

**ASIAN DEVELOPMENT BANK**

**COUNTRY STRATEGY AND PROGRAM UPDATE  
(2002-2004)**

**THAILAND**

**July 2001**

## CURRENCY EQUIVALENTS

(as of 30 June 2001)

Currency Unit	–	Baht
B1.00	–	\$ 0.022
\$1.00	–	B 45.28

## ABBREVIATIONS

ADB	–	Asian Development Bank
COS	–	country operational strategy
CSP	–	country strategy and program
GDP	–	gross domestic product
GMS	–	Greater Mekong Subregion
HIV/AIDS	–	human immunodeficiency virus/acquired immunodeficiency syndrome
IMT-GT	–	Indonesia-Malaysia-Thailand Growth Triangle
M&E	–	monitoring and evaluation
MOF	–	Ministry of Finance
SDP	–	sector development program
TA	–	technical assistance
UNDP	–	United Nations Development Programme

## NOTES

- (i) The fiscal year (FY) of the Government ends on 30 September.
- (ii) In this report, "\$" refers to US dollars.

## CONTENTS

I.	DEVELOPMENT SITUATION	1
	A. Recent Political and Social Developments	1
	B. Economic Assessment and Outlook	1
	C. Implications for the Country Strategy and Program	2
II.	IMPLEMENTATION OF THE COUNTRY STRATEGY AND PROGRAM	3
	A. Poverty Reduction	3
	B. Thematic Priorities	3
III.	PORTFOLIO MANAGEMENT ISSUES	6
	A. Portfolio Performance Implementation	6
	B. Counterpart Funding	6
	C. Monitoring and Evaluation	6
IV.	COUNTRY PERFORMANCE AND LENDING LEVELS	7
	A. Proposed Lending Level	7
	B. Loan Program	7
	C. Technical Assistance and Economic and Sector Work Program	7
	D. Summary of Changes	8
	APPENDIXES	9

## I. DEVELOPMENT SITUATION

### A. Recent Political and Social Developments

1. Following the January 2001 elections, the Thai Rak Thai party formed a three-party coalition led by Prime Minister Thaksin Shinawatra. The Thai Rak Thai has effective command of 324 seats of 500 Lower House seats, protecting the administration from any vote of no confidence. The new Government has yet to chart its long-term policy agenda. However, given immense pressure to stimulate the economy quickly, it has prioritized fiscal measures to boost rural incomes, including suspending farmers' debts and creating village revolving funds. The centerpiece of the new administration's economic recovery program calls for the establishment of the Thailand Asset Management Corporation, vested with extra-legal authority to resolve \$30 billion of nonperforming loans. The corporation is scheduled to begin operations in July 2001.

2. Thailand has largely met basic human needs. While improvements in the quality of life have been broad based, Thailand lags in some areas. In particular, compared to other middle income countries, educational attainments lag. As a result of the crisis, an additional 3 million Thais became poor. Households that were already poor saw a disproportionate worsening of their circumstances.<sup>1</sup> The increase in poverty was distributed unevenly throughout the country, affecting mostly rural areas, especially the northeast, south, and central regions. Although data are partial, other social indicators have also registered setbacks.

### B. Economic Assessment and Outlook

3. Building on modest growth in 1999, the Thai economy grew by 4.4 percent in 2000, restoring some of the income lost as a result of the crisis. While recovery is progressing, it is far from complete. By the end of 2000, per capita incomes (measured in local constant prices) were still about 9 percent lower than their 1996 peak level.

4. The fiscal deficit, based on the government-financed statistics format, narrowed from over 11 percent of gross domestic product (GDP) in fiscal year (FY) 1999 to 3.2 percent in FY2000. Capital transfers to the financial sector, to support the recapitalization of banks, were greatly reduced in FY2000 over FY1999. Hence, despite the reduced deficit, the overall fiscal stance remained broadly supportive of growth. As a result of successive deficit spending measures and support for banking sector recapitalization, the ratio of public debt to GDP has climbed from just 15 percent prior to the 1997 crisis to about 58 percent by the end of 2000. Although this sharp escalation in debt has amplified fiscal strains, Thailand's public debt position is manageable. Protracted slow growth or a steep rise in real interest rates could, however, pose considerable fiscal difficulties.

5. In a low inflationary environment, the 14-day repurchase rate, which is the key Bank of Thailand policy rate, averaged about 1.5 percent in 2000. Despite low interest rates and ample liquidity, the stock of commercial bank credit to the private sector contracted further in 2000. The demand for loans remained subdued, and banks were reluctant to lend to all but their most creditworthy clients. Slow but steady progress was made in resolving nonperforming loans. By the end of 2000, the ratio of nonperforming to total loans in the domestic banking system had fallen to 17.8 percent from just under 40 percent at the end of 1999. However, the fall in the nonperforming loan ratio owed as much to the transfer of impaired assets to Asset Management Corporations as to voluntary resolution and restructuring. A large backlog of unresolved debts has accumulated in the bankruptcy courts.

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<sup>1</sup> World Bank. December 2000. *Thailand Economic Monitor*.

6. Robust export growth in 2000 underpinned a trade and a current account surplus. But the overall balance of payments was in deficit. Low domestic interest rates encouraged the refinancing of foreign currency obligations in domestic debt markets. This, together with the scheduled repayment of private sector obligations, generated net capital outflows that more than offset the surplus on current account. By December 2000, Thailand's foreign debt had fallen to about \$80 billion from a peak of \$109 billion in 1997. Although international reserves slipped marginally over the year, they still provided ample cover for imports and debt of short-run, residual maturity.

7. Measured year on year, GDP grew by 1.8 percent in the first quarter of 2001. The National Economic and Social Development Board expects growth for 2001 of 2.0 to 3.0 percent. The prospect of slower growth in 2001 will stem social recovery and possibly slow debt resolution. Monthly trade data through April 2001 show rapidly slowing export growth. In US dollar terms, export earnings could shrink in 2001. Private domestic demand remains anemic. In this context, the Government has targeted a deficit of 3.7 percent for FY2002. The effect of this fiscal stimulus will not be felt until the end of 2001 and 2002.

8. Provided the global economy regains momentum and the global electronics cycle picks up, economic growth is expected to accelerate by late 2001. But if a global recovery fails to materialize, Thailand's fiscal and balance-of-payments positions might deteriorate and progress on debt restructuring and the rehabilitation of the banking system would become more difficult. Thailand's economic indicators are shown in Appendix 1.

### **C. Implications for the Country Strategy and Program**

9. An interim country operational strategy (COS) for Thailand was prepared in May 1999. It incorporated major shifts in operational priorities in response to markedly changed conditions in Thailand related to the economic crisis. The interim COS had three objectives: (i) poverty reduction and quality of life improvement, (ii) structural adjustment, and (iii) strengthening competitiveness, to promote efficient, regionally balanced, and sustainable growth. The interim COS called for all projects (except those involving national systems) to be concentrated in the relatively less developed north, northeast, and southern regions, which account for most of the target groups below the poverty line. A notable feature of the strategy of the Asian Development Bank (ADB) was the effort to link its activities in these regions to those in neighboring countries through subregional economic cooperation initiatives. The interim COS further suggested that ADB assistance focus on support for the social (e.g., education, health, and social welfare); agriculture/rural development; and financial sectors.

10. A number of factors call for a reevaluation of ADB's strategy and program in Thailand and preparation of a country strategy and program (CSP). First, the 1997 Constitution has mandated significant steps toward greater decentralization of the Thai economy and provides for mechanisms that will greatly empower civil society. Second, the 9<sup>th</sup> National Economic and Social Development Plan (2002-2006) will specify ambitious national goals for poverty reduction and growth. Third, the newly elected administration is championing several new policy initiatives with an emphasis on rural development and national self-reliance. Fourth, Thailand must address gaps in its competitiveness, a serious long-term challenge that has been overshadowed by the immediate demands of managing the crisis.

11. The CSP is being formulated at a time of considerable political and economic uncertainty. Still in the early days of its tenure, the administration is preoccupied with issues of short-run economic management, and has not yet had an opportunity to demonstrate its

commitment to needed structural reforms. Growth prospects, crucial for completing the recovery process, are clouded by the uncertain prospects for external demand. Moves toward greater decentralization and improved accountability and transparency in public life may also entail significant learning and adjustment costs. The CSP must, therefore, be able to guide ADB assistance under a wide variety of possible circumstances.

12. As in the past, ADB's capacity to deliver high quality services will depend on maintaining an effective partnership with the Government. Increasingly, however, it will also hinge on the support its operations enjoy among legitimate representatives of civil society. A key challenge will be to invest in community relations at the project and broader institutional levels.

13. In addressing these challenges, the draft CSP, which is in preparation, proposes a strategy to support inclusive social development, promote rural development, and deepen competitiveness. This strategy reflects the Government's priorities, will advance poverty reduction and equitable growth, and will address directly key challenges facing Thailand. The geographical focus of the interim COS will be preserved.

## **II. IMPLEMENTATION OF THE COUNTRY STRATEGY AND PROGRAM**

### **A. Poverty Reduction**

14. Between 1988 and 1996, Thailand's poverty incidence dropped from about 33 percent of the population to about 11 percent, translating to more than 1 million people being lifted out of poverty each year. But with the onset of the financial crisis in 1997 an additional 3 million people became poor, with the incidence of poverty climbing to 16 percent in 1999. Thailand's social indicators are given in Appendix 2.

15. Incomes are distributed more unequally in Thailand than in most middle income countries. The crisis has caused the gaps between the rich and poor to widen. The poorest 20 percent of the population received only 3.8 percent of aggregate national income while the richest 20 percent received about 59.0 percent in 1999. Regional inequalities are also pronounced. Inequality dilutes the impact of growth in reducing poverty incidence.

16. Historically, reductions in poverty incidence in Thailand have correlated strongly with the aggregate growth of GDP per capita. A 1 percent increase in per capita income has been associated with an average annual proportional reduction in the headcount measure of poverty incidence of about 1.5 percent. But experience also suggests that once growth of per capita income falls below about 3 percent, increases in poverty incidence can occur. The expected slowing of GDP growth to 2-3 percent in 2001 might reasonably be expected to place upward pressure on poverty incidence. Poverty, which is concentrated in rural areas, is the product of a wide range of disadvantages that impede access to needed resources and that limit economic opportunities. The north-northeast region area development loan, programmed for 2002, and the southern region area development loan, programmed for 2004, will help address the needs of Thailand's rural poor. Broader social dimensions of Thailand's poverty problems will be covered in the second social sector reform loan programmed for 2003.

### **B. Thematic Priorities**

#### **1. Economic Growth**

17. Thailand's economy contracted in both 1997 and 1998. While economic growth resumed early in 1999, its pace has been modest compared to the precrisis years. In the near

term, growth prospects depend on global economic circumstances and on progress with Thailand's structural reform agenda. Thailand has yet to complete the process of restructuring its banking and corporate sectors and the momentum of reform has been slowing. Over the longer term, a variety of factors constrain Thailand's potential growth. In particular, Thailand faces difficult challenges in improving the education and skills of its labor force, upgrading its infrastructure, and developing technological and research competencies. These longer term competitiveness issues will be directly addressed through the science and technology sector development program (SDP) in 2004, and those focused on education and skill development through two loans to support secondary and higher education, in 2002 and 2004, respectively.

## **2. Human Development**

18. The well-being of the Thai people has improved significantly since 1986. Thailand ranked 76<sup>th</sup> among 174 countries in the 1999 human development index of the United Nations Development Programme (UNDP), and is classified as a high human development country. But improvements have been patchy. Educational advances have not kept pace with rapid economic growth (fewer than 20 percent of the Thai labor force have more than primary education). HIV/AIDS has blighted the quality of life for millions of Thais and stretched the public health system. Opportunities for human and economic betterment remain unequally distributed. In particular, the life chances for Thailand's rural population are worse than for urban inhabitants. The social sector reform program in 2003 will deal with policies to improve health care service delivery in rural areas and address resource needs for maternal and child health programs and HIV/AIDS activities.

