



BÌNH THUẬN PROVINCE'S POLICY ON MOBILIZATION OF SOURCES FOR DEVELOPMENT INVESTMENT IN 1996-2000

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Although its economy still meets with difficulties, its economic and financial potential is small, internal accumulation is low, but over the past years, Bình Thuận Province made appropriate policies on priority of sources for development investment.

1. ACHIEVEMENTS IN 1991-1995

- The mobilization of sources for development investment contributed to the province's economic growth, with an average rate of 12.04% per year, more social sources were mobilized for development investment, the scale of investment increased fast from 17.55% in 1991 to 28.91% of local gross product in 1995. According to rough estimate, VNĐ1,350 billion were put in investment, accounting for 26.75% of local gross product, accumulation from local sources 13.5% of local gross product.

- Structure of investment is as follows:

- + Local budget focussed on improving infrastructure and social welfare making up 25.3% of the total investment and 6.77% of local gross product. Spending on capital construction amounted to 22.5% of the total expenditure of the budget (especially 30% in 1995).
- + Capital for development investment reached 47.5% of the total budget expenditure if including loans, issued project bonds...
- + External aids represented 1.84% of the total investment in capital construction.
- + The people's capital for development investment made up 30%.
- + The public contributed their money to building schools, health stations, rural communications, irrigation network...
- + The central government's grants-in-aid in national programs on health, education, reforestation

accounted for 26.5%.

- + Bank loans granted to state-owned enterprises rose significantly from VNĐ101,5 billion in 1992 to VNĐ459 billion in 1996, up by 45.8% per annum; loans of non-state businesses were VNĐ256 billion in 1996.
- + The State treasury, Department for Investment and Development, Finance Service, Vietnam Insurance Company sought more soft loans for the provincial budget and enterprises.
- + The equitization of the state-owned Vinh Hảo Mineral Water Company were piloted with good results and created more capital for production.
- + Foreign direct investment (FDI) accounting for 13% the total invested capital made initial progress.

However, there are also shortcomings curbing the mobilization for development investment as follows:

- Lacking in suitable policies to boost investment due to inadequate knowledge about potentials.

- Budget revenues were still low and even scattered for investment. Assistance from the Central Government and external sources were small and have not yet speeded up the alteration of economic structure with a view to creating more revenues for the budget.

- The equitization of state enterprises progressed slowly and its experience has not yet been summed up.

- Forms of cooperation were inadequate, so they did not yet concentrate capital to tapping local potentials and advantages and have competitiveness on the market.

- Flexible policies were insufficient to attract economic sectors to invest in the province. Detailed plans was not yet made, so the investment from sources lacked orientation.

In addition, the central authorities' policies were not uniform, affecting badly the province's mobilization of sources for development.

II. SOME POLICIES AND MEASURES TO MOBILIZE SOURCES FOR DEVELOPMENT IN THE BINH THUAN PROVINCE IN 1996-2000

1. Viewpoint

- Sources for development investment are mobilized from the society including money and other forms: manpower, science, technology, equipment and machinery, natural resources, land, natural environment. In which major are internal sources, external ones are important and they have interactive relations.

- Investment aims at boosting socio-economic development, raising the public material and spiritual life, so capital sources must be attracted from the whole society, it is the Party and Government's long range and consistent strategy.

- Mobilization of sources must have legal targets. It is combined closely with development of sources. In the market mechanism, the State budget focuses on building infrastructure and public utility works with the contribution of social classes, organizations and economic sectors. Those who benefit from projects must pay fees with a view to maintaining and repairing these projects.

- Policies on mobilization and utilization of sources must be publicized clearly.

- The mobilization and utilization

of sources for socio-economic development must be associated with national defense and security, protection of environment, ecology, landscape, historical and cultural vestiges.

2. Target and task

The general target by the year 2000 is to mobilize all sources to expand production, build infrastructure, boost economic development, restructure the economy in the direction of industrialization and modernization, overcome backward and unstable factors, raise internal accumulation, improve the public living standard...and make firm preconditions for development after 2000.

The task is to carry out economic

and tap tourist potentials of the province.

- In infrastructure, encouraging investment under BOT, BT, BTO forms in projects producing electricity, sugar, supplying clean water, building schools, hospitals...

- In science and technology, education and training, encouraging economic entities, organizations, individuals to study, apply and transfer advanced technology.

a. Capital mobilization:

To keep the economic growth rate at 15% annually and double per capita local gross product by the year 2000, the total social investment must reach VND4,600 billion, accounting for 29.5% in the next



structure alteration by raising the percentage of industry, service and reducing that of agriculture, forestry and fishery.

- In agriculture, changing the structure of plants and animals to aim at high efficiency; by the year 2000, industrial perennials make up 30% of local gross product in cultivation, husbandry 28% of local gross product in agriculture.

- In forestry, implementing contracts on forest protection, reforestation.

