MOBILIZING FINANCIAL RESOURCES TO CONTRIBUTE TO HO CHI MINH CITY'S ECONOMIC GROWTH

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Abstract: ***The article uses secondary data collected from the Ho Chi Minh City Statistical Yearbook in the period 2010-2023 to assess the current situation of financial resource mobilization contributing to economic growth in Ho Chi Minh City. The research results show that since 2010, the city has mobilized a variety of financial resources with an increasing scale and a more sustainable structure of financial resource mobilization, contributing to ensuring resources for the implementation of the city's socio-economic development goals. However, the process of mobilizing financial resources of the city still faces some limitations and difficulties. On that basis, the article presents a number of recommendations to contribute to increasing the mobilization of financial resources for economic growth of Ho Chi Minh City.***

• Keywords: *mobilization, financial resources, economic growth, Ho Chi Minh City.*

JEL codes: E60, G00, H79

Date of receipt: 05th Oct., 2024
Date of delivery revision: 08th Nov., 2024
Date of receipt revision: 24th Jan., 2025
Date of approval: 15th Mar., 2025

DOI: https://doi.org/10.71374/jfar.v25.i2.01

1. Introduction

Among the resources for socio-economic development, financial resources play an important role: providing investment capital for all production, business or social activities. Financial resources are monetary resources (or assets that can be quickly converted into money) in the economy that can be mobilized to form monetary funds to serve the socio-economic development goals of the country (Ha Thi Thuan & Associates, 2014). Along with the process of innovation and development of the country, Ho Chi Minh City implemented economic innovation in 1986 and to date the city has been and is one of the leading economic development centers of the country. The Resolution of the 11th City Party Congress has set out medium and long-term goals such as "by 2025, it will be a smart city, a modern service and industrial city, maintaining its role as an economic locomotive and growth engine of the Southern Key Economic Zone and the whole country…". Ho Chi Minh City is the economic and cultural center of the country. With its geographical location and certain favorable conditions, along with the right and favorable policy mechanisms from the Government and the City, the city has achieved certain results in the process of socio-economic development since Vietnam implemented comprehensive economic reform up to now. Therefore, in order to continue to effectively implement the orientations and achieve the above goals, Ho Chi Minh City needs many breakthrough solutions to build and develop the city in the new context, in which the solution on financial resources is identified as playing an important role in the process of socio-economic development of the city. On that basis, the article assesses the current situation of financial resource mobilization in the period of 2010-2023 to serve as a basis for proposing some recommendations to contribute to the economic growth of the city in the coming time.

2. Theoretical basis for financial resource mobilization and economic growth

2.1. Concept of financial resources and financial resource mobilization

Su Dinh Thanh, Vu Thi Minh Hang (2008) stated "In a narrow sense, financial resources are the amount of highly liquid currency that entities have. In a broad sense, in addition to highly liquid currency, financial resources are also expressed in the form of financial assets or securities. In addition, financial resources also include assets such as real estate, intellectual property and other intangible assets that can be monetized. Financial resources include domestic financial resources and foreign financial resources".

Tran The Lu (2018) stated "Financial resources are the actual amount of capital in the form of

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currency and converted into currency that has been and is being mobilized to serve the socio-economic development of a country. In a broad sense, financial resources are the allocation of economic relations arising from those financial resources. In a narrow sense, talking about financial resources means talking about capital sources. Those capital sources come from the state budget, private sector, foreign investment, investment funds, trust funds, etc."

Su Dinh Thanh (2008) stated the concept: "mobilizing financial resources, also known as the capital mobilization function, demonstrates the ability to organize and exploit financial resources to create resources to meet the development needs of the economy".

2.2. Content of financial resource mobilization

Tran The Lu (2018) stated: "Financial resource mobilization includes the aspect of mobilizing the value of assets of the State, organizations, individuals, domestic and foreign enterprises to invest in public facilities and the aspect of exploiting the value of existing assets of public facilities".

Tran Phuong Anh (2020): Financial resources can be mobilized within a country (such as from the state sector and from the domestic private sector) and can also be mobilized from other countries in the world (in the form of official development assistance (ODA) capital, foreign direct investment (FDI), capital from non-governmental organizations (NGOs), capital from foreign individuals...)

