



Country Partnership Strategy

April 2021

Thailand, 2021–2025 —Prosperity and Sustainability through Knowledge and Private-Sector-Led Growth

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 12 April 2021)

Currency unit	–	baht (B)
B1.00	=	\$0.032
\$1.00	=	B31.547

ABBREVIATIONS

ADB	–	Asian Development Bank
ASEAN	–	Association of Southeast Asian Nations
CKP	–	country knowledge plan
COVID-19	–	coronavirus disease
CPS	–	country partnership strategy
GDP	–	gross domestic product
GMS	–	Greater Mekong Subregion
HDI	–	Human Development Index
IMT-GT	–	Indonesia–Malaysia–Thailand Growth Triangle
MSMEs	–	micro, small, and medium-sized enterprises
NDC	–	nationally determined contribution
NESDP	–	national economic and social development plan
OECD	–	Organisation for Economic Co-operation and Development
OPPP	–	Office of Public–Private Partnership
PPP	–	public–private partnership
RCI	–	regional cooperation and integration
SDG	–	Sustainable Development Goal
SOE	–	state-owned enterprise
TA	–	technical assistance
UMIC	–	upper middle-income country

NOTE

In this report, "\$" refers to United States dollars.

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COUNTRY AT A GLANCE

Economic	2015	2016	2017	2018	2019	2020
GDP (\$ billion, current)	401.3	413.4	456.3	506.5	543.6	501.8
GDP per capita (\$, current)	5,902.3	6,050.4	6,633.5	7,330.4	7,851.5	7,201.9
GDP growth (% , in constant prices)	3.1	3.4	4.1	4.2	2.4	(6.1)
Agriculture	(6.5)	(1.2)	4.7	5.5	0.1	(3.4)
Industry	3.0	2.7	1.7	2.7	0.1	(5.9)
Services	5.0	4.7	5.5	4.9	4.1	(6.5)
Gross domestic investment (% of GDP)	22.4	20.9	22.8	25.0	22.5	23.1
Gross domestic saving (% of GDP)	31.5	33.1	34.7	34.9	33.8	...
Consumer price index (annual % change)	(0.9)	0.2	0.7	1.1	0.7	(0.8)
Liquidity (M3) (annual % change)	4.4	4.2	5.0	4.7	3.6	(6.1)
Overall fiscal surplus/(deficit) (% of GDP)	(2.5)	(2.7)	(2.7)	(2.5)	(1.8)	(6.1)
Merchandise trade balance (% of GDP)	6.5	8.7	7.1	4.4	4.9	7.9
Current account balance (% of GDP)	6.9	10.5	9.6	5.6	7.0	3.3
External debt service (% of exports of goods and services)	6.4	6.0	5.8	6.2	6.8	...
External debt (% of GDP)	32.0	32.5	36.7	35.5	34.1	...
Poverty and Social		2010		Latest Year		
Population (million)		67.2		69.6 [2019]		
Population growth (annual % change)		0.5		0.3 [2019]		
Maternal mortality ratio (per 100,000 live births)		42		37 [2017]		
Infant mortality rate (below 1 year/per 1,000 live births)		11.7		7.7 [2019]		
Life expectancy at birth (years)		74.2		76.9 [2018]		
Adult literacy (%)		96.4		93.8 [2018]		
Primary school gross enrollment (%)		96.9		100 [2019]		
Prevalence of underweight, weight for age (% below 5 years old)		9.2 [2012]		6.7 [2016]		
Population at national poverty line (%)		16.4		9.9 [2018]		
Population with access to safe water (%)		97.8		99.9 [2017]		
Population with access to sanitation (%)		95.8		98.8 [2018]		
Environment		2010		Year		
Carbon dioxide emissions (million tons)		258.9		283.8 [2016]		
Carbon dioxide emissions per capita (metric tons)		3.9		4.1 [2016]		
Forest area (million hectares)		16.2		16.4 [2019]		
Urban population (% of total population)		43.9		50.7 [2019]		
ADB Portfolio (active loans)^a				As of December 2020		
Total number of loans						
Sovereign					1.0	
Nonsovereign					17.0	
Total loan amount (\$ million) ^b						
Sovereign					90.8	
Nonsovereign					1,706.1	
Disbursements (sovereign)						
Disbursed amount, total (\$ million, 2019)					90.8	
Disbursed amount, excluding PBL (\$ million, 2019)					90.8	
Disbursement ratio, excluding PBL (%)					100.0	

... = not available, () = negative, [] = latest year for which data are available, ADB = Asian Development Bank, ADF=Asian Development Fund, GDP = gross domestic product, M3 = broad money, OCR = ordinary capital resources, PBL = policy-based lending.

^a Covers ADF and OCR financing for projects and programs, including policy-based lending, unless otherwise stated.

^b Net of droppages and cancellation. For nonsovereign projects, the amount is the approved (committed) amount.

Sources: ADB. 2020. *Asian Development Outlook Update 2020*. Manila; ADB. 2020. *Key Indicators for Asia and Pacific 2020*. Manila; World Bank. 2020. *World Development Indicators*. Washington, DC; Government of Thailand, Energy Policy and Planning Office, Ministry of Energy. Energy Statistics. <http://www.eppo.go.th/info/index-statistics.html> (accessed December 2020); Forest Department, Ministry of Natural Resources and Environment. <http://forestinfo.forest.go.th> (accessed December 2020); National Statistical Office. <http://statbbi.nso.go.th/> (accessed February 2021).

I. COUNTRY PARTNERSHIP STRATEGY SNAPSHOT

1. Thailand has sustained continuous development since it attained upper middle-income country (UMIC) status in 2011. This has helped achieve a Sustainable Development Goal (SDG) ranking that is comparable to Organisation for Economic Co-operation and Development (OECD) countries, and the country is ranked *high* in the Human Development Index (HDI).¹

2. Notwithstanding this progress, the Government of Thailand recognizes that achieving its 2018–2037 National Strategy goal of further ascension to a high-income country is constrained by development challenges such as income inequality, an outdated educational system with inequality across demographic groups, labor shortages, rapidly deteriorating environmental resources, and inefficient public administration. These challenges have been exacerbated by the social and economic impacts of the coronavirus disease (COVID-19) pandemic. Thailand's current National Economic and Social Development Plan (12th National Plan) presents 10 strategies to address the country's key development challenges. These strategies—to address human capital, inequality, competitiveness, sustainable development, national security, public administration, infrastructure, science and technology, regional and urban development, and international cooperation—have quantitative, time-bound targets which provide an excellent basis for the government and partners such as ADB to prepare their partnership strategies.

3. This CPS continues to pivot away from the broad palette of financial and technical support activities typical of lower-income countries, towards a narrower band of support that recognizes Thailand's resources and capacities to identify and resolve its own development challenges in many areas. As requested by the government, ADB will provide value-added knowledge and financial support only in those situations where Thailand cannot provide them on its own. This includes addressing remaining pockets of inequality, sharing world-class knowledge on technical and social issues that did not previously exist in the country, expanding Thailand's engagement in regional cooperation and growth, and resolving private sector expansion constraints. With this in mind, ADB's support has two strategic objectives:

- (i) **Objective 1: Strengthen competitiveness and connectivity.** This objective aims to strengthen Thailand's competitiveness by supporting new engines of growth through digital technologies, start-up ecosystems, transformative shifts in agriculture, smart cities, and low-carbon societies. It will also seek to strengthen economic, social, and geographic connectivity within Thailand and the region.
- (ii) **Objective 2: Strengthen resilience and sustainability.** This objective aims to help Thailand achieve its international climate change commitments, build inclusive climate and disaster resilience, enhance environmental sustainability, and strengthen regional public goods in both urban and rural areas.

4. The objectives will be supported by five crosscutting themes: (i) gender, social, and economic inclusion; (ii) regional cooperation and integration (RCI); (iii) strengthening institutions; (iv) attaining SDGs; and (v) addressing emerging social issues such as Thailand's ageing society.

II. COUNTRY DEVELOPMENT CONTEXT

5. **Background.** Until the early 1990s, Thailand was one of the world's fastest growing economies, with growth averaging 8%–9% per year during 1986–1995 and significant poverty reduction. Private investment was high, averaging more than 30% of gross domestic product

¹ United Nations. 2019. [The Sustainable Development Goals Report 2019](#). New York; United Nations. 2020. [Human Development Report 2020. The Next Frontier: Human Development in the Anthropocene](#). New York.

(GDP) during this period, primarily in the manufacturing sector. This led labor migration away from low-productivity agriculture in rural provinces to the more productive manufacturing sector clustered around urban centers. During the same period, Thailand continued public investments in infrastructure (e.g., electricity, roads, water supply, and sanitation) and in basic education. Sustained public investment, combined with sequential, open, and business-friendly regulatory regimes, enabled a national economic transformation.²

6. The Asian financial crisis of 1997 changed the course of Thailand's development. Growth slowed to a lower range with high variability because of global economic shocks, disasters triggered by natural hazards, sociopolitical tensions, and relatively low domestic investment. During this time, growth drivers were not balanced, with exports of goods and services as the main drivers and domestic sectors performing well below historical averages. The Asian financial crisis was also a major trigger for Thailand's reforms in its economic policies and institutions, many of which continue to influence the country's macroeconomic management.

