



Country Operations Business Plan

October 2016

Thailand 2017–2019

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 3 October 2016)

| | | |
|---------------|---|----------|
| Currency unit | – | baht (B) |
| B1.00 | = | \$0.029 |
| \$1.00 | = | B34.605 |

ABBREVIATIONS

| | | |
|------|---|--------------------------------------|
| ADB | – | Asian Development Bank |
| COBP | – | country operations business plan |
| CPS | – | country partnership strategy |
| OCR | – | ordinary capital resources |
| PPP | – | public–private partnership |
| RCI | – | regional cooperation and integration |
| TA | – | technical assistance |

NOTE

In this report, "\$" refers to US dollars.

| | |
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CONTENTS

| | Page |
|---|-------------|
| I. CONSISTENCY OF BUSINESS PLAN WITH COUNTRY PARTNERSHIP STRATEGY | 1 |
| II. INDICATIVE RESOURCE PARAMETERS | 2 |
| III. SUMMARY OF CHANGES TO LENDING AND NONLENDING PROGRAMS | 2 |
| APPENDIXES | |
| 1. Country Assistance Results Areas | 4 |
| 2. Indicative Assistance Pipeline | 5 |
| 3. Assistance Program for Current Year | 7 |
| 4. Indicative Knowledge Publications and Events | 8 |

I. CONSISTENCY OF BUSINESS PLAN WITH COUNTRY PARTNERSHIP STRATEGY

1. The country operations business plan (COBP), 2017–2019 for Thailand bridges a temporary gap between the country partnership strategy (CPS), 2013–2016,¹ and the forthcoming CPS, 2018–2022. The COBP maintains consistency with the strategic direction and core program areas of the CPS, 2013–2016, which remains valid. The CPS, 2013–2016 supports Thailand’s Eleventh National Economic and Social Development Plan, 2012–2016,² and fully aligns with ADB’s Midterm Review of Strategy 2020.³ The CPS refines ADB’s position in Thailand through the “finance++” (finance plus leverage plus knowledge) approach, which identified three core strategic directions: (i) providing public and private sector financing in a flexible manner, (ii) helping leverage public and private sector financing, and (iii) delivering innovative knowledge solutions to accelerate and maximize the country’s development effectiveness.⁴

2. The Government of Thailand continues to prioritize the implementation of Thailand’s Transport Infrastructure Development Plan, 2015–2022⁵ to boost the country’s competitiveness in the global economy and to achieve inclusive and sustainable rapid economic growth.⁶ The need to sharply increase spending on long-term infrastructure investments will put growing pressure on the national budget. Subsequently, the government will need to supplement the national budget with internal and external borrowing, as well as other arrangements such as public–private partnership (PPP).

3. In line with the CPS, 2013–2016, the COBP places emphasis on private sector development, knowledge-based partnership, and the facilitation of regional cooperation and integration (RCI), as well as focusing on potential public sector lending. Given the current favorable market conditions and the value ADB could provide,⁷ Thailand has indicated an intention to resume sovereign borrowing from ADB. As a result, ADB’s financial support in the education and transport sectors, including traditional and urban rails, is programmed for sovereign lending pipeline under this COBP.

4. To facilitate RCI, ADB has promoted the Thailand Resident Mission as a sub-regional hub in Southeast Asia given the country’s strategic geopolitical location. Thailand is also part of various RCI agreements⁸ and has a pipeline of projects through the Greater Mekong Subregion Regional Investment Framework and the Indonesia-Malaysia-Thailand Growth Triangle

¹ ADB. 2013. *Country Partnership Strategy for Thailand, 2013–2016*. Manila.

² Government of Thailand, National Economic and Social Development Board. 2011. *Eleventh National Economic and Social Development Plan, 2012–2016*. Bangkok.

³ ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

⁴ Delivering innovative knowledge solutions is able to be developed into a two-way approach. One is for ADB, drawing on its extensive knowledge and experience in Asia and the Pacific, to provide policy advice and capacity development to Thailand. The other is for ADB to learn from Thailand, as one of its member countries, through its project implementation, and to apply these lessons to projects in other member countries.

⁵ Government of Thailand, Ministry of Transport. 2014. *Thailand’s Infrastructure Development Plan, 2015–2022*. Bangkok.

