

# The supervision of public investment by provincial People's Councils in some provinces and experiences for the South-Central Coast region

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**Abstract:** *The provincial People's Council's activities must further enhance the effectiveness of supervision and ensure the quality of supervision tasks to make public investment a significant policy tool for achieving economic and social growth and development goals. Consequently, this will affirm the position and enhance the responsibility of the provincial People's Council, consolidate public trust in the authority of the provincial People's Council, and contribute to transparency in local public investment activities. Drawing from the practical experience of supervising public investment activities by the People's Council in neighboring provinces such as Lam Dong and Quang Binh, this article will summarize and provide valuable lessons for the provinces in the South Central Coast region in the current period.*

**Keywords:** *Supervision activities; public investment; People's Council; experience; South Central Coast.*

## 1. Introduction

The South Central Coast region is located in Central Vietnam, comprising eight provinces and cities: Da Nang, Quang Nam, Quang Ngai, Binh Dinh, Khanh Hoa, Phu Yen, Ninh Thuan, and Binh Thuan. This is a strategically important area for socio-economic development and ensures national defense and security, receiving significant public investment from the state. Despite the achievements made, the supervision activities of the provincial

People's Councils regarding public investment in the South Central Coast region still need to be revised. To enhance the effectiveness of the People's Councils' supervision of public investment and meet current requirements, the provinces in the South Central Coast region need to learn from the experiences of some localities that have been evaluated as performing this activity relatively well.

Among neighboring localities, Lam Dong and Quang Binh are outstanding examples. Lam Dong is

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a mountainous province located in the southwestern part of the Central Highlands, bordering three provinces in the South Central Coast region: Khanh Hoa, Ninh Thuan, and Binh Thuan. Quang Binh is a province in the Central Coastal region, with natural and geographical conditions that share many similarities with the eight provinces in the South Central Coast region. Recently, the supervision activities of public investment in Lam Dong and Quang Binh have also achieved encouraging results. However, alongside the accomplishments, the supervision of public investment activities in Lam Dong and Quang Binh still needs to be improved. These are valuable lessons and experiences for the provinces in the Central Coastal region to enhance and better utilize the supervision activities of the provincial People's Councils in these areas.

## **2. The experience of public investment supervision of some localities in Vietnam**

### **2.1. Lam Dong province**

In recent years, public investment supervision of the Lam Dong People's Council has been conducted regularly and by regulations. To effectively carry out the monitoring of public investment, the provincial People's Council has established an inspection team consisting of members of the Economic and Budgetary Committee, representatives of the leadership of the Department of Planning and Investment, leaders and specialists from the Department of Economic Affairs under the Department of Planning and Investment, representatives of the leadership of the Office of the provincial People's Council and National Assembly Delegation, the Office of the provincial People's Committee, and leaders and assistants (supporting the Economic and Budgetary Committee) from the Department of Council Affairs under the Office of the provincial People's Council and National

Assembly Delegation. The results of the monitoring are as follows:

#### *Firstly, the form and process of supervising public investment of the provincial People's Council*

The provincial People's Council has implemented the supervision of public investment by the prescribed process, employing various monitoring methods, primarily focusing on thematic supervision and reviewing reports on the implementation of public investment plans. They oversee the drafting of resolutions by the provincial People's Council, which are legal documents of the Department of Finance, Department of Planning and Investment, Department of Natural Resources and Environment, Department of Labor, Invalids and Social Affairs, Department of Justice, Department of Education and Training, and Department of Agriculture and Rural Development (when organizing inspections of draft resolutions, which are legal documents submitted to the sessions of the Provincial People's Council). The councils' committees, especially the Economic and Budgetary Committee, have monitored the activities of specialized agencies under the provincial People's Committee, urging, monitoring, and supervising the resolution of issues by specialized agencies under the Provincial People's Committee and the Chairpersons of the People's Committees of districts and cities regarding the opinions, aspirations, and recommendations of voters concerning the candidates for the provincial People's Council (Term X), before and after the 2nd session of the provincial People's Council (Term X) related to the fields assigned to the committees.

