

International Experience and Lesson for Vietnam: "Raising Capital for Investment in Infrastructural Development in International Intergration"

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Received: September 5, 2017

Accepted: September 25, 2017

Online Published: September 29, 2017

doi:10.5430/afr.v6n4p155

URL: <https://doi.org/10.5430/afr.v6n4p155>

Abstract

It is essential for each nation to invest, improve and retrofit its infrastructure. However, with the diverse participation of all economic sectors, each country has its own method of calling and attracting funds for infrastructure development.

Vietnam is in a strong urbanization context, so the development of infrastructure and capital investment in infrastructure development is a very important issue. According to the current development trend, the demand for investment capital for infrastructure has exceeded the state budget's ability. At the same time, traditional solutions in order to increase public investment resources are now hampered by the fact that the Vietnamese budget can not expand for infrastructure investments. Therefore, the infrastructure investments in the coming period must be based mainly on the experience of developed countries.

Studying the practical experience of mobilizing capital to develop infrastructure in Thailand, Malaysia, Singapore, Chile, China and India shows that developed countries have effective solutions to mobilize resources to invest to infrastructure development, creating a development motivation for socio-economic. This article explores the experience of raising capital for investment in infrastructure development in some countries who have many similarities in socio-economic situation with Vietnam, thereby we can learn a lot of good experience for Vietnam

Keywords: Financing investment development, Infrastructure ...

1. Introduction

Infrastructure is the basic facilities, services and installations needed for the functioning of our community/ society, including our transportation system: road, bridges, tunnels, ferries, riverports, seaports, railway systems, airports, pipes; telecommunication system, information system, power plants and freshwater supply system, etc. A contemporary infrastructure is critical for the development of any economy because it ensures the high speed and low-cost of transportation, reliable and timely communication as well as provides enough power water for all activities of the economy. Understanding the importance of a modern restructure, developed countries have prioritized to develop infrastructure in a short period within 20 - 30 years, which created a strong foundation for the boost of socio-economic development. Vietnam has been experiencing more than thirty years reforms, but we only have new hundreds kilometers of highway, outdated railway systems, underdeveloped sea transport, high risk of power shortage, severe road congestion. These are the alarming warning signal of our stagnant infrastructure. If it keeps happening, it is difficult for Vietnam to evolve. Therefore, development and investment in infrastructure is our national priority. Vietnam needs to have a framework for modern infrastructural development to pave the way for a new period. However, we are faced with substantial challenges in funding resources.

According to the strategy socio-economic development of Vietnam stage 2011 – 2020, 3 break-through strategies are: "Complete economic institutions market-oriented socialist; quickly improve the quality of human resources and build a consistent infrastructure system ". There are many break-through policies to develop infrastructure and implement the 2020 social – economy development strategies such as: Resolution number 13-NQ/TW 16/01/2012 by the civil Party Central about the construction of the synced infrastructure system to make Vietnam a modern, industrial countries in 2020; Resolution of 16/NQ-CP 8/6/2012 by Government, providing an action program to perform resolution number 13-NQ/TW...

According to the current development trend, the demand of investment capital for infrastructure development has exceeded the state budget's ability. All experienced countries those went through this process prior have effective resolutions to raise financial resources out of budget to fund investment in infrastructure development, create momentum for socio-economic development.

Through the field survey, there are three main sources of funds are mobilized to invest to infrastructure development in order to meet the development demand: public investment from the state budget; Capital mobilized domestically through the banking system, enterprises, issuance of bonds ...; International Capital mobilized (international loans, international bonds, foreign direct investment ...).

