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Statement by the Hon. **NGUYEN THI HONG**,  
Alternate Governor of the Bank and the Fund for **VIETNAM**

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Governor of the Bank and the Fund for Vietnam

For more than seven decades, the International Monetary Fund and the World Bank Group have endeavored and demonstrated their critical roles in helping global economies overcome difficult, challenged and crisis periods to achieve macro-economic and financial stability; enhance growth capacity and quality; and sustain socio-economic achievements. Vietnam highly values the Fund and the Bank's roles as twin intergovernmental pillars in supporting nations via global cooperation promotion, and welcomes the recent reforms and measures undertaken by the two institutions to improve operational efficiency and bring about more uniform benefits for all member countries. Vietnam expects that the Fund and the Bank will continue extending your valuable support and the IMF/WB - Vietnam relations will be more effective and substantive.

**I. Context**

**1. The world economy**

This year's Meetings take place against a backdrop of an upswing in global economic activities and improving broad-based prospects in many developed countries, including the US, Japan, Russia, the euro area and a number of emerging economies. Economic recovery seems to be a good opportunity to help address challenges, increase growth potential, enhance resilience and support inclusive growth.

However, recovery is uneven across countries. Despite deflation risks have been contained, inflation in some advanced economies remains subdued and generally below targets. Risks continue to exist, such as uncertainty over the policies of some big countries, monetary policy normalization, financial regulation rollback and protectionism, which may have a negative impact on the global economic recovery. This calls for reactions by governments to continue stepping up structural reforms; conducting monetary policy in alignment with fiscal policy; enhancing and deepening economic integration to generate momentum; and increase economic resilience to achieve quality, sustainable, equitable, and inclusive growth.

Against this background, the discussion on inclusive growth during this year's Meetings are deemed to be relevant. Beside development policies, inclusive growth promotion policies are of paramount importance in shaping growth prospects and mitigating uncertainties.

## **2. Vietnam's economy**

Vietnamese Government also considers inclusive growth a policy centerpiece to build Vietnam toward Prosperity, Creativity, Equity, and Democracy. As the host country for the Asia-Pacific Economic Cooperation (APEC) Forum in 2017, Viet Nam has prioritized cooperation in the following four pillars: (i) Expanding intra-regional economic integration to meet the needs for furthering and deepening integration and linkages of the Asia-Pacific; (ii) Promoting sustainable, innovative and inclusive growth; (iii) Enhancing food security and sustainable agriculture and climate resilience; and (iv) Enhancing the competitiveness and creativeness of micro, small and medium enterprises (MSMEs) in the digital era.

Meanwhile, in order to maintain and promote the socio-economic achievements during the recent years, Vietnamese Government continues steadfastly aiming for macroeconomic stability; undertaking bold economic reform; improving quality, efficiency, competitiveness and sustainability; building a righteous and enabling Government, encouraging start-up businesses; making use of technological achievements; promoting trade liberalization and improving the economy's autonomy. Vietnam believes that these initiatives have helped maintain domestic and international investors' confidence, reflected in the recent encouraging economic performance.

In the first nine months of 2017, Vietnam's economic growth was estimated at 6.41%, of which growth in the second and third quarters was particularly strong at 6.28% and 7.46% yoy respectively (the highest level since 2011). Inflation continued to be under control at a reasonable level (an average increase of 3.79% yoy); monetary market stable; interest rates declined, and credit growth robust at 11.02% ytd, which supports economic growth. Domestic demand continued to grow relatively well compared with the same period of last year; FDI inflows was maintained and grew strongly with newly and additionally registered FDI increasing by about 30% (yoy); exports grew 19.8% yoy; foreign exchange reserves continued to be replenished to the highest level since 2011. In addition, Vietnam investment climate has improved, as Vietnam is the 60th most competitive nation in the world out of 138 countries ranked in the 2016-2017 edition of the Global Competitiveness Report published by the World Economic Forum (compared to 70th in 2013-14 period) and the Vietnam 2017 Doing Business Index has also increased to 82th out of 189 countries from 99th in 2014.

