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World Bank Governor's Statement No. 11

October 13, 2023

Statement by the Hon. **KRISADA CHINAVICHARANA**,
Governor of the IBRD for **THAILAND**

Statement by the Hon. Krisada Chinavicharana,
Governor of the IBRD for Thailand
on behalf of the Hon. Srettha Thavisin,
Prime Minister and Minister of Finance

First and foremost, I would like to extend my deepest condolences to the people of Morocco in the wake of the devastating earthquake that has brought about immeasurable loss and hardship. In times like these, we are all reminded that the strength and resilience of a global community is needed and that global action to achieve global impact is necessary.

I would like to commend the Bank and the Fund for your endeavor over the past year to be the center of global action when the world is confronted with diminishing strides in our battle against poverty, urgent climate crisis, food insecurity, fragility, a prolonged negative impact from the pandemic, and increasing wealth gap. I would like to express Thailand's commitment to forge cooperation for the advancement of sustainable finance and climate action to complement the Bank and the Fund's efforts to eradicate poverty on a livable planet.

Challenges on the global economy and financial sector

The global growth prospects for 2023 are expected to diminish due to persistent high inflationary pressures, more restrictive liquidity conditions, constrained fiscal capacity, along with mounting geopolitical tensions and economic fragmentation. The Fund projected global economic growth to fall from an estimated 3.5 percent in 2022 to 3.0 percent in 2023.

In contrast to the weakening global economic outlook, this year, Asia's economy remains a comparatively bright spot. Although global demand for technology products and other exports is declining, Asia's domestic demand has so far remained robust. Moreover, the tourism sector has shown a continuous recovery. These positive factors could underpin the Asia economy and offset the deterioration of exports.

In this connection, I would like to assure you that the Thai Government will continue to support the economy through fiscal and monetary policies with close coordination among economic agencies. There is a pressing need for developing nations to assume a more significant role within international financial institutions. This is particularly crucial in addressing matters pertaining to enhancing fiscal sustainability and effectively mitigating the mounting challenges of high debt costs and the escalating risks of debt distress faced by developing countries.

Thailand's contribution in global action

The Thai economy experienced significant growth in the first half of this year, mostly driven by the solid performance of private consumption and service exports. This strength aligns with consistently high employment and confidence indicators, particularly following the successful establishment of a government in Thailand, with the projection of growth at 3% this year.

Over the medium and long term, we believe that our focuses are in line with the Climate Change Action Plan and the Evolution of the Bank, as well as the Paris climate goals and the UN Sustainable Development Goals (SDGs). Our reform efforts address the growing need for investments and funding in climate-conscious, sustainable initiatives, while fostering collaboration and alignment in global endeavors related to sustainable finance. Thailand has been steadfast in issuing sustainability bonds and other ESG-linked instruments in the capital market since 2020. Additionally, we have established the 'Thailand Taxonomy' framework to ensure that sustainable investment and financing adhere to international benchmarks.

In terms of sustainable finance, we support investments in both physical and digital sustainable infrastructure. Roads, railways, aviation, and broadband are pivotal in positioning Thailand as a central hub for regional connectivity. Substantial resources have been allocated to the development of the Eastern Economic Corridor (EEC) to spur innovation and foster emerging industries.

We are also committed to addressing financial disruptions by enhancing individuals' financial literacy and equipping them with effective financial management skills through the Financial Literacy Action Plan B.E. 2565-2570 (2022- 2027). This initiative guides individuals towards achieving debt sustainability and establishing adequate long-term savings. On a broader scale, we remain steadfast in ensuring fiscal sustainability and implementing essential reforms.

Deliberation on the World Bank Group to create global impact

We support the Bank's effort on its multiple series of reform to make a transformational change for the world that is much different than it was when the Bank was founded. Thailand fully supports the Bank's evolution road map which outlines an integrated vision and mission, acknowledging that the dual objectives of eliminating poverty and fostering shared prosperity can only be attained through sustainable, resilient, and inclusive development. We wish to cooperate with the Bank to develop practical measures to address the climate crisis, acknowledging it as the major threat to both poverty alleviation and economic development. Thailand stands ready to stride on a low-carbon transition with the assistance from the Bank in advising for a more robust methodology to achieve

Paris alignment. We would also like to encourage the Bank to assist its members to secure the resources necessary for a structural shift towards low-carbon, climate-resilient development and achieve policy coherence where climate is a clear priority.

The Bank must demonstrate that the Evolution will yield resources and reforms enabling clients to achieve significant progress while assuring that, as a consequence of the Evolution, members will witness not only an improvement in their forests and oceans, but also enhanced access to essentials such as food, water, energy, education, and healthcare for their families within their respective countries. Thailand also embraces the unified 'One World Bank Group' approach as we also recognize the need to enhance the country engagement model and facilitate the global dissemination of knowledge to bolster development solutions.

Finally, we would like to congratulate the Bank's success on its exceptional volume of lending in the past years. While good progress is being made, the world still needs much more funding to recover and reach its climate finance goals, meaning that how the World Bank lends matters too. We expect the Bank to scale up sustainable infrastructure finance and other funds that are tailored to its members' need. It is important to emphasize that the Bank should persist in enacting a unified framework for debt restructuring. For emerging and developing economies, it is crucial that they overcome obstacles related to debt in order to progress towards sustainable and climate finance effectively. Both the Bank and the Fund should continue to seek avenues to aid members in debt restructuring, collaborate on financing substantial projects, and devise creative financial instruments.

Outlook for the International Monetary Fund

We commend the Fund's active role in providing sound policy advice and financial assistances to members throughout these difficult periods. We also support the MD's Global Policy Agenda (GPA) under the theme 'Building Shared Prosperity And Collective Resilience', which emphasizes the urgency of policy actions and prioritized the Fund's work in (1) safeguarding macroeconomic stability and rebuilding buffers while enhancing prosperity through growth-oriented and green reforms; (2) bolstering international cooperation to strengthen the global financial safety net (GFSN) and debt architecture and supporting ongoing fundamental transitions that transcend borders and require joint action.

While we remain supportive of the Fund's ongoing work on the Integrated Policy Framework (IPF), we reiterate the need for flexibility in its operationalization. It is important that the application of the IPF recognizes members' needs to deploy combinations of policy tools that best fit their specific circumstance, especially in these volatile and uncertain global environments. In this connection, the IPF should not be used as a tool to assess policy appropriateness or derive prescriptive policy recommendations, but it should

facilitate staff to understand country-specificities and tradeoffs facing the authorities while helping them explore scenarios of complementary policy responses.

Given the increasing economic fragmentation and political tension, restoring the cooperation among countries and trust in multilateral institutions are increasingly important. Thus, as the deadline of the 16th General Review of Quotas is approaching, it is crucial to ensure that the Fund remains adequately-resourced and quota-based while also continuing the process of governance reform to ensure that members, especially emerging market economies, are better represented in line with their roles in the global economy.