7. In 2014, Thailand's economy hit a low of 1.0% growth, but began to grow over the following years, reaching 4.2% in 2018. Economic recovery was mainly attributable to external demand in manufacturing, and tourism. Robust expansion of external demand boosted business investment and created more jobs. In addition, public and private investment in machinery and equipment expanded, along with greater construction activities, especially in infrastructure projects. Key economic sectors prior to the COVID-19 pandemic were tourism, the automotive industry, electronics, and agribusiness.

8. Thailand's most recent macroeconomic transformation program, known as Thailand 4.0, plans to accelerate long-term growth to 5%–6%. It initially aims to upgrade five existing business clusters: the next generation of automobiles, smart electronics, medical and wellness tourism, agriculture and biotechnology, and food for the future. These are expected to evolve into five new industries: robotics, aviation and logistics, biofuels and biochemicals, digital technologies, and medical technologies. Thailand's Eastern Economic Corridor initiative is a pilot project under Thailand 4.0. It targets B1.7 trillion (\$43 billion) in public and private investment during 2020–2024 to upgrade infrastructure and industry in Chachoengsao, Chonburi, and Rayong provinces.

9. **Current situation.** However, the COVID-19 pandemic has caused a deep economic contraction in 2020, from a lower base in 2019 as the country suffered from the global economic slowdown. Thailand's GDP contracted by 6.1% in real terms in 2020. Growth suffered across all sectors from weak aggregate demand, supply chain disruptions, and international travel restrictions.³ These challenges will likely continue in 2021, casting doubts on significant recovery.

10. The government has formulated strong economic and health responses to address the COVID-19 situation. The government's stimulus packages worth \$78 billion aim to mitigate economic impacts of the outbreak through cash handouts for farmers, social assistance to informal workers and the poor and vulnerable segments of the population, soft loans for businesses, tax exemptions, and liquidity support to the financial market. The government's health response includes border closures, quarantines, and medical treatments to manage two waves of the pandemic with relatively low cases and casualties. As of 27 March 2021, total COVID-19 cases were less than 28,600 with less than 1,700 active cases and less than 100 deaths. Besides continued containment, the government's current priority is to roll out a national vaccine program.

² World Bank. 2018. [Thailand Country Partnership Framework](#).

³ ADB. 2020. *Asian Development Outlook 2020 Update: Wellness in Worrying Times*. Manila.

11. **Looking forward.** Economic recovery is Thailand's most significant COVID-19-related challenge and is likely to remain sluggish in coming years. In response, the government has three focus areas to revive the economy. First, it will push for economic revival by speeding up budget disbursement and accelerating State spending. Second, it will revamp its rules to improve public service delivery and performance. Third, the government will adjust the country's economic structure by seeking ways to promote investment in new technologies, such as next-generation automotive products, digital business, and promoting comprehensive medical care as a means to attract foreign visitors as well as possibly investments.

12. **Development Trajectory.** More broadly, there are two recovery elements that will shape Thailand's development trajectory. The first element is when recovery will occur. This is closely linked to how quickly COVID-19 can be brought under control in Thailand and abroad, which will allow revitalization of manufacturing for global supply chains and international tourism. The second element is how will recovery occur. Thailand plans to reboot its economy through activities that favor inclusive and sustainable growth, e.g., (i) programs that influence labor market segmentation and labor force participation rates for men (82.4%) and women (67.2%) will help poverty reduction; and (ii) programs that support environmentally sustainable and climate-resilient solutions will help progress towards achieving the SDGs.⁴ Domestic recovery risks include heightened political tensions and elevated household debt.

13. Thailand's relatively strong development status should aid its post-COVID recovery. Thailand's 41st global ranking for SDGs is ahead of some OECD countries. It is also the highest in the Association of Southeast Asian Nations (ASEAN), and makes it one of the few countries in the region to have achieved the first SDG goal of ending poverty.⁵ Thailand's 2019 HDI, which measures long-term progress in three basic dimensions of human development—a long and healthy life, access to knowledge, and a decent standard of living—is 0.777, which places the country in the high human development category. Men and women have similar HDI levels (0.772 and 0.776, respectively), meaning Thailand has a high gender development index of 1.008. However, when adjusted for inequality (influenced by lagging development in southern border provinces with prolonged civil unrest and northern and northeastern provinces with high poverty rates), the country's HDI drops to 0.646, which compares to countries with lower HDI ratings.⁶

14. **Development Constraints.** In addition to inequality, Thailand has several underlying development constraints that will also make post COVID-19 recovery significantly more difficult. These include slower growth attributable to a 4% decrease in the share of private investment to GDP during 2012–2019, low labor productivity growth (only 0.5% in manufacturing and less in services), and inadequate worker skills to modernize manufacturing. Thailand's demographic transition—which features an increasing proportion of elderly people and declining proportions of children and working-age people—also poses challenges to economic growth, investments and savings, social security, and balancing paid work and unpaid care, particularly for women.

15. **Climate Change.** Thailand's intended nationally determined contribution (NDC) report states it is one of 16 countries in the *extreme risk* category and is most vulnerable to climate change impacts over the next 30 years.⁷ The disruption of ecosystems and climate change have contributed to

⁴ World Economic Forum. 2020. [Global Gender Gap Report 2020](#).

⁵ United Nations. 2020. *Human Development Report 2020*. New York.

⁶ The inequality-adjusted Human Development Index (IHDI) accounts for inequalities in HDI dimensions by “discounting” each HDI dimension's average value according to its level of inequality. The IHDI equals the HDI when there is no inequality across people but falls below the HDI as inequality rises.

⁷ Government of Thailand, Office of Natural Resources and Environmental Policy and Planning. 2015. [Thailand: Intended Nationally Determined Contribution](#). Thailand is expected to submit a new, more ambitious NDC in 2021.

frequent floods, drought, and increases in temperature. Thailand is also affected by seismic hazards including earthquakes and tsunamis, with northern and western regions situated on active tectonic faults. While many people stand to suffer, vulnerable groups—including small farmers and ethnic minorities in the Northern and Lower Mekong River Basin—are most at risk. Populations in the south and in coastal communities rely on agriculture and fisheries and are also particularly vulnerable to climate change, while Bangkok is extremely vulnerable to flooding exacerbated by sea-level rise. Thailand has faced difficulty in planning and implementing climate change adaptation plans due to limited availability of climate-related data and understanding of impacts. Mainstreaming the response to climate change in overall development efforts will ensure sustainability of the development plan and community resilience.

16. Thailand intends to reduce its greenhouse gas emissions by 20% from the projected business-as-usual level by 2030. The contribution could increase up to 25%, subject to enhanced access to technology development and transfer, more financial resources, and capacity building support through a balanced and ambitious global agreement under the United Nations Framework Convention on Climate Change. Thailand has yet to report on its progress towards achieving its NDC, but progress is being made. For example, it is formulating a long-term low greenhouse gas emission development strategy, and efforts are underway to further develop the carbon market.

17. The national Power Development Plan for 2018–2037 (revision 1) complements these efforts, as it aims to (i) enhance energy security through fuel diversification and higher shares of renewable energy; (ii) improve economic competitiveness by keeping power generation costs within acceptable levels, in particular through energy efficiency improvements and increased regional power trade; and (iii) mitigate environmental impacts by focusing on renewable energy sources for electricity production.⁸ The Power Development Plan is one of the cornerstones for achieving Thailand 4.0. Other activities, such as scaling up green finance and sustainable capital market access through thematic bonds and other means, will support low-carbon growth.

18. **Regional Cooperation and Integration.** Thailand plays a pivotal role in regional cooperation, contributing to greater ASEAN integration. Thailand is a founding member of ASEAN, and as its chair in 2019 Thailand hosted the 34th and 35th ASEAN summits and the 14th East Asia summit. Thailand is also active in (i) several subregional programs such as the ADB-supported Greater Mekong Subregion (GMS) program, the Indonesia–Malaysia–Thailand Growth Triangle (IMT-GT), and the Thailand-initiated Ayeyawady–Chao Phraya–Mekong Economic Cooperation Strategy; and (ii) enhanced interregional cooperation with South Asia under the Bay of Bengal Initiative on Multi-Sectoral Technical and Economic Cooperation.

19. Reflecting changing patterns in international trade, Thailand's export markets are expected to gradually shift toward East Asia, ASEAN, and other regional and emerging markets. The ASEAN Economic Community will provide substantial trade, investment, and resource opportunities for Thailand, and enhance the region's attractiveness to foreign direct investment. Given its comparatively more established financial institutions, Thailand will continue to develop its role as the region's hub for providing foreign direct investment, especially in Cambodia, the Lao People's Democratic Republic, Myanmar, and Viet Nam.

