

Toward Sustainable and inclusive Economic Growth

Economic growth is one of the most important targets in development. It is a necessary condition for sustainable reduction in poverty. However, it is not a sufficient condition. We have to consider a well-balanced development from a broader perspective.

First, the quality of growth, including how the fruits of growth are distributed, is important. Second,

growth does not resolve all the social problems. Thus it is important to address problems that are not resolved and even exacerbated by growth such as regional disparities and environmental deterioration. Third, it should be kept in mind that there is a reverse link between economic growth and improving social/living conditions including poverty reduction. Improvements in education and health will lay down basic conditions for future economic growth.

It is for these reasons that Japan has focused and will continue to focus on improving education, health and other social conditions in its economic cooperation with Vietnam.

Economic growth or poverty reduction? That is not a question rightly formulated. Both are important. We have to tackle both.



Traffic safety program: Helmet supply for school children

Growth and Poverty Reduction: DFID's View

- * Development strategies need to be growth orientated to achieve poverty reduction
- * Poverty reduction strategy approach is focused on service delivery
- * Need a holistic poverty reduction strategy with a strong focus on sources of growth and links to poverty reduction
- * But growth versus "welfare" social spending is a false dichotomy:
 - they are not alternatives but complementary
 - improving services can be investment (e.g. education)
 - ideas of tradeoffs or sequencing are misleading
- * Recognize that growth and social spending are both vital and mutually reinforcing
- * Pro-poor policy needs to embrace economic growth and service delivery aspects
- * Poverty reduction strategy needs to include:
 - more consistent and deeper analysis of sources of growth
 - explicit links between past and anticipated growth rates
 - identification of public actions that increase the impact of growth on the poor
 - analysis of drivers and constraints of growth
- Also to include:
 - Related policies, e.g. investment, infrastructure, etc.
 - Regional dimension (e.g. opportunities for growth through competition and trade)

(Source: DFID, *Poverty Reduction and Economic Growth*)

Priority Areas in Japan's Country Assistance Program for Vietnam

(currently under review)

- Promoting growth
- Improving social/living conditions (addressing the question of poverty reduction)
- Institutional building

Japan's Cooperation in Education and Health: Some Examples

- * Education
 - Grants financed the construction of about 200 primary schools. This has contributed to improvement in the quality of primary education, including the implementation of full-time class instruction.
 - Support for the Primary Education Development Program, part of the sector development strategy of the Vietnamese government.
- * Health
 - Improving facilities in the regional core hospitals (including Cho Ray and Bach Mai hospitals), providing equipment and sending experts (grants and technical cooperation)
 - Cooperation in the area of reproductive health (technical cooperation)
 - Fighting communicable diseases by supplying vaccines (technical cooperation) and developing vaccine production facilities (grants)

Third Pillar: Human Resource Development for Growth

Human resource development is commonly recognized as an indispensable factor for economic growth. Production takes place by combining capital, labor, and technology. The most important means to raising the level of technology is introducing advanced technology by foreign direct investment, on one hand, and human resource development in the domestic economy, on the other. Human resource development is thus an important factor for growth. In the context of the present Vietnam, what is required to realize economic growth, from the standpoint of human resources development, are government officials planning and implementing economic policies, managers in business firms who have acquired advanced, rational way of thinking, engineers with advanced technology and workers with high skills.

It reminds us of what Ho Chi Minh said: "Let us grow trees

for the prosperity 10 years later; let us nurture people for the prosperity 100 years later." From the point of view of development, this is an apt saying. To stretch this saying further, the effect of human resource development will be extremely large in 100 years, but its development effect will emerge far earlier than 100 years.

Assistance for human resource development in Vietnam

● Japan is supporting human resource development in broad areas, with technical cooperation by JICA playing the central role. Of particular relevance to economic growth are the Japan-Vietnam Human Resources Cooperation Centers in Hanoi and Ho Chi Minh cities. They are disseminating to private business operators economic knowledge for promoting market economy. Other relevant efforts include training engineers in the area of information

technology, telecommunications, power, road construction, and agriculture and rural development.

Assistance for Students

● Japanese Grant Aid for Human Resource development Scholarship (JDS)
In order to contribute to human resource development for self-driven, sustainable development of the Vietnamese economy and society, Japan has provided assistance for sending 20-30 young government officials to Japan annually for studies on law, economics, business management, agriculture and information technology.
● Japan's government-financed student scholarships
As of April 2002, 443 students were studying in Japanese colleges and other higher educational institutions under the support of the Japanese government