

Consultation with Local Government in North Eastern Region of Thailand
World Bank Group Country Partnership Framework
Meeting Summary
24 May 2017, Khon Kaen

As an important step in developing the Thailand-World Bank Group Country Partnership Framework (CPF), 11 rounds of public engagement meetings with diverse stakeholder groups are being organized aiming at gathering views, recommendations and priorities to feed into the strategy of World Bank support to Thailand’s long-term development. This meeting took place on May 24 with local government representatives from Khon Kaen, Udon Thani, Chaiyapom and Mahasarakam

Agenda

1. **Welcome remarks and introductions to the Country Partnership Framework**
2. **Thailand Systematic Country Diagnostic “Getting Back on Track: Reviving Growth and Securing Prosperity for All” presentation**
3. **“Opportunities and Priorities for Northeastern Region Thailand” presentation**
4. **Group discussions and identified priorities for Thailand-World Bank Group engagement**
 1. What are the challenges and priorities for Thailand?
 2. How can the World Bank Group partner with Thailand to advance its long-term development vision, either through financing, technical advice or policy dialogue?
 3. How can World Bank Group partner with Thailand to support development in Northeastern Thailand?

Summary of inputs from participants

What are the challenges and priorities for Thailand / Northeastern Region?
<p>Water Management</p> <ul style="list-style-type: none"> - Water management in the Northeast should be inclusive, equal, and suitable for the characteristics of the area. - Thailand has a lot of water supply, but limited storage capacity of only 17%. The solution is to make a water grid. <ul style="list-style-type: none"> o The Northeast cannot set up the same irrigation system as the other regions due to difference in soil type. o Unequal access to information between villagers and investors leading to missed opportunities for the villagers e.g. the wealthy purchase land in advance on the location where the irrigation project is planned to be allocated. - The Northeast pumps underground water for usage. However, industries often pump water in excess leaving none for the villagers. The villagers are also unaware of this because the water is located underground.
<p>Agriculture</p> <ul style="list-style-type: none"> - Pricing mechanism <ul style="list-style-type: none"> o Farmers are not able to set agricultural prices.

- Agricultural products suffer more from price volatility compared to manufacturing products.
- More promotion of organic and safe products are needed.
- The use of chemicals in the production system
 - Leads to lower productivity in the long run
 - Negatively affects marine organisms
 - Due to the lack of knowledge, farmers use chemicals excessively, which negatively affects consumers' health and the environment.
 - For safe and standardize production, Good Agricultural Practice (GAP) could be introduced, e.g. farmers could obtain a certificate to guarantee the product's quality.
- Land
 - Problem of land deterioration and the dispersion of saline soil
 - The government needs to improve soil quality and rice production.
- Drought
 - People need the government to provide adequate water supply.

Education and Social Development

- People relocate to other city or provinces for better education opportunities.
- Most people in the region have low levels of education.
- Government hand-outs make people less self-reliant and become an obstruction to development.
- People should be involved in the development processes.
- Current levels/skills of graduate students will not be able to fulfil the development objectives of Thailand 4.0. People are now more inclined to work as unskilled labors than as skilled labors. There needs to be more focus for educational institutions to produce competent graduates.
- The government tries to encourage people to study at vocational institutions but the number of students enrolling in vocational schools actually decreased.
- Frequent change of education structure, so education policies lack continuity. Despite the change of management, the policy should still be carried on.
- Social problems
 - Low productivity due to high dependency ratio (there is high proportion of children and the elderly in the region).
 - Drugs problem.
- People in rural areas do not have money to study.

Labor Market

- The re-organization of the stall/pop up stores in the city has affected the income of the Northeastern people and their families, since part of their income is sent to their families in the Northeast.
- People lack career skills development.

Economic Development

- Insufficient utilization of technology and innovation. People lack the knowledge to innovate or to adopt technology to increase productivity.
- If people in the Northeast gain enough financial capital, they would not have to relocate to other regions for work and be separated from their families.
- People have no money to deposit in banks and they cannot borrow due to insufficient funds. Consequently, the banking system could collapse.

How can the World Bank Group partner with Thailand to advance its long-term development vision, either through financing, technical advice or policy dialogue?

Infrastructure

- The Northeast is the gateway to Indochina. There is a train linking Vientiane (Laos) to Nongkhai and Bangkok. The World Bank can help finance this investment, which will benefit the Northeast.

Water Management

- World Bank experts can give technical advice to Thailand on water management.
 - o Knowledge sharing on gravity irrigation
- The World Bank can bring together different agencies to work on the best solution for water management that is suitable for the Northeast.

Agriculture

- The average age of the farmers exceeds 50 years, which negatively affect productivity. Therefore, Thailand should focus on developing 'Smart Farmers'
 - o Support in terms of finance and factors of production.
 - o Create 'Smart Group' (the grouping of smart farmers) for knowledge sharing and negotiation power.
- The World Bank can help manage agricultural zoning: help determine what and where to plant, and how to set the price to avoid price volatility.
- Promote sufficiency economy

Labor Market

- People lack adequate resources to make a living and have no access to finance.

Education and Social Development

- Need the World Bank to analyze the root cause of the education problem.
- Need assistance with human resource development. The education system needs an overhaul
 - o Improve vocational education through financing modern tools used in the classroom.
- Support practical research and create new innovation for Northeastern people.
- Inequality in between the city and rural areas – There needs to be an increase in access to demonstration schools in the rural areas.
- Aging society
 - o For the healthy elderly – The World Bank can prepare the labor market to absorb the new elderly workers.
 - o For the elderly with health issues – More hospitals will be needed.

Finance

- The World Bank should adjust its borrowing rate relative to the economic reality of the project areas, i.e. the salary per head of Northeastern people do not reflect that of a high middle income country. Therefore, the borrowing rate for Northeastern Thailand should be lower than the other regions.