From now to 2020, Vietnam needs \$ 16-17 billion per year for infrastructure development, while the response capacity of the stage budget is only 50-60%. In the face of the state budget for investment is tight, economic difficulties while access to preferential loans from donors is decreasing (because Vietnam became a middle income), from the successful capital mobilization experiences of countries around the world, the World Bank experts suggest: No single solution exists, Vietnam needs to implement solutions such as: reform banking sector, develop the domestic capital market, attract the investment under the form of public-private partnerships and financial resources from the land,

Therefore, it is necessary to do the research about the mobilizing capital for investment in infrastructure development from some countries in the world and give out recommendations about policies to support Vietnam mobilize effectively capital for infrastructure development.

2. Overview

There are many national and international research projects about raising capital for investment in infrastructural development. Specifically:

2.1 Foreign Researches

There have been some researches in the world on the issue concerning mobilized capital for developmental investment in infrastructure, namely:

Asian Development Bank (2012), *Assessment of Public-Private Partnerships in Viet Nam Constraints and Opportunities*, Published 2012, Printed in the Philippines.

The projects had evaluated the difficulties and opportunities of partnerships - investment (PPP) in Vietnam and also confirmed that the investment in infrastructure through state enterprises and official development assistance (ODA) is insufficient to meet the needs of comprehensive infrastructural development in Vietnam. Therefore, it is necessary to promote investment from the private sector through public-private partnerships.

However, in order to raise capital via public – private partnerships, it is essential to have a completed, competitive and transparent legal framework, state management system and supported budgets for PPP.

ADB Working Paper Series (2010), “Financing Asia’s Infrastructure: Modes of Development and Integration of Asian Financial Markets”, Biswa Nath Bhattacharyay, No. 229 July 2010 conducted researches on issues and challenges in the usage of financial resources economic development. At the same time, it also made some recommendations in relation to the uses of financial solutions through the selection and how the country can have access to the financial markets in Asia to implement infrastructure projects in the region.

2.2 Domestic Researches

In Vietnam in the past years, there have been many scientific articles, papers, doctoral thesis, and masters’ thesis researched on the financial resources to invest in developing infrastructure. For example,

Bui van Khanh (2010), *Raising financial resources to construct structural roads in Hoa Binh province*, Ph.d. Economics thesis, Academy of Finance, the thesis has been codified and clarified the fundamental arguments about development of infrastructure of road transportation, the financial resources and channels of investment financing. It also scrutinizes the factors that influence mobilization of financial resources for construction of roads; analysed, assessed the current status of infrastructure, the road traffic situation and financial resources available to develop bridges and road system in Hoa Binh from 2001 to 2010. As result, achievements were reviewed either were weaknesses and the causes in the mobilization of financial resources for investment in development of infrastructure the road traffic in Hoa Binh, as a basis for recommending solutions to improve the effectiveness of raising the capital for infrastructure construction in Hoa Binh in coming years.

Nguyen Xuan Thanh (2010), the obstacles of infrastructure in Vietnam, Development Program of United Nations, Policy documentation Harvard - UNDP. The author has identified succeeded countries must provide the infrastructural necessary for the economy and society to sustain growth. Experiences of developed countries indicate that investment of about 7% of GDP in infrastructure is a medium requirement to maintain high and sustainable growth. Over a period of the last 12 years, the Vietnamese government has been able to maintain the level of infrastructure investment of 10% of GDP. A very high level of investment has resulted in rapid growth in volume of infrastructure and the level of users' access. Despite of these achievements, Vietnam is faced with poor infrastructure and this has negative impacts on the country's ability to sustain economic growth in the long-term. Transportation and electricity supply, two essential infrastructure sectors, were again proved to be the weakest areas in Vietnam when the electricity outages and traffic congestion are occurring more frequently. As Vietnam is rapidly approaching the medium-low level of per capita income, loans from the foreign government will most likely be less and Vietnam will rely more on the participation of the private sector to implement the development programs of its infrastructure. The investment expectations of the private sector in infrastructure in the coming years must be seen as the source of the additional financing and more importantly, as a new mechanism to generate feasible projects. However, the involvement of the private sector and the relationship of public - private sector can only promote effective results if they are done in a competitive context, and if the Government focused on its functions in risk distribution and minimisation, instead of direct subsidies policies such as advocated exchanging land for infrastructure.

