

Fixed Investment in Bạc Liêu in the First Half of 2005

by MEcon. VÕ HOÀNG KHIÊM

In the first half of 2005, the fixed investment in Bạc Liêu produced both encouraging and discouraging results, which required more efforts to deal with in order to develop the infrastructure in the whole province.

The fixed investment allocated for 2005 was VND508,599.82 million; and VND407,229.51 million (or 80.07%) would be from the provincial government and VND8,586.44 million (or 19.03%) from district governments.

After the first six months, VND138,977 million, or 27% of the allocated capital, was disbursed: VND76,540 million (19% of the planned target) from the provincial government and 62,437 million (63% of the target) from district governments.

1. Favorable conditions, shortcomings and causes

a. Favorable conditions:

- Fixed investment projects receive full attention and support from the provincial government and VCP Unit; and cooperation from relevant authorities.

The fixed investment plan was realized according to the National Budget Law and carried out earlier than those of previous years. After being approved by the Provincial People's Council, the plan was signed by the People's Committee on Jan. 6, 2005, and it was sent to provincial authorities and district governments responsible for carrying it out. Although the total capital is not high as required by all districts and provincial services, it could meet targets set by the VCP Unit and provincial People's Council, which enabled district governments and provincial services to realize their investment projects planned for the year.

After the Construction Law came into effect as from July 1, 2004, detailed guidelines and directives have been issued by relevant ministries since, which helped establish the mechanism for the fixed investment and clarify duties and rights of project owners and contractors.

b. Shortcomings:

Although the fund was disbursed faster in comparison with previous years, most projects were not carried

Table 1: Fixed investment in Bạc Liêu in the first half of 2005 (VND million)

Fields and districts	Allocated capital		Disbursed up to June 30	
	Sum	%	Sum	%
A. By provincial government	407,229.51	80.07	76,540	19.0
Manufacturing	5,969.03	1.17	947	16.0
Agriculture	44,008.63	8.66	12,778	29.0
Sea farming	15,622.06	3.07	1,090	7.0
Public works	73,575.14	14.47	17,461	24.0
Education	15,246	3.0	2,724	18.0
Health care	25,475.91	5.01	3,393	13.0
Culture and sport	16,316.20	3.21	-	-
Water supply	53,378.28	10.5	5,259	10.0
Others	112,802.68	22.0	22,888	20.0
Debt repayment	10,000	1.97	10,000	100.0
B. By district governments	98,586.44	19.93	62,437	63.0
Bạc Liêu Town	14,415	2.83	10,408	72.0
Vĩnh Lợi	17,815	3.50	14,799	83.0
Giá Rai	13,050	2.57	6,817	52.0
Đông Hải	17,965	3.53	9,507	53.0
Phước Long	17,741.28	3.49	8,500	48.0
Hồng Dân	17,600.16	3.46	12,406	70.0
Total	508,599.82	100.0	138,977	27.0

Source: Bạc Liêu Service of Planning and Investment

out as planned and only a few new projects were started. This situation came from the following causes:

- Prices of building materials, equipment and fuel rose high in the first half of the year, which forced many contractors to slowdown their building work.

- Many building companies didn't have the ability to realize the whole project.

- Many contractors failed to complete the project on time. Documents prepared for the projects consumed a lot of time and required many adjustments.

- Many contractors, such as Bạc Liêu Housing Development Company and Bạc Liêu Communication Works Company, were overloaded; while others, such as Central Vietnam Building Corporation and Cần Thơ Construction Company, failed to fin-

ish the works as planned because of their organizational problems.

- Although the land clearance and resettlement produce encouraging results, it failed to meet requirements posed by realities, especially in resettlement of residents in the Bạc Liêu Town, which led to delays in many projects; such as ones to build the provincial hospital, administrative center, water supply and sewer system in the Bạc Liêu Town, and the Bạc Liêu 3 Bridge, etc.

- Many projects couldn't be carried out as planned because of their owners' incompetence or neglect. Development projects suggested last year by Services of Education and Training, and of Trade and Tourism, were not feasible enough to be approved. Others, such as projects to upgrade the revolutionary cemetery,



Photo by Huynh Tho

build a trade promotion center and a traditional medical hospital, and develop a health station in Đông Hải District, haven't finished paperwork before submitting for approval. Some project owners failed to work out the planned budget, or carry out the land clearance (projects to build Vinh Mỹ – Phước Long and Giá Rai – Gành Hào Roads, and project to complete the building of the provincial hospital, etc.).

- Some projects have been completed and brought into operation but they haven't been officially checked and budgetary reports haven't been approved (the office building of the Service of Labor, War Invalids and Social Affairs, the administrative office of the Medical High School, etc.) Other works weren't finished on deadline stated in the contracts (Nhà Mát Bridge, Ngan Dừa Bridge, Ninh Quới Bridge, Kè Bridge, and office building of the Service of Judiciary, etc.)

- Contracts with contractors lack many details (such as starting and finishing dates of the projects) with the result that there was no basis for fining contractors for violation or delay. With more detailed contracts, local authorities were also reluctant to fine contractors for their violations.

Although guidelines on implementation of the Construction Law have been issued, many provincial services and project owners failed to carry them out because of their incompetence and lack of expertise and experience. And as a result, they kept directing and controlling projects according to old regulations. In addition, no authorities made any decision on reward and punishment for

entities that succeeded in or failed to complete the project on time.

2. Suggested measures to ensure the fixed investment projects in the second half of the year

- Dealing with problems relating to the land clearance, compensations payment and resettlement: For the time being, full attention should be paid to projects in the Bạc Liêu Town (Bạc Liêu 2 and Bạc Liêu 3 Bridges, water supply and sewer system, Trà Kha Industrial Park, provincial hospital and provincial administrative center.)

- Beefing up the Public Projects Board by delegating rights and duties to provincial services and district governments according to the Construction Law and Budget Law.

- Forcing contractors to carry out development projects as planned by

the contracts and inform relevant authorities of obstacles if any.

- Project owners should fulfill procedures putting up the projects for tender if conditions are favorable enough; if not, they should inform relevant authorities on time.

- The provincial government should give priorities to projects that could be finished soon; allow transfer of capital between projects under the same owners; and transfer the fund from this project to another if the owner has no ability to carry out his/her project this year.

- New and proactive policies must be adopted to encourage private investors to engage in public projects, especially ones to develop technical infrastructure, resettlement areas, new urban areas, and develop the Bạc Liêu Town into a city of the third grade (by Vietnamese standard).■



Photo by Huynh Tho