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Statement by the Hon. **SUCHART THADA-THAMRONGVECH**,  
Governor of the Bank for **THAILAND**,  
at the Joint Annual Discussion



**Statement by the Hon. H.E. SUCHART THADA-THAMRONGVECH,  
Governor of the Bank for Thailand,  
at the Joint Annual Discussion**

**Mr. Chairman, Mr. President, Distinguished Governors, Ladies and Gentlemen,**

I am honored to have an opportunity to address at this 2008 World Bank/IMF Board of Governors' Annual Meeting today. On behalf of the Thai delegation, I would like to express my appreciation to the World Bank Group and International Monetary Fund (IMF) for hosting this meeting.

This year's meetings take place at a challenging time for the world economy, particularly amid the financial turmoil in the US and Europe. Thailand and Asian countries had experienced similar and severe pain in 1997 crisis. We fully understand and realize the hardship and severity as well as consequences of the financial meltdown. We would like to give our full support and encouragement towards the great efforts already made by the US administration on the bailout packages which hopefully will keep such a financial upheaval at bay in the near future.

We are now faced with increasing financial volatility and every economy will unavoidably be affected more or less. Global financial volatility is likely to have crucial impacts on our growth, economic stability and development for years to come. So, there must be cohesive and cooperative visible hands that assist and play pivotal role in preventing or lessening the detrimental effect of financial volatility on growth, stability, and economic development. The IMF and the World Bank should actively take part in this endeavor.

As when the volatility spreads, it will hit the developing countries harder with a longer period of suffering. We would like to urge that more assistances and relaxation in terms of funds and trade should be given to those smaller economies. More importantly, the developed countries should make every effort to resolve this crisis rapidly and introduce preventive measures to avoid stagnation on trade and development of the developing world.

To tackle the imminent effect of current outbreak, Thailand at the outset has been in full alert and abruptly laid down precautions and proactive measures through extensively engaging ourselves in regional financial cooperation with ASEAN and ASEAN plus 3. These, for example, include an acceleration of economic integration in ASEAN plus 3 region to cushion the impacts of the financial turmoil. Specifically,

measures include CMI Multilateralisation process which will help ASEAN plus 3 member countries address short-term liquidity problem or the balance of payments difficulties. A study on bond financing for infrastructure projects under the Asian Bond Markets Initiative (ABMI) and Credit Guarantee and Investment Mechanism (CGIM) in the form of a trust fund are also in the pipeline.

I would like to reiterate on the objective of the World Bank which is to create “a world free of poverty”. Today, the objective is still going strong with the World Bank bolstering the reduction of poverty as an overarching goal. Within this effort, I praise the World Bank in their strives to alleviate poverty in developing countries with sustainable economic growth by encouraging the poor to take part in development.

Thailand also considers poverty eradication a serious and utmost urgent target to be achieved. This evidence on eradicating poverty has been placed amongst the top priority missions as mirrored in the government’s national agenda.

I cannot deny that the problem of poverty in Thailand had long been accumulating with the real causes deeply rooted. Past attempts to fight poverty had mostly addressed the symptoms and not the real causes. Approaches tended to be piecemeal and unfocused rather than comprehensive and sustainable. Thailand believes that in order to reduce poverty, we must bestow opportunity upon the poor and less fortunate group of people.

Since Thailand has declared war on poverty, many programs to help the poor have been implemented. These are targeted towards People’s Opportunity policy. These include debt suspension program, People’s Budget Project or SML, the establishment of the “Village Fund” for villages and urban communities, and the “People’s Bank” to give the poor better access to formal financial services and funding. We have also aimed at creating jobs and enhancing productivity in the communities through the establishment of the “One Village, One Product” Project.

We are confident that we are on the right track of combating poverty and hope to alleviate and eliminate the poor distress permanently.

Let me now turn to matters relating to the World Bank Group.

Thailand and the World Bank have been in a development partnership for many years now. As time evolved, the relationships between Thailand and the Bank Group have also progressed from primarily a borrower-lender relationship toward a knowledge sharing development partnership.

We are pleased to note that this year the World Bank has just completed “Thailand Country Partnership Strategy Completion Report” which represents an assessment of the World Bank’s 5 years contributions in Thailand under the current Country Partnership Strategy (CPS) endorsed by the Board of Executive Directors in December 2002.

Under the CPS, the World Bank has provided support and implementation of the overall reform program through technical support, capacity building and specific project interventions that align with Thailand’s national development agenda built around 5 pillars; these include Human and Social Capital, Competitiveness, Poverty and Inequality, Natural Resources and the Environment and Public Reform and Governance.