20. As noted in paragraph 13, economic prosperity and opportunities are not shared equally. The three main factors that affect inclusive growth are geography, society, and sectors of employment. With respect to geographic inequality, the north, northeast, and three southernmost provinces host the majority of Thailand's poor and vulnerable populations. Development in these

⁸ Government of Thailand, Ministry of Energy. 2015. [Power Development Plan](#).

areas is constrained by poor connectivity and lack of economic opportunities. One dimension of it is seen in the education sector. The three southernmost provinces are at the bottom of national standardized test scores, with the lowest scores in small village schools with limited supply of teachers and educational resources. Economic inequalities exist across different demographic groups according to age, gender, and ethnicity, particularly in rural areas. This is most pronounced in the southernmost provinces, where the legacy of ethnic- and religion-based conflict has stalled structural transformation and poverty reduction. Employment inequality is present across Thailand, with the most impoverished households engaged in the agriculture sector or the informal workforce, including part-time employees; self-employed householders; informal micro, small, and medium-sized enterprises; and landless laborers. Growth lags furthest behind in situations where all three factors overlap. Conversely, situations with little exposure to those factors—as found in Bangkok and other urban areas—enjoyed a strong and growing economy prior to the impacts of COVID-19.

21. Thailand's business environment is conducive to the private sector overall, but there remain challenges to ensuring sustainable and inclusive private sector development. The business sector in Thailand is dominated by large corporates in terms of revenue (46% of total revenue of registered firms) and profit (60% of total profits of registered firms), which may imply that Thai micro, small, and medium-sized enterprises (MSMEs) have much lower productivity than its large corporates.⁹ At the same time, large firms represent only 0.5% of the total number of registered businesses in Thailand and employ only 25% of the national workforce. MSMEs create jobs for 75% of the workforce and contribute to almost 50% of the total GDP but lack competitive advantages and the access to finance needed to grow. Cash-flow-based financing, use of digital tools and platforms for financial services, and appropriate competition policies can support MSMEs to enhance Thailand's overall productivity and inclusive development.

22. Thailand has many well-managed and profitable state-owned enterprises (SOEs) that do not need international cooperation or external support to achieve their mandate in a transparent and efficient manner. However, there are several SOEs, notably in transport (rail, ports, airports), that would benefit from integration of best practices to strengthen governance and efficiency.

III. COUNTRY STRATEGY FRAMEWORK

A. Lessons from Previous Strategy

23. **Country partnership strategy, 2013–2016.** The previous CPS was aligned with Thailand's Eleventh National Economic and Social Development Plan, 2012–2016. The goal of the CPS was to assist Thailand to achieve inclusive and sustainable rapid economic growth that would reduce income inequality and lead to Thailand achieving high-income status. The CPS had three strategic pillars: (i) knowledge advancement and innovation, (ii) support for private sector development, and (iii) facilitation of RCI. The CPS made these pillars operational in four program areas: infrastructure development, finance sector development, environmentally sustainable development, and RCI initiatives. ADB mainstreamed human resource development, good governance, and gender equity across its operations.¹⁰

24. ADB's Independent Evaluation Department prepared the CPS Final Review Validation Report, which assessed the CPS *successful* overall, and assessed the program *less than relevant*, while *efficient*, *effective*, and *likely sustainable*. Development impacts were *satisfactory*.

⁹ Apaitan et al. 2019. *Towards a Competitive Thailand: The Role of Market Power and Business Dynamism*. Bangkok.

¹⁰ ADB. 2013. *Country Partnership Strategy: Thailand, 2013–2016*. Manila.

The report found ADB implemented projects that were appropriate for a UMIC, and activities were designed to meet Thailand's specific needs in sectors where ADB has strong expertise. Important support was provided for public-private partnerships (PPPs), road transport, capital market reform, financial literacy, renewable energy, and baseload power. Strong government commitment and resources supported the achievement of sustainable results. However, RCI initiatives were generally separated from country programming, and ADB missed opportunities to expand its RCI program and to document the potential benefits of RCI programs for Thailand. The report made five recommendations for ADB's future support: (i) continue its knowledge sharing and private sector financing approach for Thailand; (ii) improve coordination between ADB's RCI, sovereign, and nonsovereign operations, and develop mechanisms to capture the benefits for Thailand of ADB's extensive support for RCI; (iii) expand its sectors of operations to include education and agriculture and other social sectors; (iv) develop a results framework for the next CPS that reflects the contributions ADB can support; and (v) explore cost recovery for TA in Thailand.¹¹ These recommendations helped shape the preparation and design of this CPS.

B. National Development Strategy

25. Thailand has a 20-year national strategy covering 2018–2037.¹² Its vision is to lift Thailand to higher value-added, technologically advanced sectors and activities in an increasingly innovative, knowledge-based economy to achieve upper-income status by 2037. To achieve this vision, it presents six broad strategies focused on key structural, economic, and social reforms: (i) competitiveness enhancement, (ii) ecologically friendly development, (iii) public sector development, (iv) human capital, (v) social equity, and (vi) national security. Near-term objectives, targets, and implementation arrangements are presented in 5-year national economic and social development plans (NESDPs), with the 12th NESDP covering 2017–2021.¹³ The 13th NESDP will be prepared in 2021–2022 and will likely continue the same strategies as its predecessor.

C. Role of Development Partners

26. Development partners supporting lower-income countries have reduced or eliminated support to Thailand as it rose to UMIC status. Partners with a continued presence in Thailand are providing specialized technical and policy advice on selected development issues for UMICs, and/or are using Bangkok as a base for delivering regional programs. These include (i) the OECD, focusing on governance, transparency, and competitiveness; (ii) the World Bank, focusing on promoting resilient and sustainable growth and strengthening inclusion; (iii) United Nations Development Programme, focusing on promoting anticorruption, inclusive engagement, social cohesion, and promoting green and inclusive growth; and (iv) the Japan International Cooperation Agency, focusing on sustainable development of the economy, coping with a maturing society, coping with common issues in ASEAN countries, and providing support to third countries.

27. Consultations with development partners informed this CPS. One finding was that there is not a development partner coordination mechanism for Thailand and that such a mechanism would be beneficial since partners are providing support to Thai government agencies on similar topics. Several partners expressed interest for ADB to share knowledge on COVID-19 and SDGs.

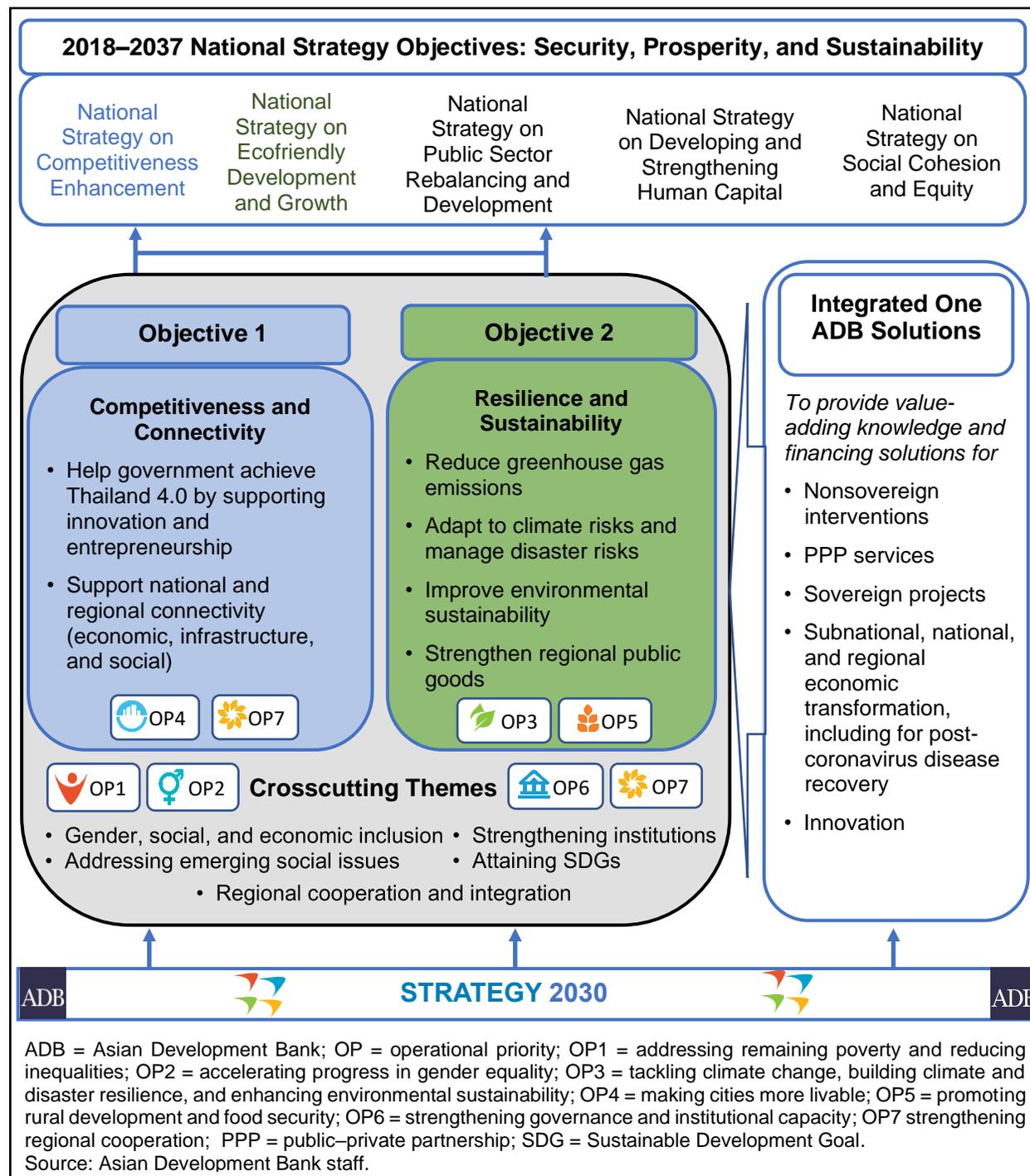
¹¹ Independent Evaluation Department. 2019. *Thailand: Validation of the Country Partnership Strategy Final Review 2013–2016*. Manila: ADB.

