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on the
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Statement by

Mr. Surapong Suebwonglee
Deputy Prime Minister and Minister of Finance
Thailand

**On behalf of Brunei Darussalam, Fiji, Indonesia, Lao People's
Democratic Republic, Malaysia, Myanmar, Nepal, Singapore,
Thailand, Tonga and Vietnam**

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H.E Surapong Suebwonglee
Deputy Prime Minister and Minister of Finance
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**Representing the constituency of Brunei Darussalam, Fiji, Indonesia,
Lao PDR, Malaysia, Myanmar, Nepal, Singapore, Thailand, Tonga and Vietnam**

77th Development Committee Meeting

Washington, D.C., 13 April 2008

We welcome the 77th Development Committee Meeting and the selected topics of overcoming poverty in the poorest countries and the post-conflict states in achieving the MDGs as well as challenges and opportunities for low and middle income countries in responding to the recent market developments, including higher commodity prices.

Over recent months, the escalating prices of crude oil and food have contributed to the global inflationary pressures. Inevitably, many countries in Southeast Asia are also affected by this development despite their rolling economic growth. The multifaceted factors of global economy slowdown have seen the need for the World Bank Group (WBG) to be proactive in addressing the global financial turmoil impacting developing countries. The situation calls for the WBG to demonstrate its comparative advantages with regard to its policies and knowledge. In this respect, we encourage the WBG to focus its strategies as spelt out in the six strategic themes.

Simultaneously, we would like to reiterate our commitment to the six strategic themes that will guide the direction of the WBG. We commend the efforts of the working groups that have been tasked with the specific themes and acknowledge the continuous progress made by all parties, including member countries, thus far in the discussions. We believe the six strategic themes will be instrumental in making positive changes to the world order with regard to development and the MDGs, specifically.

On **helping the poorest**, we acknowledge the progress that has been made by the WBG with respect to helping the poorest, especially those in Africa. Africa continues to face significant development challenges. At present, progress on achieving the MDGs has been uneven with many countries unlikely to achieve most of the set targets by 2015. The onset of globalization, rising commodity prices and climate change, have to some extent further magnified the challenges faced by the African region and intensified the need to bridge the development gap between the region and the rest of the world. Indeed, the continent given its diversity both in terms of characteristics and developmental challenges requires much assistance; assistance which the WBG has continued to provide over the last few decades.

We therefore commend the WBG for the concrete steps taken to address the needs of the African region. The WBG has thus far launched collaborative efforts in critical sectors that will support growth in the region. We encourage the WBG to continue the momentum of support that will assist Africa to progress faster towards achieving the MDGs. We welcome the WBG's realization that the region requires tailored assistance which takes into consideration their needs, characteristics and capacity to effectively absorb and utilize assistance for productive purposes. Hence, we applaud the WBG's strategy to focus on doing business with the region in a way that delivers optimum results. Resource mobilization is critical in this respect.

We note the WBG's efforts to increase integration within the region particularly, with regard to infrastructure, trade and private sector development. This is a step in the right direction. As I can attest, my constituency has benefited from regional integration as well as regional infrastructure projects for example, with the assistance of the WBG and other international financial institutions (IFIs), countries in the Greater Mekong Sub-region through a number of regional projects have been given greater opportunities for cooperation, including access to large markets. Furthermore, the regional projects allow these countries to mobilize resources in the Mekong River for development purposes.

In terms of trade and private sector development within countries in the African region, we posit that the WBG has an important role to play in leveraging private capital and access to markets. At the same time, the WBG with its experience in the region has comparative advantage to guide new donors to channel aid funds, as well as private sectors that will make the most impact. In this respect, it is imperative that the WBG strengthens its partnerships with the rest of the development community to attract new donors and private financiers to the region.