⁶ Thailand’s Transport Infrastructure Development Plan, 2015–2022 will cover five strategic areas: (i) rail, to revamp the provincial rail network; (ii) urban public transport, to improve public transport systems to ease traffic congestion in Bangkok; (iii) road, to boost the capacity of highways to connect with production bases in rural areas and neighboring countries; (iv) water, to improve the efficiency of five main ports in Ang Thong, Chumpon, Yala, Song Khla, and Rayong provinces; and (v) air, to increase and expand the competitiveness of five main airports in Trak, Phuket, Yala, Suvarnabhumi and Don Muang.

⁷ As an honest broker, ADB can offer oversight of project governance, procurement, financial management, and PPP transactions to enhance the country’s transparency and anti-corruption.

⁸ The RCI agreements include the Association of Southeast Asian Nations, the Greater Mekong Subregion, the Indonesia-Malaysia-Thailand Growth Triangle, and the Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation.

Implementation Blueprint. To strengthen Thailand's role as a regional development partner, ADB and Thailand—through the Neighboring Countries Economic Development Cooperation Agency and the Thailand International Cooperation Agency—formulated partnership arrangements to promote knowledge sharing, capacity building, and a parallel financing strategy in sectors such as infrastructure, health, and education in Thailand's neighboring countries. ADB's financial support in Thailand also includes commercial transactions, not reflected in this COBP, with private sector operations covering infrastructure, including clean energy, transport, agribusiness, and financial sectors.

II. INDICATIVE RESOURCE PARAMETERS

5. Thailand, a Group C developing member country, is eligible for regular ordinary capital resources (OCR).⁹ Cofinancing and funding from other sources, including the regular OCR regional cooperation and integration set-aside, will be actively explored.

6. The nature of ADB's operations in Thailand requires a flexible approach to resource planning. The country assistance results areas is provided in Appendix 1. The indicative sovereign lending program of \$1.1 billion from regular OCR is proposed for Thailand for 2017–2019 (Appendix 2, table A2.1).¹⁰ The indicative nonlending program for 2017–2019 is about \$4.3 million. This will be allocated to one capacity development technical assistance (TA) grant, one project preparatory TA grant, and two policy and advisory TA grants (Appendix 2, table A2.2). ADB will seek to mobilize additional grant resources, including from ADB-administered trust funds, and possible cofinancing from other development partners. ADB's assistance program on nonlending projects for 2016 is provided in Appendix 3. ADB's list of knowledge publications and events for 2016 and 2017 is in Appendix 4.

III. SUMMARY OF CHANGES TO LENDING AND NONLENDING PROGRAMS

7. **Lending.** A standby lending project for Infrastructure Development for Research and Technology Innovations has been deferred from 2016 to 2017 due to the delay of the approval process by the cabinet. A proposed loan for the Bangkok Mass Rapid Transit Project was renamed as the Bangkok Urban Transport Development – Purple Line and programmed as standby in 2018. As requested by the government, a new proposed loan on the Governance Improvement on National Railway is programmed as standby for 2019.

8. **Nonlending.** The COBP has been adjusted to support ADB in achieving the targets set in the results framework:

- (i) A \$1.0 million capacity development TA grant on Strengthening River Basin Planning and Management, programmed for 2016, was renamed as the Strengthening Integrated Water Resource Planning and Management at River Basin Level to reflect the project objective.
- (ii) A new \$1.0 million capacity development TA grant on Mass Rapid Transit Integration has been included in 2017, as agreed with the government.
- (iii) A preparatory TA grant worth \$1.5 million on the Preparing Bangkok Mass Rapid Transit Project was renamed as the Governance Improvement on National Railway and deferred from 2016 to 2018.

⁹ Terminology reflects the combination of Asian Development Fund (ADF) lending operations with the OCR balance sheet that will take effect on 1 January 2017. For 2016, regular OCR lending should be understood as OCR lending.

¹⁰ The actual pipeline can deviate from the indicative resource allocation because of the possible reallocation of regular OCR within ADB's Southeast Asia Department. Also, cofinancing will be explored in consultation with the government to fill the financing gap, if any.

