



Asian Development Bank & Thailand

FACT SHEET

Table 1. Thailand: Development Indicators

Non-MDG	
Population in millions	66.29 (2008)
Annual population growth rate (%)	0.8 (2006–2008)
Adult literacy rate (%)	94.1 (2007)
Percent of population in urban areas	33.0 (2007)
MDG	
Percent of population living on less than \$1.25 a day	<2.0 (2004)
Percent of population living below the national poverty line	9.6 (2006)
Under-5 mortality rate per 1,000 live births	7 (2007)
Percent of population using an improved drinking water source	98 (2006)

MDG = Millennium Development Goal.

Sources: ADB, 2009. *Basic Statistics 2009*. Manila.
UNESCO, 2009. Institute for Statistics Data Centre.
World Bank, 2009. World Development Indicators Online.

The global financial crisis, coupled with the need to restore political stability and unity within the country, presents the Kingdom of Thailand (Thailand) with significant development challenges in the coming years. As a middle-income country with a gross national income per capita of \$3,917 in 2008, the predicament facing Thailand is that a deep and prolonged global recession could push millions of Thais back into poverty. Furthermore, if economic growth is not sustained, Thailand's progress in attaining the Millennium Development Goals could be reversed.

The central challenge facing the Royal Thai Government (the Government) is to sustain economic growth in order to prevent the negative social and economic impacts associated with massive unemployment that could result from a decline in exports, foreign direct investment, tourism, and consumer spending. The Government's approach to sustaining economic growth is grounded in the need to increase competitiveness. It emphasizes investment in physical infrastructure, strengthening the domestic capital market, and improving the enabling environment for private sector investment. There is also an urgent need to institutionalize social protection mechanisms to help the unemployed and other vulnerable persons, including the poor, women, children, the elderly, and the disabled.

The prolonged period of political uncertainty in Thailand has served as a reminder that good governance must underpin all strategies for sustainable economic growth and social development.

Relationship with ADB

Thailand was one of the founding members of the Asian Development Bank (ADB) in 1966 and is the 17th largest shareholder. Cumulative lending since joining amounted to almost \$5.4 billion for 84 loans as of 31 December 2008. The energy sector has received the greatest share of the loans (31%), followed by transport and communications (23%); finance (12%); and water supply, sanitation, and waste management (10%). The balance is for projects in health and education, agriculture and natural resources, and industry and trade. Although Thailand has not borrowed from ADB's public sector window since 2000, it has continued to engage with ADB in the form of technical assistance (TA) and knowledge-sharing. As of 31 December 2008, the cumulative amount of \$60.30 million has been provided for 159 TA projects covering a wide range of sectors.

Thailand has also strongly supported and participated in the Greater Mekong Subregion Economic Cooperation Program (GMS Program) since its inception in 1992. The establishment of ADB's Thailand Resident Mission in January 2005 marked the beginning of a new era in the partnership between Thailand and ADB. A new Country Partnership Strategy (CPS) 2007–2011 between the Government and ADB was approved in 2007. The Country Operations Business Plan (2008–2010), completed in 2008, reaffirmed that the core strategic areas of partnership in the CPS 2007–2011 remain relevant and closely aligned with the Government's policies and action plans to promote long-term, sustainable economic growth and social development.

Impact of Assistance

Recognizing Thailand's emergence as a middle-income country, the CPS strategy at the national level supports Thailand's efforts to enhance its competitiveness in the global economy and to promote higher levels of private investment. Core areas of partnership include development of infrastructure, capital markets, and environmental sustainability. At the regional level, the partnership focuses on increasing Thailand's role, capacity, and effectiveness as a development partner through cofinancing projects in neighboring countries, promoting subregional trade and investment, and further developing Asian bond markets.

Expansion of the partnership between Thailand and ADB builds upon the successful completion of three major technical assistance projects in 2008. First, ADB supported the Government's efforts to prepare a strategic development plan for Southern Thailand. Second, ADB provided advisory assistance for implementing the Capital Market Development Master Plan that has directly contributed to new legislation and regulations. Third, ADB provided technical assistance to strengthen Thailand's role, capacity, and effectiveness as a regional development partner. Broad-based assessments of Thailand's railway and water sectors were undertaken to increase ADB's understanding of key issues, constraints, and opportunities in each sector.