Trinh Manh Linh (2013), "Finding capital for infrastructure development", Journal of Economics and Forecasting, No. 7/2013, In the article, the author has identified that the constructing, upgrading, renovating infrastructure are always urgent requirements to develop the economy and society. However, the funds to do that are not trivial and resources from the state budget cannot meet. So, where and how can we find capital? Also the author mentioned the experiences of other countries in the region, the overall trend is to seek participation of the private sector for additional investment in infrastructure. The State can only act as master can create an investment environment favorable to free resources and attract the involvement of the components, other forces in society. Work also launched a number of measures to attract outside funds into the state budget investment development of infrastructure in Vietnam.

Duong Van Thai (2015), Raising capital investment and development of infrastructure of road traffic in Bac Giang province, doctoral dissertation economic, Institute of Finance, the thesis discussed the basic topics of the infrastructure of transport road problems theorists LRT infrastructure, including: concept, characteristic, classification ... Systemize the theoretical basics of capital development and infrastructure LRT and raising capital for development investment LRT infrastructure. Assessment of the state to raising investment capital for LRT infrastructure development in Bac Giang Province in the period 2001 - 2013. Proposed solutions to raise capital for investment development from domestic and foreign countries for the period from now to 2020 and vision for 2030.

3. Objectives and Methodologies

The objectives of this article are to observe experiences in raising capital for infrastructure development of some countries in the world, simultaneously analyse and evaluate the deposit and use of investment capital for infrastructure in those countries from 2010. From which to learn from their successes, limitations and its causes, combined with the selective experience of those countries to propose feasible solutions to obtain investment capital for the development of infrastructure of Vietnam during the period of the integration.

In order to complete this research, the author has applied some methods such as statistics and data and types of literature synthesis for comparison, analysis, assessment, risk forecasting and efficiency of raising capital for infrastructure development.

At the same time, the author collects and synthesizes the literature on research works in the world and Vietnam has announced so far to be involved in the process of raising capital to invest and develop the infrastructure to summarize, analyze and compare research results of each project to see the achieved and uncompleted points, thus determining the research objectives. Specifically, the research methods used by the author in this article are as follows:

Firstly, Method of collecting data and information:

Secondary data collection method: The topic analyzes previous studies on capital mobilization for investment in infrastructure development in several countries around the world, especially those in some countries in the world such as Asean countries, India, China, England, Chile... Besides, the author investigates scientific topics at all levels,

articles, speeches, some PhD theses, Master theses on financial resources for investment in infrastructure development implemented from 2010 up to now.

Primary data collection method: The author conducted indepth interviews. After obtaining information orientation, the data needs surveying and collecting. The author interviews a number of financial officials from key agencies such as the Ministry of Transport, the Electricity of Vietnam and the Post and Telecommunications Group on the issues related practically to capital mobilization and the main results obtained from the mobilization of these sectors in the period 2010 – 2015

Secondly, the method of synthesising and processing information

- Secondary information and data are arranged according to each research content, and divided into 3 groups: overview of the researching and literatures of related management agencies, capital mobilization experiences of some countries in the world and lessons for Vietnam.

- Methods of analysing information: All primary data collected from indepth interviews will be analyzed by comparative analysis and expert method.

4. Raising Capital for Investment in Infrastructure Development Experience in Some Countries in the World

Throughout the process of researching, there are three main sources of funds mobilized to invest in infrastructure development to meet the development demand: public investment from the state budget; domestically capital mobilization through the banking system and enterprises, bond issue...; Foreign capital mobilization (international loans, international bonds, foreign direct investment ...). Specifically:

4.1 Experience of Some ASEAN Countries

Countries in the ASEAN area have paid special attention to the policy of mobilizing capital for investment in infrastructure development and achieved certain successes. The capital mobilization process of these countries has proactively called for the participation of the private sector and foreign investors. In most infrastructure development projects, the role of government is almost exclusively to maintain a stable investment environment with a unified legal system and low taxes. Private businesses and foreign investors are encouraged to maximize their business opportunities. Public-Private Partnership (PPP) forms are also available with a variety of supporting tools such as subsidies for construction, credit guarantees, minimum revenue guarantees, subsidies operation, long transfer deadline, ...

