DEVELOPMENT COMMITTEE
(Joint Ministerial Committee
of the
Boards of Governors of the Bank and the Fund
on the
Transfer of Real Resources to Developing Countries)

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Statement by

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Representing Brunei Darussalam, Fiji, Indonesia,
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Global Monitoring Report 2005

We welcome the assessment of the status of development toward the Millennium Development Goals (MDGs) target stated in the 2005 Global Monitoring Report (GMR). We recognized that progress has been made in recent years, but much more need to be done to achieve all MDGs by 2015. We note from the Report that, although the income poverty MDG is likely to be achieved at the global level, millions are still living at less than $1 a day and many regions are falling behind from the human development goals.

However, we feel that the Report placed emphasis especially on one region and overlooked problems in others. As a multinational institution, we would like the Report to be more balanced by giving equal emphasis to problems facing every region. Although, we agree that problems do exist in Sub-Saharan Africa, but we feel that there are other small and poor countries in the other regions that have the same or even greater problems. For example, a country in our group have the same poverty incident but without assistance from the outside world due to political differences.

Pertaining to the five-point agenda for accelerating progress toward the MDGs, we support all initiatives but we feel that the utmost important aspect besides having a well received agenda is the ability to transform them into action. On this note, we would like to comment on some of the issues stated in the GMR.

On improving environment for stronger economic growth, we believe that the sound macroeconomic framework is the key. It is a vital element for creating the enabling environment for private sector investment. In addition, we support the proposal in the GMR that regulations for doing business must be improved and all procedures must be transparent. We also share the view that strengthening public sector governance would accommodate private sector investment particularly by reducing the costs of doing business as well as providing better services for the general public.

On dismantling barrier to trade, we believe that putting the Doha Round back on track must be accorded the highest priority. We would like to stress the need for increased market access for exports of developing countries. The Agreement reached last year was a remarkable achievement, and therefore, we must build on it. Developed countries must lead by reducing barriers in heavily protected agricultural markets, but all countries must contribute.

On the scaling up service delivery, we strongly support for the increasing of the supply of skilled service providers especially for teachers, doctors and nurses, but this is much easier said than done. To increase skilled service providers, we need to have a long-term plan where we must nurture this process right from the beginning, and support must be provided for the low income countries with true understanding, that result could not be achieved instantly or in any near future.
With regard to Official Development Assistance (ODA), we agree that effective aid is extremely important to allow developing countries to reach our MDGs by 2015. We share the view that ODA is increasing but it is still far from what is needed. This is very much in contrast when compared with the degree of aid flow during the tsunami incident last year, which proved that actually we do have the capability to increase aid. So, we urge the developed countries to increase the level of ODA in order to meet the Monterrey commitments.

On strengthening and sharpening International Financial Institutions (IFIs) support, we generally agree to the indicated priorities stated in the GMR, and would like to call for improved cooperation between the IFIs and the borrowers, and among the IFIs themselves. With common goal in managing for development result, roles of each IFIs should be clearly defined so that efforts are not wasted. Recent activities, where TA grants were built into various loan agreements and CAS prepared by the World Bank together with other regional development banks, have tremendously improved the quality of aid flow; however, we believe that we can do better with improved coordination and cooperation.

As for the future, we strongly support the continuation of the GMR, but believe that the Report, in the future, should be more focused by touching on specific issues that can lead to immediate implementation while maintaining the broad picture of the global development agenda. The focus for each year’s agenda should depend on the current situation and on the needs basis by taking into account the progress toward the MDGs.

**Financing the Development Agenda**

The progress report on the Financing Modalities showed that we are one step closer to reality from our last discussion. Hence, we would like to congratulate on the progress that has been made so far. However, we still believe that all these mechanisms need to be given immediate and greater consideration and cooperation before we can move forward on this agenda.

In relation to the four financing modalities presented in the progress report, we feel that we have made progress on the International Finance Facility (IFF) but still far away from reality on the global taxation. However, the other two modalities, the voluntary contribution and blending arrangement, are well-written and worth to pursue further.

First, we support the pilot project which would test the mechanism of the IFF and feel that this instrument, if being implemented, would serve the need to increase up-front aid in order to achieve the MDGs. However, we are concerned about constraints that donor countries might face in dealing with a long-term budget to finance the repayment of the IFF bonds. The questions also rise as to how and which institution would manage this mechanism. We strongly believe that many aspects of this mechanism need further exploration and look forward to hear the progress of the study as well as report from the pilot in the next meeting.

On the issue of global taxation, we strongly believe in the context of this modality. The idea is sound but we are still distance away from implementation. The illustration on taxing
aviation fuel is a good example. The revenue that could be generated by such mechanism could surely help in propelling development agenda, but there are various issues and concerns such as the rules of the game and the incentive to collect that need to be addressed before moving forward.

Third, with regard to voluntary contribution, it is evident that there have been extraordinary outflows in response to the tsunami disaster which demonstrated the potential for such contribution. As a representative from the group that was severely affected by the tragic incident, we feel the pain for our people who were left homeless. Our children lost their parents and others lost their loved ones. We know that the feeling of poverty is not much different from what people feel after such disaster; therefore, we encourage voluntary contributions for development.

Last but not least, on the blending arrangements, we strongly support the initiative. The blending arrangements can help to ensure that low income countries are not overburdened by debts in their quest to achieve the MDGs. They can also generate non-financial gains by bringing about greater harmonization of donor priorities and enhancing collaboration among donors and between donors and recipients which could eventually improve the absorption capacity of recipients. In this regard, we would like to support the Bank for exploring the use of blending arrangements in gap and middle-income countries, and would like to urge the bilateral donors to support this important and very beneficial arrangement as well.

We are hopeful that issues that we discuss today on development agenda will be seriously taken into account by all parties concerned, and hope that the Development Committee will receive positive report on progress made after the conclusion of this meeting as well as looking forward for very important discussion on the voice and participation of developing and transition countries at the Fall Meeting.