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WORLD BANK GROUP

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
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Statement by the Hon. **LE DUC THUY**,
Governor of the Fund for **VIETNAM**,
at the Joint Annual Discussion

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His Excellency the Chairman

His Excellency the Managing Director of the International Monetary Fund

His Excellency the President of the World Bank

Ladies and Gentlemen

From the outset, I would like on behalf of the Vietnamese delegation to express our high appreciation to the management of the IMF and the WB, the Joint Secretariat, and the host country for their efforts and assistance in making favorable conditions for delegates from around the world to attend the Annual IMF/WB Meetings, a yearly significant event of the international financial community.

These annual meetings take place in the context of good signals which show that international financial markets have gradually stabilized, economic activity has bottomed out in the developing market economies of Asia, and the impact of this financial crisis on other parts of the world has been effectively checked. We are pleased to note that according to recent forecasts, the economic growth rate in the East Asia economies in 1999 will be higher than expected. However, there remains potential challenges to be overcome with bigger efforts to ensure a vigorous recovery and sustainable growth in the years to come.

Since the last annual meetings, these two international financial institutions have done their best to adjust and amend several policies, aimed at strengthening the international financial system and expanding assistance and support to the developing member countries, especially the poor ones and those which have been experiencing the financial crisis. At this forum, I would like to touch upon a number of issues of our deep interest.

Since the late eighties, the IMF and the WB have extended many highly-concessional loans in the form of Enhanced Structural Adjustment Facility (ESAF) and Structural Adjustment Credit (SAC) to more than 50 low-income member countries in support of their medium-term structural adjustment programs. We call upon these two institutions to make more efforts in ensuring adequate financing for this assistance. If one desires to efficiently implement the SAC/ESAF-supported programs, it is necessary to promote the ownership of the program countries. The conditionalities contained in the agreement between the Fund/Bank missions and the authorities should take into full account all the realities and peculiarities of the host countries, since they vary from

country to country. In establishing these highly concessional programs, closer coordination between the Fund and the Bank is warranted.

We warmly welcome the Fund/Bank-launched initiative of Heavily Indebted Poor Countries (HIPC) to help poor countries towards external exit from the debt burden. However, many analysts have expressed deep concerns about the depth of debt relief and the pace of implementation, especially the financing of the HIPC funds, and the limited coverage of beneficiary countries. Against this background, we highly value the joint statement of the WB President and the IMF Managing Director, which contains the principles for modifying the original HIPC initiative. In addition, it is necessary to stress that debt relief should be closely linked to poverty reduction. We would like to take this occasion to call for expedited multilateral and bilateral contributions to the HIPC funds so that this initiative could be delivered more quickly and more extensively.

We would like to warmly welcome the World Bank President's proposal for a Comprehensive Development Framework, in which Vietnam has been chosen among a dozen of pilot cases. This proposal has been considered as a potentially powerful management tool with the capacity of catalyzing a longer-term development vision, strengthening country ownership, and providing a vehicle for enhancing partnerships and donor coordination.

Availing myself of this opportunity, allow me on behalf of the Government and the people of Vietnam to convey our sincere gratitude to the managements and the staff of the Fund and the Bank for their cooperation and assistance in the form of financial programs, project loans and technical assistance programs to our country over the past few years. I sincerely hope for the increasingly better relations between Vietnam and the Fund and the Bank.

Ladies and Gentlemen,

Given the fact that the economy of many countries in our region has been in the process of recovery and started higher-than-expected growth, the consequences of the financial crisis and economic recession and the complicated situation in the region and elsewhere are causing disadvantages on various sectors of our economy, especially export activity and foreign investment.

At the meeting to review the economic performance of the first half of this year, the Vietnamese Government adopted an action plan comprising seven groups of measures which focus on such essential undertakings as promotion of investment and consumer demand to make full use of the internal strength and encouragement of production and business; stimulation of export activity; consolidation of the financial sector; stabilization of the productive and investment environment and continued restructuring of the state-owned enterprises; poverty alleviation and so on and so forth. With these measures, our Government hopes to create necessary preconditions to

overcome the temporary difficulties and getting prepared to enter into the year 2000, our first successful year of the next millennium.

In conclusion, I would like to express our firm confidence that thanks to the enormous efforts of the State and people of Vietnam on the basis of making the best use of the existing internal strength and the important assistance of the international community, our country has been and will be surmounting innumerable difficulties, minimizing the adverse impact of the regional economic crisis, ensuring political – economic and social stability and moving forwards in many areas.

Thank you for your attention.