On this regard, we would like to thank the World Bank for your continuous and constructive efforts made throughout this project. We look forward to working closely in partnership with the Bank again to implement the next level of the CPS in the years to come as this partnership showed to be a successful and significant step to effectively contribute towards poverty alleviation and economic growth in Thailand.

The World Bank this year has released the 2009 Doing Business report. From the outcome, Thailand has moved six places up the ranking from 19<sup>th</sup> position to 13<sup>th</sup>. This higher rank in the Doing Business report was largely due to the recent reforms in registering properties, protecting investors, trade across border through the adoption of e-customs, paying taxes through e-revenues as well as the improvement of our business climate by easing the cost and days of doing business in the country.

We would like to praise the Doing Business team for their consistent efforts and hard work throughout. It is no doubt that the Doing Business indicators have proved to be very useful source of input to policies makers, business owners as well as foreign and Thai investors that intend to do business in Thailand. Policy makers especially can use these indicators to improve their business environment and making every country becoming more competitive. I therefore, would like to complement this excellent initiative.

This year the donor community has marked yet another astonishment. The funding contributed for the 15<sup>th</sup> replenishment of the International Development Association (IDA 15) has been marked as one of the largest donor funding since. It is recorded that IDA 15 represents a 43 percent increase from IDA 14, complemented by US\$ 16.5 billion in internal financing from the World Bank Group and prior donor pledges for financing debt forgiveness.

On our part, Thailand being one of the subscribing countries has long been supportive and engaging in the funding of IDA which aims at helping the world's poorest countries. We would like to thank the donor countries for the funding contributed for the IDA 15. This demonstrated that the donor community is fully committed to helping countries overcome poverty and achieve sustainable growth, especially in the world's poorest countries like Africa.

We hope to see that the fund will be accessible to all, especially those countries that are the poorest, post-conflict countries or weakly performed countries. Therefore, we urge the Bank and the donors to take this into account when reviewing the performance assessment. Criteria such as vulnerabilities and other factors should not be ignored.

Thailand has been an active participant and a major provider of financial and technical assistance to neighboring Greater Mekong Sub-region (GMS) countries through our Neighboring Countries Economic Development Cooperation Agency (NEDA) for the implementation of priority sub-regional projects. Scopes of activities, inter alia, trade facilitation, capacity buildings and infrastructure financing. Currently, the assistance provided for these countries are still limited. Therefore, we urge the World Bank to consider assisting these countries in term of more financial support.

We welcome the progress on the Bank's reform to enhance voice and participation of developing and transition countries (DTCs) in the World Bank Group. In line with the spirit of the 2002 Monetary Consensus, we believe that increasing voice and participation of DTCs is central to the Bank's reform. As such, we support the main objectives and the guiding principles set forth in the Bank's reform, to enhance the participation of all developing and transition countries in the Bank's governance; and to further enhance the legitimacy, credibility, and effectiveness of the World Bank Group.

Finally, we would like to stress to the World Bank and the IMF that diversity of staff will reflect the universality of its membership thereby enabling it to offer wide ranging advise to countries from the perspective of staff with diverse background and experiences.

In this connection, I would like to touch upon the issues of the IMF.

We note the progress and welcome the staff's commitment to the reform of the IMF and look forward to ongoing improvements in governance, as well as modernization of its operational structures to ensure this global financial organization is well-equipped to face current and future challenges.

We welcome progress in the development of new income-expenditure framework to securely place IMF's finances on a more sustainable footing. We also note the progress achieved in strengthening the surveillance role of the IMF to help prevent crises and promote domestic and international financial stability. We must, however, reiterate the importance and call for firm and even-handed implementation of the surveillance framework, particularly, in view of the ongoing financial turmoil.

We welcome the broad agreement to have IMF's lending mandate revamped and adapted in order to better reflect the realities of today's global financial system, and to address the imperative needs of low income countries. We look forward to the upcoming review of conditionality associated with IMF facilities, as well as to the overdue proposals for new liquidity instruments, to ensure that the lending apparatus is up-to-date and relevant to all members.

In light of the developments in the world economy, realignments of quota shares with members' relative economic positions remain on the IMF's reform agenda going forward. To this end, we welcome the agreement on the quota and voice reform package to recognize greater global weight of emerging economies, and urge for continuing consideration and work on this dynamic reform.

In conclusion, we hope to see in the near future that the role of the World Bank will be transformed to meet with the global challenges and urgent problems such as Food and Energy Crises and Climate Change etc. These risk factors will undeniably become the biggest threats to poverty eradication and development.

Thank you.