## **3. Gender Development**

19. Thailand's female labor force participation is 67 percent (87 percent for males), higher than any other country in East Asia. Thailand also ranks high, 58th among 143 countries, on UNDP's 1999 gender-related development index. These statistics reflect policies that fostered and encouraged human, social, and economic development in Thailand in a way that included women. Notwithstanding this broadly encouraging picture, women still face obstacles to participating fully in economic and broader social life. Although legislation provides equal rights for men and women, women have less access to job opportunities than men and are underrepresented in some areas of economic, political, and community life. Gender issues will be mainstreamed in the programmed education and social sector loans, and will be addressed through advisory technical assistance (TA).

## **4. Good Governance**

20. The 1997 Constitution aims to create a more stable social and political system with higher levels of accountability and transparency. Infringements on personal rights and a climate of secrecy in government affairs will be replaced with one of Asia's most liberal codes of individual freedoms. The 1997 Constitution includes a formal role for civil society in shaping national policy. Town meetings held across the country enhanced the understanding of Thailand's development challenges and provided key inputs for the 9<sup>th</sup> Plan (para.10). The new constitution has also provided for election and national counter corruption commissions, and an ombudsman and administrative courts with wide-ranging powers. In addition, the Government has established the National Economic and Social Council to provide broad-based feedback on proposed policy and legal reforms. The Government is also committed to tackling the serious problems of corruption that exist in both public and private sectors.

21. The benefits of these ambitious initiatives will only be fully realized with an intensification of efforts to curb ongoing and worrying abuses of power, and a strengthening of capacities at the central and local levels. The mechanics of how to channel and monitor the increased transfers to local governments need to be fully worked out, and legislation identifying which functions will be financed at local levels must be passed. Governance issues are addressed directly in the accountability improvement loan programmed for 2003 and in the advisory TA for strengthening accountability mechanisms in 2002.

## **5. Private Sector Development**

22. Successive governments have adopted a variety of measures to encourage private investment and economic activity. The major weakness in the business sector concerns the competitiveness of the “real economy” and the coherence and scope of policies designed to support competitiveness. Restructuring efforts so far have been largely financial, rather than operational. Reflecting this, Thailand’s competitiveness ranking, covering economic performance, government efficiency, business efficiency, and infrastructure, according to the International Institute for Management and Development report of April 2001, declined three places from last year, to 38 out of 49 countries surveyed. The major challenges going forward are to complete the process of restructuring the banking and corporate sectors and to build the capabilities required to compete in world markets. A variety of legislative and judicial changes are also needed to promote an environment that is more conducive to business. Private sector concerns are incorporated in the micro and small enterprise financing loan in 2003 and the science and technology SDP in 2004.

## **6. Environmental Protection**

23. Thailand’s rapid economic development of the past four decades has been accompanied by serious neglect of the environment and natural resources. The environment has been significantly degraded to the point where it may now impede further economic development. Shifting cultivation, urban expansion, and limited effectiveness of control over logging continue to result in deforestation and forest degradation. The rapid growth of industrial and agro-industrial production has also resulted in serious air, surface, and groundwater pollution in urban areas. Environmental problems expected to worsen over the medium term include industrial water pollution (especially as industrial production expands to upcountry areas), and solid waste disposal (as regional cities and consumerism continue to grow). Resource use conflicts are on the rise, and environmental problems are compounded because 10 agencies, spread across 6 ministries, share oversight responsibility for the environment. Fortunately, Thailand has attained or is approaching the income level at which, as experience in more advanced countries suggests, a strong national consensus favoring environmental protection emerges and begins to exercise a growing influence on the environmental debate. The Government has now called for closer integration of economic and environmental management objectives, and greater local participation in development planning to ensure improved environmental soundness. The area development loans will pay particular attention to environmental concerns and the rural wastewater treatment plant rehabilitation loan in 2003 addresses directly environmental clean-up concerns. Thailand’s environmental indicators are given in Appendix 2.

## **7. Regional Cooperation**

24. Thailand has been a pivotal player in the ADB-supported Greater Mekong Subregion (GMS) Program. Thailand is also an active participant in the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) and has reached agreement with Bangladesh, India, Myanmar, and Sri Lanka (BIMST-EC) to promote economic ties between countries in the Bay of Bengal area.

Agreement has also been reached between Lao People's Democratic Republic, Myanmar, Thailand, and India for the joint promotion of the Mekong-Ganges region in areas such as tourism education and culture. As the economic hub of the GMS, Thailand has been able to establish strong mutual interests with its neighbors. Thailand is emerging as both a market for their produce and as a source of agricultural and other technology and capital. Subregional projects also contribute to balanced growth in Thailand's lagging regions (north-northeast Thailand in respect of the GMS, and the south in respect of the IMT-GT). Tourism, transport, communications, and energy development are other areas with strong potential. Human Resource Development initiatives with neighboring countries in areas such as health and the environment illustrate other benefits from subregional cooperation. During 2000, a commercial navigation agreement was reached between People's Republic of China, Lao People's Democratic Republic, Myanmar, and Thailand on the use of the upper Mekong River. The area development and economic corridor projects are expected to have positive spillover effects on neighboring economies.

### **III. PORTFOLIO MANAGEMENT ISSUES**

#### **A. Portfolio Performance Implementation**

25. Between 1968 and 2000, ADB made loans to Thailand of \$5.3 billion, covering 83 projects. Of these, 68 loans, amounting to \$3.6 billion, have been completed and 13 were ongoing as of December 2000. A total of \$49 million has been provided for TAs. Historically, ADB has focused its lending operations in Thailand on physical infrastructure development projects. Of the 3 projects in the Thailand portfolio which have been postevaluated, 2 (67 percent) are regarded as having been highly successful. The remaining project (33 percent), in the agriculture and natural resources sectors, has been judged successful. No projects were evaluated as unsuccessful. This compares very favorably with the ADB average as well as with that of other Group C countries. Appendix 3 summarizes the performance of ADB's public sector loans to Thailand.

#### **B. Counterpart Funding**

26. During 1998-1999, implementation of most ADB-funded projects in Thailand slowed due to the economic crisis and subsequent shortages and cutbacks of counterpart funds and expenditure programs for executing agencies. Based on the available data on cumulative counterpart funds provision, no ADB-funded project in Thailand has faced serious shortages of counterpart funds during 2000-2001. The Ministry of Finance (MOF) is to be commended for having secured sufficient counterpart funds to support the overwhelming majority of ADB loan and TA activities during the crisis period. However, since project budgets are strictly controlled by the Bureau of the Budget, annual requirements for counterpart funds should be carefully examined in advance (e.g., at loan appraisal) to ensure that adequate counterpart funds are available when project activities are initiated.

#### **C. Monitoring and Evaluation**

27. Monitoring and evaluation (M&E) of ADB's strategy and program performance, which will be articulated in the new CSP, is best undertaken at the time of the annual CSP update. The CSP update will provide an opportunity to assess changes in the broad policy and institutional environment as well as to undertake a more detailed evaluation of ADB's programs and portfolio. While an assessment cannot proceed on the basis of narrow quantitative indicators alone, performance can still be usefully benchmarked against available data. Selected M&E indicators will cover economic performance and management and crosscutting themes and

concerns including social progress, the environment, and governance. The M&E framework will be set in a strategic planning framework that recognizes constraints on actions and changing circumstances.

#### **IV. COUNTRY PERFORMANCE AND LENDING LEVELS**

##### **A. Proposed Lending Level**

28. On many measures, Thailand's economic and social circumstances have regressed over the past five years. Thailand is now further from graduation than it was in the mid-1990s, underscoring the continuing need for concessional assistance. Thailand's advance repayments of ADB loans in 2000 were based on the expectation of a strong recovery, which has not materialized. Indeed, further social reversals could occur if slow growth proves to be protracted. Other considerations suggest that a borrowing relationship with ADB will continue to be in Thailand's interests over the medium term. Thailand has large scheduled repayments to multilateral and bilateral creditors falling due over the next two fiscal years. It also faces the prospect of having to refinance a substantial portion of public debt in 2004. The introduction of lending products based on the London interbank offered rate (LIBOR) now makes ADB funding more competitive than before. Thailand may also wish to retain a borrowing relationship with ADB as it serves as a vehicle for TA, policy dialogue, and involvement in regional cooperation.

##### **B. Loan Program**

29. Subject to the availability of resources and finalization of the Government's borrowing program, a loan pipeline has been prepared for 2002-2004 totaling \$1.0 billion, or an average annual lending level of about \$330 million, the same level of lending that was made in 1995 and 1996 prior to the crisis. The pipeline includes a public sector resource management SDP loan for \$250 million, as a standby in 2002. Following the Government review of its policies, a decision will be made whether to proceed with this loan in 2002 or to drop it from the pipeline. If a decision is taken to process the loan, the north-northeast region area development loan will then be deferred to 2003, and the loan pipeline adjusted accordingly. Delivery of the proposed program and support for quick disbursing assistance will depend on country performance, including the quality of economic management, government commitment to implement policy and institutional reforms, portfolio performance, and continued improvements in the governance dimensions of ADB operations in Thailand. Based on poverty classification guidelines, about 46 percent of planned projects (44 percent of lending amount) are poverty interventions while the remaining 54 percent are not classified (56 percent of lending). Social infrastructure projects are planned to account for about 36 percent of total lending; financial sector projects, for about 32 percent; and multisector for 24 percent; agriculture projects, 8 percent. Appendix 4 presents a breakdown of the proposed lending program by poverty classification, thematic priority, and sector separately for the first year (2002) as well as subsequent years (2003-2004). In conjunction with ADB's lending program, ADB will continue to actively pursue cofinancing from official and commercial sources to address effectively the important thematic priorities for ADB operations in Thailand.

##### **C. Technical Assistance and Economic and Sector Work Program**

30. The TA program focuses on capacity building, policy reforms, and governance reforms in the social, rural, and financial sectors, and the preparation of participatory project designs. Subject to the availability of resources, a TA pipeline has been prepared for 2002-2004 comprising 16 activities requiring an indicative planning figure of \$8.1 million, or an average

annual TA level of about \$2.7 million, excluding cofinancing requirements from other sources of \$3.3 million.

31. Economic and sector work in Thailand is to support sound preparation of ADB's lending operations; to improve knowledge and understanding of the links between poverty reduction, growth and ADB's crosscutting concerns; to backstop capacity building; and to contribute to a variety of subregional cooperation initiatives. To meet these objectives, the CSP will develop TA pipelines that adequately support lending operations through associated project preparatory, advisory, and capacity building TAs. A proposed economic and sector work pipeline for 2002-2004 is included in Appendix 5.

#### **D. Summary of Changes**

32. The TA and loan pipelines included in the 2001-2003 country assistance plan have benefited from extensive review within ADB and have undergone a number of revisions in consultation with the Government. MOF will seek alternative financing from other sources for the regional rural road upgrading and maintenance SDP proposed for 2003; this loan and related project preparatory TA were dropped from the pipeline. A second social sector reform program and rural wastewater treatment plant rehabilitation project are included in 2003, and a second higher education development project is included in 2004. This is to respond to Government requests for follow-up assistance in these sectors and is consistent with the proposed strategy. TAs to prepare these loans and a small-scale TA in 2001 to prepare the secondary education development program are included. A public sector resource management SDP, focusing on contractual savings and pension and provident funds initiatives, and a micro- and small-enterprise financing loan are proposed as standby loans in 2002 and 2003, respectively. To meet the Government's desire to enhance long-term industrial competitiveness and provide support for technology development in business, a science and technology improvement SDP is proposed for 2004.