As mentioned earlier, assistance to the African region must be channeled to key sectors where countries have a comparative advantage to make the most impact. One such sector is agriculture. I believe this is an area whereby my constituency, as well as other middle income countries (MICs) can contribute, particularly, in terms of transfer of technical know-how, given that many have transitioned on the back of agriculture, while others remain largely supported by agriculture for growth and development. The MICs have a knowledge pool that can be tapped to enhance the productivity of the agricultural sector.

In addition to agriculture, many African countries have natural resource endowments, the benefits of which are yet to be realized. We firmly believe that the WBG together with other development partners must assist Africa to mobilize its natural resources in a sustainable manner that ensures the receipts of these resources are well managed and the benefits of development shared by all.

The WBG has an important role to play in transforming poor countries into more efficient and productive economies. The key lies in providing development solutions that meet the unique needs of the African region, delivering the assistance in forms or modalities that best suit the individual countries and finally providing guidance to development partners and the donor community on areas in which their assistance can make the most impact.

We support the WBG's strategy on **Fragile and Post-Conflict States**, noting that 45 countries make up the core group – 34 of which are IDA eligible while 11 are middle-income countries. This group of countries need all the assistance they can get, thus, we are very pleased with, and wish to congratulate the WBG on, recording the highest ever IDA replenishment.

However, in recognizing the vast needs of this group of countries, it is crucial that the WBG's interventions of support remain relevant, efficient and effective. We therefore support the WBG's shift toward a differentiated business model. One that acknowledges the common elements in all fragile situations yet understands that addressing these common issues calls for different approaches, processes and procedures that suit the circumstances of the individual country.

Once again, we would like to reiterate the importance of fostering long-lasting partnerships to ensure donor assistance is well coordinated and harmonized. It is well understood that improved cooperation and coordination means better results on the ground.

We acknowledge the WBG's effort to ensure that the **Middle Income Countries** are in the development radar by including this category of countries as an area of focus for the organization. We concur that it is timely and appropriate action for the WBG to push forward the MICs agenda because MICs have for

sometime been in the periphery of the WBG's activities and programs. We would like to stress that MICs will continue to remain relevant in the context of global growth and development. Given the higher proportion of member countries in the MICs category, the burden sharing of ensuring positive global growth should be given due recognition by the WBG.

We acknowledge the WBG's effort to ensure continued participation of the MICs with respect to the global development agenda. As such, the WBG has developed and established appropriate packages towards this objective; for example, by cutting interest on loans to MICs which takes the lending rate back to where it was before the Asian financial crisis in 1998. Besides, to ensure full participation of MICs, the WBG has also simplified procedures and regulations with regards to lending.

In our earlier Development Committee statements, we have often alluded that the WBG ought to focus on the interests of MICs in relation to the institution's development agenda. We are pleased to note that recently MICs have enjoyed an expansion of development support from the WBG. Bank programs have been tailored toward significant country needs in most MICs, including having access to international private capital markets and institutional capacity as well as knowledge sharing among MICs. We contend that the nature for development in MICs has become more complex in view of the increasing role of the private sector in most economies and growing globalization. Hence, it is crucial that the WBG demonstrates agility in order to meet the MICs' development challenges and demands in this dynamic environment. The WBG has to be responsive to the development strategies of MICs that demand appropriate WBG products, policies and expertise. In this regard too, the WBG's relevance thus far has been sustained by focusing on sectors important for countries' development, and bringing to bear a mix of knowledge, finance and convening power.

Sustaining **Global Public Goods** calls for cohesive global cooperation, since we believe cooperation and alliances would be beneficial for all categories of countries. For example, MICs and LICs with the WBG can form an alliance to ensure that the agenda of growth and development continue to be achieved, ensuring prosperity to the global community. On the realization that MICs can be significant actors in global programs (MICs account for half of the participants of the WBG), there is a growing emphasis as part of the Bank's engagement with MICs. However, we would like to see more WBG's involvement in global programs since it is not always highly recognized at the country level nor particularly well integrated into the country programs.