Thus, the content of financial resource mobilization includes:

- Mobilizing capital from the state budget through state budget revenue
- Mobilizing from the private economy
- Mobilizing from foreign investment capital
- Mobilizing from investment funds, trust funds
- Mobilizing capital from aid sources, from non-governmental organizations, from foreign individuals.

2.3. The role of financial resources for economic growth

Financial resources play a huge role in promoting economic growth of countries. This has been demonstrated through many studies by domestic and foreign scholars.

According to the perspective of the new economic school (endogenous economic growth theory), Mankiw (1992), King and Levine (1993) emphasized that a strong financial sector can promote long-term economic growth, technological innovation (TFP), research and development (R&D) through financial channels for businesses and households. Moreover, a strong financial sector is not only limited to the function of mobilizing domestic capital sources but also has a great function in attracting and improving the efficiency of using capital sources outside the economy such as foreign direct investment (FDI) and indirect investment (FPI). The law and finance theory emphasizes the role and management function of the financial market. According to researchers with this perspective [for example: Levine (1999); Rajan and Zingales (1998)], the financial sector is an important factor to promote the formation of new enterprises entering the market, promoting the industrialization process and economic growth. Typical empirical studies such as Hassan, Sanchez and Yu (2011) have also confirmed the role of finance in economic growth, Kumar and Paramanik (2020) indicated that long-term financial development has a positive impact on economic growth; Zaheer Abbar, Gul Afshan & Ghulam Mustifa (2022) affirmed that financial development has a positive impact on economic growth and income distribution in low- and upper-middle-income countries. Domestically, many empirical studies have also affirmed that financial resources have a positive impact on economic growth, typically the study of Nguyen Van Chien (2023) affirmed that financial development has a positive impact on economic growth; Le Thanh Tam & Tran Thi Thuy An (2023) affirmed that financial development contributes to Vietnam's economic growth

3. Data and research methods

Data collection: The article uses secondary data sources collected from the Ho Chi Minh City Statistical Yearbook. Specifically, secondary data sources on state budget revenue for the period 2010 - 2023; Investment capital implemented at current prices in Ho Chi Minh City classified by capital source for the period 2010 - 2023; Capital mobilization balance of credit institutions, foreign bank branches as of December 31 each year for the period 2010 - 2023; Foreign direct investment in Ho Chi Minh City for the period 2010 - 2023.

In addition, the article also uses secondary data sources related to financial resource mobilization activities from articles in specialized magazines, reports, resolutions, and socio-economic development strategies of the city.

Research method: The article uses descriptive statistics, evaluation and analysis methods to analyze and evaluate the current situation of financial resource mobilization of Ho Chi Minh City in the period 2010 - 2023.

4. Status of mobilizing financial resources to contribute to economic growth in Ho Chi Minh City

4.1. Mobilizing capital from the state budget through state budget collection

The city collects state budget based on the State Budget Law and other state regulations.

State budget collection is the mobilization of financial resources to ensure the spending needs of the state, through tax collection and other sources of revenue, the city's state budget ensures sufficient resources to implement policies and important projects. Financial resources from the state budget are the resources that play a leading role in the financial system and determine socio-economic development. Since 2010, the city's state budget revenue has been increasing. In 2010, the city's state budget revenue reached 169,317 billion VND, and by 2023, the city's state budget revenue increased to 448,850 billion VND, an increase of 2.65 times compared to 2010, equivalent to an increase of 279,533 billion VND. The state budget revenue structure is increasingly sustainable, contributing to ensuring resources for the implementation of the city's socio-economic development goals. Domestic revenue accounts for an increasingly high proportion of the city's total budget revenue. In 2010, the city's domestic revenue reached VND 86,646 billion, accounting for 51.17% of the total state budget revenue. By 2023, the city's domestic revenue increased and reached VND 302,419 billion, accounting for 67.37% of the total state budget revenue. The city's budget revenue in 2023 accounted for 26.45% of the total state budget revenue of the whole country and on average, in the period of 2020-2023, the city's state budget mobilization rate reached 29%/GDP. Particularly in the period from the end of 2019, the whole country faced many difficulties and challenges due to the Covid-19 pandemic and the production situation of enterprises and units encountered many difficulties, but the results of the city's state budget revenue still grew over the years in this period. Total state budget revenue in 2021 reached VND 389,196 billion, exceeding the estimate by 4.56% and increasing by 4.46% compared to 2020.

