

**THAILAND -- WORLD BANK GROUP
PARTNERSHIP FOR DEVELOPMENT (CAS)**

Chairman's Concluding Remarks

**Meeting of Executive Directors
December 10, 2002**

The Executive Directors welcomed the Thailand – World Bank Group Partnership for Development (CAS) prepared jointly by the IBRD, IFC and MIGA with the Government of Thailand and other partners, and commended the consultative process undertaken during its preparation.

Directors were pleased that Thailand was recovering well from the 1997 financial crisis and commended the Government for restoring macroeconomic stability and advancing the constitutional agenda. Directors urged the Government to strengthen structural reforms and ensure that growth reaches its full potential. They especially pointed to the importance of promoting effective work-outs of distressed assets and improving corporate governance overall. Directors also welcomed the Government's shift toward addressing medium-term structural issues and encouraged the Government to proceed systematically with implementation of the country's national development agenda.

Directors recognized that poverty and inequality continue to pose daunting challenges to Thailand. They stressed that continued commitment to reforms is needed to address these issues successfully, including in the area of governance. They urged the Bank to remain engaged with the Government in addressing these issues.

Directors endorsed the overall approach laid out in the CAS and were generally supportive of the proposed country program, although a few Directors would have preferred greater clarity on the specific lending being proposed. They underscored the importance of continued Bank Group engagement in Thailand, both from a country and regional perspective. They also agreed that the Bank Group's shift toward more of a partnership mode, primarily through knowledge sharing and policy advice, is appropriate given Thailand's needs as a middle-income country. In this context, Directors supported the focus on monitoring and diagnostic work as well as more in-depth implementation support through Country Development Partnerships (CDPs), IFC and MIGA transactions, and limited IBRD lending. Directors agreed with the need to preserve flexibility in estimating the range of financial assistance to the country and encouraged the Bank to be responsive to requests for additional financial support, especially in infrastructure, and possibly in rural development.

Directors welcomed the selectivity reflected in the document and were supportive of the Bank's efforts to develop an explicit set of criteria for engagement. Directors particularly noted the emphasis on results-based management and suggested this CAS may be used as a model in future. They recognized the difficulty of measuring the impact of advisory engagement, particularly for a CDP in which the Bank is one partner among many, but agreed that efforts should be made to strengthen the linkages between inputs/outputs and outcomes/impact.

Directors noted the record of strong performance of the IBRD portfolio in Thailand and commended the IFC's efforts to restructure its investment portfolio after the crisis. Finally, Directors were pleased with the cooperation between the Bank Group and other partners, including civil society, the private sector and other development partners. They acknowledged in particular the role of the CDPs in helping to improve coordination of efforts among all partners and asked that lessons learned from the CDP exercise be disseminated, including for the benefit of other MICs.