BULLETIN DEVELOPME

National Economic and Social Development Board





NESDB Aimed to Develop Thailand along the Path of the Philosophy of Sufficiency Economy

27th April 2005, Dr. Ampon Kittiampon, Secretary-General of NESDB delivered an address at the Annual Meeting of the UNDP Resident Representatives and Deputy Resident Representatives of Asia and the Pacific Region from 25 countries.

The Secretary-General said that NESDB and UNDP had had a long and close working relationship, starting from the Thailand-United Nations Collaborative Action Plan (Thai-UNCAP), which involved cooperation to launch the Eighth Plan with emphasis on humans as center of development into implementation, and the technical support to officially revise the principle to calculate the poverty line of Thailand.

Furthermore, NESDB, UNDP, and the World Bank had jointly carried out the Millennium Development Goals (MDGs), which had brought considerable acclaim for the country. Thailand had gone beyond the MDGs progress report stage, and had moved into expansion and development of more MDGs plus goals. To attain these goals based on the guidelines of "the Philosophy of Sufficiency Economy", Thailand would have to develop the grassroots economy to be linked with the overall economic and social development. This had already been witnessed during the economic crisis of 1997 when the Thai economy recovered relatively quickly.

The "Philosophy of Sufficiency Economy" emphasized the middle path in management, creating a sense of sufficiency while shielding against crisis from inside and outside. It had to be applied to the people's way of life to help create security to the family, community, and the national level. Furthermore, it had provided guiding light in the preparation of the Ninth Plan (2002-2006), and had been applied to numerous development projects resulting in more balanced development, and avoiding risks from various crises caused by globalization.

The Government had put emphasis on revitalizing the economy in order to solve poverty problems, strengthening the communities from the grassroots, making the economy more balanced, and increasing the immunity and ability to absorb external shocks. The adherence to the "Philosophy of Sufficiency Economy" in economic and social restructuring would help increase stability and sustainability of the economy, raise awareness of the importance of application of knowledge, pursue pro-active social policy, and determining the global and regional positioning to help solve poverty problems.

The Government planned to expand the policy framework to reduce poverty at three levels. At the personal level, individuals would be scrutinized and given advice from specific agencies responsible for poverty problems. At the macro level, the Government would increase opportunities to the poor to lift themselves out of poverty, emphasizing the construction of water resources for agriculture, ownership of land, soil quality improvement, efforts on income generation for the poor, provision of linkages with the market, and credit sources for the poor.

At the level of villages and communities, the Government emphasized the strengthening of the communities to serve as effective mechanism to link individuals with the macro level. (see page 7)

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NESDB Revised the Formulation of the Tenth Plan to Become Long-term National Development Strategy



note in the formulation of the Tenth National Economic and Social Development Plan to become long-term national development strategy, which would provide guiding principle to the Thai society in jointly developing the country. NESDB would serve as the focal point in organizing brainstorming sessions to determine the roles and support of all parties in the Annual Conference of NESDB which has been scheduled for 24th June 2005.

Dr. Ampon Kittiampon, Secretary-General of NESDB said that the Office of NESDB had recently cooperated with various agencies in formulating the National Public Administration Plan. What needed to be done next was to present the long-term national development strategy. In this regard, NESDB would serve as the coordinating agency in mobilizing opinions from the people to come to an understanding of the context of national and global changes. The people would be encouraged to examine and analyze development philosophy, particularly

the Philosophy of Sufficiency Economy so that the roles and responsibilities of all development partners could be designated

As for the strategy formulation process, all the key forces in society would be mobilized in order to formulate national development guidelines to cover the private sector, farm workers, wage laborers, educational institutions, religious organizations, and other institutions. All these organizations, the people from all backgrounds and groupings should consult with one another to determine the roles that the key institutions in Thai society should play to drive forward Thailand's development. Government budgetary allocation should not be counted upon as the portions already earmarked with government budget had been included in the National Public Administration Plan.