Table 1. State budget revenue for the period 2010 - 2023 (Unit: billion VND)

Years	2010	2015	2020	2021	2022	2023
State budget revenue, of which:	169,317	277,689	372,560	389,196	480,289	448,850
Domestic revenue	86,646	159,112	255,325	255,924	308,625	302,419
Revenue from crude oil	17,235	22,983	11,112	15,563	28,728	25,123
Budget balance revenue from export activities	60,221	93,903	106,049	117,667	142,919	121,161
Aid Revenue	921	838	74	42	17	147
Economic Growth (%)	12	7.88	1.16	-4.01	9.26	5.81

Source: Ho Chi Minh City Statistical Yearbook 2010, 2018 and 2023

In addition, issuing government bonds is one of the effective channels for mobilizing domestic capital, especially medium and long-term capital for the state budget. Ho Chi Minh City is the first locality in Vietnam to issue local government bonds. Issuing local government bonds is one of the effective capital mobilization channels of Ho Chi Minh City in recent years to balance capital sources for investment needs in developing technical infrastructure and social infrastructure of the city.

4.2. Mobilizing financial resources from the private economy

Mobilizing financial resources from the non-state enterprise sector:

The 6th Party Congress identified the private economy as a part of the multi-sector economy.

Currently, the private economy is increasingly contributing to the socio-economic development of the country in general. According to data published by the Ho Chi Minh City Statistics Office by the end of 2023, Ho Chi Minh City had 212,078 enterprises in the private economic sector, accounting for 96.44% of the total number of enterprises in the city, this sector contributed 49.98% of the city's GDP and created jobs for 2,105,390 workers. In addition, the private economic sector has made a large contribution to investment sources for the city's socio-economic development. Data published from the Ho Chi Minh City Statistical Yearbook shows that the investment capital in the city from the private economic sector has increased over the years, from VND 85,287 billion in 2010 to VND 248,115 billion in 2023 and accounts for a relatively high proportion of the total investment capital of the whole city, from 50.14% in 2010 to 66.93% in 2023.

Table 2. Investment capital implemented at current prices in Ho Chi Minh City by capital source in the period 2010-2023 (Billion VND)

Years	2010	2015	2020	2021	2022	2023
Total (VND billion)	**170,098**	**284,210**	**407,812**	**302,008**	**334,407**	**370,700**
State sector	52,406	56,533	75,911	59,661	64,788	86,324
Non-state sector	85,287	185,099	289,321	212,757	238,472	248,115
Foreign direct investment sector	32,405	*42,578*	42,580	29,590	31,147	36,261
Proportion (%)	**100**	**100**	**100**	**100**	**100**	**100**
State sector	30.81	19.89	18.61	19.75	19.37	23.29
Non-state sector	50.14	65.13	70.94	70.45	71.31	66.93
Foreign direct investment sector	19.05	14.98	10.44	9.80	9.31	9.78

Source: Ho Chi Minh City Statistical Yearbook 2010, 2018 and 2023

Mobilizing financial resources from residents' savings deposits:

The increasingly developing economy will create conditions for people to increase their income and people will increase their financial accumulation, including the form of bank savings. This is also one of the financial resources that contributes significantly to the socio-economic development of the city. Specifically, this is a source of capital from market 1 that helps stabilize and ensure the liquidity of the banking system. With this resource, commercial banks continue to allocate investment to important projects of the country such as industrial development, agriculture, hydropower, etc. This is also an important domestic counterpart capital source for ODA projects to develop infrastructure and key economic zones of the country. In particular, from the source of savings deposits of residents, this capital has been lent by banks to serve agricultural and rural development, poverty reduction, new rural construction, contributing to improving the living standards of the people. The published data of the Ho Chi Minh City Statistical Yearbook presented in Table 3 shows that residents' savings deposits in VND and foreign currencies are increasing and accounting for a high proportion of the total mobilized capital of credit institutions and bank branches. The balance of residents' VND deposits in 2010 reached 722,445 billion VND, by 2023 the balance of VND deposits increased and reached 1,301,922 billion VND; The balance of residents' savings deposits in foreign currencies in 2010 reached 63,710 billion VND, by 2023 this balance reached 41,723 billion VND. The balance of residents' savings deposits accounted for:

