

**VIET NAM****PHUNG KHAC KE, Head of Delegation**

It is my great honour to address this Thirty Seventh Annual Meeting of the Board of Governors of the Asian Development Bank (ADB). First of all, I would like to extend my warm congratulations to the Management and staff of ADB and the Government of Republic of Korea on the excellent organization of this event. It is my great pleasure to be in this beautiful island of Jeju and enjoy the generous hospitality offered by the government and people here, for whom I wish to express my gratefulness. Let me also warmly welcome Luxembourg and Palau, the two new members to the ADB.

In the last two years, unfavourable developments around the world including the SARS outbreak in Asia, terrorism, and economic and political instabilities in some regions made many economies face serious challenges and the shadowed recovery outlook of global economy. Viet Nam is not immune from these adverse impacts. However, after the first 2-year implementation of the Comprehensive Poverty Reduction and Growth Strategy (CPRGS), a strategy that is of paramount important to the 2001–2010 socio-economic development of Viet Nam and highly commended by its international development partners, our economy has been able to attain encouraging results. By adopting proper macroeconomic policies and measures, including prudent yet flexible budget and monetary policies, trade policies that are open and proactive to international economic integration, development of regulatory framework conducive to investments and private sector's growth, continued reforms in the state-owned enterprise (SOE) sector and banking system, facilitation of the development of small and medium enterprises and so on, Viet Nam has made commendable achievements in the process of realization of stated economic growth and poverty reduction goals. The economy continued to grow at a fairly high and stable pace; GDP rose by 7% in 2002 and 7.24% in 2003. Total external trade value in 2003 increased by 24.4% compared with the one of 2002, from which the exports value grew by 20.7%. A remarkable increase in Budget Revenue makes it 7.1% in excess of the target set for 2003 and thus helped to provide more funds for investments in infrastructure, production, and export needed for economic growth in the years to come. Viet Nam has also succeeded in containing the inflation rate at 4% in 2002 and 3% in 2003. By pursuing a people-based development policy, Viet Nam has been well known, over the last few years, for its strongly pro-poor economic growth. The poverty incidence was reduced from 17.2% in early 2001 to 14% in 2002 and further to about 11% in 2003. The favourable economic environment allowed an additional generation of 1.5 million jobs in 2003, increased by 5.6% in comparison with 2002. This does not only represent a fulfilment of an annual employment target but also contributed to reducing the urban unemployment rate to 6% in 2002 and 5.8% in 2003.

Besides the achievements, the Government of Viet Nam is fully aware that the country has to continue its endeavour in overcoming challenging obstacles in order to enhance the efficiency and competitiveness of the economy, to secure social equity and improved living conditions, and thus to realize objectives of sustainable economic growth and poverty reduction. To accomplish stated objectives under the CPRGS, the Government adopted, early this year, a comprehensive action plan that aims at: (i)

accelerated equitization of SOEs, including major corporations; (ii) faster development of synchronized markets such as securities, property, labour, and technology markets; (iii) increased mobilization of funds needed for higher investment efficiency and economic growth; (iv) enhanced socialization of education and health care activities; (v) international economic integration with fulfilment of accession roadmaps and commitments, and preparation of necessary steps towards joining the World Trade Organization (WTO); (vi) reduced poverty and more employment; and (vii) more effective public administration reforms and anti-corruption fighting (priority targets of 2004).

Viet Nam highly value ADB's work to adjust its operational policies, and strategies to join international donor community in better response to the assistance demand from the developing member countries (DMCs), given the scarcity of its concessional funds. On this occasion, I wish to express my warmest congratulations to the ADB Management and President Tadao Chino in particular on their successful conclusion of the Asian Development Fund (ADF) 9 negotiations. I would also like to bid special thanks to the donor member countries for their generous response to the need for replenishing of shrinking ADF resources and thereby enabling ADB to continue to effectively assist the economic development and poverty reduction programs in its DMCs. In return, Viet Nam undertakes to further improve the quality of the implementation of ADB-assisted projects and programs in the country. Last year, Viet Nam made considerable progress in disbursing ADB loan funds, with the disbursement ratio increased to 21.3%, slightly higher than ADB-wide average ratio.

The ADB-initiated Greater Mekong Subregion (GMS) has always been considered the most successful model of regional cooperation arrangement. Since 1992, GMS countries have received and implemented effectively many ADB-assisted projects in priority sectors of transport, energy, agriculture and rural development, human resource development, communication, and tourism. The outcomes of such assistance have contributed notably to the promotion of trade and investments in the subregion. Viet Nam wishes to see ADB continue its valuable support and assistance extended specifically to the GMS countries so that this initiative will be further exploited in the future.

In 2003, Viet Nam celebrated the 10th anniversary of the historical resumption of lending relations with international financial institutions, namely the International Monetary Fund, the World Bank, and ADB. Over the last decade, Viet Nam has always considered ADB one of its most important and strategic development partners. The Government and people of Viet Nam recognize and appreciate the importance of invaluable assistance that ADB has extended to the projects and programs in key areas of our economy. In the years to come, Viet Nam would expect ADB to play a bigger role in the process of poverty reduction, and economic development and integration of the country.

In conclusion, on behalf of the Government and people of Viet Nam, I would like to express once again our sincere gratitude to the Management and staff of ADB for their valuable and constant support extended to Viet Nam.