- In mariculture, encouraging the development of high-capacity vessels, renovation of fishing technology; breeding shrimps, local high-quality specialties; making the best use of existing lakes, water surface.

- In industry, stimulating the establishments to process farming, forestry and marine products, minerals and attract local labor.

- In services, tourism giving impetus to economic sectors to diversify cooperation forms and services

five years (1995-2000). The target is carried out as follows:

(1). Local mobilized capital is decisive including the public savings and investment, State budget, retained profits, depreciation funds, soft loans of State-run enterprises. This source can meet 50% of the demand.

- + The public accumulation for investment should reach VND1,000 billion.

- + Tax collection accounts for 14%-16% of local gross product, from 30% to 35% of the total budget expenditure will be spent on capital construction, worth VND160 billion annually.

- + Arranging State enterprises, selling unused factories, assets, equipment and machinery to create more capital, speeding up equitization of some enterprises, making plans on production in line with innovated equipment, attracting a yearly investment capital of VND100 billion from the central authorities.

(2). In addition, the province will make great efforts to mobilize investment capital from the country's economic sectors, the central government, foreign companies and foreign aids; these sources will meet 50% of the total demand.

b. Exploiting suitably and using effectively natural sources, restructuring the economy in the direction of industrialization and modernization, initiating feasible projects and investing in infrastructure to tap these potentials.

c. Training, fostering and raising skills of workers and employing those who have good qualifications in management, production, business..., perfecting the local system of education, building and expanding vocational centers, training local workers, building the College of Pedagogy and the Community University in the province, streamlining cadres in both administration and business.

d. Making the best use of existing equipment, implementing technology transfer to boost production in processing farm products and realizing industrialization, modernization in some key industries.

3. Measures

a. Conducting basic survey to evaluate exactly natural sources, making master and detailed plans grounds for capital mobilization; announcing clearly prioritized areas, projects for investors' selection and decision.

b. Making preferential policies and institutions to attract all sources.

+ Executing all Governmental regulations on foreign investment.

+ Issuing policies on tax reduction and exemption for encouraged areas.

+ Making favorable policies to use land for alluring investors, encouraging infrastructure projects under BOT, BTO, BT forms.

+ Stimulating the public to invest in education, training, health, culture... The local authorities can grant land to build projects without land charges.

+ Offering soft loans and tax incentives to preferred sector, products with the aim to tap local potentials and create jobs to local laborers.

+ Issuing stocks, project bonds, boosting equitization and joint stock cooperatives.

+ Use tax leverage in

making the competition environment fair and healthy and stability for business and production.

c. Mobilizing and using human resource: Bettering local workers' capability and attracting external labor to meet the requirement of production and business; encouraging staff to take refresher courses by granting scholarship to trainees and raising salary to skilled workers; signing consultancy contracts to attract the country's experts and making favorable conditions for experts to work in the province.

d. Developing science and technology: encouraging individuals and organizations to do scientific research, supply services of techno-scientific consultancy; stimulating technology innovation; giving tax incentives to enterprises which renew their equipment and machinery, apply advanced technology or trade in modern technology; enterprises should set up R & D departments to raise their product quality and lower product prices.

Regulations on amortization should be in line with the enterprise's operations to recover the capital fast and have conditions for innovating technology; enterprises are allowed to use part of their capital for technology application, and this activity is free from tax and those who attain achievements in this field will enjoy part of profits produced from their results.

- Using effectively capital from the State budget, focussing this source on building infrastructure in accordance with the province's socio-economic development plan with a view to building large economic areas, techno-economic areas producing large quantity of products

and attracting investment; enterprises which are implementing difficult tasks will be funded under forms of allocation, soft loans.

e. Intensifying and expanding fields with the central government's assistance and foreign aids; every year initiating projects in related fields to attract the Government's investment and grants-in-aid; making advantage of soft loans from the national investment support fund and other sources for local development.

f. Using effectively public labor services in accordance with the Ordinance on public labor services, mobilizing contribution from economic sectors and social classes to set up infrastructure; organizing the voluntary youth force to solve unemployment. The utilization of this source must be stipulated and publicized.

g. Establishing defense investment support funds from the mobilization of capital sources for development.

h. Reforming administrative procedures; making investment environment flexible; perfecting legal system to speed up investment and cause investors feel assured; implementing adequately, on time decrees and regulations issued by the Government; abolishing backward regulations which hinder investment, production and business; announcing publicly preferential policies on investment promulgated by the State; guiding carefully the application for business permit and registration, leasing or granting land to enterprises; stipulating specifically the duration to consider and settle issues concerning production and business.

i. Organizing discussions with the participation of business circle, relevant organizations to rectify and amend on time shortcomings in the mobilization of sources for development investment.

In the Bình Thuận province's socio-economic development, the mobilization of sources plays a very important role. To attain planned targets, the province should have proper policies and regulations, as well as effective and practical measures to stimulate every economic sector to make active contribution to the province's achievements.

