



VIET NAM

Nguyen Thi Hong, Alternate Governor

Mr. Chairman, President Takehiko Nakao, Distinguished Governors, Ladies and gentlemen!

It is my great honor today to deliver the speech at the 52st Annual Meeting of the Board of Governors of the Asian Development Bank. First of all, I would like to express my high appreciation to the Government and People of the Republic of Fiji for the warm welcome and hospitality in the beautiful Denarau island. I would also like to sincerely thank ADB and the Secretariat for the excellent arrangements for the Annual Meeting.

With the theme "Prosperity in Unity" I am confident that the events will be an opportunity for delegates to exchange, discuss and offer solutions that help the economies become more connected and inclusive for the prosperity of the people.

Governors, Ladies and Gentlemen,

Global context and domestic economic developments

The global economy in the year 2018 experienced slowing pace and unpredictable elements, remaining strong at 3.8 percent in the first half of the year, but dropped to 3.2 percent in the second half of the year. Across emerging market economies, activities moderated as worsening global financial market sentiment combined with country-specific elements. The People's Republic of China witnessed slower momentum over the year. In advanced economies, the euro zone slowed down more than expected; Japan endured weakening activity; with the exception of the US remaining robust. It is forecasted by the IMF that the world economy moderate from 3.6 percent in 2018 to 3.3 percent in 2019, and then to return to 3.6 percent in 2020.

For Viet Nam, in 2018, amid global economic growth slowdown and uncertainties, the economy made remarkable achievements and improvement. GDP increased by 7.08% compared to 2017, the highest in the last 11 years. The economic growth quality, investment and business environment improved; newly established businesses increased sharply; continued efforts in promoting structure reforms including bank restructuring and SOEs reform; low inflation and a stable VND/USD exchange rate maintained; foreign exchange reserves increased, stock market grew considerably.

Despite the challenges from global and domestic context, the economy continues to achieve positive results in the first quarter of 2019. GDP is estimated to increase by 6.79% compared to the same period of 2018. Export growth and trade surplus are sustained. Currency and foreign exchange market, lending interest rates are stable. Given the positive developments of the economy in the past, Standard & Poor's has recently upgraded the country's sovereign credit rating to BB from BB-, with stable and outlook.

In the coming time, Viet Nam will continue to pursue the objectives of macroeconomic stability, economic restructuring, promote economic links through bilateral and multilateral free trade agreements to attract and facilitate foreign investors to participate in domestic economic activities, further improve the business investment environment, promote private sector development as an important driver of the economy.

ADB and Viet Nam's partnership

The Government highly appreciate ADB's Strategy 2030, which was approved by its Board of Directors in July last year. The strategy envisions Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific. It guides ADB to adopt a country-focused approach, promote innovative technology, and provide integrated solutions. We believe that the new strategy is important for ADB to sustain and improve its relevance in the context of rapidly changing development landscape in the region and beyond. The Strategy 2030 is crucial and in line with Viet Nam's socio-economic development and the joint country program that promotes private sector participation, large-scale infrastructure, administrative reforms, knowledge and innovation, and regional integration.

We welcome a number of new products and modalities in the Strategy 2030 such as guarantees, private support, PPP, etc.,. These initiatives will expand financing options for member countries, especially those recently graduated from ADF as Viet Nam. As the products and modalities are new, it is recommended that the Bank should promote dissemination and consultation activities with member countries.

We also supports ADB's 3 new financing options tailored to group C countries including OCR loans for large infrastructure projects; combination of OCR and grants; and mix of OCR and private finance. Viet Nam has just graduated from ADF, to help the Government gradually adapt to less concessional borrowing, grants combined with OCR are preferred to make OCR terms and conditions affordable.

ADB is a very important partner for Viet Nam. The cumulative lending, grant, and technical assistance commitments extended to Viet Nam has exceeded \$16 billion to date. In 2018, Viet Nam was the 8th largest country in terms of ADB operations comprising 4% of ADB's total lending and grant commitments.

We hope that the Bank will continue maintain close cooperation with Viet Nam government and contribute to the effective and successful implementation of Viet Nam's socio-development policies.

Thank you very much.