33. In accordance with the priority areas identified by the CSP and requests from MOF officials, the solid waste management, river basin development, and Khon Kaen water supply and wastewater management projects were dropped from the loan pipeline. The TA on Thailand as a development resource and on rural poverty reduction were also dropped. The concept and scope of the capacity building for local government in financial management TA will be incorporated into the north-northeast region area development project. The TA on regulation and supervision of microfinance at the Bank of Thailand (2002) was combined with TA to establish legislation for operating microfinance institutions (2001), reflecting the close linkages between the two TAs. Following discussions with Government officials during the CSP Formulation Mission, TAs are included to assist the Government with planning for programs related to decentralization initiatives, municipal debt policy, foreign direct investment, competition policy, deepening capital market development, establishing a secured transaction system, and preparing the social sector for an aging population. Project selection briefs and TA concept papers are provided in Appendix 6.

**APPENDIXES**

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<b>Number</b>	<b>Title</b>	<b>Page</b>	<b>Cited on (page, para.)</b>
1	Economic Indicators	10	2, 8
2	Social and Environmental Indicators	11	3, 14
3	ADB Portfolio Performance	13	6, 25
4	Planned Lending and Technical Assistance Program, 2002-2004	15	7, 29
5	Economic and Sector Work Program	19	8, 31
6	Project Selection Briefs and TA Concept Papers	20	8, 33

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## ECONOMIC INDICATORS

Item	1996	1997	1998	1999 <sup>a</sup>	2000 <sup>a</sup>
<b>A. Income and Growth</b>					
1. GDP per Capita (dollars, current)	3,048.1	2,501.8	1,830.9	1,976.5	1,955.1
2. GDP Growth (% , constant 1988 prices)	5.9	(1.4)	(10.8)	4.2	4.4
Agriculture	4.0	(0.4)	(3.2)	2.7	2.7
Industry	6.9	(1.9)	(13.3)	9.5	5.1
Services	5.3	(1.2)	(10.0)	(0.1)	4.1
<b>B. Saving and Investment (current market prices)</b>					
		(percent of GDP)			
1. Gross Domestic Investment	41.6	33.3	20.3	19.9	22.7
2. Gross Domestic Saving	33.5	32.5	33.2	30.1	30.2
<b>C. Money and Inflation</b>					
		(annual % change)			
1. Consumer Prices	5.8	5.6	8.1	0.3	1.6
2. Broad Money (M2)	12.6	16.4	9.5	2.1	3.7
<b>D. Government Finance<sup>b</sup></b>					
		(percent of GDP)			
1. Total Revenue and Grants	19.4	18.6	16.2	16.2	16.5
2. Total Expenditure and Net Lending	17.0	20.6	23.8	27.4	19.6
3. Overall Surplus/Deficit (-)	2.4	(2.1)	(7.6)	(11.2)	(3.2)
<b>E. Balance of Payments</b>					
1. Merchandise Trade Balance (% of GDP)	(8.9)	(3.1)	10.9	7.5	4.5
2. Current Account Balance (% of GDP)	(7.9)	(2.1)	12.7	10.0	7.5
3. Export (\$) growth (annual percent change)	(1.9)	3.8	(6.8)	7.4	19.6
4. Import (\$) growth (annual percent change)	0.6	(13.4)	(33.8)	16.9	31.3
<b>F. External Payments Indicators</b>					
1. Gross Official Reserves (billion dollars, end of period)	38.7	27.0	29.5	34.8	32.7
- months of imports	6.6	5.3	8.7	8.8	6.3
2. External Debt Service (% of exports of goods & services)	12.3	15.7	21.4	19.4	15.4
3. External Debt (% of GDP)	59.7	72.4	93.6	77.0	65.9
<b>G. Memorandum Items:</b>					
GDP (current prices, baht billion)	4,622.8	4,740.2	4,628.4	4,615.4	4,900.0
GDP (current prices, \$ billion)	182.6	151.4	112.1	122.1	121.8
Exchange Rate (baht per dollar, annual average)	25.3	31.3	41.3	37.8	40.2
Population (million)	59.9	60.5	61.2	61.8	62.3

GDP = gross domestic product; M2 = money supply.

<sup>a</sup> Values on this column are preliminary actuals.

<sup>b</sup> On a fiscal year basis. Covers Central Government budgetary and non-budgetary accounts.

Note: GDP and ratios on GDP are preliminary estimates based on quarterly data.

Sources: National Economic and Social Development Board (NESDB), Bank of Thailand, Ministry of Finance.

## SOCIAL AND ENVIRONMENTAL INDICATORS

### Table A2.1: Social Indicators

Item	1985	1990	Latest Year
Total Fertility Rate (births per woman)	3.3 (1980-1985)	2.6 (1985-1990)	1.7 (1997)
Maternal Mortality Rate (per hundred thousand live births)	270 (1980-1985)	...	44.0 (1990-1998)
Infant Mortality Rate (per 1000 live births)	38 (1988)	...	30 (1998)
Life Expectancy at Birth (years)	64 (1987)	66	68.9 (1998)
Female	66 (1987)	68	72.1 (1998)
Male			
Adult Literacy (%)	91	93	95.0 (1998)
Primary School Gross Enrollment Rate (%) <sup>a</sup>	96	99	88.0 (1997)
Female	...	99	89.2 (1997)
Secondary School Gross Enrollment Rate (%) <sup>a</sup>	30	30	47.6 (1997)
Female	...	29	46.9 (1997)
Child Malnutrition (% of under age 5)	23.6 (1987)	18.0	13.0 (1990-1996)
Population Below Poverty Line (%)	32.6 (1988)	27.2 (1990)	15.9 (1999)
Population with Access to Safe Water (%)	64 (1985-1987)	76 (1988-1991)	81 (1990-1998)
Population with Access to Sanitation (%)	53 (1985-1987)	74 (1988-1991)	96 (1990-1998)
Public Education Expenditure as % of GNP	3.6 (1986)	2.8	4.4 (1998)
Public Health Expenditure as % of GDP	0.9 (1986)	0.8	1.2 (1998)
Human Development Index		0.715	0.745 (1998)
Human Development Ranking		74	76 (1998)

GDP = gross domestic product; GNP = gross national product.

<sup>a</sup> Gross enrollment ratio, defined as the number enrolled in a level of education, whether or not they belong in the relevant age group for that level, expressed as a percentage of the population in the age group 6-11 years for primary schools, and 12-17 years for secondary school.

Sources: National Economic and Social Development Board; UNDP. 2000. *Human Development Report*; World Bank. 2000. *World Development Report and World Development Indicators*.

Table A2.2: Environmental Indicators

Item	1980	Latest	
Energy Efficiency of Emissions			
GDP per Unit of Energy Use (PPP \$/kg oil equivalent)	2.9	4.7	(1997)
Traditional Fuel Use (% of total energy use)	40.3	30	(1996)
Carbon Dioxide Emissions (total tons)	40	205.4	(1996)
Carbon Dioxide Emissions (per capita tons)	0.9	3.4	(1996)
Water Pollution			
Emissions of Organic Water Pollutants (kg/day)	213,271	355,819	(1997)
Industry Share of Emissions of Organic Water Pollutants			
Wood (%)	n.a.	1.5	(1997)
Primary Metals (%)	n.a.	6.1	(1997)
Paper and Pulp (%)	n.a.	5.3	(1997)
Chemical (%)	n.a.	5.3	(1997)
Food and Beverages (%)	n.a.	42.2	(1997)
Textiles (%)	n.a.	35.4	(1997)
Water and Sanitation			
Urban Percent of Population with Access to Safe Water	n.a.	94	(1990-96)
Rural Percent of Population with Access to Safe Water	n.a.	88	(1990-96)
Access to Sanitation in Urban Areas (%)	50 (1982-85)	98	(1990-96)
Land Use and Deforestation			
Forest Area (km <sup>2</sup> '000)	n.a.	116	(1995)
Average Annual Deforestation (km <sup>2</sup> )	n.a.	3,294	(1990-95)
Average Annual Deforestation (% change)	n.a.	2.6	(1990-95)
Rural Population Density (people/km <sup>2</sup> of arable land)	n.a.	281	(1997)
Arable Land (% of land area)	32.3	33.4	(1997)
Permanent Cropland (% of land area)	3.5	6.6	(1997)
Biodiversity and Protected Areas			
Nationally Protected Area (km <sup>2</sup> '000)	n.a.	70.7	(1996)
Percent of Total Land Area	n.a.	13.8	(1996)
Mammals (number of threatened species)	n.a.	34	(1996)
Birds (number of threatened species)	n.a.	45	(1996)
Higher Plants (number of threatened species)	n.a.	385	(1997)
Reptiles (number of threatened species)	n.a.	16	(1996)
Amphibians (number of threatened species)	n.a.	0.0	
Urban			
Urban Population (millions)	7.9	12.8	(1998)
Percentage Urban	17	21	(1998)
Per Capita Water Use	n.a.	n.a.	
Wastewater Treated (%)	n.a.	n.a.	
Per Capita Solid Waste Generation (kg/day)	n.a.	n.a.	
Air Pollution			
City Population ('000) - Bangkok	n.a.	6,547	(1995)
Total Suspended Particulates (g/m <sup>3</sup> )	n.a.	223	(1995)
Sulfur Dioxide (g/m <sup>3</sup> )	n.a.	11	(1995)
Nitrogen Dioxide (g/m <sup>3</sup> )	n.a.	23	(1995)

GDP = gross domestic product; kg = kilogram; km<sup>2</sup> = square kilometer; m<sup>3</sup> = cubic meter; g = microgram; n.a.= not applicable; PPP = purchasing power parity.

Sources: National Economic and Social Development Board; UNDP. 2000. Human Development Report; World Bank. 2000. *World Development Report and World Development Indicators*.

## ADB PORTFOLIO PERFORMANCE

**Table A3.1: Implementation, Disbursement Performance, and Postevaluation Results of Public Sector Projects**  
(as of 31 December 2000)

A. Project Portfolio	Net Loan Amount		Rating (No.)									
	\$ mn	%	Total		Implementation Progress				Development Objectives			
			No.	%	HS	S	PS	U	HS	S	PS	U
Agriculture/Natural Resources	300.0	17.9	1	8.3	0	1	0	0	0	1	0	0
Energy	0.0	0.0	0	0.0	0	0	0	0	0	0	0	0
Finance and Industry	4.5	0.3	1	8.3	0	1	0	0	0	1	0	0
Transport and Communications	449.5	26.8	5	41.7	0	4	1	0	0	5	0	0
Social Infrastructure	423.2	25.2	4	33.3	0	2	2	0	0	4	0	0
Multisector/Others	500.0	29.8	1	8.3	0	1	0	0	0	1	0	0
<b>Total</b>	<b>1677.2</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>0</b>	<b>9</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>0</b>
<b>B. Disbursements</b>					<b>OCR</b>		<b>ADF</b>		<b>Total</b>			
1) Total funds available for withdrawal (\$ mn, active loans only)					1977.2		0.0		1977.2			
2) Disbursed amount (\$ mn, cumulative, active loans only)					1393.1		0.0		1393.1			
3) Percentage disbursed [(2)/(1)] (%)					70.5		0.0		70.5			
4) Disbursements (\$mn, active loans only, latest year)					130.5		0.0		130.5			
5) Disbursement ratio (%) <sup>a</sup>					18.3		0.0		18.3			
<b>C. Net Transfer of Resources<sup>b</sup> (\$million)</b>					<b>OCR</b>		<b>ADF</b>		<b>Total</b>			
1996					(18.0)		(2.1)		(20.1)			
1997					459.3		(2.3)		457.0			
1998					384.1		(2.3)		381.8			
1999					209.0		(2.4)		206.6			
2000					(574.7)		(2.7)		(577.4)			
<b>D. Postevaluated Projects (by Year of PPAR Circulation)</b>										<b>1996-2000</b>		
<b>1. Postevaluation Rating (as of 31 December 2000)</b>										<b>No.</b>	<b>%</b>	
Highly Successful										2	66.7	
Successful										1	33.3	
Partly Successful										0	0.0	
Unsuccessful										0	0.0	
No Rating										0	0.0	
<b>Total</b>										<b>3</b>	<b>100.0</b>	
<b>2. Postevaluation Rating by Sector 1996-2000 (as of 31 December 2000)</b>										<b>Total</b>		
<b>Highly Successful</b>		<b>Successful</b>		<b>Partially Successful</b>		<b>Unsuccessful</b>		<b>No Rating</b>		<b>Total</b>		
No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
0	0.0	1	100.0	0	0.0	0	0.0	0	0.0	1	33.3	
2	100.0	0	0.0	0	0.0	0	0.0	0	0.0	2	66.7	
0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	
<b>2</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>3</b>	<b>100.0</b>	

ADF = Asian Development Fund; HS = highly satisfactory; mn = million; OCR = ordinary capital resources; PS = partially satisfactory; S = satisfactory; U = unsatisfactory.