We welcome the portfolio of new multi-donor trust funds which will initiate three new funds: (i) a clean technology fund, (ii) a forest investment fund, and (iii) a climate resilience pilot program which have been spelt out in the WBG's Strategic Framework for Climate Change. Nevertheless, these multi donor trust funds should not be a vehicle for donor countries to exchange their carbon release. We encourage that a clear and transparent framework as well as platform be in place in the implementation of the trust funds. Besides, we would like to remind the WBG to be diligent in monitoring these trust funds.

The WBG should continue its engagement with MICs and to take more effort to produce greater development effectiveness in its programs and activities. This entails a departure from business as usual and to reinvigorate its relationship with clients. Drawing on MICs capacity, experiences in development and rising growth could be emulated by LICs. In this regard, the WBG should strategize a cohesive effort in drawing MICs capabilities by creating better opportunities for the WBG to learn from MICs, and subsequently, share their experiences with LICs. MICs own expertise should be enhanced through cooperation amongst the MICs as well as with the Bank through country assistance/country partnership strategies. For example, efforts should be made on how to evolve partnership among the many actors at country, regional and international level in resolving some of the global public goods agenda such as, environment, trade and finance. Countries in our constituencies have undertaken related measures such as increasing the Investment Tax Allowance on expenditures incurred by private sector for energy conservation and energy saving, for example, my country Thailand has established a Greenhouse Gas

Management Organization and also introduced some tax incentives with regard to green house gas emissions (GHG).

We note the WBG's strategy on the Arab World. We believe that the responsible working group is developing proposals and strategies that will benefit this group of countries as a whole.

On demonstrating the best practice and in relation to knowledge and learning, MICs should be considered as a viable long-term partner with the WBG. In this context, projects and programs must go beyond conventional approaches by demonstrating on how they will add to best practice development activity in the respective country setting. MICs can be a catalytic factor for best practices to be emulated and adopted in LICs. As such, programs need to fully utilize WBG's resources as well as other available avenues to meet this approach.

We believe the WBG could do more to actively share best practice and encourage arrangements for knowledge transfer across countries, regions, and sectors. We therefore agree with the proposal by the WBG on three specific measures: (i) giving more weight to this goal in strategically managing staff rotation; (ii) ensuring that research and policy work goes beyond general principles and focuses on specific country-by-country needs; and (iii) reviewing the performance of the networks on this dimension.

We contend that the WBG is still strongly relevant in global development. The WBG should be dynamic in offering and expanding the choice of products and services. We therefore concur with the WBG's approach of accelerating the development and deployment through: (i) new financial instruments such as those helping countries to manage and reduce vulnerability to external shocks; (ii) existing and new products which help tackle sub-national challenges; and (iii) new arrangements with clear, consistent, and user-friendly guidelines.

Overall, while we commend the efforts of the WBG on its work progress on each of the six strategic themes since the Fall Meetings of 2007, we recognize that much work remains to be done in order to gain ground on the WBG's poverty agenda. We also believe that work on the six strategic themes can be expedited if global economic conditions are favorable. Therefore, the challenges brought about by the current economic downturn, particularly the escalating prices of oil and food, has the potential to delay and even undo the economic gains achieved thus far if left unaddressed. As such, we believe the WBG has a responsibility in assisting member countries, particularly the developing and poorest countries to manage these challenges.

In this regard, we welcome the WBG's response through its policy advice, financial support and global leadership. We also concur with the WBG's approach to shape the international agenda and catalyze global action. This entails working with donors and countries to minimize the adoption of policies with negative spillover effects, monitoring and balancing the competing needs for food security and energy through its climate change agenda as well as encouraging the global community to refocus on investments in agriculture and social welfare.

In conclusion, we welcome the progress report on the WBG's reform. We wish to reiterate our position made during the Fall Meetings of 2007 whereby we strongly believe inclusive development also means giving greater voice for those most affected by our decisions. While we admit that it will take a while to realize the expected outcomes, we strongly believe that the directions entailed in the strategy will ensure efficient and effective involvement of the WBG in global development.