#### *Secondly, the content of public investment supervision of the provincial People's Council*

(1) Results of supervision of public investment planning

The provincial People's Committee submits annual public investment plan to the

provincial People's Council, ensuring compliance with the provisions of the Law on State Budget and the Law on Public Investment; Resolution No. 15/2021/NQ-HDND dated August 4, 2021, of the provincial People's Council regulating the principles, criteria, and norms for allocation of public investment capital for the period 2021 - 2025.

The content of the provincial annual public investment plan ensures the balance between the central capital and the reciprocal capital of the provincial budget. The allocation of investment capital to districts, cities, and projects (national target program on socio-economic development in ethnic minority and mountainous areas; national target program on sustainable poverty reduction; national target program on new rural construction) has been implemented in order of priority and rationality. In addition, according to Resolution No. 35/NQ-HDND dated November 5, 2021, of the provincial People's Council on the medium-term public investment plan for the period 2021 - 2025, all public investment programs, tasks and projects in the annual capital plan included in the medium-term public investment plan for the period 2021 - 2025 are funded by local budgets.

(2) Supervising the implementation of public investment plans

Through the supervision of the provincial People's Council, it can be seen that investors, provincial specialized agencies, and People's Committees of districts and cities have actively implemented the public investment plans. In general, investors, related agencies, organizations, and units have strictly complied with the State's regulations on capital construction investment management, from investment preparation and project appraisal to the process of contractor selection, construction, acceptance, settlement, and handover of completed projects, promoted investment capital efficiency; effectively

utilizing investment capital and contributing to promoting socio-economic development, agricultural and rural development, poverty reduction, and ensuring local defense and security. New projects under the annual public investment plan ensured compliance with all required procedures.

Typically, in 2022, the total capital plan allocated for public investment programs, projects, and tasks is VND 5,764,464 million, including local budget balance capital of VND 4,417,209 million and targeted additional capital of the central budget is VND 905,434 million (total public investment capital plan in 2022 and capital in 2021 extending to 2022 is VND 6,487,322 million). The disbursement of public investment capital by the end of December 31, 2022, reached 95%, and by January 31, 2023, reached 100% of the plan (provincial People's Council of Lam Dong province, 2022). In the field of traffic, 46.1 km of urban roads were built; 161.5 km of district, commune, and rural roads were built; 06 bridges were built. The irrigation sector provides water for 622 hectares of cultivated land and builds 750m embankments against landslides. The field of education - training and vocational training builds and upgrades 333 classrooms, 110 subject rooms, study rooms, and 23 administrative areas and procures teaching equipment. Investment in the health sector (construction of halls, 3 unfavorable pressure rooms at Lam Dong Second Hospital; expansion and procurement of equipment for Oncology Department, Provincial General Hospital). Invest in completing 4 projects in the field of defense and security, 1 office working for state agencies, 4 projects in the field of culture, sports, society and other technical infrastructure (provincial People's Council of Lam Dong province, 2022).

Despite the achievements, several problems remain regarding implementing the

province's public investment plan. The first issue is lengthy investment procedures for large-scale projects, leading to delays in project implementation due to various stages such as tendering for survey consultancy, investment project preparation, construction design, estimation, and construction. Despite project owners' efforts to reclaim land and mobilize early handover for construction, some households still disagree on compensation terms, prolonging land clearance processes. In addition, delays in compiling documentation and insufficient efforts in mobilizing consensus with residents in some areas result in slow land handover for construction.

High prices and limited raw materials, such as iron and steel, also affect construction. Slow disbursement of funds, particularly from the central budget, prolongs project timelines. Some consulting firms have limited capacity and fail to provide adequate human resources as per their capacity profile submitted during bidding, leading to delays in providing necessary support for investment procedures, contractor selection, and payment organization. Certain contractors need more capacity and allocate more workforce, machinery, and equipment to comply with the signed contracts, resulting in delayed progress. Some construction works need to meet technical quality standards and construction regulations but still pass quantity acceptance for fund disbursement (provincial People's Council of Lam Dong Province, 2022).

(3) Supervising the implementation of conclusions and recommendations on public investment

Through supervision, the People's Council of Lam Dong province has proposed to relevant organizations to ensure the legal basis, promulgation authority, and presentation procedures and techniques. In particular, for investment projects, the allocation of capital shall be made after the

competent authorities have decided on the project for investment per the provisions of the Law on Public Investment.