"On 24th June 2005, which NESDB has set as the date for our Annual Conference, we will start the formulation process of the national development strategy which is different from the Eighth and the Ninth Plans. What is different is that this strategy will not discuss budgetary allocation or the plan by projects. Instead, we will examine the coming decade of changes, will explore national development philosophy, and analyze the roles of all the partners in national development. This will be the new role of NESDB.

NESDB will use this strategy to guide all partners in the national development efforts as the mechanism for the country's development does not have to rely mostly on the public sector. The roles and forces of the private sector, the farm sector, and many other organizations will help drive national development to bring about sustainability, balance, and security," concluded the Secretary-General.

NESDB was Given an Award on "Knowledge Management in Government Administration"



Mr. Arkhom Termpittayapaisith, Deputy Secretary-General of NESDB, in his capacity as representative of the office, received an award on "Knowledge Management in

Government Administration" from Dr. Wissanu Krea-ngam, Deputy Prime Minister and Chairman of the Office of the Public Sector Development Commission (OPDC). The award given to NESDB was in recognition of the ability to strive for excellence in knowledge management and the awarding ceremony took place at the naval force auditorium, Bangkok, on 9th May 2005.

The award was set up by the OPDC in order to encourage public agencies at the departmental level to continuously develop potential of the agencies in knowledge management. The OPDC utilized the "Internal Operational Plan to Develop Knowledge Management System for 2004 Budgetary Year" in order to improve the public administration system. The knowledge management by public agencies was part of the performance agreement of the budgetary year 2004 that all agencies had to abide by. (see page 3)

Cabinet Approved Guidelines and Budget for Development of Burirum Province, and Approved Guidelines to Tackle Drought Problems on an Urgent Basis



Cabinet approved guidelines and budget for development of Burirum Province to solve poverty problems and generate income for the people by developing water resources, tourist attraction sites and transport routes as proposed by NESDB and Burirum Province with a budget of 2,303.912 million baht, and approved guidelines to tackle

drought problems in an integrated manner.

Mr. Santi Bangor, Deputy Secretary-General of NESDB said that the Cabinet approved the Program and Projects for Burirum Provincial Development (2005-2008) as jointly proposed by NESDB, Burirum province and concerned agencies in the so-called "Mobile Cabinet Meeting" in Burirum province on 17th May 2005.

The project proposals which sought budgetary support covered three areas of water resources development to increase agricultural productivity, tourism development by developing Phnomrung city, and developing transport network to promote tourism development of Burirum province under the budget of 2,303.912 million baht.

The Deputy Secretary-General said that NESDB had assessed the benefits which would arise from the implementation of the program and projects and found that the economic returns from developing water resources and tourism would raise income of Burirum province by at least 1,504 million baht per year. This would raise the gross provincial product (GPP) by 1.8% during 2006-2009, representing an annual growth of 0.47%. It was also estimated that the income per head of Burirum people would increase from 24,929 baht in 2003 to 32,292 baht by 2008.

The water resources and water management development would increase the amount of usable water from development of surface water, and artesian well water for about 63,700 households. Furthermore, the forest in the watershed area would benefit from the rehabilitation effort, and agricultural land would reap advantages from the increased stock of water.

The tourism and transport development would yield the following benefits: 1) The tourist attraction sites of the province would be given maximum boost, particularly the Phnomrung Historical Park; 2) Tourism potential of the province would be enhanced to become the center of tourist attraction covering part of the Khmer civilization within Thailand. The investment activities of the business people in the local areas should also be supported which should also help

to increase employment generation and income distribution to the local community; 3) The number of tourists visiting Burirum would increase.

The Deputy Secretary-General further explained that the Cabinet had also approved in principle the Short and Long-Term Guidelines to Solve Drought Problems for 2005-2006 which had been submitted by concerned agencies to tackle drought problems and relief efforts to lessen the impacts of drought in 2005 as follows:

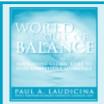
- 1) Approved in principle the procurement of the village tap water system for villages which were still short of water to cover all the 14,580 villages by 2008.
- 2) Assign the Ministry of Finance and the Bureau of the Budget to consider the details of proposals to seek loans to implement the project of sugarcane farmers affected by drought. This was to prevent impacts which could arise in the future from the current drought problems.

