532</b>	<b>1.122.448</b>	<b>2.039.635</b>
1	Central budget capital invested by sector and field	507.562	411.000	698.932	759.469	763.598
2	Capital for National Target Programs	1.040.700	1.357.300	103.000	169.521	829.506
3	Capital to support people with revolutionary contributions to housing	69.410				
4	Foreign capital (ODA)	227.992	349.500	219.600	193.458	227.561
5	Capital of government bonds	355.600				
6	Funding is expected to be allocated to projects included in the list designated to utilize the general reserve of the public investment plan implemented during the period from 2016 to 2020. Additionally,		500.000			

No.	Capital	2019	2020	2021	2022	2023
	approximately 10,000 billion VND will come from the source of reduction adjustments for key national projects.					
7	Non-business capital with an investment nature		721.413			218.970
	<b>Total</b>	<b>7.638.166</b>	<b>9.321.397</b>	<b>7.961.570</b>	<b>6.191.167</b>	<b>7.631.523</b>

Source: Thanh Hoa Provincial People's Committee

Projects related to national target programs and basic construction investment programs have historically attracted the largest amounts of investment capital over the years. The national target programs include the following: National Target Program for Sustainable Poverty Reduction; National Target Program for New Rural Construction; National Target Program for Socio-Economic Development in Ethnic Minority and Mountainous Areas. Among these, the New Rural Construction Program has received the most attention and investment. As of 2023, the total public investment for this program is recorded at 454.588 million VND.

#### 4. General assessment of public investment activities and public investment management in Thanh Hoa province and some recommendations

Firstly, the number of public investment projects that have been approved and implemented has significantly increased.

Secondly, there have been encouraging results in bidding management and project implementation activities.

Thirdly, the processes for payment and settlement of public investment capital have improved considerably.

To enhance the management of public investment in Thanh Hoa province, the study recommends the following actions:

First, strengthening the capacity of the investment management apparatus from the state budget capital.

Second, enhancing the effectiveness of planning and developing public investment plans.

Third, improving the quality of appraisal for investment proposal reports and investment policy decisions.

Fourth, increasing the quality of project preparation, appraisal, approval, design, and construction estimates.

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