¹² Government of Thailand. 2018. *National Strategy, 2018–2037*. Bangkok.

¹³ Government of Thailand. 2017. *The Twelfth National Economic and Social Development Plan, 2017–2021*. Bangkok.

D. ADB's Strategic Objectives and Operational Priorities

28. ADB's proposed engagement strategy is presented in the figure below. Its overarching design is to support Thailand to achieve its national strategic objectives of security, prosperity, and sustainability in a manner aligned with ADB Strategy 2030's approach to supporting UMICs.¹⁴



¹⁴ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila. The CPS supports five out of six national strategies. The national security strategy is outside the CPS scope.

29. The strategy will be achieved by delivering integrated One ADB solutions for two objectives and five crosscutting themes, as follows:

- (i) **Objective 1: Strengthen competitiveness and connectivity.** This objective supports achievement of the National Strategy for Competitiveness Enhancement, which aims to strengthen national and regional sustainable economic development by supporting the following:
 - (a) Promoting competitiveness, including innovation to create new engines of growth with the use of digital technologies, transformative shifts in agriculture, creating an eco-system of start-ups, and Thailand 4.0 priorities for innovation such as smart cities.
 - (b) Enhancing national connectivity, by reducing domestic gaps in infrastructure and improving access to social services and economic opportunities, both in rural and urban areas. Investment by the private sector and/or through PPPs in expanding urban mass transit systems, ports, and airports will be supported. Sovereign and nonsovereign financing for road, rail, and airport projects to facilitate regional infrastructure connectivity will also be considered. ADB will also explore opportunities to support the public and private sectors to improve access for men and women to social services through digital technologies and other technology solutions.
 - (c) Boosting regional connectivity through transnational infrastructure connections and sharing Thailand's knowledge and expertise in social services and infrastructure through RCI frameworks such as ASEAN, GMS, and IMT-GT will also be pursued.
- (ii) **Objective 2: Strengthen resilience and sustainability.** This objective supports achievement of the National Strategy of Ecofriendly Development and Growth, which aims to facilitate adequate focus on all development aspects of the SDGs, including society, economy, environment, good governance, low-carbon growth, and cooperation partnerships at both national and international levels. ADB will assist in a focused manner by (a) using a One ADB approach (para. 30) to support public and private sector with investments in renewable energy, waste to energy, energy storage systems, and energy efficiency, and by increasing access to finance including carbon finance for reducing greenhouse gas emissions through emerging domestic, bilateral (such as the Joint Crediting Mechanism), and international carbon market opportunities under Article 6 of the Paris Agreement; (b) sharing high-quality knowledge on adaptation and disaster risk management for the government, private sector, and local communities particularly in the energy, transport, and agriculture sectors to help adapt to climate change and build resilience to disaster risks; (c) improving environmental sustainability through investment and technical support to develop markets for electric vehicles and sustainable transport systems and through financial instruments such as green and sustainability bonds; and (d) strengthening the effectiveness of regional public goods such as health care and other social services.
- (iii) **Five crosscutting themes.** Five crosscutting themes are an important part of ADB's value addition to Thailand. Each theme is a government priority as articulated through three national strategies: the National Strategy on Developing and Strengthening Human Capital, the National Strategy on Public Sector Rebalancing and Development, and the National Strategy on Social Cohesion and Equity. ADB's support for these themes will be considered only when it is clear that further progress will be difficult without international cooperation, and when ADB has comparative advantage in providing this support. For example, (a) ADB's broad experience in national and regional transport systems gives it a comparative

advantage in helping to address chronic efficiency and governance challenges experienced by SOEs for rail, airports, and ports; (b) ADB's regional experience in gender issues gives it a comparative advantage in helping Thailand strengthen monitoring and reporting of gender data, integrate gender-based issues into procurement systems, and provide opportunities for inclusive growth and access to finance for female entrepreneurs; (c) ADB's strong grasp of national and regional macroeconomic outlooks adds value to the work of the government and its partners, such as the United Nations Development Programme, to improve Thailand's SDG ratings; and (d) ADB's ability to support countries with emerging governance issues such as digital taxation can enable Thailand to update its value-added tax systems to capture cross-border and digitalized transactions. ADB will deliver crosscutting support through regional TA or in association with sovereign or nonsovereign lending products. To ensure that ADB maintains its focus of support, activities with crosscutting themes will only be considered if they help achieve one or both CPS objectives. This approach is in line with Strategy 2030's guidance for UMICs, which is to focus on areas where ADB can add most value. This will also help avoid the risk of implementing "stranded" activities that cannot be backed by further opportunity for engagement.

30. **One ADB approach.** ADB operations in Thailand will employ integrated One ADB solutions that encourage collaboration between its sovereign and nonsovereign operations, synergy in knowledge activities between operations and nonoperations departments, and integrated solutions through collaboration across sector and thematic groups. One of Thailand Resident Mission's significant strengths is its ability to smoothly execute a One ADB approach to operations due to its co-location of sovereign and nonsovereign teams and the strong working relationship that has evolved through this co-location. ADB's Southeast Asia Department, Private Sector Operations Department (PSOD), and Office of Public-Private Partnership (OPPP) will further advance their collaboration and explore joint opportunities to achieve the CPS's objectives and crosscutting themes. They will collaborate closely with ADB departments that provide policy and knowledge support to ensure that ADB's engagement is guided by its most up-to-date approaches to adding value and financing solutions to development issues. These include ADB's Strategy, Policy, and Partnerships Department; Economic Research and Regional Cooperation Department; Sustainable Development and Climate Change Department; and Treasury Department. ADB will also deepen its collaboration with the ADB Institute on knowledge work in Thailand to weave more research into operations. This approach will be conducted through the full life cycle of ADB's engagement—from concept to implementation—through all channels of engagement.

- (i) **One ADB support for nonsovereign operations.** ADB will continue its nonsovereign operations in the transport and energy sectors and will explore new sectors in accordance with emerging market opportunities with a focus on enhancing access to finance and supporting capital market development. This includes supporting informal businesses and MSMEs to gain better access to finance through ADB's work in the microfinance and financial cooperative subsectors, including addressing barriers to participation for women, youth, and other disadvantaged groups to nurture equitable, inclusive, and market-ready human capital. ADB Ventures will support and finance early-stage companies by connecting technology solution providers to potential corporates, providing grant funding to validate solutions in new markets, and providing long-term capital

financing in capital-intensive sectors.¹⁵ Through the ASEAN Capital Markets Forum, ADB will help develop ASEAN asset classes and investor bases; enhance regulatory capacity of the regulators; and deepen stakeholder interaction, cooperation, and coordination. ADB's sovereign and nonsovereign teams will also provide technical support outside of the ASEAN Capital Markets Forum to achieve or increase municipal creditworthiness, develop ecosystems for sustainable capital market development, and unlock financing for priority municipal and green infrastructure projects. This approach will ensure that ADB is well-positioned to nurture an evolving private sector as opportunities arise. Notwithstanding the opportunistic nature of private sector development, ADB will continue to be very selective at the client level, supporting only activities that are aligned with achieving goals under ADB's Strategy 2030 and Operational Plan for Private Sector Operations.¹⁶