NESDB was Given an Award (from page 2)

For this year, apart from NESDB, the OPDC also presented this same award to three other agencies including the Office of the Cabinet Secretariat, the Internal Trade Department, and the OPDC.

There were four criteria in presenting this award as follows: 1) the coverage of components of the Internal Operational Plan to Develop Knowledge Management System of each agency; 2) the linkages with human resources management system, human resources development, and competency development system; 3) the plan formulation process involved survey of knowledge base, knowledge generation and transmission system within the organization; and 4) the substance of the plan contained ways and means of exchanges of learning experiences, and represented learning organizations.

As for the NESDB Internal Knowledge Management Development Plan for 2004-2005 which was given the reward, the Plan contained three main programs as follows: 1) Knowledge Management System Development Program; 2) Information Technology Training Program; 3) Personnel Development Program. Under these programs there were numerous supporting activities including other projects containing complementary objectives, such as exchanges of knowledge and experiences with other organizations inside and outside the country, Home of Wisdom Project, the organization of advanced training programs for NESDB senior executives inside and outside the country, and the organization of meeting of Asian Planning Agencies, etc.



World out of Balance: Navigating Global Risks t

- the last issue, we discussed about five drivers which would have impacts on the global situation, including various situations and scenarios which might be possible as follows.
 - 1. Globalization: Two Steps Forward, One Step Back
 - 2. Demographics: An Age of Extremes
 - 3. The New Consumer: Forging Bonds in a Fragmented World
 - 4. Natural Resources and the Environment: Stretching the Limits
 - 5. Regulation and Activism: A New Breed of Challenges

Visions of the Future

This issue will discuss about the sixth issue: Visions of the Future, which the author Paul Laudicina had synthesized from the five drivers in order to analyze impacts into the future in year 2015. There are three possible scenarios as shown in Figure 1



The three scenarios would be based on a certain combination of subscenarios that offer a view of the global business environment in the year 2015

Full Spectrum Scenarios for the World in 2015

	Full Spectrum Scenarios							
Drivers	Long Winter		Bipolar World			Long Boom Restored		
(1) Globalization	Rise of Rise of localization		Bilateral half-measures	Bilateral half-measures		Homo economicus		
(2) Demographics	Restless masses		Immigration queue	Immigration queue		Global talent flow		
(3) Consumption patterns	Rice and Beans		World Bazaar	World Bazaar		Hey, Big Spenders		
(4) Natural resources and environment	Constraint energy		Necessary innovation	Necessary innovation	Necessary innovation	Fuel for growth		
(5) Regulation and activism	Big brother is watching		Partial restraint	Partial restraint	Partial restraint	Chicago boys II		
Scenario 1 Scenario 2 Scenario 3								

Scenario 1 Patchwork World

• While industrialized and emerging countries

attempt to maintain competitive advantage in the global market place, governments adopt strategic protectionist measures to shield important industries and safeguard jobs from foreign competitors. Therefore, it is difficult for international agreements, or multilateral forum such as the World Trade Organization to be successful. Multilateral trade and investment agreements are likely to be supplanted by bilateral and regional treaties whose interests most closely converge. The world becomes a patchwork quilt of contrasting regional and national norms.

- By the year 2015, the world economy may face stagnation. Certain countries might grow beyond the average trend. But industrialized and emerging countries would continue to be subject to the swings of the business cycle.
- The United States and the European Union prove to be more resilient than other countries, given their vast internal demand and relative self-sufficiency. This is in contrast to Japan, China, and Southeast Asian countries which face trade barriers in their export markets, and thereby have their macroeconomic growth curtailed.
- As campaigns on the environment and global climate change intensify, but because of a lack of coherent global standards on key issues, companies would be burdened with longer research and development periods, which ultimately raise final consumer prices.

