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OVERVIEW OF THE COMPREHENSIVE POVERTY REDUCTION AND GROWTH STRATEGY

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After nearly a year of preparing the Comprehensive Poverty Reduction and Growth Strategy with close coordination among ministries, concerned functional agencies, international and domestic organisations, the Strategy has been finalised as planned in terms of both content and schedule.

1. The Vietnamese Government attaches special importance to poverty reduction; this is shown in the national socio-economic development strategies and plans. Of course, stable and rapid growth is a necessary condition to achieve poverty reduction on a broad scale; in turn, poverty reduction is a basic ingredient to ensure sustainable growth and social equality. This is the ultimate objective of Vietnam's socio-economic development process, as reaffirmed by the Government of Vietnam in declaring its commitment to achieving the International Development Goals that were announced and agreed upon at the Millennium Summit in 2000.

In recent years, by adopting effective policies and mechanisms, and with support from the international community, Vietnam's achievements in poverty reduction and in other social aspects have won international praise.

2. Based on the Ten Year Socio-Economic Development Strategy 2001-2010, sectoral development strategies in the 2001-2010 period, the Five Year Socio-Economic Development Plan 2001-2005, the National Targeted Program on Poverty Reduction and Employment 2001-2010, etc., the Comprehensive Poverty Reduction and Growth Strategy concretises the general objectives, mechanisms, policies and methods of the above mentioned national, sectoral and local socio-economic development strategies and plans with concrete implementation roadmaps. At the same time, the Strategy is an action program to guide the international community's support of the Government of Vietnam's economic development and poverty reduction efforts.

The Comprehensive Poverty Reduction and Growth Strategy received comments from ministries, concerned agencies, researchers, civil and non-governmental organisations and donors in workshops held at both central and regional levels. In the preparation process, the Ministry of Planning and Investment organised six workshops, four of them are at the regional level corresponding to the particular social and economic characteristics of 61 cities and provinces, and six village level consultations to receive opinions and comments on the Comprehensive Poverty Reduction and Growth Strategy. Until now, approximately 700 participants in all workshops have contributed their views on the Strategy paper. This reflects the Government's desire to promote broad-based participation in the State's policy-making process and to strengthen grassroots democracy in order to ensure that the Government's

policies will bring actual benefits to the lives of the people.

3. Vietnam takes full ownership in putting together and editing the Comprehensive Poverty Reduction and Growth Strategy paper, a substantial document with six chapters and three appendices (over 70,000 words).

The Strategy contains a full and comprehensive analysis of the quantitative and qualitative dimensions of current poverty: the poverty situation in different regions, urban and rural poverty, poverty with respect to gender and social groups, etc. Poverty remains widespread, especially in rural, mountainous, remote and isolated areas. The income of a large segment of the population lies just above the poverty line and is highly vulnerable to shocks such as: natural disasters, job losses, illness, the unstable price of agricultural products. Their poverty is made much worse by poor health, low level of education, unhygienic living conditions and environmental degradation.

Based on the Ten Year Socio-Economic Development Strategy and the Five Year Socio-Economic Development Plan and taking into account the UN's Millennium Development Goals, the Strategy concretises their objectives with detailed socio-economic development and poverty reduction goals and targets for 2005 and 2010, and establishes four sets of economic development targets: GDP in 2005 to double its 1995 level; domestic savings to account for more than 30 percent of GDP; the structure of GDP in 2005 to compose of 20 percent in agriculture, 38-39 percent in industry and 41-42 percent in services; the structure of the labor force in 2005 to compose of 20-21 percent in industry, 56-57 percent in agriculture, fishery and forestry and 20-23 percent in services.

The Strategy also establishes twelve sets of social and poverty reduction targets, including: reduction in the percent of poor households; job creation; ensuring basic infrastructure; universalizing and improving the quality of education, increasing the net enrollment rate; reducing the infant mortality and child mortality and malnutrition rates; improving reproductive health, preventing epidemics, social diseases and HIV/AIDS; developing culture and information; improving the living standards and preserving the cultural diversity of ethnic minorities; ensuring environmental sustainability; reducing vulnerability and developing the social safety net for the poor; realizing gender equality and promoting the advancement of women; disseminating knowledge of the law and providing legal support to the poor.

There is a two-way relationship between economic growth and poverty reduction. Poverty reduction is a basic ingredient to ensure social equality and sustainable growth; the reverse also holds: stable and rapid growth is a necessary condition to generate enough material resources to invest, to provide support and to create opportunities for the poor to escape from poverty. For this reason, poverty reduction must be considered a key component of the socio-economic development strategies, and five year and annual plans of the country as a whole, of each sector, and of each locality.