Table 3. Capital mobilization balance of credit institutions and foreign bank branches as of December 31 each year in the period 2010 - 2023 (Billion VND)

Years	2010	2015	2020	2021	2022	2023
Total balance	1,343,835	1,567,139	2,908,088	3,143,581	3,287,833	3,540,550
Deposits in VND, of which:	1,132,138	1,324,062	2,542,695	2,797,556	2,949,969	3,266,982
Savings deposits of residents	722,445	819,112	1,069,453	1,093,551	1,204,535	1,301,922
Deposits in foreign currencies, of which:	211,697	243,077	365,393	346,025	337,864	273,428
Residents' savings deposits	63,710	75,666	45,009	41,983	41,973	41,723

Source: Statistical Yearbook of Ho Chi Minh City in 2010, 2018 and 2023

In addition, remittances are also one of the financial resources of the private sector and have made a great contribution to the economic development of the city.

The amount of remittances transferred to Ho Chi Minh City every year always accounts for a high proportion of the total remittances of the whole country. In 2023, remittances transferred to Ho Chi Minh City reached 9.46 billion USD, an increase of 43.3% compared to 2022 and accounted for 59.12% of the total remittances of the whole country.

4.3. Mobilizing financial resources from foreign investment capital

Table 4. Foreign direct investment in Ho Chi Minh City in the period of 2010-2023 (Million USD)

Years	Total registered capital	Total implemented capital	Number of licensed projects
2010	2,118	1,885	337
2011	3,145	2,845	359
2012	1,340	640	436
2013	1,983	1,015	491
2014	3,269	2,884	457
2015	4,101	2,983	606
2016	3,896	1,322	853
2017	6,745	2,426	963
2018	6,238	812	1,060
2019	8,338	1,891	1,365
2020	5,221	654	985
2021	7,183	942	665
2022	4,469	743	986
2023	5,985	631	1,234

Source: Ho Chi Minh City Statistical Yearbook 2023

Ho Chi Minh City is one of the localities attracting the largest foreign direct investment capital in the country. In recent years, foreign direct investment capital has been an important additional financial resource for the city's economic growth promotion strategy through investment activities in many key industries of the city. Statistics in Table 4 show that foreign direct investment capital in the city has increased over the years. In 2010, the total registered foreign direct investment capital in the city reached 2,118 million USD, by 2023, the total registered foreign direct investment capital in the city increased and reached 5,985 million USD with 1,234 licensed projects, accounting for 15.26% of the total registered foreign direct investment capital of the whole country.

4.4. Mobilizing from investment funds

In addition to the above financial sources, Ho Chi Minh City mobilizes financial resources from development investment funds, including local development investment funds. The local development investment fund is a local state financial institution that performs the function of financial investment and development investment, helping local authorities overcome difficulties in providing long-term capital, developing markets and non-bank financial institutions, thereby creating incentives for investors from all economic sectors to invest in infrastructure development projects. At the same time, effectively operating funds will help local authorities increase their initiative in investment activities when decisions are made on the basis of closely following the actual situation, orienting specific socio-economic development strategies and goals in the locality in each period. In September 1996, the local development investment fund was piloted in Ho Chi Minh City under Decision No. 644/TTg of the Prime Minister to build an effective capital mobilization mechanism for investment in infrastructure development projects and some key industrial sectors for Ho Chi Minh City. Up to now, the local development investment fund of Ho Chi Minh City has been renamed the Ho Chi Minh City State Financial Investment Company. The company's reporting data shows that by the end of 2023, the company had invested VND 6,399,279 million in public construction investment projects of the city. From the above analysis results, it can be seen that in recent times, financial resources have been increasingly mobilized to contribute to the city's economic growth. However, in the process of mobilizing financial resources, there are still certain limitations, specifically as follows:

