

## **PRESS RELEASE**

### **Sustained poverty reduction and managing vulnerability are the focus of Mid Year CG discussion**

June 5, 2012

**Dong Ha, June 5, 2012** - The 2012 mid-year Consultative Group (CG) meeting for Vietnam, held in Dong Ha City, Quang Tri province and presided by Vietnam's Deputy Prime Minister Hoang Trung Hai, focused on poverty reduction and mitigation from natural disasters in the central part of Vietnam.

In his speech, **Deputy Prime Minister Hoang Trung Hai** affirmed that maintaining macro-economic stability remains a high priority for Government even as it attempts to growth. According to the Deputy Prime Minister, the negative impacts of controlling inflation, especially on enterprises and employment, need to be addressed, and Decision 13 has been introduced to tackle these difficulties. While the government has focused on stabilizing the economy, it has kept the expenditures targeted towards the poor and will continue to do so.

"We will discuss to identify major issues affecting implementation of policies and guidelines of the central government on poverty reduction and disaster mitigation, to propose additional recommendations to policies and guidelines of the central Government for implementation in provinces, and proposals for improving coordination, integration and effective implementation of donor and NGO assistance in the process of poverty reduction and disaster mitigation in the provinces, said **Minister of Planning and Investment Bui Quang Vinh**.

#### **MACRO-ECONOMY**

The Development Partners were unanimous in congratulating the Government for successfully stabilizing the macro-economic situation by effectively implementing Resolution 11. A number of Development Partners, however, cautioned the government not to relax the monetary policy too soon as there are still uncertainties, which could reverse the recent decline in prices.

Development Partners and the Government agreed that as the macro-economy is stabilizing, the focus should now be made to speed up the restructuring of the banking sector, state owned enterprises and public investment. There was a general sense that improving the quality, efficiency and sustainability of public investment are key to improving Vietnam's competitiveness and make it a more productive economy. Banking sector and SOE reforms were noted as those needing the utmost attention, and the roadmap for reforms in these two areas were discussed at the meeting. The Government noted that the planned reforms in the banking sector and enterprises sectors are intended to make these sectors achieve international standards.

## **ACHIEVING BREAKTHROUGHS IN SUSTAINABLE POVERTY REDUCTOIN**

Participants heard an overview of the work on updating Vietnam's Poverty Monitoring System, including strengthening VHLSS surveys (starting from 2010) and a revision of the GSO-WB poverty line. They discussed local perspective from central provinces and the challenges to implementation of poverty reduction policies in the Central Coastal Region, including ethnic minority poverty, limited growth rates, weak infrastructure, dependence on agriculture (and limited land), vulnerability to climate change and natural disaster, high dependence on welfare, low levels of education and limited effectiveness in public administration. Future tasks include the need to integrate poverty reduction into general development plans for region, strengthening institutions and policies, working closely with donors in formulation and implementation of poverty reduction projects, improving infrastructure and strengthening skills and human resources.

Participants discussed the importance of measuring multiple dimensions of poverty, the need to address current fragmentation in poverty reduction programs and ensure more integrated planning. The meeting recognized the need for capacity building at the local level the urgency of applying innovative approaches to tackle ethnic minority poverty as well as addressing the need of the rapidly increasing near poor. They elaborated on the importance of involving communities in planning and implementation of programs and projects, the need to consider more involvement of NGOs in project implementation and the benefits of integrating gender concerns into poverty analysis and interventions. Participants noted the urgent need to address land issues, particularly to ensure access to small scale farmers. The importance of education and skills as a contributor to poverty reduction was highlighted. They urged the Government to ensure that the Social Protection Program being prepared will develop into a strong and comprehensive program supported by both central agencies and provincial governments.

## **MANAGING VULNERABILITY TO NATURAL DISASTER**

The meeting heard reports from the Central Coast Provinces on the current situation and policy issues at the national and provincial level for Natural Disaster Risk Management, and learnt first-hand what worked well and what not. AusAID and Oxfam representatives provided lessons and experience on Natural Disaster Risk Management approaches, from donor and NGO-supported projects and programs in the Central Coast region, which highlighted a number of areas for improvement. They are the need for local participation and empowerment – including gender roles and integration of private sector, sharing of experience across provinces, coordination of all stakeholders, integration of risk assessment into infrastructure investment planning for disaster resilience, integration of natural disaster risk management into the SEDP, the importance of awareness raising through schools.

There was broad consensus on the need to make further progress jointly on a number of fronts, including better coordination – between central and provincial authorities, between different provinces, and among donors, awareness raising, better river basin planning and flood management systems, expanded coverage of early warning systems, natural

disaster risk planning, and integration of risk assessment into infrastructure investment planning.

Development Partners complimented Vietnam for its shift away from a short-term approach toward also focusing on the medium term challenges of risk management and prevention. They concluded that the areas for improvement are the right ones and are doable, and they are committed to support this effort with Government.

## **CG EVOLUTION**

A thorough review of the CG process was conducted ahead of the midyear CG, and its findings as well as options for CG process evolution were presented to the participants. The participants reviewed the strengths and weaknesses of the options, and discussed and provided comments to make the CG process better fit with Vietnam's context as a middle income country.

In closing the conference, **Ms. Victoria Kwakwa, Country Director for the World Bank in Vietnam and Co-Chair of the CG** thanked the Government and Development Partners for the productive dialogue, and affirmed the development community's determination to support Vietnam's development.