The People's Council of Lam Dong province requires draft resolutions on annual public investment plans to fully report data on the estimated disbursement of public investment funds from the previous year. It also requests additional information on the situation and results of the disbursement of public investment capital from the last two years, extending the disbursement period until December 31 of the previous year. There is also a firm directive to implement measures to ensure the disbursement of public investment capital reaches the expected rate of 100% within the remaining budget period.

The Department of Planning and Investment, in coordination with the Department of Finance, the Provincial State Treasury, and the People's Committees of districts and cities under the province's jurisdiction, is directed to synthesize the public investment plan of the previous year. This should involve extending the disbursement period to the following year and reporting to the Provincial People's Council for decision-making per Clause 2 of Article 68 of the Law on Public Investment (provincial People's Council of Lam Dong Province, 2022).

The provincial People's Council requests the provincial People's Committee to direct the national target program owners to actively monitor and urge localities and investors to expedite project implementation progress and urgently carry out the acceptance of completed projects to ensure the disbursement tasks are completed as planned. Organizations and individuals have studied and implemented the provincial People's Council's conclusions and recommendations on public investment supervision.

The provincial People's Committee is requested to direct the national target program

owners to actively monitor and urge localities and investors to accelerate project implementation and urgently accept completed projects to ensure the disbursement as planned.

Up to now, organizations and individuals have well studied and implemented the conclusions and recommendations on supervising public investment of the provincial People's Council.

Overall, the provincial People's Council has organized and implemented the supervision of public investment activities according to the Law on Organization of Local Governments provisions, the Law on Supervisory Activities of the National Assembly and People's Councils, and the annual work program. The council's activities ensure implementation based on the principles of collectivism and majority decision-making, effectively leveraging the coordination and management of various committees within the council's activities (provincial People's Council of Lam Dong province, 2023).

## **2.2. Quang Binh province**

Due to its harsh weather conditions, prolonged sunlight, and drought, Quang Binh faces significant difficulties in implementing construction projects, significantly affecting their progress and disbursement volume. Additionally, there are challenges in mobilizing funds from land use fees and in the people's production, business, and livelihoods. However, with the timely attention and support from the central government and the determined direction and management of the entire political system to support production and business development, along with the collective efforts of businesses and the community, the socio-economic situation in the province has generally stabilized. As a result, the supervision of public investment by the provincial People's Council has achieved

some notable results as follows:

### *Firstly, the form and process of public investment supervision*

In recent times, the public investment supervision activities of the People's Council of Quang Binh province have consistently adhered to the provisions and procedures of current legal documents, such as the Law on Local Government Organization, the Law on Public Investment, the Law on Parliamentary Supervision Activities, and especially Resolution No. 594/NQ-UBTVQH15 dated September 12, 2022, of the Standing Committee of the National Assembly guiding the supervision activities of the People's Council, the Standing Committee of the People's Council, the Council's Committees, the Delegation of the People's Council, and its delegates. The primary form of public investment supervision is through the comprehensive review of construction investment reports and specialized monitoring. The Economic and Budgetary Committee of the People's Council is the specialized agency responsible for implementing this content.

The forms of supervision include supervision through examination (examining reports and draft resolutions, discussing issues arising between sessions), regular supervision (supervision of the implementation of legal provisions and resolutions of the provincial People's Council; the implementation of the conclusions of the chairman of the meeting of the provincial People's Council, the chairman of the permanent meeting of the provincial People's Council), and thematic supervision (Duyen, 2019).

### *Secondly, the content of public investment supervision*

(1) Supervising the planning of public investment

In essence, the province's public investment plan has ensured its compatibility

with overall planning and sectoral planning. The management of construction investment has been given attention and timely guidance by the provincial People's Committee, from planning and budget allocation to investment management. Regulations have conducted preparatory work for investment, project appraisal, and contractor selection. The assessment and approval of investment decisions, project approval, and bidding plans have been closely managed, with approved investment decisions generally aligning with the province's economic and social development plans, meeting technical requirements, and ensuring capital balance. The process of conducting surveys, consulting on designs, project approval, and bidding plan approval comply with legal procedures and regulations.

