

TABLE OF CONTENTS

| | |
|---|------------|
| Chapter 1: Economic Framework for Growth and Poverty Reduction..... | 1 |
| I. Economic Goals of The Ten Year Strategy | 2 |
| II. Raising The Level of Investment..... | 3 |
| III. Improving The Quality of Investment..... | 8 |
| IV. Ensuring efficiency and equity of PUBLIC EXPENDITUREs..... | 13 |
| V. External Financing Requirement in the Medium Term..... | 14 |
| VI. Conclusion | 18 |
| Chapter 2: Creating A Supportive Climate for Enterprises..... | 19 |
| I. Accesing Global Markets and Technologies | 21 |
| II. Creating a Level Playing Field for Private Sector..... | 25 |
| III. Reforming State-owned-Enterprises | 29 |
| IV. StrenGthening The Banking System..... | 33 |
| V. Ensuring fiscal stability | 35 |
| VI. Conclusion | 37 |
| Chapter 3: Transforming the Rural Economy | 39 |
| I. The Rural Challenge | 40 |
| II. Looking forward: Imperatives for 2001-2010 | 42 |
| III. Other Instruments for Rural Development | 53 |
| Chapter 4: Enhancing Human Capacity | 56 |
| I. Targets for Human Development | 57 |
| II. Education and Knowledge..... | 58 |
| III. Health and Population | 64 |
| IV. Targeted Anti-poverty Programs and Social Safety Nets | 70 |
| Chapter 5: Providing Efficient Infrastructure services..... | 75 |
| I. Past Success and Future Needs | 76 |
| II. Priotize Infrastructure Investment Plans | 79 |
| II. Improve Access and Reduce Vulnerability in Rural Areas | 81 |
| III. Diversify the Sources of Financing Investment | 85 |
| IV. Improve the Sustainability and Management of Investments | 91 |
| Chapter 6: Improving Environmental Quality | 93 |
| I. Long-term Vision | 94 |
| II. Creating Incentives for Changing Behavior | 97 |
| III. Involving Communities and Citizens more fully | 103 |
| IV. Improving Institutional Effectiveness | 104 |
| V. Priotizing Programs and Diversifying Sources of Financing | 107 |
| Chapter 7: Building Modern Governance | 114 |
| I. Public Administration Reform..... | 115 |
| II. Better and more Transparent Public Financial Management | 119 |
| III. Wider Access to Justice and a Level Playing Field | 121 |
| IV. More Participative and Responsive Governments..... | 125 |
| V. A Government which Fights Corruption and Waste..... | 128 |
| Statistical Appendix | 130 |
| Bibliography | 161 |

Tables

| | |
|--|-----|
| Table 1.1: Gross Foreign Direct Investment (% of GDP, average 1991-99)..... | 6 |
| Table 1.2: Investment by Source..... | 6 |
| Table 1.3: Vietnam's Productivity Performance 1990-2000 | 9 |
| Table 1.4: The Importance of Productivity Growth..... | 9 |
| Table 1.5: World Growth, 1981-2008 (Percentage change in real GDP) | 14 |
| Table 1.6: Growth Projections if Proposed Policy-Reforms are Implemented..... | 16 |
| Table 1.7: External Financing Requirements (US\$ billion)..... | 17 |
| Table 2.1 Shares in Non-oil Exports and total Imports..... | 22 |
| Table 2.2. Industrial Output: Growth and share in 1990-00 | 26 |
| Table 2.3. Composition of Vietnam's Banking System, 1990 – 2000..... | 33 |
| Table 3.1: MARD has set ambitious targets for the coming decade..... | 43 |
| Table 3.2: Annual rate of growth of agricultural GDP for selected countries (%) | 44 |
| Table 4.1: Selected Education Targets..... | 59 |
| Table 4.2 Targets in health and population | 66 |
| Table 4.3: Strengthening the safety nets in the interest of the poor | 73 |
| Table 5.1: Vietnam and Low-Income Country Infrastructure Indicators..... | 78 |
| Table 5.2: Targets for the Provision of Urban Infrastructure, 2001-2010 | 80 |
| Table 5.3: Indicative Estimates of Capital and Maintenance Funding Requirements in the Transport Sector, 2001-2010, US\$ billion (1)..... | 81 |
| Table 5.4: Actual Allocation of Public Investment by Region, 1996-2000 | 82 |
| Table 5.5: Private Energy Investments in Pipeline | 88 |
| Table 5.6: Summary of Key Actions to Promote PPI | 90 |
| Table 6.1: Current Trends in relation to GoV priorities and targets to be achieved by 2010 | 95 |
| Table 6.2: Financing Options for Investing in Environmental Improvement | 109 |