In Malaysia and Singapore, large state budget investments have been used to develop the infrastructure for socio-economic development. Governments have allowed to create the funds to support the development of infrastructure, including the Road Transport Development Fund, with revenues from petrol taxes, highway taxes, car ownership,... Right on the days of the 1960s, Singapore paid proper attention to urban planning and land management. The Singapore government has implemented a policy of collecting land under planning for the construction of urban infrastructure and compensation policies for landowners due to market prices.

Thailand, Indonesia, Malaysia and the Philippines have also implemented a number of BOT infrastructure projects. This form alleviates the burden of investment from the state budget, but still ensuring the development of infrastructure as the basis for socio-economic development. On the part of investors, they also get benefits from many preferential policies of the State, such as business operation duration is extended, corporate income tax is reduced sharply as low as minimum during the initial stage of the project.

For more than three decades, Thailand has shifted its strong structure, concentrated to develop rapid industrialization in the "polarized growth" pattern with centralized economic activities and gains in Bangkok and surrounding provinces. Bangkok occupies only 16.1% of the population, but accounts for 51.8% of the country's GDP in 1991. GDP of this region is 5.6 times and 12 times higher than those of other regions and the Northeast.

In the 1990s, the Thai government took measures to control the imbalance. However, this policy wasn't successful due to inconsistencies. On the one hand, the government uses regional policy tools to encourage the establishment of industrial facilities in poor areas to reduce development disparities between regions. On the other hand, it remains highly centralized, concentrates public investment in Bangkok and implements agricultural policies that benefit urban consumers. This has made Bangkok and neighboring provinces continue to be attractive investment centers.

In Malaysia, in the early 1970's, the Malaysian government implemented a new economic policy with the aim of investing in infrastructure to increase regional attractiveness and productivity. The government provides resources for infrastructure.

4.2 Chile's Experience

Chile is one of the countries where e-Government services are developed, information and policy changes are publicly announced, data and statistic publications are transparently published. Especially, efforts to reform the economy in both breadth and depth of the Chilean government have recently also attracted large amounts of capital for infrastructure development. Some Chilean policies have been successfully used to support capital mobilization for infrastructure development, including:

Firstly, the inflation index of financial markets is used to limit the risk of long-term investments. It means most of the financial transactions in the capital markets in Chile are related to the inflation index. This allows financial institutions to make long-term plans without having to worry about the effects of high inflation on the value of money. In essence, this is a way to isolate the risk of inflation and facilitate long-term financial transactions. Nowadays, most of the bonds (and other instruments longer than 60 days) suitable for investment in infrastructure development are adjusted for inflation.

Secondly, the demand for financial assets in the country is increased by reforming the private pension fund system: In 1981, the capital market legislation allowed to establish a private pension fund. Initially, private pension systems were established as joint-stock companies and later became dominant institutional investors in the domestic market in Chile.

Chile's pension reform is considered to be the most sustainable and comprehensive of its kind in Latin America. This reform has created a large number of new investment institutions and required long-term investment in the country to match with the level of risk, which deepens the domestic capital market; It allows infrastructure projects to expand capital mobilization, by issuing domestic debt and reducing debt in foreign currency to help them reduce exchange rate risk from financial debt.

Thirdly, private capital is attracted to invest in infrastructure: Since the mid-1980s, the Chilean government began to withdraw from the activities of public utility companies such as electricity and telecommunications to prepare for privatization to participate in this sector. In terms of investment value by year, Worldbank statistics show that, during the period 2000-2015, annually, the Chilean private sector's average investment in energy, transport and telecommunications was \$ 931 million, \$ 611 million, and \$ 263 million respectively.