<sup>a</sup> Ratio of disbursement during the year over the undisbursed net loan balance less cancellations at the beginning of the year. Effective loans during the year have also been added to the beginning balance of undisbursed loans.

<sup>b</sup> Includes private sector projects for countries with private sector operations.

**Table A3.2: Status of Project Implementation of Public Sector Projects**  
(As of 31 December 2000)

Sector	Project Title	Net Loan Amount		Approval Date	Effectivity Date	Closing Date		Project Progress (%) complete	Cum Contract Awards (\$ million)	Cumulative Disbursement (\$ million)	Project Performance Rating	
		OCR (\$ million)	ADF (\$ million)			Original (mmm yy)	Revised (mmm yy)				Implementation Progress	Development Objective
AGR	Agricultural Sector Program	300.0		Sep 99	Oct 99	Sep 01	-	50	150.0	150.0	S	S
F&I	Financial Markets Reform Program	300.0		Dec 97	Dec 97	Jun 00	-	100	300.0	300.0		Closed
F&I	Restructuring Of Specialized Financial Institutions	4.5		Dec 99	Aug 00	Dec 02	-	4	0.0	0.0	S	S
OTH	Social Sector Program	500.0		Mar 98	Mar 98	Mar 00	-	100	500.0	500.0	S	S
SOC	Skills Development Project	80.0		Nov 96	Jun 97	Jun 02	-	55	37.7	17.1	S	S
SOC	Higher Education Development Project	59.3		Sep 99	Dec 99	Mar 05	-	6	0.0	1.5	S	S
SOC	Chonburi Water Supply Project	30.2		Oct 94	Sep 95	Dec 99	Dec 00	100	26.1	28.0	S	S
SOC	Samut Prakarn Wastewater Management Project	150.0		Dec 95	Oct 96	Dec 01	-	64	147.7	90.3	S	S
SOC	Nong Khai-Udon Thani Water Supply Project	50.0		Aug 97	Oct 98	Dec 02	-	28	0.0	0.3	PS	S
SOC	Samut Prakarn Wastewater Management-Supplementary	80.0		Dec 98	Nov 99	Jun 04	-	64	79.9	19.2	S	S
T&C	Bangkok Urban Transport Project	34.2		Nov 92	Dec 93	Mar 98	Sep 01	90	29.9	26.2	PS	S
T&C	Regional Roads (Sector) Project	145.0		Jul 94	Dec 94	Dec 98	Dec 00	99	117.6	116.6	PS	S
T&C	Second Regional Roads Sector Project	144.0		Sep 95	Jan 96	Jun 01	-	90	108.6	93.0	S	S
T&C	Third Rural Telecommunication (Sector)	100.0		Nov 96	Dec 97	Jun 01	-	50	88.0	50.9	S	S
<b>Total</b>		<b>1,977.2</b>	<b>0.0</b>						<b>1,585.5</b>	<b>1,393.1</b>		

AGR: Agriculture & Natural Resources; ENE: Energy; F&I: Finance and Industry; HS: highly satisfactory; PS: partially satisfactory; S: satisfactory; SOC: Social Infrastructure; T&C: Transport and Communications; OTH: Others/Multisector; U: unsatisfactory.

**PLANNED LENDING AND TECHNICAL ASSISTANCE PROGRAMS**  
**Table A4.1: Lending Program and Pipeline, 2002-2004**

Sector/Project Name	Poverty Classification	Thematic Priority	Year of PPTA	Project Cost (\$ million)						
				Total Amount	ADB		Gov't <sup>a</sup>	Cofinancing <sup>a</sup> (Others)		
					OCR	ADF	Total			
<b>2002 Firm Loans</b>										
<b>Social Infrastructure</b>										
Secondary Education Sector Development Program	PI	HD	2001	300.0	100.0	-	100.0	150.0	50.0	
<b>Subtotal</b>				<b>300.0</b>	<b>100.0</b>	<b>-</b>	<b>100.0</b>	<b>150.0</b>	<b>50.0</b>	
<b>Others/Multisector</b>										
North-Northeast Region Area Development	PI	RC	2001	400.0	200.0	-	200.0	150.0	50.0	
<b>Subtotal</b>				<b>400.0</b>	<b>200.0</b>	<b>-</b>	<b>200.0</b>	<b>150.0</b>	<b>50.0</b>	
<b>Total</b>				<b>700.0</b>	<b>300.0</b>		<b>300.0</b>	<b>300.0</b>	<b>100.0</b>	
<b>2002 Standby Loans</b>										
<b>Finance and Industry</b>										
Public Sector Resource Management SDP	NC	GG		500.0	250.0	-	250.0	250.0	-	
<b>Total</b>				<b>500.0</b>	<b>250.0</b>	<b>-</b>	<b>250.0</b>	<b>250.0</b>	<b>-</b>	
<b>2003 Firm Loans</b>										
<b>Others/Multisector</b>										
Economic Corridor	NC	ECO/RC	2002	250.0	50.0	-	50.0	100.0	100.0	
<b>Subtotal</b>				<b>250.0</b>	<b>50.0</b>	<b>-</b>	<b>50.0</b>	<b>100.0</b>	<b>100.0</b>	
<b>Social Infrastructure</b>										
1 Rural Wastewater Treatment Plant Rehabilitation Project	NC	ENV	2002	250.0	100.0	-	100.0	100.0	50.0	
2 Social Sector Reform Program II	PI	HD	2002	500.0	100.0	-	100.0	100.0	300.0	
3 Accountability Improvement	NC	GG	2002	150.0	50.0	-	50.0	100.0	-	
<b>Subtotal</b>				<b>900.0</b>	<b>250.0</b>	<b>-</b>	<b>250.0</b>	<b>300.0</b>	<b>350.0</b>	
<b>Total</b>				<b>1,150.0</b>	<b>300.0</b>	<b>-</b>	<b>300.0</b>	<b>400.0</b>	<b>450.0</b>	
<b>2003 Standby Loans</b>										
<b>Agriculture and Natural Resources</b>										
Micro and Small Enterprise Financing	PI	ECO/PSD		100.0	100.0	-	100.0	-	-	
<b>Subtotal</b>				<b>100.0</b>	<b>100.0</b>	<b>-</b>	<b>100.0</b>	<b>-</b>	<b>-</b>	
<b>Others/Multisector</b>										
Southern Region Area Development	PI	RC	2002	200.0	50.0	-	50.0	100.0	50.0	
<b>Subtotal</b>				<b>200.0</b>	<b>50.0</b>	<b>-</b>	<b>50.0</b>	<b>100.0</b>	<b>50.0</b>	
<b>Total</b>				<b>300.0</b>	<b>150.0</b>	<b>-</b>	<b>150.0</b>	<b>100.0</b>	<b>50.0</b>	

ADF = Asian Development Fund; CPI = Core Poverty Intervention; ECO = Economic Growth; ENV = Environmental Protection; GAD = Gender and Development; GG = Good Governance; HD = Human Development; OCR = ordinary capital resources; PI = Poverty Intervention; NC = Not Classified; PSD = Private Sector Development; RC = Regional Cooperation.

<sup>a</sup> Preliminary estimates; to be confirmed.

Table A4.2: Lending Program and Pipeline, 2002-2004

Sector/Project Name	Poverty Classification	Thematic Priority	Year of PPTA	Project Cost (\$ million)					
				Total Amount	ADB		Gov't <sup>a</sup>	Cofinancing <sup>a</sup> (Others)	
					OCR	ADF	Total		
<b>2004 Loan Pipeline</b>									
<b>Agriculture and Natural Resources</b>									
Micro and Small Enterprise Financing	PI	ECO/PSD		100.0	100.0	-	100.0	-	-
<b>Subtotal</b>				<b>100.0</b>	<b>100.0</b>	<b>-</b>	<b>100.0</b>	<b>-</b>	<b>-</b>
<b>Finance and Industry</b>									
Science and Technology Improvement to Enhance Competitiveness SDP	NC	HD/PSD	2003	350.0	150.0	-	150.0	150.0	50.0
<b>Subtotal</b>				<b>350.0</b>	<b>150.0</b>	<b>-</b>	<b>150.0</b>	<b>150.0</b>	<b>50.0</b>
<b>Social Infrastructure</b>									
Second Higher Education Development Project	NC	HD	2003	225.0	100.0	-	100.0	75.0	50.0
<b>Subtotal</b>				<b>225.0</b>	<b>100.0</b>	<b>-</b>	<b>100.0</b>	<b>75.0</b>	<b>50.0</b>
<b>Others/Multisector</b>									
Southern Region Area Development	PI	RC	2002	200.0	50.0	-	50.0	100.0	50.0
<b>Subtotal</b>				<b>200.0</b>	<b>50.0</b>	<b>-</b>	<b>50.0</b>	<b>100.0</b>	<b>50.0</b>
<b>Total</b>				<b>875.0</b>	<b>400.0</b>	<b>-</b>	<b>400.0</b>	<b>325.0</b>	<b>150.0</b>

CPI = Core Poverty Intervention; ECO = Economic Growth; ENV = Environmental Protection; GAD = Gender and Development; GG = Good Governance; HD = Human Development; PI = Poverty Intervention; NC = Not Classified; PSD = Private Sector Development; RC = Regional Cooperation.

<sup>a</sup> Preliminary estimates; to be confirmed.