Boxes:

| | |
|---|----|
| Box 1.1: High Performing Asian Countries | 4 |
| Box 1.2: Required Growth of Domestic Private SMEs | 7 |
| Box 1.3: Good policy and productivity growth are strongly linked..... | 10 |
| Box 1.4: Recent Economic Recovery in Vietnam | 15 |
| Box 2.1: Growth of Domestic Private Enterprises in China | 29 |
| Box 2.2: Fiscal Costs of SOE and Banking Reform are Manageable..... | 36 |
| Box 3.1: Agricultural research improves incomes, diets and investments in rural Guizhou | 45 |
| Box 3.2: Farmers are seizing opportunities in niche markets and minor export crops | 47 |
| Box 3.3: Small scale enterprises have problems finding information about markets | 51 |
| Box 4.1: Income is only a part of the development story | 57 |
| Box 4.2: Vietnam's targets in human development are in line with the International Development Goals | 58 |
| Box 4.3: Bridging the Digital Divide Through Education..... | 62 |

| | |
|--|-----|
| Box 4.4: Learning from the Asian Tiger Experience | 63 |
| Box 4.5: Building people’s knowledge to solve the malnutrition puzzle in Vietnam | 65 |
| Box 4.6: Reproductive health..... | 69 |
| Box 4.7: Putting reproductive health in the spotlight | 69 |
| Box 4.8: Better poverty measurement for a better targeting of poor households | 72 |
| Box 5.1: Improving rural transport is crucial to promoting broad-based growth | 82 |
| Box 5.2: Attaining the long-term goals will require fundamental policy and institutional reforms in the energy sector..... | 92 |
| Box 6.1: Evolution of Environmental Actions..... | 94 |
| Box 6.2: Assessment of the 1991-2000 Plan | 96 |
| Box 6.3: The Five Million Hectare Reforestation Program..... | 98 |
| Box 6.4: Using Public Disclosure in the Philippines— The EcoWatch Program..... | 102 |
| Box 6.5: Existing Institutional Arrangements..... | 105 |
| Box 6.6: Effectiveness of Environmental ODA: 1985-2000 | 108 |
| Box 6.7: Environmental User Fee Reduces Pollution in Laguna Lake, Philippines..... | 110 |
| Box 6.8: Forging Partnerships..... | 112 |
| Box 7.1: International Experience Points to Four pillars of Good Governance | 116 |
| Box 7.2: Public sector performance can be improved by encouraging citizen feedback..... | 118 |
| Box 7.3: The new Enterprise Law demonstrates good practice in Vietnam | 119 |
| Box 7.4: Internationally Effective Transparency Reforms | 120 |
| Box 7.5: Corporate Governance initiatives in Malaysia encourage efficiency and growth..... | 124 |
| Box 7.6: Local authorities struggle to achieve greater community participation | 126 |
| Box 7.7: The new Law on Science and Technology provides a clearer legal framework for the operation of research-oriented associations and NGOs..... | 127 |
| Box 7.8: An Agenda for Action on Corruption in Vietnam..... | 129 |

Figures:

| | |
|---|----|
| Figure 1.1: Total investment as a share of GDP in selected countries..... | 3 |
| Figure 1.2: FDI Disbursements, 1993-2000..... | 5 |
| Figure 1.3: National Savings in Selected Countries, 1998..... | 8 |
| Figure 1.4: Structure of Employment in Vietnam, 1986-2000 | 11 |
| Figure 1.5: The Distribution of Investment by Employment Intensity | 12 |
| Figure 2.1: Effective Rates of Protection in 1999 (%)..... | 23 |
| Figure 3.1: MARD’s strategy suggests two critical challenges for the rural sector | 40 |
| Figure 3.2: Growth in real per capita expenditure by rural-urban 1993-1998. | 41 |
| Figure 3.3: Share of GDP by sector, 1990 - 1999 | 42 |
| Figure 3.4: Growth in household agricultural revenues, 1993 - 1998..... | 48 |
| Figure 3.5: Korea: Employment and value added per worker by sector 1980 - 1997 | 50 |
| Figure 3.6: Vietnam: Employment and value added per worker by sector 1990 - 1999 | 50 |
| Figure 5.1: Increase in Infrastructure Capacity 1990 - 1999..... | 77 |