Chile's strong financial market has played a catalyst role in financing infrastructure projects through risk sharing tools. Ensuring minimum revenue for Chile's infrastructure projects is made through the income distribution mechanism by extending incentives.

Fourthly, the law encourages foreign investment: In order to avoid short-term speculation for profit in the domestic market, the Chilean government has created tax advantages for long-term investors and has held 30% of initial investment in custody to avoid "loss" foreign currency.

Fifthly, Chile attracts large foreign capital to invest effectively in infrastructure due to investor protection policies, as well as a clear PPP (public-private partnership) legal framework, reducing the number of re-negotiation and high transparency in bidding and project implementation.

4.3 China's Experience

China soon realized that funding from the state budget was not enough to invest in infrastructure development. Therefore, in addition to the role of the State, the diversification of financial resources for the implementation of large-scale infrastructure projects plays a greatly important role.

According to Worldbank statistics, in the period 2000 - 2015, in China, investment in transportation infrastructure is the sector that attracts the most investment capital with the average of 2.868 million dollars per year. Other sectors, such as energy, water and environmental sanitation, averaged from the private sector each year \$ 1.784 billion and \$ 627 million respectively.

Some practical experience in China is drawn from the process of mobilizing capital investment in infrastructure development projects such as the franchise contract: operating rights are often assigned to the private sector directly exploits depending on the actual situation in effect. However, in some cases the private sector will not directly exploit, but will receive a fixed amount of money through the franchise for the remaining operating period of the project.

This funding mechanism is mainly used by local government investment companies that have enough assets and capital. In the late 1990s, most of the infrastructure projects in China that generated enormous revenues and had strong positive external effects were built by public-private partnerships. Accordingly, China has diversified the form

of mobilizing financial resources from domestic firms and revenues to ensure that projects operate efficiently; (Ii) capital contribution and risk allocation forms and public-private partnerships are usually implemented as joint ventures, so it depends on the particular project that the parties can contribute capital in cash or property (land). Based on the normal capital contribution ratio, it will be used as a norm to allocate risks among the parties; (Iii) for complex projects, an experienced private partner should be selected to ensure that the project is successful and reduce ineffective investment.

In addition to the successes, some of the challenges that attract public-private partnerships in China are also interesting. Yelin and his colleagues' study of public-private highway projects in China (2010) and the experience of the Yangtze River Tunnel project in Nanjing show the greatest challenge for Public-Private Partnership in China is a corruption issue. This is due to inadequate legal and administrative regulations that are fragmented, resulting in complex legal mechanisms, weak monitoring systems, and lack of transparency in the decision-making process. The next hurdle is the overwhelming dominance of the state, which makes the private sector's power in public-private partnerships weaker, ineffective governance, often changing policy and lack of consistency. In addition, the funding structure of many road projects in China is based on loans and the issuance of international bonds. Therefore, this project faces exchange rate risk for the Government, which indirectly increases the fees that people must pay compared to their average income.

4.4 India's Experience

Determining the capital from the state budget is not enough for infrastructure development, so India has also developed a favorable policy and environmental system for investment projects in the form of public-private partnerships; encouraged the private sector to participate strongly in investment projects in transportation infrastructure. Moreover, India has also established the Infrastructure Investment Facilitation Company (IIFC) to mobilize finance from various sources, then provided funding for projects either directly or through banks and credit institutions. A number of Indian policies have been successfully used to support capital mobilization for infrastructure development, including:

Firstly, issuance of urban bonds was successful without government guarantee. In 1998, Ahmedabad Urban Corporation successfully issued 1,000 million Ringgit (\$ 25 million) of municipal bonds to finance part of a water supply and drainage project without a government guarantee. In order to be successful, India has implemented: (i) fiscal reform and regulatory reform for bond issuance, including improving tax collection operations, computerizing accounting systems, consolidating personnel qualifications; (Ii) improve credit rating; (Iii) improve the documents in the municipal bond transaction, the prospectus providing details of internal and external risks to investors in accordance with international standards.