**Table A4.3: Technical Assistance Program and Pipeline, 2002-2004**

Sector/Project Name	Responsible Division	Type of TA	Amount (\$ '000)		
			ADB	Others	Total
<b>2002</b>					
<b>Agriculture and Natural Resources</b>					
Linking Micro and Small Enterprises to Commercial Finance	AWAR	ADTA	-	250.0	250.0
<b>Subtotal</b>			-	<b>250.0</b>	<b>250.0</b>
<b>Social Infrastructure</b>					
1 Accountability Improvement	PW3	PPTA	500.0	-	500.0
2 Strengthening Accountability Mechanism II	PW3	ADTA	-	1,000.0	1,000.0
3 Social Sector Reform Program II	AWEH	PPTA	600.0	-	600.0
4 Rural Wastewater Treatment Plant Rehabilitation	AWWU	PPTA	1,000.0	-	1,000.0
<b>Subtotal</b>			<b>2,100.0</b>	<b>1,000.0</b>	<b>3,100.0</b>
<b>Finance and Industry</b>					
Municipal Debt Policy and Strategy	IWFI	ADTA	-	150.0	150.0
<b>Subtotal</b>			-	<b>150.0</b>	<b>150.0</b>
<b>Others/Multisector</b>					
1 Economic Corridor Development	IWTC	PPTA	-	1,500.0	1,500.0
2 Southern Region Area Development	AWWU	PPTA	1,000.0	-	1,000.0
<b>Subtotal</b>			<b>1,000.0</b>	<b>1,500.0</b>	<b>2,500.0</b>
<b>Total</b>			<b>3,100.0</b>	<b>2,900.0</b>	<b>6,000.0</b>
<b>2003</b>					
<b>Finance and Industry</b>					
Formulation of S&T Strategy/Action Plan to Enhance Competitiveness	IWFI	PPTA	1,000.0	-	1,000.0
<b>Subtotal</b>			<b>1,000.0</b>	-	<b>1,000.0</b>
<b>Social Infrastructure</b>					
Second Higher Education Development	AWEH	PPTA	1,000.0	-	1,000.0
<b>Subtotal</b>			<b>1,000.0</b>	-	<b>1,000.0</b>
<b>Others/Multisector</b>					
1 Pilot Support to Local Government on Implementation of Decentralization	PW3	ADTA	500.0	-	500.0
2 Building a Platform for Durable Growth	EDRC	ADTA	500.0	-	500.0
3 Secured Transactions and Registration System	OGC	ADTA	-	400.0	400.0
<b>Subtotal</b>			<b>1,000.0</b>	<b>400.0</b>	<b>1,400.0</b>
<b>Total</b>			<b>3,000.0</b>	<b>400.0</b>	<b>3,400.0</b>
<b>2004</b>					
<b>Finance and Industry</b>					
1 Capital Markets Development II	IWFI	ADTA	1,000.0	-	1,000.0
2 Competition Policy and Foreign Direct Investment in Thailand	IWFI	ADTA	500.0	-	500.0
<b>Subtotal</b>			<b>1,500.0</b>	-	<b>1,500.0</b>
<b>Others/Multisector</b>					
Preparing the Social Sector for an Aging Population	AWEH	ADTA	500.0	-	500.0
<b>Subtotal</b>			<b>500.0</b>	-	<b>500.0</b>
<b>Total</b>			<b>2,000.0</b>	-	<b>2,000.0</b>

ADB = Asian Development Bank; ADTA = advisory technical assistance; AWAR = Agriculture and Rural Development West; AWEH = Education, Health and Population Division West; AWWU = Water Supply, Urban Development and Housing Division West; EDRC = Economic and Development Resource Center; IWFI = Financial Sector and Industry Division West; IWTC = Transport and Communications Division West; OGC = Office of the General Counsel; PPTA = project/program preparatory technical assistance; PW3 = Programs Department (West) Division 3; TA = technical assistance.

**Table A4.4: Lending Program and Pipeline, 2002-2004  
By Poverty Classification, Thematic Priority, and Sector**

Classification	2002 <sup>a</sup>		2003-2004	
	No.	%	No.	%
<b>A. By Poverty Classification</b>				
1. Core Poverty Intervention	-	-	-	-
2. Poverty Intervention (Noncore)	2	66.7	3	37.5
3. Not Classified	1	33.3	5	62.5
<b>Total</b>	<b>3</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>
<b>B. By Thematic Priority</b>				
1. Economic Growth	-	-	2	25.0
2. Environmental Protection	-	-	1	12.5
3. Gender and Development	-	-	-	-
4. Good Governance	1	33.3	1	12.5
5. Human Development	1	33.3	3	37.5
6. Private Sector Development	-	-	-	-
7. Regional Cooperation	1	33.3	1	12.5
<b>Total</b>	<b>3</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>
<b>C. By Sector</b>				
1. Agriculture and Natural Resources	-	-	1	12.5
2. Energy	-	-	-	-
3. Finance and Industry	1	33.3	1	12.5
4. Social Infrastructure	1	33.3	4	50.0
5. Transport and Communications	-	-	-	-
6. Others/Multisector	1	33.3	2	25.0
<b>Total</b>	<b>3</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>

<sup>a</sup> Includes one standby loan amounting to \$250 million not likely to become a firm loan in 2003.

## ECONOMIC AND SECTOR WORK PROGRAM

Type of ESW	Strategic or Operational Objective	Modality (staff, staff consultant, ADTA, RETA)
Economic Work:		
Country Economic Review	Review of the Thailand economy and structural sectoral and policy changes relevant to ADB operations.	Staff 2002-4
Thematic Work:		
1. Strengthening Accountability Mechanisms	To support civil society engagement in Thailand's ongoing political reform and undertake regulatory review on governance-related issues.	ADTA 2002
2. Pilot Support to Local Government on Implementation of Decentralization	To support capacity building at the local Government level to implement decentralization initiatives.	ADTA 2003
3. Building a Platform for Durable Growth	To examine competitiveness issues with a view to upgrading Thailand's industrial productivity.	ADTA 2003
Sector Work:		
1. Linking Micro and Small Enterprises to Commercial Finance	To support provision of financial services to the poor to undertake productive employment through social and financial intermediation.	ADTA 2002
2. Municipal Debt Policy and Strategy	To strengthen centralized regulation and management of fiscal liabilities incurred by municipal entities.	ADTA 2002
3. Private Sector Assessment	To promote sustainable economic growth and private sector development.	Staff Consultant 2002
4. Secured Transactions and Registration System	To support development of an effective and efficient legal framework and registration system to facilitate secured transactions.	ADTA 2003
5. Capital Markets Development II	To promote capital market deepening and development.	ADTA 2004
6. Competition Policy and Foreign Direct Investment in Thailand	To support improvement of investment environment.	ADTA 2004
7. Preparing the Social Sector for an Aging Population	To provide further support for social safety nets.	ADTA 2004

ADB = Asian Development Bank; ADTA = advisory technical assistance; ESW = economic and sector work; RETA = regional technical assistance.

**PROJECT SELECTION BRIEFS AND TECHNICAL ASSISTANCE CONCEPT PAPERS**

**Table A6.1: Project Selection Brief for  
Secondary Education Sector Development Program**

<b>A. Data</b>	
Project Number:	31358-01
Country:	Thailand
Sector:	Social Infrastructure
Subsector:	Education
Project Division:	AWEH
Contact Person in Projects Division:	W. Loxley
Programs Division:	PW3
Tentative Loan Amount According to CSP:	\$100 million
Proposed Lending Modality:	Sector Development Program (\$50 million investment/\$50 million program)
PPTA:	SSTA 2001 to design policy matrix for program position
Proposed PPTA Amount:	\$150,000
Attached ADTA:	N/A
Proposed ADTA Amount:	N/A
Start Predesign Phase:	March 2001
Start Design Phase:	December 2001
Approval Year According to CSP:	2002
Proposed Executing Agency:	Ministry of Education
Contact Person in Proposed Executing Agency:	Prof. Kasem Watanachai, Minister of Education
<b>B. Description</b>	
Brief Rationale of Project	<p>The proposed project will support the education reform process (National Education Act [NEA] of 1998) by improving quality of secondary schools (especially in under-served rural areas). Thailand's emergence into a modern economy will falter if the number of secondary school graduates with quality education in science, mathematics, language, and computer skills is not improved dramatically. Presently, secondary school teachers with matching skills are insufficient and not likely to be found in rural areas. To improve quality classroom learning, computers for education will be needed in secondary schools. Computers will support teacher inservice programs that allow teachers to learn in the work place and allow students the learning tools to access and process knowledge and information to solve problems. The design will strengthen district-level capacity building and school and local school board management. The design will also link new methods of learning with school management and national assessment procedures to improve all around accountability</p>

	for education. Investment funds may be used for computers, some science labs in rural schools, training, curriculum software materials, etc. The sector development program modality will allow for an investment project parallel to a program matrix that sets forth policies in support of ICT education, teacher deployment in areas of academic skills shortages, school-based management, and school-based academic assessment. Program funds may be used to offset costs of streamlining teaching cadre to include more science, math, language, and computer teachers.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others	The government passed the NEA in 1998, mandating major reforms in decentralizing decision making to the district level and below with special emphasis on school boards. These programs are being discussed and implementation is scheduled to begin in August 2002. ADB assisted this process with several ADTAs under Loan 1611-THA: Social Sector Program, approved in 1998 for \$500 million. TA 2996: Education Management and Financing Study that analyzed education inputs for teachers, school block grants, and financing under the NEA. Currently, ADB is undertaking ADTA3585-THA Education Sector Reforms approved in December 2000 for \$700,000. The TA will help the Government to further develop learning models tied to school management and school assessment. From this TA, project preparation may be followed up by a SSTA to help prepare the Project by 2002 or 2003. ADB is the major external funding agency in the sector. World Bank is assisting with teacher education but is not scheduled to be a major partner in education in the coming years.
Comparative Advantage of ADB in Proposed Project	<ul style="list-style-type: none"> <li>- Lead external funding agency in sector with past TA to decentralize education</li> <li>- Identify strategy for teacher redeployment</li> <li>- Assist teacher-learning reform</li> </ul>
If its Attached ADTA is Proposed, Indicate Rationale and Scope	n/a
Development Objective (thematic priority)	Human Development
Environmental Classification Project	C: unlikely to have adverse environmental impact
Social Issues	<ul style="list-style-type: none"> <li>• Access to upper secondary education in under-served regions to ensure equal opportunities for exposure to academic knowledge and information, quality education needed for good jobs.</li> <li>• Quality improvements to teaching and</li> </ul>

	<p>learning with emphasis on ICT for classroom learning and teacher inservice.</p> <ul style="list-style-type: none"> <li>• Educational opportunities for students and teachers to learn and eventually earn more.</li> <li>• Support for educational reform process that emphasizes local accountability of school boards, districts, principals, and teachers to provide quality education consistent with the needs of students.</li> </ul>
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ADB = Asian Development Bank; ADTA = advisory technical assistance; AWEH = Education, Health and Population Division West; CSP = country strategy and program; DMC = developing member country; ESW = economic and sector work; ICT = information and communications technology; n/a = not applicable; NEA = National Education Act; PPTA = project/program preparatory technical assistance; PW3 = Programs Department (West) Division 3; SSTA = small scale technical assistance; TA = technical assistance.

**Table A6.2: Project Selection Brief for North-Northeast Region Area Development**

<b>A. Data</b>	
Project Number:	33328-01
Country:	Thailand
Sector:	Others, Multisector
Subsector:	Others, Multisector
Project Division:	AWWU
Contact Person in Projects Division:	G. S. Jackson
Programs Division:	PW3
Tentative Loan Amount According to CSP:	\$200 million
Proposed Lending Modality:	Sector Development Program
PPTA:	North-Northeast Region Area Development
Proposed PPTA Amount:	\$1.0 million
Attached ADTA:	n/a
Proposed ADTA Amount:	-
Start Pre-design Phase:	2001
Start Design Phase:	2002
Approval Year According to CSP:	2002
Proposed Executing Agency:	National Economic and Social Development Board (NESDB)
Contact Person in Proposed Executing Agency:	Dr. Pornchai Rujiprapa, Deputy Secretary-General
<b>B. Description</b>	
Brief Rationale of Project	<ul style="list-style-type: none"> <li>• Help decentralize governmental decision-making.</li> <li>• Support rural development to bring about a more equitable distribution of growth.</li> <li>• Support the development of the east-west corridor area, the north-south corridor, and the GMS area.</li> </ul>
Summary of Preparatory Work by DMC and/or ESW by ADB or Others	<ul style="list-style-type: none"> <li>• NESDB has undertaken a national planning exercise to identify regional areas for development.</li> <li>• ADB has commenced a study on urban indicators to prioritize development.</li> </ul>
Comparative Advantage of ADB in Proposed Project	ADB is currently the only major external assistance agency in the sector. As such, loan sizes are sufficient to assist in bringing about meaningful reform.
Rationale and Scope of Attached ADTA	n/a
Development Objective (thematic priority)	Regional Cooperation
Environmental Classification	A / B: Likely to have significant environmental impact; environment category to be confirmed upon receipt of adequate information
Social Issues	Rural-urban migration. Poverty.