The Strategy aims to create a fair, equal and competitive business climate for all enterprises, be they state-owned, foreign, or domestic private enterprises. Its key elements are: maintain macroeconomic stability; adopt a prudent fiscal policy; strengthen the tax system, broaden the tax base and closely link policy, planning and budgeting; balance capital and recurrent expenditures to ensure a pro-poor spending orientation. Continue public administration reform in order to develop a clean, transparent, effective administration system based on the

rule of law. Strengthen the management capacity, especially in economic and budget management, of local authorities. Enforce democracy at the grassroots, promote dialogue between local authorities and their communities, and improve the legal support framework for the poor.

The Strategy also presents a fairly complete set of sectoral development policies to help the poor generate income, and to create conditions to improve their access to public services. They are as follows: vigorously develop agriculture and the rural economy to achieve widespread poverty reduction through intensive cultivation, product diversification and changing the plant and livestock structure; attach special importance to the development of forestry, fishery and aquaculture, off-shore exploitation of sea products; encourage the development of off-farm professions and jobs in rural areas... along the lines of rapidly increasing value-added from one unit of cultivation land and from one agricultural working day.

Develop urban areas and industry, especially industries to process agricultural, forestry and fishery products and services aimed at creating more jobs to improve the living standards of the poor. Attach special importance to developing small and medium enterprises in consumer and handicraft industries and traditional professions, and expand industrial processing activities from urban to rural areas.

Build infrastructure to provide opportunities for poor communes and poor regions to access public services, focusing first on small irrigation works, rural roads and transportation, schools, health stations, electricity, communication, market places, cultural and community meeting houses. The State will provide part of the investment capital, materials and techniques; the beneficiaries will contribute labour and local materials for infrastructure construction projects.

Carry out the renovation of education objectives, programs and content; improve the quality of health care services and family planning; build an advanced culture with strong national identity and protect the environment. Create the conditions to provide equal opportunity for the poor to access education, health care services, and to improve their cultural, spiritual and material lives.

At the same time, the Strategy provides measures to narrow the social gap between regions and population groups, lessen the vulnerability of the poor and vulnerable groups; realise gender equality and promote the advancement of women; stabilise and raise the living standards of ethnic minorities; expand the social safety net and develop an efficient and effective system of emergency relief; broaden the participation and strengthen the role of domestic civil organisations and NGOs in the development and implementation of the social safety net.

4. Resource mobilisation for economic growth and poverty reduction. The investment requirement for the period 2001-2005 is estimated at VND 840-980 thousand billion (equivalent to US\$ 60-70 billion), of which investment expenditure from State Budget is projected at VND 185-190 thousand billion. In addition, recurrent expenditure from the State Budget is estimated to total VND 450 thousand billion.

The financial requirement for national targeted programs and major projects that relate to

poverty reduction is estimated at VND 70-75 thousand billion.

Based on the above estimates of spending requirements and resource availability, the Strategy proposes an additional mobilisation of about VND 140 thousand billion, equivalent to US\$ 10 billion, in order to meet both quantitative and qualitative objectives laid out in the Strategy. Half of this additional amount would need to come from the people including the domestic private sector, the other half would need to come from the international community including foreign investors. This is the challenge scenario that we need strive for to successfully implement the Comprehensive Poverty Reduction and Growth Strategy.

The allocation of resources will give priority to the following sectors: agriculture and rural economic development; health; education and training; transportation; culture and information; science, technology and environment protection; poverty reduction, social safety net, etc.

The mechanism for resource distribution is as follows: continue decentralisation and empowerment of local levels; allocate more resources to poor areas; coordinate, integrate and unify national targeted programs in local areas; establish concrete mechanisms for grassroots participation in the development, implementation, monitoring and evaluation of programs and projects... Simplify investment and administration procedures in order to facilitate implementation of programs and projects.

5. Implementation, monitoring and evaluation of the Comprehensive Poverty Reduction and Growth Strategy.

Implement with focused guidance from the central level and close coordination between ministries, functional sectors and localities the organisation, implementation, monitoring and evaluation of the Strategy to make available this information on a systematic, unbiased, transparent and regular basis.

Clarify the responsibilities of each of the ministries, functional sectors, and localities, with particular attention to policy agencies that directly relate to targeted poverty reduction programs, in the implementation, monitoring and evaluation of the Strategy.

Establish an adequate and detailed system of indicators, including indicators to monitor and evaluate inputs, outputs and impacts of programs and strategies on the poor and on the whole society.

Vigorously research the modalities of establishing a Steering Committee to oversee implementation of the Comprehensive Poverty Reduction and Growth Strategy from central to local levels with an Inter-ministerial Working Group to help this Committee to provide guidance, supervise and monitor its implementation.

On this occasion, we would like to express our sincere thanks to government agencies, civil and non-governmental organisations and donors for working closely with the Drafting Unit and for their practical and effective support in the preparation and completion of the Comprehensive Poverty Reduction and Growth Strategy.

Thank you very much for your attention.