Compiled from briefing paper and summary of duties and presentation to the new Prime Minister 13-14 March 2005 on "World Out Of Balance: Navigating Second article out of two

Special Report

o Seize Competitive Advantage* (2)

- The world's wealthiest consumers account for a greater share of global spending power than at any other time in modern history. The pattern of consumption would tend to be for sophisticated, easy-to-use-goods and services that simplify lifestyles and address personal needs. Emerging markets, such as China, India, Mexico, and Brazil (with 2 billion people, or 29 % of the world population) would form the basis of the growing middle class and purchase a lot of clothing and consumer durables.
- Multinational corporations emerge as the most powerful players in international markets. This global network enables corporations to strategically allocate financial resources in ways that reduce taxes and circumvent national and regional regulations, making national government control more difficult.
- A large number of formerly public sector services would be turned over to corporations to handle because of tight budgets and growing obligations to care for the aging population.
- A large coalition of activist groups will be instrumental in enforcing certain standard of corporate behavior. These grassroots networks consistently challenge corporations to live up to the principle of corporate social responsibility.

Scenario 2: Castle and Moats

- Security will take prominence not only in the world's poor, but also advanced countries as the world will be largely embroiled in vicious cycles of war, crime, terrorism, resource competition and disease.
- The world in 2015 is plagued with instability. Terrorist groups have continued their campaign of well coordinated attacks against the United States and threatened the world security and shaken the global confidence. Other western nations, and Latin American countries also face the same problems. Economic malaise in Japan and the United States undercuts the global demand for goods and services. Several countries plummeted from recession into outright depression.
- New security regulations become obstacles to crossborder movements of potentially harmful cargo, people and money and have put the brakes on international trade and investment.
- As consumers are swept up in rising nationalism, they increasingly prefer goods and services made at home. Marketers and retailers pitch their merchandise with appeals to patriotism. Corporations find competitive advantage in assembling products within their domestic markets and branding them with national symbols.
- Governments consider it a high priority to protect jobs, and resort to trade protectionism by imposing higher import duties which have impacts on consumers at every level.

ng Global Risks to Seize Competitive Advantage" by Paul A. Laudicina, by NESDB.

through Lens



Build up confidence... Thai economy strong enough to welcome investment.

On 12th May 2005, NESDB organized a "Prime Minister Meets the Private Sector" event entitled "Economic Policy and National Public Administration" at the Government House, chaired by Prime Minister Pol. Lt. Col. Thaksin Shinawatra. The meeting was meant to seek ideas and suggestions concerning short and medium term issues based on the Four Years Framework of National Public Administration Plan and the implementation. The meeting sought to mobilize cooperation between the public and private sectors in boosting the efficiency of investment.



NESDB called a meeting to clarify implementation guidelines concerning the National Public Administration Plan

Dr. Ampon Kittiampon, NESDB Secretary-General, together with all the executives of the Office met with all the staff of the Office to explain about the Implementation Guidelines Concerning the Four Years National Public Administration Plan (2005-2008). The aim of the meeting was to inform about the overall picture, and to begin make use of the Plan for the actual operation in an integrated manner on 29th April 2005 at the Prince Palace Hotel.



Chanthaburi: City of Jewelry to become Global Gems **Trading Center**

On 12th May 2005, Mr. Somchet Taeracoop, Deputy Secretary-General of NESDB chaired the opening session of the workshop on "Chanthaburi: City of Jewelry Project" at the Maneechant Hotel, Chanthaburi province. An objective of the workshop was to find conclusions for the project proposals acceptable to all parties to develop network of gems trading enter prises with Chanthaburi as the Global Gems Trading Center.

through Lens



Secretary-General in a special lecture to senior administrators who attended training program.

On 18th May 2005, Dr. Ampon Kittiampon, NESDB Secretary-General presented a special lecture on "New Dimension of NESDB" as part of a Training Program for Senior Administrators: Leaders with Vision for trainees at the level of Deputy Director-Generals, Office Directors, Senior Experts, Senior Directors or equivalent from public agencies, independent organizations, and state enterprises at the Civil Service Training Institute, Office of the Civil Service Commission, Nonthaburi province.



National Defense College of Nigeria in a briefing session at NESDB.

On 3rd May 2005, Mr. Arkhom Termpittayapaisith, Deputy Secretary-General of NESDB welcomed the delegation of students from the National Defense College of Nigeria and gave a briefing on "Economic and Social Development of Thailand" on the occasion of their visit to Thailand.