New initiatives included the preparation of the GMS Highway Expansion Project in which ADB financing will be used to widen key sections of the East–West and North–South Economic Corridors in Thailand. Technical assistance projects approved in 2008 included advisory and capacity-building support to mainstream energy efficiency measures in Thai municipalities, to introduce e-learning networks among Thai primary schools in rural areas, and to further develop the Thai capital market.

Table 2. Thailand: Economic Indicators, 2004–2008

Economic Indicator	2004	2005	2006	2007	2008
Per capita GNI, Atlas method (\$)	2,470	2,700	2,990	3,400	...
GDP growth (% change per year)	6.3	4.6	5.2	4.9	2.6
CPI (% change per year)	2.8	4.5	4.6	2.3	5.5
Unemployment rate (%)	2.1	1.8	1.5	1.4	1.4
Fiscal balance (% of GDP)	0.3	0.2	0.1	-1.1	-0.3
Export growth (% change per year)	21.6	15.2	17.0	17.3	16.8
Import growth (% change per year)	25.7	25.8	7.9	9.1	26.4
Current account balance (% of GDP)	1.7	-4.3	1.1	5.7	-0.1
External debt (% of GNI)	33.3	30.6	27.8	26.5	...

... = data not available, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2009. *Asian Development Outlook 2009*. Manila. ADB staff estimates.
World Bank. 2009. World Development Indicators Online.

Table 3. Thailand: 2008 Loan, TA, and Grant Approvals (\$ million)

Loans		TA	Grants	Total
Sovereign	Nonsovereign			
–	–	2.8	–	2.8

– = nil.

Cumulative Lending (as of 31 Dec 2008) : \$5,388.07 million
Cumulative Disbursements (as of 31 Dec 2008) : \$4,207.65 million

Future Directions

ADB's operations in Thailand will continue to focus on the core strategic areas of partnership under the CPS, such as structuring public–private partnerships for complex, large-scale infrastructure projects; addressing key structural and regulatory reforms to further develop the domestic capital market; and introducing innovative approaches and technologies for improving environmental management and promoting energy efficiency initiatives.

In an effort to respond to the impacts of the global financial crisis on Thailand's export-driven economy and to restore investor and consumer confidence in the wake of a prolonged period of political instability, the Government of Thailand has requested financial assistance from ADB in the form of a \$500 million Program Loan in 2009. Moreover, discussions are under way regarding potential financial support from ADB's public and private sector windows to finance complex, large-scale infrastructure projects under this program.

Thailand also strives to increase its own role, capacity, and effectiveness as a regional donor and global development partner. ADB brings considerable added value to the partnership through its extensive experience and expertise in supporting subregional cooperation programs and regional economic integration. At the

Table 4. Thailand: Cumulative ADB Lending as of 31 December 2008

Sector	Loans (no.)	Amount (\$ million)	% ^a
Agriculture and Natural Resources	11	494.57	9.18
Education	5	160.72	2.98
Energy	28	1,672.30	31.04
Finance	9	644.50	11.96
Health, Nutrition, and Social Protection	1	500.00	9.28
Industry and Trade	3	127.00	2.36
Multisector	3	37.48	0.70
Transport and Communications	17	1,214.50	22.54
Water Supply, Sanitation, and Waste Management	7	537.00	9.97
Total	84	5,388.07	100.00

^a Total may not add up because of rounding.

Table 5. Thailand: Project Success Rates

By Sector	Percentage ^a	No. of Rated Projects/Programs
Agriculture and Natural Resources	62.5	8
Education	100.0	4
Energy	100.0	21
Finance	100.0	6
Health, Nutrition, and Social Protection	0.0	1
Industry and Trade	100.0	3
Multisector	50.0	2
Transport and Communications	93.3	15
Water Supply, Sanitation, and Waste Management	75.0	4
Total	89.1	64
By Year of Approval		
1970s	100.0	1
1980s	87.5	24
1990s	85.7	14
2000s	92.0	25

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where PCR and PCRVR/PPER ratings are available.