- (ii) **One ADB support to public-private partnerships.** Consistent with Strategy 2030 and the Operational Plan for Private Sector Operations, 2019–2024, ADB will support Thailand in mobilizing private sector participation and investment through PPPs and municipal or project bonds. OPPP has already been working with other ADB departments by assisting the Government of Thailand to develop a prefeasibility study for offshore wind power. During the CPS period, the One ADB team will aim to continue its PPP engagement to include (a) sovereign support for policy advice and TA to improve enabling environments for PPPs; (b) capacity building to improve fiscal, technical, and managerial capacity for subnational PPP project screening and selection; and (c) nonsovereign lending and support for transaction advisory services for helping prepare, develop, and structure bankable transactions for the private sector with high demonstration impact.
- (iii) **One ADB support to sovereign operations.** ADB will design its sovereign lending in Thailand to add value to government investment projects. This may include, for example, improving safety in transport projects, reducing greenhouse gas emissions in energy projects, and building gender elements into projects. TA will focus on strengthening institutions through policy advice, capacity building, and other knowledge support. This may include, for example, addressing national or subnational development issues that are progressing slowly, such as on waste management, financial inclusion, gender, health, and education. Knowledge building will emphasize equitable and inclusive human capital development which can enhance competitiveness and prosperity through expanded and effective utilization of the nation's human capital.
- (iv) **Innovation.** Thailand's advanced development status, strong government capacity, and well-developed private sector make it an excellent incubator for testing new ideas. For this reason, ADB will emphasize supporting innovation in Thailand's sovereign and nonsovereign operations, particularly in areas which have the potential to be scaled up or replicated in the region. Current areas of sovereign and nonsovereign collaboration for innovation include piloting new approaches for sustainable agriculture, inclusive technology for banking and financial services and health technology. The One ADB team will also explore ways to pilot and scale clean technology solutions that reduce pollution and waste from manufacturing and industrial processes and collaborate on opportunities to recycle plastics in Thailand through a combination of sovereign regulation and

¹⁵ ADB Ventures provides venture capital investments and TA for highly scalable technology businesses to expand in emerging markets of Asia and the Pacific for impact on SDGs. <https://ventures.adb.org>.

¹⁶ ADB. 2019. *Operational Plan for Private Sector Operations, 2019–2024*. Manila.

private sector finance for new plastics technologies. Innovation is also a key ingredient of ADB Ventures, through which ADB will support and invest in global early-stage companies, including those led by women and youth, with impactful technology solutions focusing on climate change. This may include support for emerging Thai companies that seek expansion into regional markets.

31. **New focus on subnational development.** ADB will explore opportunities to support (i) subnational governments to increase their financial resilience and creditworthiness; (ii) the government to address development issues in selected urban areas that are progressing slowly such as waste management, financial inclusion, gender equality and social inclusion, climate and disaster risks, health, and education (e.g., Bangkok, Phuket, Pattaya, Khon Kaen); (iii) the government and private sector to strengthen competition and innovation in economic areas prioritized by Thailand 4.0 including the digital economy, agriculture and biotechnology, aviation and logistics, and automation and robotics (e.g., the Eastern Economic Corridor); and (iv) the government and private sector to strengthen social and gender inclusion, especially in the poorest provinces (e.g., Nan province). Other subnational areas may be added as requested by the government or private sector if they support one of these four criteria.

32. **Regional cooperation.** ADB will deepen its support to help bring the regional economy out of its COVID-19-induced slump. ADB will support recovery by working with Thailand to share recent sovereign and nonsovereign experiences that can reinvigorate the regional economy or strengthen its resilience.¹⁷ Activities may include sharing Thailand's knowledge and experience in regional public goods (such as health, supporting regulations, procedures, and technologies) to improve regional trade, and working with Thailand's private sector to provide its advanced level of goods and services to neighboring countries. ADB will do this by working through key channels of engagement, including (i) regional organizations and/or programs such as ASEAN, the GMS program, and the IMT-GT subregional program; and (ii) Thailand's sovereign development assistance operations for regional cooperation under a partnership arrangement between ADB and Thailand's Neighbouring Countries Economic Development Cooperation Agency, and cooperation with other national partners for regional cooperation such as the Thailand International Cooperation Agency, the Thai Central Bank, and the Securities and Exchange Commission. These activities will support the 12th National Plan Development Strategy target of increased cross-border trade between Thailand and other ASEAN countries, which is also included as a target in the CPS results management framework.

33. **Sectors of engagement.** ADB will build on the previous CPS's sector focus on transport and energy but with a stronger emphasis on addressing pressing issues such as climate change, urbanization, regional cooperation, and gender dimensions where appropriate. For transport, ADB's sovereign program will support project opportunities in national highways, railways, and airports. Transport support will improve regional cooperation, gender responsiveness, and the climate resilience of infrastructure, as well as help reduce greenhouse gas emissions by supporting public transport and railway development. The sovereign program will also develop TA and knowledge products to improve transport efficiency and safety, with a particular focus on the different needs of male and female transport users. ADB's nonsovereign program will focus on strengthening regional cooperation through improved airports and ports, and urban development through improved mass transit systems. For energy, ADB's sovereign program will provide TA and knowledge products on energy efficiency, renewable energy, and access to

¹⁷ The importance of ADB's engagement with Thailand to revitalize post-COVID 19 regional cooperation was presented in [ADB, Thailand: COVID-19 Active Response and Expenditure Support Program](#).

finance, including the impacts of reliable energy access on the time spent by women in household care activities in rural areas. Sovereign TA will be positioned strategically to catalyze nonsovereign investment to reduce greenhouse gas emissions in a range of energy subsectors.

34. **Harmonization with government strategy.** The CPS supports the government's National Strategy, 2018–2037 and its vision for security, prosperity, and sustainability in Thailand. The National Strategy is currently translated into action through the 12th NESDP (2017–2021) (para. 25). Any updates needed to account for the forthcoming 13th NESDP can be done as part of the CPS's midterm update report. Revisions to monitoring indicators drawn from the detailed strategies will be made to align with those in the 13th NESDP. The relevant NESDP targets in the detailed strategies are used as impact and outcome indicators in the CPS results framework (Appendix 1).¹⁸ ADB also supports government commitments relating to the SDGs, and its NDC under the Paris Agreement. Consistent with the government's strategy of private sector growth, ADB will prioritize the use of its sovereign operations window to facilitate PPP and private sector investment. Sovereign lending will be considered only if the government has an expressed need to partner with ADB to achieve one or more of its national strategy priorities.

35. **Alignment with ADB's Strategy 2030.** Strategy 2030 states that ADB's engagement in UMICs should be selective, focusing on areas where ADB can add most value such as expanding private sector operations, increasing access to capital markets, and strengthening institutions. Strategy 2030 further states that sharing experiences, best practices, and innovation will be increasingly important elements of ADB's engagement with UMICs compared to lending volumes, especially in critical areas such as regional public goods, climate change, urbanization, RCI, and emerging social inclusion issues such as aging.

E. Priorities for Knowledge Support

36. **Country knowledge plan.** The country knowledge plan (CKP) lays out the plan for knowledge support over the CPS period. The CKP will be guided by a country knowledge advisory group, which will identify and prioritize country knowledge needs that can be supported by ADB and coordinate a One ADB response to providing that support. ADB's country director for Thailand will be the CKP's custodian and the group's leader. Membership will include director-level staff from all ADB offices with knowledge interests in Thailand. At present, that includes the Southeast Asia Department's directors of transport, energy, and social services; PSOD's unit heads in infrastructure, finance, and social services; OPPP; the Sustainable Development and Climate Change Department's sector leaders in transport, energy, and urban, and thematic leaders in health, education, and environment; the Economic Research and Regional Cooperation Department's unit heads in regional cooperation and finance; and the ADB Institute. The group will meet at least twice per year, or more as needed. The group's progress will be monitored and reported as part of the CPS's results monitoring framework. The CKP has four components: (i) establishing an "in, for, and with" framework for planning and implementing knowledge activities; (ii) supporting crosscutting themes such as strengthening institutional capacity for PPPs and regional cooperation; (iii) leveraging One ADB coordination to enhance knowledge activities and country support; and (iv) scaling up collaboration with development partners to strengthen demand-driven knowledge support. To maximize coordination and cross-learning, ADB will make additional efforts to liaise with the ADB Institute on the CKP and seek opportunities for collaboration whenever possible.

¹⁸ The CPS objectives and crosscutting themes are designed to support Thailand's broad strategies, but their progress is measured through the targets and indicators of the commensurate detailed strategies.

37. ADB places high importance on the CKP as a means of delivering CPS results and will leverage it to achieve results for the entire region through the “for Thailand, with Thailand, or in Thailand”, approach pursued by the government.

