



CÔNG TY ĐẦU TƯ TÀI CHÍNH NHÀ NƯỚC THÀNH PHỐ HỒ CHÍ MINH
Hochiminh City Finance and Investment State-owned Company

PRESENTATION

HCMC FINANCE AND INVESTMENT STATE-OWNED COMPANY – EFFICIENT SOE MODEL IN VIETNAM’S SOCIALIST-ORIENTED ECONOMY

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Legal status

HFIC is a special kind of investment institution designed as a mean to infrastructure development of the city government.

Its legal status is of public financial institution under the city People’s Committee, with its own charter capital and independent balance sheet.



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Function and responsibility

- Mobilize medium and long term fund from local and foreign individuals and institutions for capital investment; investment lending, contributing capital to establish corporations specialized in socio-economic infrastructure development
- Manage trust fund from the city
- Carry out issuance of local government bonds
- Pilot state capital representative function at firm level.



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Performance

From an initial of VND200 b. funded by the city (or \$15 m. at commencement), HFIC:

- Merged capital with 16 financial institutions; lending to 299 projects of different programs with total disbursement of VND8,565.58 billion, including:
 - + Financed 212 projects (46.2% social and technical infrastructures according to the city's plans and program 2000-2013).
 - + In health care and education, HFIC participated in 75.6% project (149/197) in the city area recently (excluding state funded projects).
- Successfully issued 7 tranches of municipal bonds, a total of VND17,850 billion.





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Cooperation with foreign institutions

As a public finance agency, HFIC has been mobilizing capital from foreign organizations such as:

- ❖ WB for HDP project, with \$50 million completed disbursement; ongoing with LDIF project preparing for a \$20 million disbursement;
- ❖ AFD with credit line 1 (Euro 30 million), credit line 2 (Euro 20 million); negotiating and proposing to the government for a loan of Euro 30 million;
- ❖ In addition, HFIC is approaching and negotiating with KWF, JBIC, and ADB.



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Financing areas

- School and hospital
- Environmental protection and cleaning, climate change adaptation
- Waste treatment facilities at firm and city levels;
- Clean water supply;
- Transportation infrastructure, especially transit system aiming to relieve congestion in the city





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Lessons from HFIC model

- An SOE that gains international financial institutions trust and capital thanks to its investment efficiency in a equally competitive market
- Foreign capital inflows to technical and social infrastructures in line with the city's plan and strategy.
- Other than bottom line, HFIC operations also focus on technical and social infrastructure development for the city. This objective also shared by HFIC's investment partners from other economic sectors..



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Lessons from HFIC model

- Thanks to projects jointly invested by HFIC and its partners, there are more high quality hospitals, schools, better transportation, improved environment... an overall welfare improvement for citizens in and outside of HCMC.
- In terms of capital efficiency, one dollar of HFIC's "pump priming" money attracts 53 dollars from other social resources into different investment projects according to official statistics.





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State capital representative

- The policy of bringing SOEs under HFIC helps reduce inefficiency and spreading of state capital.
- Centralized management would upgrade HFIC's operation, directing capital into major projects as determined by the city.
- The transferring of city-owned firms to HFIC helps separate state economic management function from business management.



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HFIC differentiation

- In terms of governance, HFIC is not economic groups which invest in many sectors and businesses.
- HFIC model on the other hand, consolidates and manages state capital in multi-sectoral businesses and invests in line with the city development strategy.





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Thank you