(2) Supervising the implementation of the public investment plans

The investigation into the supervisory mechanisms reveals a rigorous adherence to public investment management protocols, demonstrating compliance with established regulations. This adherence is facilitated through the meticulous planning and allocation of capital, which is governed by the government's stringent guidelines, supplemented by directives from central ministries and agencies and resolutions passed by the provincial People's Council. Specific responsibilities are delineated at each phase of the investment process - including the planning, appraisal, investment decision-making, construction, and implementation stages - to ensure accountability and transparency.

Moreover, the process of capital allocation is characterized by a centralized approach that guarantees compliance with the underlying principles and criteria designated for capital distribution, with a particular emphasis on prioritizing payments for projects that have been completed. The initiation of capital allocation is expedited upon the receipt of

central funding targets, with a strategic focus on allocating resources towards debt repayment and curtailing the inception of new projects. This approach has catalyzed incremental enhancements in the efficiency of investment, effectively addressing the perennial challenges associated with the dispersal, scattering, wastefulness, and inefficiency of investment.

Furthermore, project execution is meticulously managed within the allocated capital limits. The administration of public investment plans and the management of internal fund transfers are conducted on time, in strict conformity with regulatory requirements. This ensures the expedited disbursement of funds, the prevention of fundamental construction debt, and adherence to prescribed procedures and authorities, thereby fostering a more efficient and effective public investment management system.

The settlement work for completed projects has been appropriately prioritized and has shown positive progress. For instance, the total public investment capital for 2016 - 2020 was estimated to be 11,620.025 billion Vietnamese dong (with central government support estimated at 6,775.265 billion Vietnamese dong and provincial budget funds at 4,844.76 billion Vietnamese dong). During the period from 2016 to 2018, a total of 7,230.423 billion Vietnamese dong of public investment capital managed by the province (with 4,191.023 billion Vietnamese dong allocated from central government funds and 3,039.400 billion Vietnamese dong from provincial budget funds) was assigned to 605 projects in the province (provincial People's Council of Lam Dong Province, 2022).

To expedite project implementation progress and disbursement of public investment capital, ensuring quality construction works and maximizing investment efficiency, the provincial People's

Committee has issued numerous directives and organized multiple working sessions with relevant sectors, investors, and localities to address difficulties and obstacles in project implementation. Additionally, there has been enhanced monitoring and review of the progress of critical projects to devise measures to accelerate construction progress and timely disbursement and payment of investment capital. The implementation of the public investment plan in the province has been conducted rigorously, ensuring compliance with legal regulations and creating favorable conditions for investors throughout the project implementation process.

(3) Supervising the implementation of conclusions and recommendations on public investment

Basically, all agencies, organizations, and individuals strictly adhere to the conclusions and recommendations on public investment supervision issued by the provincial People's Council.

To achieve the accomplishments above, the provincial People's Council has proactively developed plans and issued resolutions on the annual supervision program of the provincial People's Council. The resolution clearly defines the forms of supervision, such as supervision at regular sessions, regular supervision, and specialized supervision between sessions of the provincial People's Council. The provincial People's Council also assigns specific tasks to each committee, with specialized supervision over public investment entrusted to the Economic and Budget Committee. The provincial People's Committee and relevant specialized agencies are responsible for coordinating and preparing documents and reports to the People's Council in accordance with the law.

Preparatory work before supervision and information serving supervision are also emphasized by the provincial People's Council.

During public investment supervision, the provincial People's Council always combines closely between hearing reports and conducting on-site inspections and checks. Field surveys are conducted from document research to on-site inspections, with comparisons made between the actual results and the reports of the supervised units, as well as comparisons with current state regulations and resolutions of the provincial People's Council to draw accurate conclusions and propose reasonable and feasible recommendations (provincial People's Council of Lam Dong Province, 2022).

The report on the results of public investment supervision is always presented objectively, accurately, and honestly by the provincial People's Council. The recommendations are always transparent, specific, meticulous, and feasible, addressing difficulties and challenges in local public investment practices. The provincial People's Council also greatly emphasizes post-supervision work regarding implementing conclusions and recommendations from the public investment supervision team. If deemed necessary, the provincial People's Council will conduct re-supervision of agencies, organizations, or individuals showing signs of legal violations or failing to strictly adhere to recommendations regarding public investment to ensure financial disciplines and the effectiveness of public investment.