Sources: PCRs, PCRVRs, and PPERs containing a rating circulated as of 31 December 2008.

regional level of partnership, Thailand and ADB will work together to cofinance development projects in neighboring countries, facilitate increased subregional trade and investment, and contribute to the development of more efficient and liquid bond markets in Asia. Continued progress on these initiatives will also serve to strengthen the role of the Thailand Resident Mission as a hub for ADB's operations in the Greater Mekong Subregion and in the region.

Operational Challenges

At the national level, core challenges center on the need to strengthen the enabling environment for sustainable infrastructure development and for increasing the size, depth, and liquidity of Thailand's capital market.

The development of infrastructure and the domestic capital market requires increased private sector participation and investment. In the infrastructure sector, attracting private sector input requires greater clarity and transparency on issues related to service standards, cost sharing, tariff setting, revenue allocation, and operations and maintenance responsibilities. In terms of capital market development,

modifying the taxation system in order to remove distortions, rationalizing the regulatory environment, improving cross-agency communication, enhancing enforcement, and encouraging product innovation are needed.

Institutional strengthening is a fundamental prerequisite for enhancing Thailand's role and capacity as a subregional development partner. To strengthen Thailand's role as project financier, support is needed to build technical and financial capabilities to identify, finance, and implement complex investment projects.

Partnership

The Royal Thai Government encourages development partners in Thailand to work together, and ADB is collaborating with the French Development Agency, the Japan International Cooperation Agency, the Japan Bank for International Cooperation, and the World Bank in areas that are consistent with the Partnership Framework. Such collaboration focuses on the capacity building and strengthening of institutions to support both Thailand's national development agenda and its growing role as a regional donor.

ADB cooperates with civil society organizations (CSOs) to strengthen the effectiveness, quality, and sustainability of the services it provides. The relationship with CSOs in Thailand has primarily been focused on knowledge-sharing that will contribute to a better understanding of each other's work and how to combine efforts and resources to address development challenges in Thailand.

Cofinancing and Procurement

Cofinancing operations enable ADB's financing partners—governments or their agencies, multilateral financing institutions, and commercial organizations—to participate in financing ADB projects. The additional funds are provided in the form of grants, official loans, or credit enhancement products.

Table 6. Cumulative Nonsovereign Operations Portfolio Distribution by Top Countries, 1983–2008^{a,b}

Country	No. of Projects	Total ADB Approvals (\$ million)
India	37	2,268
People's Republic of China	21	1,694
Indonesia	15	879
Philippines	28	768
Pakistan	27	721
Kazakhstan	5	550
Thailand	10	319
Viet Nam	8	305
Sri Lanka	13	280
Bangladesh	8	242
Afghanistan	6	208
Lao People's Democratic Republic	1	100
Other DMCs	13	87
Azerbaijan	4	66
Nepal	4	59
Regional	36	930

DMC = developing member country.

^a Includes nonsovereign projects processed by the Private Sector Operations Department and various regional operations departments of ADB. Regional operations departments started nonsovereign operations in 2007.

^b Net of facilities cancelled in full before signing.

Source: Private Sector Operations Department.

Table 7. Thailand: Contractors/suppliers involved in ADB loan projects, 1 January 2004–31 December 2008

Contractor/Supplier	Sector	Contract Amount (\$ million)
SPT Civil Group Company, Ltd.	Transport and Communications	27.89
Nawarat Patanakarm Public Co.	Transport and Communications	24.07
ITD–Cemindia JV	Transport and Communications	22.45
Phelps Dodge Thailand, Ltd.	Energy	16.46
Cowaemic-Thaiwat JV	Water Supply, Sanitation, and Waste Management	5.18
Sor Khemrat Industry	Industry and Trade	3.41
Agilent Technologies (Thailand), Ltd.	Education	0.86
Diethelm and Company, Ltd.	Energy	0.67
Perkin Elmer, Ltd.	Education	0.52
Thai GL Company, Ltd.	Health, Nutrition, and Social Protection	0.48

Table 8. Thailand: Top consultants (individual consultants and consulting firms) involved in ADB loan projects, 1 January 2004–31 December 2008

Consultant	Number of Times Contracted	Contract Amount (\$ million)
The Louis Berger Group Incorporated (Thailand)	2	1.20
Thai Individual Consultants*	4	0.77
Scalar Technology Company, Ltd.	1	0.14

* Consultant may have one or more contracts within the period covered.

