



PERMANENT MISSION OF THAILAND
TO THE UNITED NATIONS

351 EAST 52ND STREET · NEW YORK, NY 10022
TEL (212) 754-2230 • FAX (212) 688-3029

Statement

by

Mr. Paisan Rupanichkij

Minister Counsellor

Permanent Mission of Thailand to the United Nations

at the Substantive informal session

on private and blended finance

in the Preparatory Process for the third International

Conference on Financing for Development

New York, 13 November 2014



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Mr. Chairman,

Thailand wishes to express our appreciation to the comprehensive discussion by representatives from the World Bank, UNCDF as well as other agencies and institutions.

Mr. Chairman/ Co-facilitator,

1. Financing for Development and Post-2015 development agenda

The Eradication of poverty has been on the global agenda since the adoption of the Millennium Declaration at the turn of this century and will continue to be until 2030 under the new post-2015 development agenda. Financing of the new agenda will mobilize international and domestic resources as set out in Goal 17 of the SDGs which will be an important means of implementation to ensure its success in fighting poverty.

Our experience in achieving MDG 1 before the 2015 time frame through sound economic and financial policies had allowed Thailand to embark on the path of financing effective mobilization of domestic resources including encouraging the collaboration of relevant private sector to address the challenges of poverty, inequity and social and financial exclusion.

Mr. Chairman,

2. Promote Private Financing: shared experience on Thailand's "Nano-Finance" project

In Thailand, many small entrepreneurs do not have access to capital requiring them to use out-of-system debt service known as "loan sharks". To remedy this problem, the Thai Government has recently implemented through governmental regulated framework "Nano-Finance" project which provides non-bank companies the opportunity to issue nano-finance loans to small entrepreneurs or people at the grass-roots or those who do not have access to institutional financing.

To provide the private sector the incentive to participate in the project, half of the income generated from the interests received from these nano-loans may apply for tax incentive. Eligible private nano-finance operators would be required to have paid-up capital of not less than USD 1.5 million and can mobilize funds by means of promissory notes from its shareholders in accordance with government regulations. On the other hand, lower interest rates than loan sharks as incentive to small entrepreneurs to seek loans from the project

Mr. Chairman,

Nano-finance, as an innovative way of resource mobilization for development from private sector, could provide enhanced financial access for society. This will also help reduce the problem of private debt distress by small entrepreneurs which could easily turn into public debt and eventually cause debt un-sustainability of a nation.

In addition, this policy creates the opportunity for small entrepreneurs to invest and generate income to pull themselves out of poverty and reduce problem of social inequality while avoiding budgetary burden for the government

Mr. Chairman,

Despite the fact that private resources are a significant driver of domestic growth and job creation which plays an important role in development, Thailand believes in the importance of effective mobilizing resources and managing their use by governments as specified in the Monterrey Consensus. Governmental policy on finance must support concrete domestic measures in providing public goods and services, increasing equity, and helping manage macroeconomic stability. Therefore, private-public partnership is necessary and should be designed to raise additional resources for sustainable development while ensuring that the risks and returns are fairly shared.

Mr. Chairman,

In closing, Thailand stands ready to share our best practices and experiences and cooperate with the international community on financing for development, indispensable if we are to achieve global sustainable development post-2015. We look forward to the success of the third International Conference on Financing for Development in Addis Ababa in July 2015. Its success is crucial for the successful implementation of the post-2015 development agenda in the years to come.

Thank you.

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