- (iv) A \$0.5 million policy and advisory TA grant on Planning PPP Project for Social Sectors for 2016 and a \$1.0 million TA grant on Preparing PPP Project for the Social Sectors for 2017 were dropped from the pipeline as funding will come from a regional TA grant.

COUNTRY ASSISTANCE RESULTS AREAS

| Key Country Development Outcomes that ADB Contributes to | ADB | | |
|---|--|--|--|
| | Key Areas of Assistance | Indicative Resource Allocation in 2017–2019 | Changes from Last COBP |
| 1. Transport | | | |
| More efficient and safer movement of people in the country | Improved traditional rails and urban mass rapid transit policy and performance, public–private partnerships, and environmental concerns in the national and subregional transport sector | Amount: \$800 million Share of COBP envelope: 72.7% | Intervention in traditional rail transport newly requested, and assistance for road dropped. |
| 2. Education | | | |
| Strengthening higher education and research in science and technology through strong industry collaboration for better knowledge sharing and application to key industries. | Upgrading of research and development facilities and promoting innovation-related knowledge sharing and technology transfer between Thailand and other countries | Amount: \$300 million Share of COBP envelope: 27.3% | No changes |
| 3. Energy | | | |
| Reduced energy intensity of GDP and CO ₂ emissions from the power subsector | Renewable energy such as solar and wind | Private sector operations | No changes |

ADB = Asian Development Bank, CO₂ = carbon dioxide, COBP = country operations business plan, GDP = gross domestic product.

Source: Asian Development Bank.

INDICATIVE ASSISTANCE PIPELINE

Table A2.1: Lending Products, 2017–2019

| Project/Program Name | Sector | Poverty Targeting | Strategic Agendas and Drivers of Change | Division | Year of PPTA | Cost (\$ million) | | | | | Gov't | Co-finance |
|---|--------|-------------------|---|----------|--------------|-------------------|--------|-------|--------|-------|----------|------------|
| | | | | | | Total | ADB | | | Total | | |
| | | | | | | | OCR | Loans | Grants | | | |
| 2017 | | | | | | | | | | | | |
| Standby | | | | | | | | | | | | |
| 1. Infrastructure Development for Research and Technology Innovations | EDU | GI | IEG/KNS | TRM | | 450.00 | 300.00 | 0.00 | 0.00 | 0.00 | 150.00 | 0.00 |
| 2018 | | | | | | | | | | | | |
| Standby | | | | | | | | | | | | |
| 1. Bangkok Urban Transport Development – Purple Line | TRA | GI | IEG/PAR | SETC/TRM | | 3,700.00 | 500.00 | 0.00 | 0.00 | 0.00 | 3,200.00 | 0.00 |
| 2019 | | | | | | | | | | | | |
| Standby | | | | | | | | | | | | |
| 1. Governance Improvement on National Railway | TRA | GI | IEG/RCI/PAR | SETC/TRM | 2018 | 700.00 | 300.00 | 0.00 | 0.00 | 0.00 | 400.00 | 0.00 |

ADB = Asian Development Bank, ADF = Asian Development Fund, EDU = education, GI = general intervention, Gov't = government, IEG = inclusive economic growth, KNS = knowledge solutions, OCR = ordinary capital resources, PAR = partnerships, PPTA = project preparatory technical assistance, RCI = regional cooperation and integration, SETC = Southeast Asia Department Transport and Communication Division, TRA = transport, TRM = Thailand Resident Mission.
Source: Asian Development Bank

Table A2.2: Nonlending Products and Services, 2017–2019

| Assistance Name | Sector | Division | Assistance Type | Sources of Funding | | | | Total (\$'000) |
|---|---------|--------------|-----------------|--------------------|-----------------|------------|-----------------|-----------------|
| | | | | ADB | | Others | | |
| | | | | Source | Amount (\$'000) | Source | Amount (\$'000) | |
| 2017 | | | | | | | | |
| 1. Broadening Social Safety Net | FIN/PSM | TRM | PATA | | 0.00 | Trust Fund | 800.00 | 800.00 |
| 2. Mass Rapid Transit Integration | TRA | SETC/ TRM | CDTA | TASF | 1,000.00 | | | 1,000.00 |
| Total | | | | | 1,000.00 | | 800.00 | 1,800.00 |
| 2018 | | | | | | | | |
| 1. Governance Improvement on National Railway | TRA | SETC/ TRM | PPTA | TASF | 1,500.00 | | 0.00 | 1,500.00 |
| Total | | | | | 1,500.00 | | 0.00 | 1,500.00 |
| 2019 | | | | | | | | |
| 1. Knowledge Support and Policy Reform Initiative | PSM | TRM | PATA | | 0.00 | Trust Fund | 1,000.00 | 1,000.00 |
| Total | | | | | 0.00 | | 1,000.00 | 1,000.00 |