Table 9. Thailand: Top consultants (individual consultants and consulting firms) involved in ADB technical assistance projects, 1 January 2004–31 December 2008

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Thai Individual Consultants*	96	2.82
Nexant (Thailand), Ltd.	2	1.67
Black and Veatch (Thailand), Ltd.	1	1.15
Asian Disaster Preparedness Center	2	1.04
International Institute for Energy Conservation	1	0.76
Team Consulting Engineering and Management	1	0.44
Constellation for AIDS Competence	1	0.40
Thailand Development Research Institute	12	0.12
Planned Parenthood Association of Thailand	5	0.08
Francois Xavier Bagnoud Foundation	4	0.05
PricewaterhouseCoopers (Thailand)	1	0.04

* Consultant may have one or more contracts within the period covered.

As of year-end 2008, cumulative direct value-added cofinancing for Thailand amounted to \$1.5 billion for 7 investment projects, and \$8.0 million for 21 TA projects.

A summary of projects with cofinancing from 1 January 2004 to 31 December 2008 is available at www.adb.org/Documents/Fact_Sheets/Thailand/cofinancing.asp.

As of 31 December 2008, 10,330 consultant contracts were awarded under ADB loan projects worth \$4.17 billion, of which 45 contracts were awarded to consultants from Thailand worth \$25.5 million.

From 1 January 1985 to 31 December 2008, 18,104 consultant contracts were awarded under ADB technical assistance projects worth \$2.33 billion, of which 313 contracts were awarded to consultants from Thailand worth \$29.7 million.

A summary of procurement contracts awarded to companies and consultants from Thailand for goods and works, and consulting services can be found at www.adb.org/Documents/Fact_Sheets/Thailand/procurement.asp.

About Thailand and ADB

Thailand is the 11th largest shareholder among regional members and the 17th largest overall.

ADB Membership

Joined	1966
Shares held	48,174 (1.36%)
Votes	61,406 (1.39%)

Md. Saad Hashim is the Executive Director and **Siew-Juan Aw** is the Alternate Executive Director representing Thailand on the ADB Board of Directors.

Jean-Pierre Verbiest is the ADB Country Director for Thailand. The Thailand Resident Mission (TRM) was opened in 2005 and provides the primary operational link between ADB and the government, private-sector, development partners, and civil-society stakeholders in its activities. TRM engages in policy dialogue and acts as a knowledge base on development issues in Thailand.

The Thai government agency handling ADB affairs is the Ministry of Finance.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2008, lending volume was \$10.49 billion (86 projects), with TA at \$274.5 million (299 projects) and grant-financed projects at \$811.4 million (49 projects). This also generated \$1.65 billion in direct value-added cofinancing from financing partnerships operations. Over the last 5 years (2004–2008), ADB's annual lending volume averaged \$7.70 billion, with TA averaging \$231.5 million and grant-financed projects \$655.1 million. As of 31 December 2008, the cumulative totals were \$143.53 billion in loans for 2,147 projects in 41 countries, \$4.08 billion for 263 grant projects, and \$3.55 billion for 6,599 TA projects.

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Useful ADB websites

Asian Development Bank
www.adb.org

Country website

www.adb.org/Thailand
www.adb.org/trm

Asian Development Outlook

www.adb.org/Documents/Books/ADO/2009/THA.pdf

Annual Report

www.adb.org/Documents/reports/annual_report/2008/

Depository Libraries

www.adb.org/Publications/Depositories/tha.asp