- (i) **For Thailand.** Thailand’s strong domestic capacity in most development sectors means that ADB’s support to knowledge building for Thailand needs to focus on adding value only in knowledge areas that Thailand cannot fulfill on its own. At the request of the government, ADB will focus on sharing world-class policy advice, TA, and capacity building to address development issues commensurate with a UMIC. Some focus areas may include establishing a national green finance facility; improving the financial resilience and creditworthiness of subnational governments; supporting development of municipal, project, and green bond markets; integrating higher levels of renewable energy and energy storage into the national grid; and creating digital technologies for inclusive growth in sectors such as health, education, and agriculture.¹⁹ This may be done by engaging ADB specialists and management teams from ADB’s Southeast Asia Department, Sustainable Development and Climate Change Department, Economic Research and Regional Cooperation Department, and OPPI to lead knowledge building and sharing activities. This approach may serve as a pilot to consider for ADB in other UMICs.
- (ii) **With Thailand.** Thailand’s 12th NESDP emphasizes the importance of pushing forward institutional connectivity at the subregional and regional levels, extending links across borders under various subregional and regional frameworks, reducing nontariff barriers, and improving physical infrastructure both domestically and internationally. It also prompts Thai entrepreneurs to invest overseas to benefit from the partnerships between ASEAN and other countries, and to provide assistance to developing economies to help strengthen connectivity, research and development, and human resources. ADB and Thailand share many of these regional cooperation goals and will find knowledge-sharing opportunities with Thailand to help connect economic corridors, expand cross-border trade and investment opportunities, and conduct socially inclusive development assistance. This includes mutual support for regional cooperation activities in the GMS and other regional knowledge-sharing organizations in connectivity, climate change, urban and rural development, gender equality, environmental sustainability, and tourism. It may also include knowledge sharing with Thailand’s development assistance program as it expands to support developing economies to strengthen connectivity, research and development, and human resources development.
- (iii) **In Thailand.** Thailand serves as a regional base for many international organizations and private sector companies because of its strategic location, good transport connectivity, open business environment, and availability of reasonably priced quality services and facilities for conducting business activities. Bangkok is the world’s most visited city, and in 2019 it received more than 22 million visitors, many of whom were business travelers attending meetings and events.²⁰ ADB will continue to host business meetings and knowledge-sharing events in Thailand through the CPS period, subject to the post-pandemic recovery.²¹ Some of these may not be directly related to Thailand, but the business case for ADB to continue doing so remains valid—reduced greenhouse gas emissions, lower financial costs, and stronger convening power.

¹⁹ The [Ministry of Digital Economy and Society](#) recently installed high-speed internet in 24,700 villages.

²⁰ Source: www.businessinsider.com. Accessed 1 May 2020.

²¹ In 2019, ADB’s Thailand Resident Mission organized 79 official events (conferences and meetings) and 392 videoconferences, hosted 644 official visitors, received 161 visa application requests, and booked 3,334 room nights in Thailand.

IV. STRATEGY IMPLEMENTATION

A. Indicative Resource Parameters

38. ADB classifies Thailand as a C2 developing member country with access to regular ordinary capital resources. This classification recognizes Thailand's UMIC status and its subsequent ability to borrow sovereign funds at a slightly higher rate than less-developed member countries. The three-year country operations business plan (2021–2023) presents a sovereign lending program of five projects totaling \$1.58 billion from regular ordinary capital resources to support CPS objectives 1 and 2.²² Sovereign operations will be supplemented with ADB's nonsovereign operations, subject to headroom constraints, as well as official and commercial cofinancing. The resources committed during each year of the five-year CPS period will consider, among others, project quality at entry and project readiness.

39. In addition, \$1 million in ADB TA is programmed for 2021–2023 to facilitate knowledge sharing within Thailand and between Thailand and its regional partners. ADB will seek to leverage these resources through cofinancing whenever possible. ADB will also explore cost recovery for TA and pursue reimbursable TA based on ADB guidelines and government requirements. Cost sharing and financing parameters for Thailand will remain unchanged.²³

40. ADB's resource envelope is modest but appropriate for Thailand as it reflects ADB's strategic approach to provide value-added knowledge and finances only in those situations where Thailand cannot provide them on its own. This includes addressing remaining pockets of inequality, sharing world-class knowledge on technical and social issues that did not previously exist in the country, expanding Thailand's engagement in regional growth, and resolving private sector expansion constraints.

B. Implementation Priorities

41. Sovereign operations will strengthen connectivity by helping (i) develop inclusive infrastructure; (ii) strengthen competitiveness through regulatory reforms to increase competition; and (iii) unlock new opportunities for private sector development through investment, policy advice, and TA. Financing for nonsovereign operations will be direct and through intermediaries and will continue to target environmental solutions—sustainable energy, transport, waste management and clean water, food safety, household and community resilience, and agricultural development—and social sector investments to meet basic human needs and propel equality and inclusive socioeconomic growth. Nonsovereign investments in the finance sector will help develop MSMEs, leasing, and supply chain finance. Nonsovereign operations will continue to support reform-minded SOEs and expand integrated solutions that draw on expertise in the Southeast Asia Department, OP PP, and PSOD.

42. ADB's sovereign and nonsovereign programs will seek concessional resources from global and regional funds that support climate change and environmental sustainability (e.g., the Green Climate Fund, the Climate Investment Funds, and the Global Environment Facility). ADB will use these funds to support Thailand in two ways. First, the funds will be used to help Thailand achieve global commitments such as those made through its NDC and the SDGs. Second, they will be used to deliver value-added knowledge services for Thailand (paras. 36–37), such as

²² Country Operations Business Plan (accessible from the list of linked documents in Appendix 3).

²³ The cost-sharing arrangements allow for a maximum ADB contribution of 65% for loans and 70% for technical assistance and other grants on a portfolio-wide basis.

analytical advisory work to support low-carbon and environmentally sustainable and socially inclusive pathways for development. ADB's role in accessing these funds is considered important because it is one of the few active international development partners that can access and administer such a broad range of global and regional funds to support sustainability, climate mitigation, and climate adaptation activities in Thailand.

C. Monitoring of Results

43. The CPS results framework will serve as a management tool for the partnership between ADB and the government (Appendix 1). Country systems will be used to track progress in achieving CPS outcomes. Regular operational ADB review missions will monitor expected development outcomes. The CPS results framework will be used to track and evaluate performance and help define future country programs. ADB will develop tools to track delivery and effectiveness of knowledge products and services as part of the CKP. The results framework will be updated during the CPS's midterm update report. Revisions to monitoring indicators will be made to align with the forthcoming 13th National Plan (2022–2026).

44. Thailand surpassed the \$7,065 gross national income per capita threshold for initiating the International Bank for Reconstruction and Development graduation process for the first time in 2019. The country team will monitor Thailand's progress toward meeting the three graduation criteria (per capita gross national income [whether meeting this criterion will continue or not given the severe contraction of GDP in 2020], creditworthiness, and the level of development of economic and social institutions) during the CPS period, in consultation with ADB's Strategy, Policy, and Partnerships Department.

D. Risks

45. Risks for ADB operations in Thailand are moderate. Political stability has strengthened since the 2017 constitution and the 2019 election. However, pockets of instability still exist and will need to be monitored during the CPS period. The capacity of public administration is improving and is managed through sound economic and social policies and good practice. A 2017 update to Thailand's governing procurement act and associated regulations has advanced Thailand's procurement practices. These advances are supported by international best practice government procurement systems, including continued development of Thailand's e-Government procurement system (now mandatory for all public procurement), which further increases the economy, efficiency, fairness, and transparency of public procurement. The country is in a strong fiscal position and is managing public debt within its legal limit of 60% of GDP even during the COVID-19 crisis. The country provides a stable business environment and the private sector is the engine of Thailand's economic growth.

46. Nevertheless, there are remaining institutional, environmental, and global risks that may hamper Thailand's development trajectory. To help address these risks, ADB will assist in strengthening public sector institutions and government ownership of the CPS program through its focus on knowledge, dialogue, and partnership. Improvements in public sector management and good governance will be important given the government's plans to accelerate public and private investment. Continued regional and global economic uncertainties expose Thailand to a degree of vulnerability that can be partly mitigated by ADB engaging with Thailand on regional cooperation through fora such as the GMS, ASEAN, and IMT-GT. Finally, ADB's planned private sector operations and regional technical assistance, in conjunction with sovereign operations, will help manage Thailand's climate change mitigation and adaptation risks.