ADB = Asian Development Bank, CDTA = capacity development technical assistance, FIN = finance, PATA = policy and advisory technical assistance, PPTA = Project Preparatory technical assistance, PSM = Public Sector Management, SETC = Southeast Asia Department Transport and Communications Division, TASF = Technical Assistance Special Fund, TRA = transport, TRM = Thailand Resident Mission.
Source: Asian Development Bank.

ASSISTANCE PROGRAM FOR CURRENT YEAR

Table A3.1: Nonlending Products and Services, 2016

| Assistance Name | Sector | Division | Assistance Type | Sources of Funding | | | | Total (\$'000) |
|--|--------|----------|-----------------|--------------------|-----------------|------------|-----------------|-----------------|
| | | | | ADB | | Others | | |
| | | | | Source | Amount (\$'000) | Source | Amount (\$'000) | |
| 2016 | | | | | | | | |
| Strengthening Integrated Water Resource Planning and Management at River Basin Level | ANR | TRM | CDTA | | 0.00 | Trust Fund | 1,000.00 | 1,000.00 |
| Total | | | | | | | 1,000.00 | 1,000.00 |

ADB = Asian Development Bank; ANR = agriculture, natural resources, and rural development; CDTA = capacity development technical assistance, TRM = Thailand Resident Mission.

Source: Asian Development Bank.

INDICATIVE KNOWLEDGE PUBLICATIONS AND EVENTS

Table A4.1: Knowledge Publications and Events for 2017

| Title of Publication or Event | Subject ^a | Type ^b | Department or Sector Group or Thematic Group ^c | Technical Assistance ^d |
|--|-----------------------------------|---------------------------------|---|-----------------------------------|
| 1. Master Plan for Health PPPs in Thailand | Health | Document | SERD | N/A |
| 2. A series of workshops on Master Plan for Health PPPs | Health | Training / Capacity Development | SERD | N/A |
| 3. Final Report on Strengthening Specialize Financial Institutions | Finance | Document | SERD | TA- 9010 |
| 4. Final Report on Strengthening Cooperatives Supervision | Finance | Document | SERD | TA- 9010 |
| 5. Standard IWRM Modelling User Manual | Agriculture and natural resources | Document | SERD | N/A |
| 6. Standard IWRM Modelling Training Workshops | Agriculture and natural resources | Training | SERD | N/A |
| 7. Thailand Country Diagnostic Study on Long Term Care | Social Development and Health | Document | EARD/SDCC | TA- 9111 |
| 8. Asia Water Futures and Solutions | Water Security | Document | SDCC/WSG | TA- 6498 |
| 9. Asia Water Week 2017 | Water | Event Organization | SDCC/WSG | TA-6498 |
| Total number of publications = 6 Total number of events = 3 | | | | |

EARD = East Asia Department, IWRM = integrated water resources management, N/A = not applicable, PPP = public-private partnership, SDCC = Sustainable Development and Climate Change Department, SERD = Southeast Asia Department, TA = technical assistance, WSG = Water Sector Group.

Note: "Publications" may include databases, multimedia, and other forms of documentation. "Events" may include event organization and training or capacity development.

^a Agriculture and natural resources; capacity development; climate change; economics; education; energy; environment; finance; gender; governance and public sector management; health; information and communication technology; industry and trade; poverty; private sector; regional cooperation and integration; social development and protection; transport; urban development; water.

^b Publication and documentation; database; multimedia; event organization; training or capacity development.