### **3. Some experience lessons on public investment supervision of the People's Council for the provinces in the South Central Coast region**

*Firstly*, the form and process of public investment supervision of the provincial People's Council

The provincial People's Councils emphasize standardizing and publicizing the process and methods of public investment supervision. Annually, the provincial People's Council issues a supervision plan for various sectors,

including assigning the task of supervising public investment to the Economic and Budgetary Committee. Therefore, to ensure consistency and continuity in public investment supervision activities, the provincial People's Council in the provinces of the South Central Coast region needs to research and issue guidelines for approving and assessing public investment projects from the provincial to the commune level to ensure the effectiveness of public investment.

Also, the provincial People's Councils should continue diversifying forms of public investment supervision. Specialized supervision and review of the implementation of public investment plans have been widely applied by many provincial People's Councils nationwide. In addition, the provincial People's Councils in the South Central Coast region provinces need to study and implement the form of questioning and direct response during provincial People's Council sessions or questioning through written documents concerning the responsibilities of relevant agencies, organizations, and individuals regarding public investment. If widely implemented, this form of supervision will enhance compliance with the law, improve efficiency, reduce waste, and prevent corruption in public investment.

*Secondly, the content of public investment supervision of the provincial People's Councils*

(1) *Strict complying with legal documents:* Within its authority and competence, the provincial People's Council in the South Central Coast region provinces should first comply with the regulations of the law on the authority to supervise public investment. Additionally, it should continue to listen to agency feedback to study and propose recommendations to the central level for supplementing and improving the legal system regarding public investment supervision.

(2) *Ensuring the scientificity in public*

*investment supervision:* The provincial People's Council should be proactively, flexibly, and creatively construct plans and issue resolutions on public investment supervision. All content of public investment supervision needs to be thoroughly researched based on objective, fair, comprehensive reasoning, detailed arguments down to each item, and using appropriate supervision methods to ensure democracy and simplifying the supervision procedures. The public investment supervision plan should also clearly define the forms of supervision, such as regular supervision during scheduled council sessions and specialized supervision between two council sessions, with specific tasks assigned to each committee and delegates of the People's Council.

(3) *Effectively preparing for public investment supervision:* The provincial People's Council should smoothly coordinate with relevant agencies, organizations, and individuals to prepare documents and submissions in accordance with legal regulations. The reports on the results of public investment supervision by the provincial People's Council must ensure objectivity, accuracy, and honesty with clear, specific, feasible, and practical recommendations, contributing to solving problems and difficulties in local public investment.

(4) *Valuing post-supervision work:* The provincial People's Council should prioritize post-supervision activities to implement conclusions and recommendations of public investment supervision teams. If necessary, re-supervision should be conducted for agencies, organizations, and individuals showing signs of violating the law or failing to earnestly implement recommendations regarding public investment to ensure financial discipline and the effectiveness of public investment. Moreover, coordination with the inspection and examination activities of authorities at all levels

should be ensured to enforce the supervision conclusions effectively.

(5) *Implementing multi-level public investment supervision*: Public investment supervision should cover all stages of public investment, including planning, assessment, decision-making, implementation organization, settlement, inspection, and evaluation. Once the public investment is closely supervised from the planning and assessment stages, starting from the smallest level, it will undoubtedly result in significant effectiveness and help to curb corruption, waste, and financial discipline violations in public investment.

#### 4. Conclusion

Public investment represents a critical domain within which the People's Council exercises its authority to delineate plans both on a medium-term and annual basis, aiming to align these plans with the prevailing socio-economic context and the capacity to maintain fiscal equilibrium at the local level. Consequently, enhancing the efficacy of the People's Council's oversight of public investment is imperative to ensure the fulfillment of the annual agenda and to augment this elected body's operational effectiveness and efficiency. Through an analytical review of collated documents, this paper examines essential aspects of public investment supervision conducted by the People's Councils of two specific provinces, namely Lam Dong and Quang Binh. The author proposes a set of pertinent lessons that leverage the insights and accomplishments derived from these provinces. These lessons are meticulously tailored to resonate with the unique geographical features and the extant framework of public investment oversight practiced by the People's Councils in the provinces of the South Central Coast region.

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