COUNTRY PARTNERSHIP STRATEGY RESULTS FRAMEWORK

Country Development Impact Indicators with which the CPS is Aligned ^a				
<ol style="list-style-type: none"> 1. Strategy 2, Indicator 1.1. Economic growth rate expands by not less than 5% per annum. 2. Strategy 3, Indicator 2.2. Private sector growth rate expands by not less than 7.5% per annum. 3. Strategy 4, Indicator 4.1 By 2025, the volume of greenhouse gas emissions in the energy and transport sectors are 20% lower than the projected business-as-usual scenario (baseline 2018: greenhouse gas emissions are 15% lower than business-as-usual, therefore 5 percentage points more reduction is needed to meet the target). 4. Strategy 2, Indicator 1.1. The growth rate of per capita income of the bottom 40% of the population is no less than 15% per annum (baseline 2019: 9.8%). 				
CPS Strategic Objectives	Priority Areas	Key Outcomes that ADB Contributes to	Outcome Indicators	CPS Resources
Strengthen competitiveness and connectivity	Regulatory reforms to increase competition (aligned with OP6: strengthening governance and institutional capacity)	Reduced expenditure on personnel and increased efficiency of public management and services as well as the country's business competency Investment climate and business environment enhanced	12th National Plan Strategy 6, Indicator 1.1 Achieve second place among ASEAN countries in terms of public performance according to the IMD's World Competitiveness Ranking (subcategory: government efficiency) by the end of the 12th National Plan period (baseline for ASEAN 2020: second place). 12th National Plan Strategy 6, Indicator 1.1 Achieve second place among ASEAN countries in the World Bank's Ease of Doing Business (baseline 2019: third place).	Ongoing portfolio: As of 31 December 2020 Two sovereign loan projects Amount: \$1,599.4 million 18 nonsovereign loan projects Amount: \$1,633.0 million TA for country-specific stand-alone TA Number: 2 Amount: \$2.5 million 29 ongoing regional TA projects with government agencies
	Enhance business development services and strengthen inclusiveness in the finance sector (aligned with OP1: addressing remaining poverty and reducing inequalities)	Improved access to trade finance, supply chain finance, inclusive agribusiness finance, and finance for women	Entrepreneur and MSME Business Master Plan under the National Strategy 2018–2037. The proportion of credit lines for new MSMEs is increased by 10% for target period 2018–2022 (baseline average growth 2016–2019: 1.5%).	
	Improve inclusiveness of social services (aligned with OP1: addressing remaining poverty and reducing inequalities)	Increased access to health care across sex, age, and socioeconomic status	12th National Plan Strategy 2, Indicator 2.4 Disparities in the ratio of population per health personnel across geographical areas narrow (baseline 2018: one health care worker for every 1,771 Thai people).	
	Broaden economic opportunities (aligned with OP1: addressing remaining poverty and reducing inequalities)	Increased access to finance, including for women Employment opportunities created, including for women	Strategy 2, Indicator 3.1 The share of households with access to sources of finance increases (baseline 2017: 83.9% of households have access to finance).	
	Strengthen regional trade (aligned with OP7: fostering regional cooperation and integration)	Increased cross-border trade between Thailand and other ASEAN countries	12th National Plan Strategy 10, Indicator 3.2 Increased cross-border trade value between Thailand and	Planned operations and contribution

CPS Strategic Objectives	Priority Areas	Key Outcomes that ADB Contributes to	Outcome Indicators	CPS Resources
			countries in the region (baseline average 2016–2018: \$500 billion).	(as per 2021–2023 COBP): Sovereign lending: \$1,575 million of OCR and \$10,100 million cofinancing for 2021–2023 TA for country-specific stand-alone TA: \$1.0 million for 2021–2023
	Strengthen connectivity through inclusive infrastructure development (aligned with OP4: making cities more livable; and OP2: accelerating gender equality)	Gender-responsive and socially inclusive transport connectivity improved	12th National Plan Strategy 10, Indicator 1.1 Accomplishment in establishing logistics connectivity on land, rail, at sea, and in the air within the region to ensure convenience and reduce travel time and transportation costs (baseline 2019 Global Competitive Index Ranking for logistics: 71st out of 141 countries).	
Strengthen resilience and sustainability	Reduce greenhouse gas emissions in energy and transport sectors	Reduced greenhouse gas emissions	Strategy 4, Indicator 4.4 Domestic climate change mitigation mechanisms are established to provide support in terms of finance, technology, and capacity building (2020 baseline: 55 factories participated Thailand V-ETS ^c ; growth of carbon credit trading volume in T-VER program was 28.5% during 2019–2020).	
	Invest in resilient infrastructure	Increased gender-responsive and climate-smart infrastructure developed and innovative agriculture models demonstrated ^b		
	Support climate-smart agriculture (aligned with OP3: tackling climate change and disaster resilience and enhancing environmental sustainability)	Climate and disaster resilience of transport, energy, and agriculture sectors built		
	Improve environmental sustainability (also aligned with OP3)	Environmental sustainability improved	Strategy 3, Target 8, Indicator 2.2. Land that is sustainably farmed increases to 5 million <i>rai</i> by 2021 (baseline 2020: 1.15 million <i>rai</i>). ^d	

ADB = Asian Development Bank; ASEAN = Association of Southeast Asian Nations; CBTA = cross-border transport agreement; COBP = country operations business plan; CPS = country partnership strategy; GDP = gross domestic product; IMD = Institute for Management Development; MSMEs = micro, small, and medium-sized enterprises; OCR = ordinary capital resources; OP = operational priority; TA = technical assistance; T-VER = Thailand Voluntary Emission Reduction Program; VER = voluntary emission reduction; V-ETS = voluntary emission trading system.

^a 12th National Economic and Social Development Plan (2017–2021). Indicators and targets may be updated during the CPS period to reflect new targets being proposed in the forthcoming 13th National Economic and Social Development Plan (2022–2026). Both plans sit under the National Strategy, 2018–2037.

^b Investments will (i) embrace universal infrastructure design features recognizing the differential needs of men and women of all ages and abilities; and (ii) recognize the substantial role that women play in informal and subsistence agriculture activities and respond to their specific needs to boost agricultural yields, outputs, and incomes.

^c The Thailand Voluntary Emission Trading System is one of the greenhouse gas mitigation mechanisms developed by the Thailand Greenhouse Gas Management Organization (a public organization) to promote greenhouse gas reduction under the domestic voluntary carbon market and to design the measurement, reporting, and verification system in accordance with the international standards ISO 14064-1, 14064-3, and 14065.

^d A *rai* is a unit of area equal to 1,600 square meters.

Source: Asian Development Bank.

COUNTRY KNOWLEDGE PLAN

A. Knowledge Needs

1. Strategy 2030 states that sharing experience, best practices, knowledge, and innovation will play an increasingly important role in the engagement of the Asian Development Bank (ADB) with upper middle-income countries (UMICs).¹ Thailand became a UMIC in 2011, and is transforming its economy from a low-cost market to an innovation hub focusing on high-quality goods and services, and on developing its leadership role in regional cooperation and integration (RCI). To support this transition, Thailand requires knowledge in how to leverage existing resources to make growth more sustainable and inclusive. Accordingly, the country partnership and strategy (CPS), 2021–2025 emphasizes ADB’s knowledge products and services (KPSs) as key instruments for supporting Thailand to achieve its development objectives.

2. ADB’s country knowledge plan (CKP) for Thailand is demand driven and aligned with domestic objectives—identified through dialogue between ADB and the government, and analysis of past ADB activities—as well as with ADB’s Strategy 2030 and ADB’s Knowledge Management Action Plan.² The CKP also seeks to address two recommendations from ADB’s Independent Evaluation Department, which are to (i) continue providing targeted knowledge and capacity building programs, and (ii) ensure the CPS results framework reports on the broad set of contributions that ADB provides through its engagement with Thailand.

3. Thailand has strong domestic knowledge in most development sectors. However, consultations with the government indicated some gaps in the areas of (i) best practices for using new technologies in energy generation and efficiency, (ii) developing finance markets that favor sustainable and inclusive investments, and (iii) digital solutions to strengthen inclusive growth.

B. Scope of ADB’s Planned Knowledge Operations

4. While other development partners reduced assistance to Thailand as it reached UMIC status, ADB’s continued knowledge partnership has evolved into a comparative advantage. ADB’s knowledge support during 2013–2016 comprised three national technical assistance (TA) projects, 28 regional TA projects, and 89 KPSs. Assistance focused on policy reform, knowledge sharing and cooperation, and embedding replicable knowledge solutions into private sector investments. ADB will continue the trajectory of its KPS support to Thailand during 2021–2025, but with four new characteristics: (i) in recognition of Thailand’s existing capacity, ADB and the government have identified a three-pronged strategy to provide knowledge “in, for, and with Thailand;” (ii) ADB will implement TA to take stock of existing KPS products to help ensure forward activities build on past success and add new value; (iii) the CKP will strengthen knowledge coordination within ADB; and (iv) ADB will take a lead role on knowledge coordination with other development partners in Thailand.

5. **Knowledge sharing for, with, and in Thailand.** Knowledge “for Thailand” focuses on demand-driven KPS materials that ADB can create to support national development. “With Thailand” emphasizes coordination between ADB and the country to jointly promote regional cooperation and integration and to act on other mutual knowledge objectives in the region. “In Thailand” recognizes opportunities to build the country’s convening role for conferences and events. The table groups planned support by CPS objective and the “for, with, and in” approach.

¹ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

² ADB. Forthcoming. *Knowledge Management Action Plan*. Manila.