NESDB organized training on processing of gross provincial product (GPP)

On 26th April 2005, Mrs. Wanida Mahakij, Director of the National Account Office in her opening address to the training program on "Processing of Gross Provincial Product" (GPP) stressed the need to transfer knowledge, and technical know how on the processing of GPP to personnel responsible for the task in every province. They were also trained to be ready to solve any unforeseen problems that might arise concerning the nature of the data base, starting from end of April to September 2005.

World out of Balance: (from page 5)

Scenario 3: Open Borders, Lingering Fears

- The United States and China are the dominant economic, political, and demographic players on the world scene. Governments are less concerned about directly supporting corporations and opening new markets than they are about ensuring security, stabilization, regulations to look after impacts arising from the free market system. Nevertheless, this is a time of intense business activity and technological innovation, and the rising tide of affluence continues to lift living standards in countries open to the global economy.
- In the richest markets, corporations tap into new consumption patterns emphasizing high-end, lifestyle-enhancing products and services.
- By 2015, lowered barriers to trade and investment have boosted international commercial activities, with per capita income levels rising throughout the industrialized and developing world.
- Trade in services is booming, and secure digital connections allow far-flung, truly global production and distribution networks to emerge.
- Countries with advanced economies have relocated the bulk of their manufacturing capacity to emerging markets.
- Governments increase public spending toward social safety nets to look after those affected by free trade. Free trade negotiations will encounter problems as governments find it difficult to reach consensus on thorny issues such as controlling the services trade and regulating biotech exports, etc.
- Countries have also imposed some controls on international capital flows under the auspices of the newly created World Investment Organization to supervise capital movements.
- As the ratio of workers to retirees continues to shrink, industrialized countries have no choice but to open their doors to immigrants emphasizing workers with skills in short supplies. Despite tighter border controls, authorities do not seriously crack down on the problems as immigration is viewed as a force for moderating wage pressures.
- Emerging markets such as China, India and Brazil will have a bigger proportion of middle class consumers, the majority of whom will be young and place a high premium on products that show off their affluence. In advanced economies, many consumers are wealthier and prefer sophisticated, yet easyto-use products, save time and address their individual needs.

These three scenarios reflect measured judgments based on the best available insights at a given point in time. Circumstances and conditions undoubtedly will change, and so will the projected outcomes. Furthermore, there are also other outside forces which may be called "wild cards, defined as low-probability, extremely high-impacts events that are potentially disruptive (positively or negatively), such as serious outbreak of global epidemic (the Black Death in the middle age), major wars that have widespread impacts, technological breakthroughs (quantum leap). Therefore, follow up of global changes will have to be carried out in a systematic and continual manner in order to navigate global risks and plot appropriate strategic courses of actions.

Over 90% of Thais Know of the "Philosophy of Sufficiency Economy" but Most People did not have a Clear Understanding of its Meaning



a survey carried out by NESDB, it was found that over 90% of Thais know of the **Philoso**phy of Sufficiency Economy. To them they understood it to mean a way of life based on the middle path and can be applied to daily life. But they did not understand that a livelihood based on the "Philosophy of Sufficiency Economy" did not conflict

with uses of some luxurious goods provided that it was based on uses with moderation. Borrowing could also be allowed if it was for productive uses.

Mr. Kitisak Sinthuvanich, Deputy Secretary-General of NESDB said that NESDB had carried out a survey of the project to explore the knowledge and understanding of the people on the "Philosophy of Sufficiency Economy" covering the age group from 15 years old with 7,549 samples.

The survey results indicated that over 90% of the sampled population knew about the "Philosophy of Sufficiency Economy". The people who appeared to know the most were those with secondary education or more. They knew that the 'Philosophy of Sufficiency Economy" was to do with knowing moderation, livelihood based on the middle path, and that the philosophy could be applied to life at work. But most people did not understand that sufficiency economy allowed uses of some luxuries based on moderation, and that borrowing was also possible for productive uses. It was evident that most people had inadequate understanding of the philosophy, thinking that it was only about moderation, middle path, debt free situation, and no use of luxuries.