ADB = Asian Development Bank; ADTA = advisory technical assistance; AWWU = Water Supply, Urban Development and Housing Division West; CSP = country strategy and program; DMC = developing member country; ESW = economic and sector work; GMS = Greater Mekong Subregion; ICT = information and communications technology; NESDB = National Economic and Social Development Board; PPTA = project/program preparatory technical assistance; PW3 = Programs Department (west) Division 3; TA = technical assistance.

**Table A6.3: Project Selection Brief for Public Sector Resource Management  
Sector Development Program**

<b>A. Data</b>	
Project Number:	New project
Country:	Thailand
Sector:	Finance
Subsector:	Development Finance Institutions
Project Division:	IWFI
Contact Person in Projects Division:	J. Ahmed
Programs Division:	PW3
Tentative Loan Amount According to CSP:	\$250 million consisting of (i) a program loan, and (ii) an investment component to finance the establishment of the regulatory agency, MIS, training of regulators and financial sector, and the public information campaign.
Proposed Lending Modality:	Sector Development Program
PPTA:	n/a
Proposed PPTA Amount:	n/a
Attached ADTA:	n/a
Proposed ADTA Amount:	-
Start Predesign Phase:	2001
Start Design Phase:	2002
Approval Year According to CSP:	2002 (Standby)
Proposed Executing Agency:	Ministry of Finance
Contact Person in Proposed Executing Agency:	
<b>B. Description</b>	
Brief Rationale of Project	Facing a rapidly aging population, Thailand is preparing to take key decisions on the structure and appropriate objectives for its formal pension and social security arrangements. The need to improve coverage and security of retirement income is acute, but the budgetary and administrative burden of this system is rapidly increasing, posing a challenge for public sector resource management. The system includes (i) a defined benefit old age pension (OAP) managed by the Social Security Office (SSO) and providing a limited social safety net to about 5 million formal sector workers (tier 1); (ii) an employer-based, privately managed system of voluntary pensions covering 1 million workers (tier 3); and (iii) a number of contributory pension and provident fund schemes for employees of (a) government departments, and (b) state-owned enterprises. The Government also provides noncontributory, means tested income support for the very poor.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others	Attached to the Financial Markets Reform Program Loan (FMRPL) approved in Dec 1997, TA on Pension and Provident Funds Reform to

	determine appropriate options for reforming the present social security system was implemented. To continue efforts started under the TA, TA on Development of Long-Term Institutional Sources of Funds will be processed in 2001.
Comparative Advantage of ADB in Proposed Project	ADB is a lead agency in the financial sector in Thailand.
Rationale and Scope of Attached ADTA	
Development Objective (thematic priority)	Good Governance
Environmental Classification	C: Unlikely to have adverse environmental impact
Social Issues	

ADB = Asian Development Bank; ADTA = advisory technical assistance; CSP = country strategy and program; DMC = developing member country; ESW = economic and sector work; FMRPL = Financial Markets Reform Program Loan; IWF1 = Financial Sector and Industry Division West; MIS = management information system; n/a = not applicable; OAP = old age pension; PPTA = project/program preparatory technical assistance; PW3 = Programs Department (west) Division 3; SSO = Social Security Office; TA = technical assistance.

**Table A6.4: Project Selection Brief for Economic Corridor Development**

<b>A. Data</b>	
Project Number:	34255-01
Country:	Thailand
Sector:	Others, Multisector
Subsector:	Others, Multisector
Project Division:	IWTC
Contact Person in Projects Division:	T. Jones
Programs Division:	PW3
Tentative Loan Amount According to CSP:	\$50 million
Proposed Lending Modality:	Project Loan
PPTA:	Economic Corridor Development
Proposed PPTA Amount:	\$1.5 million
Attached ADTA:	n/a
Proposed ADTA Amount:	n/a
Start Pre-design Phase:	2002
Start Design Phase:	2002
Approval Year According to CSP:	2003
Proposed Executing Agency:	Ministry of Construction
Contact Person in Proposed Executing Agency:	Dr. Pornchai Rujjirapa, Deputy Secretary-General, National Economic and Social Development Board (NESDB)
<b>B. Description</b>	
Brief Rationale of Project	The Project proposes to upgrade portions of the Thai highway system that are on the east-west economic corridor. Focus will be on reducing the travel distance and time from Khon Kaen to the Mukdahan area. The Project will therefore play a key role in developing the poor northeastern region of Thailand. In addition, as Mukdahan is on the Thai border opposite Savannakhet (in Lao PDR) and the road from Savannakhet to the Viet Nam border is also being improved, this Project will also improve road links with Lao PDR and Viet Nam, thus promoting regional cooperation as well.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others	<ul style="list-style-type: none"> <li>• ADB-funded Pre-investment Study for East-West Economic Corridor (2000)</li> <li>• JICA-funded Thai-Lao Border Development Plan (2000-2001)</li> </ul>
Comparative Advantage of ADB in Proposed Project	The economic corridor is part of the Greater Mekong Subregion (GMS) program that ADB has been promoting since 1992. ADB is the key proponent of the east-west economic corridor concept and has already funded the preinvestment study.
Rationale and Scope of Attached ADTA	n/a
Development Objective (thematic priority)	<p>There are two thematic priorities.</p> <ul style="list-style-type: none"> <li>• The first development objective is to help in the economic growth of the northeastern region of Thailand. This region has always</li> </ul>

	<p>been economically deprived and road infrastructure development will help to improve the economic growth not just through employment generating activities during construction but also improving access for farmers and other potential investors.</p> <ul style="list-style-type: none"> <li>• The second development objective is to promote regional cooperation. The economy of the border region of Lao PDR depends on trade with Thailand. As this road will improve access to Thailand from the Lao PDR and vice versa, it will stimulate regional cooperation and thus it will help generate a stimulus effect to the Lao PDR border region as well.</li> </ul>
Environmental Classification	<p>A / B: Likely to have significant environmental impact; environment category to be confirmed upon receipt of adequate information. Most of the works is along an existing alignment. However, some new construction will be near an environmentally protected area. It is important that care is taken during project design to avoid adverse impacts on the protected area.</p>
Social Issues	<p>The project will help promote balanced and equitable regional development by improving the transport infrastructure of the northeast, which lags behind the rest of the country. It will generate employment opportunities for local inhabitants and help upgrade the delivery of services to the region through improved access. By reducing travel time and travel difficulties, it also has the potential to reduce the expenditure on transport incurred by inhabitants.</p>

ADB = Asian Development Bank; ADTA = advisory technical assistance; CSP = country strategy and program; DMC = developing member country; ESW = economic and sector work; GMS = Greater Mekong Subregion; IWTC = Transport and Communications Division West; JICA = Japan International Cooperation Agency; Lao PDR = Lao People's Democratic Republic; n/a = not applicable; NESDB = National Economic and Social Development Board; PPTA = project/program preparatory technical assistance; PW3 = Programs Department (West) Division 3; TA = technical assistance.

**Table A6.5: Project Selection Brief for Rural Wastewater Treatment Plant Rehabilitation**

<b>A. Data</b>	
Project Number:	New project
Country:	Thailand
Sector:	Social Infrastructure
Subsector:	Water Supply and Sanitation
Project Division:	AWWU
Contact Person in Projects Division:	G. S. Jackson
Programs Division:	PW3
Tentative Loan Amount According to CSP:	\$100 million
Proposed Lending Modality:	Project loan
PPTA:	Rural Wastewater Treatment Plant Rehabilitation
Proposed PPTA Amount:	\$1.0 million
Attached ADTA:	n/a
Proposed ADTA Amount:	-
Start Predesign Phase:	2002
Start Design Phase:	2002
Approval Year According to CSP:	2003
Proposed Executing Agency:	Ministry of Science, Technology and Environment/Ministry of Interior
Contact Person in Proposed Executing Agency:	Director General of the Pollution Control Department and the Director General of the Department of Local Administration.
<b>B. Description</b>	
Brief Rationale of Project	Provincial Thailand has about 30 existing wastewater management systems that are in various stages of disrepair, and operating only with the assistance of substantial subsidies. The proposed project will rehabilitate the wastewater systems, build capacity in the local governments to manage the systems, and establish regulatory and cost recovery frameworks.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others	The Pollution Control Department has carried out a preliminary audit of the systems to assess the scale of the problem. ADB has provided some assistance with the audit.
Comparative Advantage of ADB in Proposed Project	ADB is currently the only major external assistance agency in the sector. As such, loans are of sufficient size to assist in bringing about meaningful reform. In addition, the experiences of the Samut Prakarn wastewater project are invaluable.

Rationale and Scope of Attached ADTA	n/a
Development Objective (thematic priority)	Environmental Protection
Environmental Classification	A / B: Likely to have significant environmental impact; environment category to be confirmed upon receipt of adequate information
Social Issues	Communities' perception of environmental clean-up projects (NIMBY). Poverty.

ADB = Asian Development Bank; ADTA = advisory technical assistance; AWWU = Water Supply, Urban Development and Housing Division West; CSP = country strategy and program; DMC = developing member country; ESW = economic and sector work; n/a = not applicable; NIMBY = not in my backyard; PPTA = project/program preparatory technical assistance; PW3 = Programs Department (West) Division 3; TA = technical assistance.

**Table A6.6: Project Selection Brief for Social Sector Reform Program II**

<b>A. Data</b>	
Project Number:	New project
Country:	Thailand
Sector:	Social Infrastructure
Subsector:	-
Project Division:	AWEH
Contact Person in Projects Division:	Indu Bhushan
Programs Division:	PW3
Tentative Loan Amount According to CSP:	\$100 million
Proposed Lending Modality:	Program Loan
PPTA:	Social Sector Reform Program II
Proposed PPTA Amount:	\$600,000
Attached ADTA:	n/a
Proposed ADTA Amount:	-
Start Pre-design Phase:	January 2002
Start Design Phase:	September 2002
Approval Year According to CSP:	2003
Proposed Executing Agency:	To be determined
Contact Person in Proposed Executing Agency:	To be determined
<b>B. Description</b>	
Brief Rationale of Project	The current worldwide economic weakening is adversely affecting the Thai economy and society. Appropriate social sector policies to mitigate the negative consequences and possible hardships are needed, especially for vulnerable groups, to enable the Government to proceed with economic reform and recovery. While the Government must devote attention to the immediate problems brought about by this weakening and to eventual recovery, the fiscal constraints facing the Government call for improvements in the efficiency of social sector spending. The Project will support (i) fiscal and administrative decentralization efforts to make education more responsive to societal and community needs, (ii) efforts to improve governance, (iii) the improvement of health care services delivered in rural areas, (iv) allocation of more resources to maternal and child health programs and HIV/AIDS activities, and (v) protection of the poor in the informal sector and rural areas.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others	ADB's TA 2995-THA: Capacity-Building for Social Sector Reform; TA 2996-THA: Education Management and Financing Study; TA 2997-THA: Health Management and Financing; TA 5794-REG: Strength Capacity for Addressing Health and Education Needs; ongoing TA 3585-THA: Education Sector Reforms

Comparative Advantage of ADB in Proposed Project	ADB is currently implementing in Thailand the Social Sector Program Loan.
Rationale and Scope of Attached ADTA	n/a
Development Objective (thematic priority)	Human Development
Environmental Classification	C: Unlikely to have adverse environmental impact
Social Issues	About 12.9 percent of Thais live in poverty, the majority of whom are residing in the rural areas. Infant and child mortality rates are high in pockets of the extreme south, the northeast, among the hill tribes in the north, and among the urban poor. Health risks due to environmental pollution, drug abuse, and HIV/AIDS remain major public health challenges. The quality and relevance of basic and higher education have lagged behind the needs of a more global and knowledge-based economy.