Secondly, corporate bond market has been developed. (I) India has a specialized agency focusing on collecting corporate credit information, publishing data related to bonds issued, size, interest rates, latest credit ratings, the fundamentals of business and information on transactions on the secondary market...; (Ii) good infrastructure for the corporate bond market; (Iii) The government encourages intermediary financial institutions to provide new products so that off-site businesses can still access finance; (Iv) when the long-term investment institutions have not developed, the banking system plays an important role in the development of the corporate debt market.

Thirdly, successful implementation of public-private partnership projects: India has developed a favorable policy and environmental system for public-private investment projects, to encourage private sector partnerships strongly engage in infrastructure investment projects such as strong political commitment from the government, transparent information minimizing corruption in contracts related to the state, fair risk allocation and recover compensation.

World Bank statistics show that energy is India's largest source of private capital in the period 2000 - 2015, averaging \$ 8,895 million a year; next is telecommunications and transport with an average annual investment of \$ 6,361 million and \$ 6,198 million respectively.

5. Lesson Learned from Mobilizing Capital for Investment in Infrastructure Development in Vietnam

The experience of raising funds for the development of the infrastructure of the countries above shows that: to become an attractive destination for investors, the construction of modern and synchronous infrastructure is always a key role. To achieve this, apart from the role of the State, the socialization of financial resources for infrastructure projects, attracting the private sector to contribute capital plays a particularly important part.

According to calculations by the Ministry of Transport, the demand for investment capital to build road infrastructure by 2020 is about 202,000 billion VND per year, of which some important and urgent transport projects such as national highway 1 needs an average of VND 22,000 billion/year, Ho Chi Minh Road is VND 27,000 billion/year,...

and the total demand for capital for transport infrastructure construction from now to 2020 directly managed by the Ministry is about 1.015 trillion. The ability to meet demand from budget and budgeted sources (state budget, government bonds, ODA) according to the Ministry of Transport is only about 28%. The shortfall is 731 trillion VND, of which projects with investment potential in the form of socialization have a total investment of about 452.6 trillion, of which the required capital contribution from the State is about 157 trillion.

Table 1. Capital needs for socialization of infrastructure investment to 2020 (VND billion)

| No. | Sector | Total investment | Capital contributed by the State | Capital mobilized from investors |
|-------|----------|------------------|----------------------------------|----------------------------------|
| 1 | Road | 279.113 | 112.687 | 166.426 |
| 2 | Maritime | 45.494 | 1.811 | 43.683 |
| 3 | Waterway | 13.990 | 3.000 | 10.990 |
| 4 | Aviation | 55.976 | 1.000 | 54.976 |
| 5 | Railway | 58.071 | 38.304 | 19.767 |
| Total | | 452.644 | 156.802 | 295.842 |

(Source: Ministry of Transport 2015)

In the context of the State budget for investment is limited and economic copes with difficulties while the access to preferential loans from donors has been decreasing (as Vietnam becomes a country with average income), from the experience of international capital mobilization, it is possible to suggest: There is no single solution, Vietnam needs to synchronously implement several solutions such as: developing domestic capital markets, attracting investment in the form of public-private partnerships and financial resources from land and urban infrastructure finance.

Firstly, barriers need removing to attracting foreign private capital through investment promotion, clear attractive policy and clean land fund. The attraction of capital from foreign private investors during the past are still limited, not highly effective because: regulations on private investment in infrastructure are not sufficiently clear; lack of transparency in project selection and investor choice; lack of commitment and direct support from the State and relevant authorities in the process of implementation. However, measures must be taken to limit short-term speculative foreign capital inflows to seek profits in the domestic market; to adopt policies to encourage foreign investors to make long-term investment and reinvest in the country. According to Chile's experience, 30% of the initial investment and tax incentives are held.

