

World Bank President, Robert B. Zoellick and Prime Minister of Vietnam, Nguyen Tan Dung

President Zoellick and Prime Minister Dung
Meet with Media
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Mr. Zoellick: As you may know I spent the earlier part of the day traveling to the mountainous area in the north to see the very successful projects that Vietnam has initiated. And I learned from the Prime Minister some of the plans that Vietnam has going forward. And this was of help because Vietnam is an extraordinarily good partner with the World Bank. Vietnam is a tremendous success story and we are very proud to work with the country on its development. And one aspect that is particularly impressive is that in addition to high growth, the government has tried to expand the benefits throughout the country including the rural poor and especially spreading electricity to so many people is a great accomplishment.

So, we discussed ways that the World Bank can help the government achieve its next goal of being a middle-income country by 2010. This includes strengthening public institutions, helping social development, investing in infrastructure, building the private sector. And the Prime Minister emphasized his particular interest in strengthening the university education system.

So when I go back to Washington I'm looking for ways that we can help put additional funding into Vietnam because I think it's a very good investment for the people of Vietnam and for the world in general. And I'm very appreciative that the Prime Minister and his team have been so gracious with their time to see me on my first visit. Thank you.

Prime Minister Dung: We highly appreciate the visit by the President of the World Bank to Vietnam this time. We have had very useful and successful talks. And we have agreed on the objectives of our cooperation for the future (to make it more effective and practical) for the World Bank's assistance for Vietnam in infrastructure development, in the education sector, social development, the policy advice, the environment protection, the sustainable development, poverty reduction and economic growth. And from our side the government is ready to share our experience, although not so perfect, with the international community in development and poverty reduction, which can be led by the World Bank. . We also think that the World Bank in Vietnam should become a model of cooperation for growth and sustainable development. I wish great success to the visit by Mr. Zoellick, the president and his entourage.

Journalist: I was wondering if you could comment a little bit on some of the challenges that you see facing Vietnam and in particular if you can comment on corruption. The scenario that the government and the party have both have said that there is an issue. They are trying to root it out but in terms of the relationship between the World Bank and Vietnam, how big of an issue do you think corruption is?

Mr. Zoellick: Well, first off, on the whole range of the challenges that both the Prime Minister and I mentioned, I think there is very close alignment between our thinking and the government's thinking. I said that I think on the larger range of challenges there is very close alignment between the thinking of the government and the World Bank. And in particular, one point that the Prime Minister and I both mentioned is that Vietnam has grown quickly, but as it moves towards middle-income status it needs to build the institutions for the future. And the reason I'm stressing the institutional development is that that's very important in improving governance; transparency; the rule of law; financial systems. But the Prime Minister raised the anti-corruption issue before I mentioned it. And that's in line with what I read before I came here, which is that the government wants to root out corruption because they realize that corruption steals from the people. And I think they very wisely understand that it undermines public confidence in the government.

So frankly I wish other governments took the same approach that Vietnam seems to be taking. But, of course, it takes work and it takes support and we will try to support it. So you may know in the past we had some reports of possible corruption. We investigated it. We found problems but not specific corruption and the government was very quick to try to act on it. So really this is just one example of many, but this is a very good partnership. So I really look forward to building on it. And if I could just mention one more point, this rural electrification program is tremendous. I've seen a lot of poor places in the world, and they made a real effort here to expand this all around the country. And the difference it makes for some of the rural families and particularly for the lives of women is quite tremendous.

Journalist: President Zoellick, you have said you would like to step up the programs on Vietnam and take some ideas back to Washington. I believe at the moment that it has got \$800 million a year loans and credits over the next five years. What particular programs do you have in mind or do you think that it could top \$1 billion at one point?

Mr. Zoellick: So far Vietnam has been an IDA beneficiary and I think it is our biggest IDA beneficiary - that is the International Development Association, that is either grants or very concessionary loans. But independently the Prime Minister and I both wanted to look at the possibility of what is called the IBRD lending. And this has the benefit of the World Bank's borrowing advantage, but it is a slightly higher interest rate than the IDA lending. So I mentioned that I was going to be pressing forward with my colleagues at the Bank to do a credit worthiness analysis. Because if you step back and look at this country, it needs a lot of additional investment whether it be infrastructure or whether it be the social development but I think that money is very well spent. And as you may know, Vietnam has had its first international bonds offering, so, I think if they can go to the international market, we should be able to lend to them too.

And the third source of finance is the IFC, the International Finance Corporation. This supports private sector lending. We have done about \$300 million of IFC funding and it supported another \$200 or so. It is a total of about half a billion. But I think we can increase that rate of investments.

And in some countries, the IFC is able to help with the equitization programs because it's seen as a good investor and it helps draw in other investors. It can also help draw in private capital for some of the infrastructure areas like ports or transport or telecommunication.

So those are the three different sources I think we can ramp up. And then the fourth, as you know, is that the World Bank works with other contributors to try to coordinate donors' aid. But the leaders here are doing a tremendous job and so this is a wonderful example of where I think invested aid and loans will be very well taken care of.

One last point which the Prime Minister mentioned - I know that the officials in Vietnam need to spend a lot of time on Vietnam - but there are some good models here that I would like to try to take elsewhere in the world. So this can be a part of a deeper partnership.