ADB = Asian Development Bank; ADTA = advisory technical assistance; AWEH = Education, Health and Population Division West; CSP = country strategy and program; DMC = developing member country; ESW = economic and sector work; HIV/AIDS = human immunodeficiency virus/acute immunodeficiency syndrome; n/a = not applicable; PPTA = project/program preparatory technical assistance; PW3 = Programs Department (West) Division 3; REG = regional; TA = technical assistance; THA = Thailand.

**Table A6.7: Project Selection Brief for Accountability Improvement**

<b>A. Data</b>	
Project Number:	34254-01
Country:	Thailand
Sector:	Social Infrastructure
Subsector:	Education
Project Division:	PW3 / PWOD
Contact Person in Projects Division:	C. Wescott
Programs Division:	PW3
Tentative Loan Amount According to CSP:	\$50 million
Proposed Lending Modality:	Project Loan
PPTA:	Accountability Improvement
Proposed PPTA Amount:	\$500,000
Attached ADTA:	n/a
Proposed ADTA Amount:	-
Start Predesign Phase:	October 2002
Start Design Phase:	December 2002
Approval Year According to CSP:	2003
Proposed Executing Agency:	Office of the Civil Service Commission
Contact Person in Proposed Executing Agency:	Khunying Dhipavadee Meksawan, Director General
<b>B. Description</b>	
Brief Rationale of Project	The project will deepen processes to strengthen the accountability, transparency, and predictability of government operations, through a two-pronged approach: (i) internally, with government agencies, to strengthen internal accountability and corporate regulatory frameworks; and (ii) externally, with the corporate sector, to improve corporate governance practices, and with the civil sector, to strengthen public support for transparent and accountable government, and monitor government in the elaboration and implementation of regulatory frameworks. This will be facilitated by extensive use of ICT.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others	Recent Thai and ADB governance studies confirm the importance given in the new constitution to combating corruption.
Comparative Advantage of ADB in Proposed Project	A previous TA with the NCCC will strengthen the capacity of constitutional and civil society bodies to identify, address, and prevent official misuse of office.
Rationale and Scope of Attached ADTA	
Development Objective (thematic priority)	Good Governance
Environmental Classification	C: Unlikely to have adverse environmental impact
Social Issues	

ADB = Asian Development Bank; ADTA = advisory technical assistance; CSP = country strategy and program; DMC = developing member country; ESW = economic and sector work; ICT = information and communications technology; n/a = not applicable; NCCC = National Counter Corruption Commission; PPTA = project/program preparatory technical assistance; PW3 = Programs Department (West) Division 3; PWOD = Programs Department (West) Office of the Director; TA = technical assistance.

**Table A6.8: Project Selection Brief for Micro and Small Enterprise Financing**

<b>A. Data</b>	
Project Number:	New project
Country:	Thailand
Sector:	Agriculture and Rural Development
Subsector:	Rural Finance
Project Division:	AWAR
Contact Person in Projects Division:	T. Matsuo
Programs Division:	PW3
Tentative Loan Amount According to CSP:	\$100 million
Proposed Lending Modality:	Credit Line
PPTA:	Linking Micro and Small Enterprise Financing to Commercial Financing
Proposed PPTA Amount:	\$250,000
Attached ADTA:	Establishing a Legal and Regulatory Framework for Microfinance
Proposed ADTA Amount:	\$550,000
Start Predesign Phase:	January 2002
Start Design Phase:	June 2002
Approval Year According to CSP:	2003 (Standby)
Proposed Executing Agency:	Ministry of Finance and/or NESDB or Ministry of Interior
Contact Person in Proposed Executing Agency:	
<b>B. Description</b>	
Brief Rationale of Project	Between 1988 and 1996, more than 1 million people were lifted out of poverty each year. But with the financial crisis in 1997 more than 3 million people were thrown back into poverty, with the incidence of poverty climbing from 11 to 16 percent in 1999. The increase in poverty affected mostly rural areas, especially the northeast, south, and central regions. While growth has proved effective at reducing poverty in the past, its impact in the future is likely to be less pronounced. Poverty is the product of a wide range of disadvantages that impede access to needed resources and that limit economic opportunities. Although Thailand is a middle-income country, there is still a need to directly address the poor. One of the most effective means of doing so is through social and financial intermediation and the provision of financial resources to the poor to undertake productive employment or income generating activities. To ensure its sustainability, such services should be commercially sustainable.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others	

Comparative Advantage of ADB in Proposed Project	ADB has clear policies on microfinance institutions and experience in lending for micro and small enterprises.
Rationale and Scope of Attached ADTA	
Development Objective (thematic priority)	Poverty Reduction
Environmental Classification	
Social Issues	

ADB = Asian Development Bank; ADTA = advisory technical assistance; AWAR = Agriculture and Rural Development Division West; CSP = country strategy and program; DMC = developing member country; ESW = economic and sector work; n/a = not applicable; NESDB = National Economic and Social Development Board; PPTA = project/program preparatory technical assistance; PW3 = Programs Department (West) Division 3; TA = technical assistance.

**Table A6.11: Project Selection Brief for Southern Region Area Development**

<b>A. Data</b>	
Project Number:	34256-01
Country:	Thailand
Sector:	Others, Multisector
Subsector:	Others, Multisector
Project Division:	AWWU
Contact Person in Projects Division:	W. Costin
Programs Division:	PW3
Tentative Loan Amount According to CSP:	\$50 million
Proposed Lending Modality:	Sector Development Program
PPTA:	Southern Area Region Development
Proposed PPTA Amount:	\$1.0 million
Attached ADTA:	n/a
Proposed ADTA Amount:	-
Start Pre-design Phase:	2001
Start Design Phase:	2002
Approval Year According to CSP:	2004
Proposed Executing Agency:	National Economic and Social Development Board (NESDB)
Contact Person in Proposed Executing Agency:	Dr. Pornchai Rujiprapa, Deputy Secretary-General
<b>B. Description</b>	
Brief Rationale of Project	<ul style="list-style-type: none"> <li>Assist in the decentralization of governmental decision-making.</li> <li>Support rural development to bring about a more equitable distribution of growth.</li> <li>Support the development of the IMT-GT triangle.</li> </ul>
Summary of Preparatory Work by DMC and/or ESW by ADB or Others	NESDB has undertaken a national planning exercise to identify regional areas for development. ADB has commenced a study on urban indicators to prioritize development.
Comparative Advantage of ADB in Proposed Project	ADB is currently the only major external assistance agency in the sector. As such, loan sizes are of sufficient size to assist in bringing about meaningful reform.
Rationale and Scope of Attached ADTA	n/a
Development Objective (thematic priority)	Regional Cooperation
Environmental Classification	A / B: Likely to have significant environmental impact; environment category to be confirmed upon receipt of adequate information
Social Issues	A variety of ethnic groups exist in southern communities.

ADB = Asian Development Bank; ADTA = advisory technical assistance; AWWU = Water Supply, Urban Development and Housing Division West; CSP = country strategy and program; DMC = developing member country; ESW = economic and sector work; IMT-GT = Indonesia-Malaysia-Thailand growth triangle; n/a = not applicable; NESDB = National Economic and Social Development Board; PPTA = project/program preparatory technical assistance; PW3 = Programs Department (West) Division 3; TA = technical assistance.

**Table A6.9: Project Selection Brief for Science and Technology Improvement Sector Development Program**

<b>A. Data</b>	
Project Number	New Project
Country	Thailand
Sector	Industry
Subsector	Science and Technology
Project Division	IWFI
Contact Person in Projects Division	
Programs Division	PW3
Tentative Loan Amount According to CSP	\$150 million
Proposed Lending Modality	SDP
PPTA	Formulation of S&T Strategy/Action Plan to Enhance Competitiveness
Proposed PPTA Amount	\$1.0 million
Attached ADTA	N/A
Proposed ADTA Amount	N/A
Start Pre-design Phase	2002
Start Design Phase	2003
Approval Year According to CSP	2004
Proposed Executing Agency	National Science and Technology Development Agency (NSTDA)
Contact Person in Proposed Executing Agency	Dr. Pairash Thajchayapong, President
<b>B. Description</b>	
Brief Rationale of Project	<p>With the overarching goal of strengthening Thailand's international competitiveness, the proposed TA has the following objectives:</p> <ul style="list-style-type: none"> <li>(i) Support direct industrial upgrading efforts in the productive sector through institution building and human resource development.</li> <li>(ii) Develop industrial science and technology support infrastructure of public and private sectors in an explicitly demand-driven manner.</li> <li>(iii) Strengthen the policy framework and mechanisms to coordinate industrial technology upgrading efforts between all related public and private sector agencies.</li> <li>(iv) Prepare a public investment program to achieve the above three objectives. This investment program will emphasize the more effective transplanting and adaptation of advanced industrial technology into Thai industry and the building of indigenous industrial technological capability.</li> </ul>
Summary of Preparatory Work by DMC and/or ESW by ADB or Others	<ul style="list-style-type: none"> <li>• The formation of the National Science and Technology Council and related background materials (its secretariat, as well as its core</li> </ul>

	<p>source of policy research and analysis, will be NSTDA, which is already working on an S&amp;T Master Plan).</p> <ul style="list-style-type: none"> <li>• <i>Report on Enhancing Policy and Institutional Support for Industrial Technology Development in Thailand - The Overall Policy Framework and The Development of the Industrial Innovation System</i>, Paper prepared for the NSTDA with support from the World Bank, Bangkok, December 2000. Along with a follow up study planned on S&amp;T incentives.</li> <li>• ADB's TA linked to Loan 1494-THA: Skills Development Project, for \$80 million.</li> <li>• ADB's TA linked to the loan for Higher Education Development (especially the elements of linking the Centers of Excellence with the business community and meeting Thailand's technological demands)</li> </ul>
Comparative Advantage of ADB in Proposed Project	
Rationale and Scope of Attached ADTA	n/a
Development Objective (thematic priority)	Private Sector Development/Human Development (enhancing competitiveness)
Environmental Classification Project	C: unlikely to have adverse environmental impact
Social Issues	<ul style="list-style-type: none"> <li>• Employment opportunities in high wage occupations</li> <li>• National growth and development</li> <li>• Appropriate technology development</li> <li>• Equitable skill distribution across rural and urban communities</li> </ul>

ADB = Asian Development Bank; ADTA = advisory technical assistance; CSP = country strategy and program; DMC = developing member country; ESW = economic and sector work; IWF1 = Financial Sector and Industry Division West; n/a = not applicable; NSTDA = National Science and Technology Development Agency; PPTA = project/program preparatory technical assistance; PW3 = Programs Department (West) Division 3; S&T = Science and Technology; SDP = sector development program; TA = technical assistance; THA = Thailand.