## **II. The role of IMF and WBG**

### **1. IMF**

The Fund has always played a pivotal role in maintaining the stability of the international monetary system and preventing crises through its regular and effective macroeconomic surveillance, which helps identify potential economic risks, and ultimately provides countries with tailored policy recommendations. In addition, the Fund also provides technical assistance and capacity building that strengthens member countries's capacity in accelerating their economic reforms and strengthening resilience to both internal and external shocks. Moreover,

the Fund's consultancy and support also help catalyse funding and financing from other multilateral organizations to the Fund's disadvantaged members.

Vietnam welcomes the Fund's continuous efforts in (i) enhancing the quality of macroeconomic surveillance to member countries; (ii) undertaking operational reforms; (iii) conducting the 15th General Quota Review with a new formula to reflect the increasingly important role of emerging economies; and (iv) strengthening the Fund's role in the Global Financial Safety Net (GFSN) through approval of the Bilateral Borrowing Arrangements to increase the Fund's resources and serve as a third line of defense after quotas and the New Arrangements to Borrow (NAB); reviewing and proposing reform for the Fund's Lending Facilities; and strengthening coordination with Regional Financing Agreements (RFAs) such as participating in the CMIM test runs and approving the Policy Coordination Instrument (PCI) - a non-financing instrument that is designed to help countries unlock financing from RFAs, MDBs and private investors.

Vietnam highly values the support of the Fund to the Party, State and Government of Vietnam in socio-economic development over the past time and especially appreciated the Fund's recommendations, policy advice, technical assistance and practical training. Vietnam expects the IMF to continue accompanying Vietnam on the future path and providing effective and timely support to Vietnam in realizing our socio-economic development goals.

## **2. WBG**

Vietnam welcomes the WBG's relentless efforts and commitments in supporting global financial architecture and international infrastructure development, poverty reduction, healthcare and education, sustainable energy and solving environmental and climate issues. The WBG has demonstrated its leadership role through innovation of its funding modalities. In particular, IDA had the first time tapped on capital markets to blend grant member contributions with market borrowings to fund its 18th replenishment. As a result, IDA18's capital was increased significantly of to \$75 billion (compared to \$51 billion of IDA17). This will enable IDA to: (i) double its resources in tackling with such challenges as conflict, violence and refugees; (ii) further support poor and developing countries in responding to crises, epidemics, and managing disaster risks; and (iii) increase support for IDA graduates including Vietnam to secure sustainable development goals. The Forward Look exercise, which sets out the WBG's vision to 2030, will also enable the WBG to continue supporting global development agendas, including UN Sustainable Development Goals (SDGs), Climate Change Agreement at COP21, while at the same time addressing its own corporate goals.

Vietnam officially graduated from IDA on July 1, 2017 and considered this an honour as well as opportunity and challenges, prompting Vietnam to work in a more innovative manner to achieve sustainable economic growth and social development. Vietnam highly appreciates the transitional support that the WBG extended to Vietnam, as well as the WBG's efforts to develop Vietnam's Country Partnership Framework (CPF) for 2018-2022, thereby helping Vietnam maintain the status of a middle-income country, achieve the goals envisioned in Vietnam's 5-

year (2016-2020) Socio-Economic Development Plan. Vietnam looks forward to the continued support from the WBG to attract, mobilize aid and provide policy advice, technical assistance and human resources training for Vietnam, so that Vietnam can successfully realize development goals, avoid the middle income trap, and continue to develop quickly and sustainably. Especially, increasingly visible and serious climate change consequences have led to the setting up of a myriad of climate finance facilities. Vietnam is among the countries which are highly exposed to climate change and natural disaster risks . This is also considered as real threats to Vietnam's macro stability. The WBG could support by improving alignment between donors, streamlining procedures and tailoring capacity building programs to enhance technical skills for accessing climate funds.

Finally, Vietnam wishes to continue receiving valuable cooperation and assistance from the Fund, the Bank and international community in addressing the risks and supporting sustainable, equitable and inclusive growth. Vietnam always appreciates and respects the Fund and the Bank's company on our country's socio-economic development path.