In addition to the expansion of investment channels, there must be breakthrough policy mechanisms and reform of administrative procedures, improvement and promotion of the investment environment... In particular, a strategy should be developed and there should be an effective mechanism to socialize and mobilize the maximum amount of private capital to invest in infrastructure development. Finding the right PPP model is the most effective solution to attract strong capital from the society such as expanding the field and portfolio of PPP investment projects, overcoming the difficulties in investment preparation costs for PPP projects with budget capital, investment incentives...

Secondly, diversifying capital mobilization and prioritizing capital for investment in important infrastructure play a dominant role, affecting the socio-economic development of the country and increasing infrastructure for underdeveloped mountainous areas with appropriate scale ensures that resources are not wasted. In order to mobilize effective capital for investment in infrastructure development, it is necessary to meet the following key requirements: (i) The mobilization of investment must be closely linked to the strategy for economic development in each period and the implementation of the tasks of the national financial policy; (ii) forms of mobilizing credit for investment in infrastructure development of the State from the residential areas are diversified and modernized. Entering step by step to the domestic and foreign capital market is to mobilize capital for investment in infrastructure development; (iii) capital mobilization policies must be synchronized both in terms of funding sources and implementation measures; (iv) with regard to ODA and FDI sources, it is necessary to review, complete and perfect the established policy as well as actively develop policies to meet the requirements in the new situation to ensure transparency, consistency and stability in line with international practices to attract foreign investors.

Thirdly, financial market needs developing. Financial market is the fastest and most effective capital mobilization channel for developed economies. Therefore, it is necessary to have more solutions to develop financial market such as:

- (i) widening the breadth of the bond market by improving the illiquidity of bonds;
- (ii) transparenting bond information on the electronic board at the stock exchange to be widely disclosed to investors;
- (iii) strongly develop the corporate bond market. Experience from India shows that disclosure of information related to business and bond issues is needed to attract the interest of investors. The regulation on the ratio of bank capital investment in corporate bonds should be loosened but the minimum rating requirement (minimum investment grade AA or above) should be met. In the medium term, the debit note system should be strengthened to encourage retail investors of infrastructure bonds by providing security tools related to the company's default capacity when not ensuring the payment of interest in time;
- (iv) In addition, securities business organizations need restructuring; modernizing the market structure in the direction of further consolidation, dissolving and, bankrupting weak and loss securities companies, basing on the basis of financial safety criteria to contribute to the development of a better financial market.

Fourthly, Attracting Public-Private Equity: This is a form of cooperation between representative agencies of the State and private parties in the spirit of risk sharing and rational profit allocation for the private parties. The experience of the world in general and two research countries in particular, the development of infrastructure is mainly in the public-private partnership. This form for Vietnam is not new, but in reality this activity has not met the expectations of policy makers. Vietnam should further promote the public procurement mechanism in a public and transparent manner. The Government ensures the fulfillment of its commitments in the form of public-private partnership, the interests of private investors, especially foreign partners, focuses on risk allocation and cost recovery, clearly defines the role of stakeholders in the PPP.

6. Conclusion

The experience of several countries in the region with similarities to Vietnam such as the Chile, Thailand, China, Korea and Singapore have shown that the role of the State in economic and infrastructure development is very important and at the core of every problem. By planning the right socio-economic development strategy and plan, therefore; investment policies are formulated and implemented in a flexible, appropriate and correct manner, which is a problem for basic infrastructure development in particular and the economy in general. The State needs to use the market mechanism to develop infrastructure investment. It is necessary to have administrative reform and effective management of the infrastructure investment, along with the development of a contingent of public servants with a high level of responsibility and professionalism in managing infrastructure development.

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