**Table A6.10: Project Selection Brief for Second Higher Education Development Project**

<b>A. Data</b>	
Project Number:	33331-01
Country:	Thailand
Sector:	Social Infrastructure
Subsector:	Education
Project Division:	AWEH
Contact Person in Projects Division:	Leah Gutierrez
Programs Division:	PW3
Tentative Loan Amount According to CSP:	\$100 million
Proposed Lending Modality:	Project Loan
PPTA:	Second Higher Education Development
Proposed PPTA Amount:	\$1.0 million
Attached ADTA:	n/a
Proposed ADTA Amount:	-
Start Pre-design Phase:	January 2003
Start Design Phase:	September 2003
Approval Year According to CSP:	2004
Proposed Executing Agency:	To be determined
Contact Person in Proposed Executing Agency:	To be determined
<b>B. Description</b>	
Brief Rationale of Project	<p>There is concern regarding the mismatch between education and training systems and the evolving demands of the labor market, brought about by structural changes in the Thai economy, in particular the need to move away from labor-intensive production in which Thailand is no longer competitive. Enrollment in higher education remains heavily weighted toward the social sciences and humanities, and budgetary support for research and development activities at the university level has been piecemeal and inadequate. Educational reforms are under way, among which is a restructuring of higher education by enhancing the autonomous status of universities. The proposed Project will support further efforts in research and development at the university level, particularly in fields where value added are higher, e.g. electronics and ICT, basic and materials science, environmental science and agro-processing. Efforts to enhance the capacity of the Ministry of Education and universities to promote and manage R&amp;D will be supported and strengthened. The Project will also promote greater responsiveness and relevance of the S&amp;T higher education system and greater cooperation between universities and the private sector in employing graduates.</p>

Summary of Preparatory Work by DMC and/or ESW by ADB or Others	TA 2104-THA: Higher Education Development Project; TA 5617: Financing Human Resource Development in Asia; TA 2995-THA: Capacity-Building for Social Sector Reform; TA 2996-THA: Education Management and Financing Study; TA 3585-THA: Education Sector Reforms.
Comparative Advantage of ADB in Proposed Project	ADB is currently implementing in Thailand the Higher Education Development Project.
Rationale and Scope of Attached ADTA	n/a
Development Objective (thematic priority)	Human Development
Environmental Classification	C: Unlikely to have adverse environmental impact
Social Issues	The quality and relevance of higher education has lagged behind the needs of a more global knowledge-based economy. Less than 20 percent of the Thai labor force have more than primary education. While social sciences and the humanities are more popular among female students, there has been a marked increase in female enrolment in S&T fields, particularly at the doctoral level.

ADB = Asian Development Bank; ADTA = advisory technical assistance; AWEH = Education, Health and Population Division West; CSP = country strategy and program; DMC = developing member country; ESW = economic and sector work; ICT = information and communications technology; n/a = not applicable; PPTA = project/program preparatory technical assistance; PW3 = Programs Department (West) Division 3; R&D = research and development; S&T = science and technology; TA = technical assistance; THA = Thailand.

**Table A6.12: TA Concept Paper for Linking Micro and Small Enterprises to Commercial Finance**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	AWD, AWAR
Type of TA (ADTA, PPTA, RETA):	ADTA (to be converted to PPTA)
Name of Loan Project to follow (if PPTA):	Micro and Small Enterprise Financing
Country/Region (as applicable):	Thailand
Sector/Subsector:	Agriculture and Rural Development
Poverty Classification and Thematic Priorities <sup>a</sup> :	Core Poverty Intervention
Program Year: <sup>b</sup>	2002
Expected Approval Date (mo/yr):	October 2002
Estimated Completion Date:	June 2003
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	Economic growth alone is not sufficient to resolve the problems of poverty. The poor need to be identified and efforts focused at raising their quality of life through livelihood and income generating activities (IGA) programs, which create employment. A large segment of the rural population have difficulty accessing financial services and is bypassed by the formal financial system. Poverty can be reduced through provision of credit and savings services for the poor coupled with strengthening of social capital. Several actions are needed to support the effort at poverty reduction: (i) establishing a legal framework, which brings informal finance within the formal sector and links micro and rural enterprises to commercial financing, (ii) providing dedicated funds for building social capital and for medium- and long-term micro and small enterprise credit financing, (iii) providing social awareness and skills training, and (iv) facilitating financial innovation to expand the scope and opportunities for lending leading to more effective poverty reduction.
2. Relation to Strategic Objectives (How the TA addresses the following.) <ul style="list-style-type: none"> <li>• poverty reduction, thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	The focus of the TA will be to design a project that addresses the building of social capital and institutions, which support micro and small entrepreneurs in undertaking direct income-generating activities and employment creation.
3. Scope (specific major components, e.g., capacity building)	<ul style="list-style-type: none"> <li>• Social awareness training</li> <li>• Training in IGA and employable skills</li> <li>• Micro and small credit line</li> <li>• savings mobilization and insurance</li> </ul>

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations (for RETAs).

<sup>b</sup> Year of inclusion in CSP or CAP for transition period.

4. Expected Outcome and Monitorable Indicators	<ul style="list-style-type: none"> <li>• New job creation</li> <li>• Self employment creation</li> <li>• Improved family income and social indicators</li> </ul>
5. Previous TA(s) on the Same Theme, in the Sector, Country, or Region (last five years) <ul style="list-style-type: none"> <li>• Name, amount, status</li> <li>• Assessment of outcome</li> </ul>	None
6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	MOF, NESDB, or Ministry of Interior
7. Cost and Financing Plan <ul style="list-style-type: none"> <li>(i) ADB financing (JSF, TASF)</li> <li>(ii) Sources other than JSF, TASF</li> </ul>	Cofinancing to be determined: \$250,000
8. Country, RETA IPF for relevant year	\$3 million

ADB = Asian Development Bank; ADTA = advisory technical assistance; AWAR = Agriculture and Rural Development Division West; AWD = Agriculture and Social Sectors Department (West); CSP = country strategy and program; IGA = income generating activities; IPF = indicative planning figure; JSF = Japan Special Fund; MOF = Ministry of Finance; NESDB = National Economic and Social Development Board; PPTA = project/program preparatory technical assistance; RETA = regional technical assistance; RM = resident mission; TA = technical assistance; TASF = Technical Assistance Special Fund.

**Table A6.13: TA Concept Paper for Strengthening Accountability Mechanisms II**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	PWD, PWOD – Clay Wescott
Type of TA (ADTA, PPTA, RETA):	ADTA
Name of Loan Project to follow (if PPTA):	None
Country/Region (as applicable):	Thailand
Sector/Subsector:	Social Infrastructure
Poverty Classification and Thematic Priorities <sup>a</sup> :	Not Classified, Good Governance
Program Year: <sup>b</sup>	2001
Expected Approval Date (mo/yr):	_____ 2002
Estimated Completion Date:	
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	Following the model of its work with NCCC, ADB will undertake strategic reviews and planning exercises, focused on the FOI Commission, the Audit Commission, and new constitutional and administrative courts. In addition, the OCSC and CSTI will be assisted to improve personnel management and ethical practices for pro-poor policy formulation and implementation, and to improve delivery of public services to the poor. ADB will provide grants to support civil society engagement on issues emerging in Thailand's ongoing political reform. In addition, ADB will fund nationwide dissemination of the TDRI Village Governance Manual. Finally, ADB will carry out regulatory reviews in customs, excise, revenue, procurement, and licensing.
2. Relation to Strategic Objectives (How the TA addresses the following) <ul style="list-style-type: none"> <li>• poverty reduction, thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	Support for governance and accountability.
3. Scope (specific major components, e.g., capacity building)	ADB will provide grants to support civil society engagement on issues emerging in Thailand's ongoing political reform. In addition, ADB will fund nationwide dissemination of the TDRI Village Governance Manual. Finally, ADB will carry out regulatory reviews in the areas of customs, excise, revenue, procurement, and licensing.
4. Expected Outcome and Monitorable Indicators	
5. Previous TA(s) on the Same Theme, in the Sector, Country, or Region (last five years)	A previous TA with the NCCC will strengthen the capacity of constitutional and civil society

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations (for RETAs).

<sup>b</sup> Year of inclusion in CSP or CAP for transition period.

<ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	bodies to identify, address, and prevent official misuse of office.
6. Executing agency/ implementing agency/ counterpart agency (for RETAs as applicable)	Office of the Civil Service Commission
7. Cost and Financing Plan (i) ADB financing (JSF, TASF) (ii) Sources other than JSF, TASF	Cofinancing to be determined: \$1,000,000
8. Country, RETA IPF for relevant year	\$3 million

ADB = Asian Development Bank; ADTA = advisory technical assistance; CSP = country strategy and program; CSTI = Civil Service Training Institute; FOI = Freedom of Information; IPF = indicative planning figure; JSF = Japan Special Fund; NCC = National Counter Corruption Commission; OCSC = Office of the Civil Service Commission; PPTA = project/program preparatory technical assistance; PWD = Programs Department (West); PWOD = Programs Department (West) Office of the Director; RETA = regional technical assistance; RM = resident mission; TA = technical assistance; TASF = Technical Assistance Special Fund; TDRI = Thailand Development Research Institute.

**Table A6.14: TA Concept Paper for Municipal Debt Policy and Strategy**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	IWD, IWFI
Type of TA (ADTA, PPTA, RETA):	ADTA
Name of Loan Project to follow (if PPTA):	None
Country/Region (as applicable):	Thailand
Sector/Subsector:	Finance Sector, Development Finance Institutions
Poverty Classification and Thematic Priorities <sup>a</sup> :	Not Classified, Good Governance
Program Year: <sup>b</sup>	2002
Expected Approval Date (mo/yr):	_____ 2002
Estimated Completion Date:	_____ 2002
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	This is in line with the new constitution's mandate on decentralization whereby local governments are allowed to receive revenues from domestic and overseas sources and incur debt through such means as issuance of bonds. As such, there is a need to develop, supervise, and closely monitor a framework for local government borrowing. This is because (i) local government debt is part of public debt, whether it is guaranteed by the central government or not; (ii) the central Government may need to provide budgetary support in cases of default by local governments; (iii) the central Government may be required to issue guarantees for certain debts of local governments or to set up a guaranteed facility for local government borrowing; and (iv) forms and types of borrowing by local governments have different implications.
2. Relation to strategic objectives (How the TA addresses the following) <ul style="list-style-type: none"> <li>• poverty reduction, thematic priorities</li> <li>• country strategy (where applicable)</li> <li>• regional cooperation</li> </ul>	Support for governance in the financial sector.
3. Scope (specific major components, e.g., capacity building)	The TA will provide technical support to the Public Debt Management Office of the Ministry of Finance in formulating the framework for local government borrowing, the various methods and channels for such borrowing, and cross-country experiences that are relevant to Thailand.
4. Expected Outcome and Monitorable Indicators	Recommendations about appropriate regulatory/supervisory framework.
5. Previous TA(s) on the Same Theme, in the Sector, Country, or Region (last five years) <ul style="list-style-type: none"> <li>• name, amount, status</li> <li>• assessment of outcome</li> </ul>	

<sup>a</sup> Economic growth, human development, gender and development, good governance, environmental protection, private sector development, regional cooperation, and support for ADB operations (for RETAs).

<sup>b</sup> Year of inclusion in CSP or CAP for transition period.

6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)	Public Debt Management Office of the Ministry of Finance
7. Cost and Financing Plan (i) ADB financing (JSF, TASF) (ii) Sources other than JSF, TASF	Cofinancing to be determined: \$150,000
8. Country, RETA IPF for relevant year	\$3 million

ADB = Asian Development Bank; ADTA = advisory technical assistance; CSP = country strategy and program; IPF = indicative planning figure; IWD = Infrastructure, Energy and Financial Sectors Department (West); IWF1 = Financial Sector and Industry Division West; JSF = Japan Special Fund; PPTA = project/program preparatory technical assistance; RETA = regional technical assistance; RM = resident mission; TA = technical assistance; TASF = Technical Assistance Special Fund.