^c ADBI; BOD; BPMS; CRPN; CTL; CWRD; DER; EARD; ERCD; ERO; IED; JRO; NARO; OAG; OAI; OAS; OCO; OCRP; OGC; OIST; OOMP; OPMP; OPR; ORM; OSFMD; OSPF; PARD; PSOD; SDCC; SARD; SEC; SERD; SPD; TD; VPAC; VPFR; VPKM; VPO1; VPO2; VPPC; Education; Energy; Environment; Finance; Gender Equity; Governance; Health; Operations; Public–Private Partnership; Regional Cooperation and Integration; Rural Development and Food Security (Agriculture); Social Development; Transport; Urban; Water.

^d TA numbers under which this publication or event is delivered.

Source: Asian Development Bank.

Table A4.2: Additional Knowledge Publications and Events Delivered in 2016

| Title of Publication or Event | Subject^a | Type^b | Department or Sector Group or Thematic Group^c | Technical Assistance^d |
|---|---|---------------------------------|---|---|
| 1. A Series of Capacity Building Workshops for cooperatives regulator | Finance | Training | SERD | TA- 8825 |
| 2. Advance Training Workshop for Independent observers in Implementing Integrity Pacts in Thailand | Governance | Workshop | SERD / SDCC | RETA- 9061 |
| 3. Final Report on Piloting Public-Private Partnerships in Social Sectors | Health / Education | Document | SEHS / TRM | TA- 8575 |
| 4. Report on Public-Private Partnership Project Prefeasibility studies | Health | Document | SEHS / TRM | TA- 8575 |
| 5. The Scoping Study on the Introduction of Integrity Pact Implementation in Thailand | Governance | Document | SERD / SDCC | RETA- 6445 |
| 6. Capacity Development on Project Monitoring and Evaluation for the Neighboring Countries Economic Development Cooperation Agency (NEDA) | Regional Cooperation and Integration / Capacity Development | Capacity Development / Document | SERD | N/A |
| 7. Capacity Development on Project Monitoring and Evaluation for Thailand International Cooperation Agency (TICA) | Regional Cooperation and Integration / Capacity Development | Capacity Development / Document | SERD | N/A |
| 8. Strengthening Evaluation Capacity for Thailand Development Agencies (NEDA and TICA) | Capacity Development | Workshop | IED / TRM | N/A |
| 9. 2 nd Asian Irrigation Forum | Water | Event Organization | SERD/SDCC | TA- 6498 |
| 10. Asian Water Development Outlook 2016 | Water | Publication | SDCC | TA- 6498 |
| 11. Urban Development in the Greater Mekong Subregion | Urban Development / Regional Cooperation and Integration | Document | Urban | N/A |
| Total number of publications = 7 Total number of events = 4 | | | | |

IED = Independent Evaluation Department; RETA = regional technical assistance; SDCC = Sustainable Development and Climate Change Department; SEHS = Human and Social Development Division; SERD = Southeast Asia Department; TA = technical assistance; TRM = Thailand Resident Mission

Note: "Publications" may include databases, multimedia, and other forms of documentation. "Events" may include event organization and training or capacity development. The table includes additional knowledge publications and events delivered outside the list of indicative knowledge publications and events included in the 2016 country operations business plan.

^a Agriculture and natural resources; capacity development; climate change; economics; education; energy; environment; finance; gender; governance and public sector management; health; information and communication technology; industry and trade; poverty; private sector; regional cooperation and integration; social development and protection; transport; urban development; water.

b Publication and documentation; database; multimedia; event organization; training or capacity development.

c ADBI; BOD; BPMS; CRPN; CTL; CWRD; DER; EARD; ERCD; ERO; IED; JRO; NARO; OAG; OAI; OAS; OCO; OCRP; OGC; OIST; OOMP; OPMP; OPR; ORM; OSFMD; OSPF; PARD; PSOD; SDCC; SARD; SEC; SERD; SPD; TD; VPAC; VPFR; VPKM; VPO1; VPO2; VPPC; Education; Energy; Environment; Finance; Gender Equity; Governance; Health; Operations; Public–Private Partnership; Regional Cooperation and Integration; Rural Development and Food Security (Agriculture); Social Development; Transport; Urban; Water.

d TA numbers under which this publication or event is delivered.

Source: Asian Development Bank.