Regarding state budget revenue: in the context that the city and the country in general are still facing many fluctuations and difficulties in the macro-economy, production, business, import and export activities of enterprises are facing many difficulties, which has negatively affected the city's state budget revenue. In addition, the problem of arrears, tax evasion, and tax losses is still quite common.Tax evasion and tax fraud are becoming more and more complicated with increasingly sophisticated and difficult-to-detect behaviors, causing significant losses to the state budget. Regarding the private economic sector: currently, most private enterprises in our country are small and medium-sized, lacking capital, technology and management skills. Large-scale, branded enterprises are still few. Although developing rapidly, we have not yet fully exploited the potential and resources of the private economic sector. The cause of this problem is that there are still barriers for this sector, such as: difficulties in accessing land and capital; complicated administrative procedures for investment; corruption, bribery, power abuse, harassment. In addition, the private economy itself also has limitations such as small-scale farming mindset, fragmented business, opportunism, and lack of long-term strategy. For the household sector: although the financial savings of the people are quite large and it is difficult to accurately assess the scale and quantity of this financial source. This is a very difficult financial source to mobilize because the mentality and habit of saving assets, especially gold reserves, still exists very strongly among the population. For the foreign direct investment sector: although there have been many achievements in attracting foreign direct investment into Vietnam, there are still certain limitations in the activities. That is, Vietnam's infrastructure and service quality have not yet met international standards; Vietnam applies a relatively strict and stringent management policy for foreign workers working in Vietnam. Section 3 of the Labor Code No. 45/2019/QH14 stipulates many conditions for foreign workers working in Vietnam that are relatively strict, affecting the development of enterprises and production and business activities. In addition, there are many other difficulties such as complicated tax procedures, administrative procedures, limitations in the supply chain... These difficulties and limitations will reduce the attraction of foreign direct investment into Vietnam in the recent past and in the future. Regarding local investment funds: The fund's operating capital is mainly from the State budget, not much has been mobilized from outside; The high bad debt ratio of some funds has not been completely resolved, direct investment activities have not been promoted, the mechanism for setting aside provisions for loan and investment risks has revealed shortcomings (Pham Tien Dat, 2020).

5. Conclusion

The Resolution of the Politburo sets the goal of turning Ho Chi Minh City into a modern service and industrial city by 2045. The city has been mobilizing all financial resources to serve the development of industries and sectors for socio-economic development. Currently, the city's financial resources are mobilized in a very diverse manner, both domestically and internationally, from state budget capital, private sector investment capital, capital mobilization from funds and foreign direct investment capital. However, the process of mobilizing financial resources of the city still faces certain limitations and difficulties. On that basis, the study proposes a number of recommendations to contribute to increasing the mobilization of financial resources for economic growth of Ho Chi Minh City in the coming time. However, the city's financial resource mobilization process still faces certain difficulties and limitations. On that basis, the study proposes a number of recommendations to contribute to increasing the mobilization of financial resources for Ho Chi Minh City's economic growth in the coming time.

Regarding state budget revenue: the city needs to strengthen the inspection and control of tax declaration records, closely monitor tax declarations of taxpayers, handle, urge and promptly ensure that taxpayers properly and fully fulfill their tax obligations to the state budget; Strictly handle cases of violations and tax evasion to ensure stable state budget revenue over the years.

Regarding financial resources from the private economic sector: the city creates all favorable conditions for the private economic sector to participate in investment and expand production and business through perfecting land policies, administrative procedures, and improving infrastructure.

For financial resources saved from households: credit institutions in the city need to continue to pay special attention to this form of deposit, develop diverse and rich products, and do a good job of customer care, consulting, and guidance so that people can continue to feel secure in depositing money. At the same time, encourage and create favorable conditions to attract remittances from abroad. For foreign direct investment capital sources: the city needs to continue to invest in infrastructure and service quality, improve administrative procedures and economic environment, train high-quality human resources to create a favorable investment environment to attract financial resources from foreign direct investors.

To attract financial resources from investment funds, the city needs to improve the operational efficiency and management of fund management companies, ensure the capacity and financial safety of enterprises to create confidence for investors.

Overall, Vietnam continues to implement measures to develop the economy on the basis of support, creating favorable conditions for all economic sectors to develop, improving the investment environment and supporting industries and domestic and foreign enterprises to develop in order to build, stabilize and attract financial resources for economic growth.

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