Scope of ADB's Planned Knowledge Operations

CPS Pillar	Subpillar	Scope of ADB's Planned Knowledge Operations
Objective 1: Strengthen competitiveness and connectivity	Competitiveness	<p>For Thailand. ADB will (i) work with the public and private sectors to improve the competitiveness of MSMEs through improved trade, cross-border investment, new technologies, and other means; (ii) build government capacity to address money laundering and terrorism financing; (iii) strengthen financial management and governance of SOEs and subnational entities with strong potential to develop international cooperation (e.g., railways); and (iv) strengthen microfinance (building on ADB's prior work developing a framework for financial inclusion) with KPS support, including targeted studies or events, to improve cooperative savings and enhance access to finance for vulnerable groups. This knowledge support will be essential for increasing financial inclusion for women and disadvantaged groups, particularly in poor parts of the country.</p> <p>With Thailand. ADB is working with Thailand's sovereign and nonsovereign partners to unlock new finance through the GMS program. Activities include (i) helping develop economic corridors and improve transport and trade facilitation to further integrate surrounding economies; and (ii) leveraging technology to deepen the participation of MSMEs in regional trade, especially through the emerging patterns of e-commerce and financial technology. ADB's work with Thailand in these areas can provide significant opportunities to share progress and lessons with neighboring countries and other UMICs, thereby multiplying the benefits of ADB's assistance.</p>
	Physical connectivity	<p>For Thailand. ADB will support private investment and PPPs in the transport sector through research and economic analysis. It will also provide policy advice and institutional strengthening on road safety to help achieve the national target of halving per capita traffic fatalities. ADB will also support governance and planning for urban transport, including the Green Ports Initiative (TA 9350-REG: Implementing the Regional Cooperation and Integration Operational Plan): which is assisting (i) ports in Southeast Asia to set voluntary environmental targets; and (ii) port authorities to develop bankable green infrastructure projects, starting with two scoping studies on Indonesia, Thailand, and Viet Nam. ADB will help integrate gender and social dimensions into connectivity infrastructure to ensure it is safe and accessible for women and vulnerable groups.</p> <p>With Thailand: Thailand has developed accurate road safety data. ADB is prepared to support Thailand to join the Asia Pacific Road Safety Observatory to share its experience with other countries.</p>
	Social connectivity	<p>For Thailand. ADB may provide policy advice and institutional support for e-commerce, and e-governance, and digital support for social services (including education and health) through TA-9794 Digital Development Facility for Asia and the Pacific. It will also support Thailand to deal with its aging population through TA-9111: Strengthening Developing Member Countries' Capacity in Elderly Care through activities such as country diagnostic studies, capacity building, and strategic planning.</p> <p>With Thailand. ADB may enter a partnership on science, technology, engineering, and mathematics education with King Mongkut's University of Technology, Thonburi, through TA-9415: Innovation in Education Sector Development in Asia and the Pacific. ADB will also help strengthen health service connectivity to address COVID-19 by</p>

CPS Pillar	Subpillar	Scope of ADB's Planned Knowledge Operations
		<p>promoting health financing across GMS countries, including financial protection and health insurance, and universal health coverage for migrants.</p> <p>In Thailand. Thailand may serve as a strategic location for knowledge sharing between South and Southeast Asian countries to share lessons from the Ecosystem and Growth of Tech Start-up Studies conducted under TA REG 9508: Country Diagnostic Studies in Selected Developing Member Countries (subproject 4).</p>
	Economic connectivity	<p>In Thailand. ADB will continue to conduct regional events in Thailand because of its favorable location. Events may include: (i) TA-9937 REG: Supporting Internationalization of MSMEs: Linking India and the GMS; and (ii) TA 9960-REG Pilot Testing of Innovative Energy Technologies and Business Models. ADB will promote digital connectivity as foundational infrastructure for the digital economy by organizing regional events in Thailand together with local knowledge partners. The knowledge sharing events will be supported by TA-9794 REG: Digital Development Facility for Asia and the Pacific.</p>
<p>Objective 2:</p> <p>Strengthen resilience and sustainability</p>		<p>For Thailand. ADB will (i) work with the government to establish a green finance facility and help SOEs issue green and sustainability bonds, and explore gender bonds or bonds with gender targets; (ii) work with the public and private sectors to develop enhanced renewable energy, battery storage, and smart grid systems; (iii) help reduce the consumption of plastics through policy advice, action plans, and regulatory reform; (iv) collaborate with the World Bank Group (under TA-9414 REG: Supporting Adaptation Decision Making for Climate Resilient Investments) to develop climate risk country profiles that facilitate upstream diagnostics, policy dialogue, and strategic planning by providing overviews of trends and projected changes in climate parameters, sector-specific implications, relevant policies and programs, and priority adaptation areas for further action; (v) support a municipality to increase its creditworthiness and build capacity to identify and implement quality infrastructure and PPPs (under TA 6588: Creating Investable Cities in a Post-COVID-19 Asia and the Pacific—Enhancing Competitiveness and Resilience through Quality Infrastructure; and (vi) help develop carbon pricing policies through domestic, bilateral, and international carbon markets under Article 6 of the Paris Agreement.</p>

ADB = Asian Development Bank; ASEAN = Association of Southeast Asian Nations; COVID-19 = coronavirus disease; GMS = Greater Mekong Subregion; KPS = knowledge product and service; MSMEs = micro, small, and medium-sized enterprises; PPP = public–private partnership; SOE = state-owned enterprise; TA = technical assistance, UMIC = upper middle-income country.

Source: ADB.

6. **Crosscutting themes.** Crosscutting KPS support will initially focus on PPPs, RCI, and digital taxation. With PPPs still at a nascent stage of use in Thailand, ADB will develop a knowledge product to identify opportunities to strengthen institutional capacity and the enabling environment for PPPs, particularly as they relate to transport and social infrastructure. In terms of RCI, ADB will support Thailand to (i) participate in sector-specific capacity building for Greater Mekong Subregion, Association of Southeast Asian Nations, and Indonesia–Malaysia–Thailand Growth Triangle stakeholders; (ii) develop regional, sector, or thematic studies; and (iii) acquire knowledge on regional initiatives, including economic corridors. With respect to digital taxation, ADB will work with the Organisation for Economic Co-operation and Development and World Bank on a value-added tax digital toolkit for Southeast Asian countries, which will provide insight on how such tax systems can capture cross-border and digital transactions. ADB will also explore

opportunities to share knowledge with international nongovernment organizations on gender, social, and economic inclusion, including through high-level policy dialogue on the differential impacts of the coronavirus disease on male and female migrant workers, related to (i) gender-based violence, sexual exploitation, abuse, and harassment; (ii) risks of human trafficking; (iii) early child and forced marriage; and (iv) access to sufficient sexual and reproductive health products and services, including family planning.

7. ADB will coordinate with the government on the preferred modality for each KPS. ADB will include KPS activities in country operations business plans, based on resource availability, prioritization, and readiness. ADB will work with local partners to hold an annual anchor knowledge event to promote and disseminate KPS products produced each year.

8. **One ADB coordination for the country knowledge plan.** ADB will establish a country knowledge advisory group for Thailand. The group will identify and prioritize country knowledge needs that ADB can support and coordinate a One ADB response to provide assistance. The group will be headed by ADB's country director for Thailand, and members will include all ADB and ADB Institute offices with knowledge interests in Thailand, including the Southeast Asia Department's directors of transport, energy, and social services; Private Sector Operations Department's heads in infrastructure, finance, and social services; Sustainable Development and Climate Change Department's Sector leaders in transport, energy, and urban, and thematic leaders in health, education, and environment; the Economic Research and Regional Cooperation Department's unit heads in RCI and finance; and the ADB Institute in areas of economic-diversification-related knowledge support. The group will meet at least twice per year. ADB's Thailand Resident Mission will prepare new internal procedures to ensure proposed technical assistance (TA) for Thailand by all ADB departments is conducted through consistent and robust consultation procedures with government and are aligned with the CPS and CKP.

C. Areas of Collaboration with Partners

9. At present there is not an established development partner coordination mechanism in Thailand. ADB discussed this issue with other development partners during the CPS consultation process and found general agreement that a mechanism would be helpful, given that several partners are assisting Government of Thailand agencies on overlapping topics. ADB will support this mechanism by arranging a series of roundtable knowledge-sharing events with in-country development partners. The events will cover topics of mutual interest. Collaboration with domestic research institutes and universities will be conducted on topics as they arise.

D Resource Allocation

10. Knowledge work under the CPS, 2021–2025 is estimated to cost \$5 million, comprising TA, staff consultants, and staff time. In accordance with Strategy 2030's guidance to provide high-quality knowledge and advisory support to UMICs, a significant portion of this knowledge work in Thailand will be delivered through ADB staff and staff consultancies. Given the limited TA country allocation, ADB will tap TA funds administered by ADB knowledge departments. It will do this selectively, targeting specific knowledge and capacity needs closely aligned with CPS objectives or government priorities. ADB will use regional TA in addition to the TA allocated for the country and will leverage development partner cofinancing and government cost sharing. ADB will also seek \$1 million from the Technical Assistance Special Fund to support knowledge activities in Thailand. As recommended by the Independent Evaluation Department's validation report of the CPS, 2013–2016, cost recovery for TA will be explored for sovereign and nonsovereign programs.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/CPS/?id=THA-2021>

1. Inclusive and Sustainable Growth Assessment
2. Development Coordination Matrix
3. Country Operations Business Plan