Statement by Matthias Meyer
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Vietnam CAS Progress Report

The CAS priorities are highly relevant for Vietnam.

A new dimension is to more systematically add "software" to infrastructure support, for example in upland rural development. The Bank has important means to make a difference in capacity building, but it should also draw upon experiences of smaller private agencies which often use innovative and effective methods but lack large-scale capacity. Here the Bank can be of help but must be careful not to drown other initiatives.

For one of my constituents, Switzerland, the PRSP and the Bank's new focus create opportunities for partnerships. The PRSP will also guide the strategy of bilateral donors. Switzerland will collaborate with the Bank in one of the Poverty Partnerships and also assess the Bank's poverty approach in the uplands, since Switzerland plans a new program there. Close cooperation is also possible on access of the poor to urban services (urban upgrading project FY03 and small district town water supply FY04). In both cases the Urban Forum, a partnership group of several agencies, is involved. The Urban Forum is a case in point that the Bank readily accepts others taking the responsibility of facilitating issues or sector-based policy dialogue and coordination.

The CAS progress report states that in rural development the Bank should focus on two to three key areas. With infrastructure as a “key area,” this already comprises several sectors – roads, water, health, education, agriculture development and research. As many NGOs in Vietnam have an integrated approach, the development community (including the Bank) should be careful not to fall back into the rural development traps of the past. Success will depend on focus and effective coordination.

Donor coordination is progressing well, and the Bank plays a crucial role. It has engaged in intense consultations with the Government and other development partners. Many meetings have taken place, especially through partnership groups, and the Bank has often been instrumental in advancing the agenda. The problem of some agencies is to follow-up on these consultations. Switzerland has therefore decided to intensify its participation on issues most directly related to its program. Two more critical notes: (i) the Bank's operational and conceptual work on poverty should be better shared and (ii) we recommend the Bank take the lead among donors in Vietnam on gender issues.
The participation of civil society groups is very weak in Vietnam. Though we appreciate a focused approach, we would welcome the Bank joining the efforts to advance this agenda. All agencies should ask for more progress to be made on implementing the Grassroot Democracy Act and the drafting and approval of a new "law on associations" that should allow for activities of independent local groups.

The Bank should re-define its participation in the Master Program on Public Administration Reform just signed by the Prime Minister. Progress in all other sectors will be hampered if public administration reform will not advance faster. UNDP facilitates coordination, but the Bank’s participation in selected sub-programs is essential. We have some concerns about good governance and corruption. In our view, the Bank has not shown the firmness needed in this area. For instance, the state budget was partly published for the first time in 1999 (p. 19). But one of the most important parts of it, the military expenditures, is still unpublished. In Vietnam, the military budget finances many important activities such as banks and infrastructure construction. We support public expenditure reviews and the public administration reform, which will lead to better practices. Yet, we do not think that the Government addresses corruption satisfactorily. The Bank should be more active and more direct.

We continue to support the Mekong Project Development Facility. This is a very needed and well-managed facility to promote SMEs in the Mekong region. Switzerland is also considering an investment in the planned Mekong Enterprise Fund. More support to SMEs is crucial as the domestic private sector should grow rapidly in order to reach the ambitious development targets (e.g. employment, economic growth etc.)

It is important that the Bank is active in the collection and dissemination of data and statistics on poverty and social indicators. It supported the conduct of Vietnam Living Standards Surveys and is planning to technically and financially support the new Government Multi-Purpose Household Surveys. The availability of social and poverty data is a crucial tool for Government as well as donors and will enable them to plan and redirect the assistance more effectively and to monitor the programs and implementation of the poverty reduction strategy.