The Deputy Secretary-General said further that the survey result on the application of the philosophy for use in daily life was mostly applied in the area of savings, knowing the value of money, and abstain from uses of luxuries, being contented with what one had. In actual fact, the "Philosophy of Sufficiency Economy" could be interpreted to cover many other areas which were allowable. The "Philosophy of Sufficiency Economy" enabled the people to understand the roots of Thai culture and traditions. The principles of rational reasoning and moderate borrowing for productive activities were also part the philosophy.

On the question of how the people knew about the "Philosophy of Sufficiency Economy", most people learned from televisions, newspapers and radios with varying degree of understanding. Those who were under 15 years, with primary education, in the agricultural sector, and manual laborers still lacked understanding about how to make use of the philosophy, or how to apply to the daily life. These groups of people lacked knowledge and adequate education. Most of them thought

that the "Philosophy of Sufficiency Economy" could be used in the farm sector only, particularly those who were over 50 years, students, those engaged in fisheries, and those residing in the central region.

The survey also found that the "Philosophy of "Sufficiency Economy" was a delicate topic and required a long time of work and education to really understand. It would be desirable to make use of concrete and real life examples, with real experiences to show to the people how the philosophy and the abstract principles could be applied for use in real life. This would require constant education, and transmission of knowledge to the younger generation, to the community level and people at the grassroots.

To drive this movement forward would require strong determination while utilizing real and concrete examples to show the people how the philosophy could be applied to numerous things around us, our way of life in society, and even in the conduct of business.

NESDB aimed to deveolop (from page 1)

The village fund would be expanded from lending to also cover savings and provide basic financial services. Revolving funds would be allocated to communities directly on request. The Government would encourage investment in the local areas, develop basic infrastructure facilities and equipments to generate value for locally made products.

Apart from solving poverty problems, the Government aimed to bring about an economy which would be more balanced, stable, and sustainable. The monetary and fiscal policy must be strengthened, while the quality of our human resources must be constantly upgraded. The people's health should rely on preventive measures, and there should be more investment in healthy life. The Thai people must be prepared to face the future aging and knowledge-based society. On the external front, Thailand would need to strengthen cooperation with the neighboring countries on economic and social aspects utilizing the "Philosophy of Sufficiency Economy" to enhance their development potential and reduce income gaps within the subregion for more equitable benefits of the member countries in the region.

The Secretary-General concluded that the implementation of work to attain the Millennium Development Goals was really challenging. All concerned parties must be aware of the mutual benefits and help to strengthen the domestic economy, emphasize humans as center of development, afford opportunities for self development, empowerment of the people, help solve problems to strengthen social capital, develop knowledge base, capital, and infrastructure services, exchanges of knowledge among learning networks at the village level, community, and at the national level.





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The Office of the National Economic and Social Development Board Holds an Annual Conference for 2005

On National Development Strategy: Five Years of the Tenth Development Plan

On Friday 24th June 2005 8.00-17.00

At Grand Diamond Ballroom, Impact Exhibition and Convention Center, Muangthong Thani, Nonthaburi

Attend and Brainstorm for a Bright Future and Our Thai Society

- ◆ Listen to Keynote Address by H. E. Prime Minister Pol. Lt. Col. Thaksin Shinawatra and witness a video presentation on "The Challenging Decade of National Development"
- Special Lecture by H. E. Deputy Prime Minister Mr. Somkid Jatusripituk on "National Economic Restructuring Strategy"
- Presentation and discussion on "National Development Strategies of the Tenth Plan" by leading experts in all fields.
- Brainstorming on "The Challenging Direction of National Development during the Tenth Plan Period" to provide guidelines for the formulation of framework for direction and development strategy of the Tenth Plan.
- Follow up on:
 - → Report of economic and social development performance and results during the Ninth Plan period with three indicators including indicator of well-being, indicator of economic strength, and indicator of sustainable development.
 - → Report of performance based on the Ninth Plan strategies, and the national agenda strategies, and regional development results.