

ADB'S VALUE ADDITION

1. **ADB's value addition.** The Asian Development Bank (ADB) has a long history of supporting Thailand through cycles of economic crises and growth. From 1968 until 1996, ADB disbursed \$3.5 billion dollars in support of Thailand's economic growth through 73 infrastructural, rural and regional development projects. During the Asian Financial Crisis (AFC) of 1997, ADB restructured its first country partnership strategy (CPS) to Thailand and collectively worked with other IFIs to develop a \$17 billion support package for the country. ADB's \$1.4 billion of financial assistance re-prioritized support to the agricultural, social and financial sectors as a cornerstone strategy to bring the highest level of immediate post-crisis relief to rural populations in particular, whilst also facilitating much-needed institutional reforms.

2. The Global Financial Crisis of 2007–2009 required that ADB again reprioritize its support program to address the pressing issues of financial inclusion and capital market development. The political stability and economic growth that followed allowed for Thailand to enjoy modest economic growth and become an UMIC in 2011. Consequently, most IFIs significantly reduced their engagement with Thailand. However, ADB continued its engagement by pivoting to a partnership with sovereign knowledge sharing to lay the foundation for private sector development and regional cooperation.

3. The coronavirus disease (COVID-19) pandemic has triggered the third major economic crisis for Thailand since it joined ADB in 1966. As with previous crises, ADB is coordinating with IFIs and government to ensure the international support package is efficiently prepared and implemented. However, unlike previous crises, it comes at a time when ADB is the only multilateral development bank with ongoing sovereign and non-sovereign lending and technical assistance programs in Thailand. This puts ADB in a unique position to add value through three key streams of support:

- a) **Development Partner Coordination.** ADB's long-term engagement with government and early engagement on COVID has allowed it to take a leading role in catalyzing development partner coordination. ADB is sharing the COVID-19 Active Response and Expenditure Support (CARES) preparation experience in real time to World Bank, Japan International Cooperation Agency, and Asian Infrastructure Investment Bank (AIIB) to optimize the efficiency of other financial institutions' lending support and partnering with United Nations agencies to assess impacts and provide early policy options for recovery in key economic sectors. Furthermore, ADB's cofinancing partnership with AIIB on CARES is enabling AIIB to provide its first ever loan to Thailand.
- b) **Sovereign Support.** ADB is helping the Thai government improve the design and delivery of its COVID-19 economic stimulus packages to better target the underserved and this will send a strong signal to raise investor confidence. Specifically, ADB's CARES program and technical assistance will help government better target support to women and the vulnerable through more robust monitoring and reporting systems for Thailand's cash handout program, include measures to target testing of vulnerable groups like healthcare workers, workers with increased exposure to the public, migrants and older people, and include measures to identify and support SMEs in sectors with high representations of women. ADB has also been supporting the Thai government's

health response by closely engaging with the Ministry of Public Health to strengthen its preparedness for public health responses to COVID-19 and recently increased funds to an existing TA for Thailand to carry out research and training for COVID-19. Member countries will be supported specifically to implement a “One Health” response to public health threats.¹ To supplement the CARES program, ADB approved a technical assistance project to help assess the adequacy and effectiveness of fiscal policies and to inform medium-term post-COVID-19 recover plan in Thailand and other countries.²

- c) **Non-Sovereign Support.** ADB’s strong private sector operations in Thailand is providing short-term liquidity support to companies facing financing uncertainties due to market disruptions caused by COVID-19. This includes pilot-testing a financial technology solution for risk assessment and Know-Your-Clients that allows for more rapid deployment of COVID-19 funding support to small and medium-sized enterprises needing reliable cashflow to stay in business.

4. **CARES Thailand will benefit the Greater Mekong Subregion (GMS).** Thailand plays a unique and influential role in the GMS. A successful recovery for Thailand is inextricably linked with the GMS region’s ability to bounce back. This is for a whole host of reasons, including Thailand’s ability to: provide export markets for neighboring countries; facilitate regional trade and value chains; provide opportunities for millions of regional migrant workers; use its draw as an international destination as a launching regional tourism, and strengthen national economies through Thai private sector investors. The success of CARES is therefore not only important for Thailand but also for the economic and social health all GMS countries.

5. Looking forward, ADB’s current country partnership strategy consultation process has been extended to accommodate government’s emerging priorities as a result of COVID-19 impacts. This gives ADB the opportunity of another value addition by being the first major development partner to orientate its CPS towards post-COVID recovery, which may include:

- a) **Rebuilding regional cooperation.** ADB will continue its work with GMS working groups to revitalize regional cooperation in tourism, trade, and transport. ADB will also start engaging with Thailand on the GMS new regional health cooperation working group. This is particularly important as neighboring countries can benefit from Thailand’s knowledge and experience in implementing universal health coverage. In addition, ADB will continue to support intersubregional value chains with Thailand through the Association of Southeast Asian Nations, the Indonesia-Malaysia-Thailand Growth Triangle, and the Bay of Bengal Initiative for Multisectoral Technical and Economic Cooperation
- b) **Sovereign assistance to build back better.** ADB will engage with the Thai government to find opportunities to build back better by promoting green and resilient infrastructure. This may be done by providing as structured transition finance in the immediate post COVID-19 period to kickstart investments in new green and resilient infrastructure projects, connect job creation projects with funds, prevent future pandemics by restoring natural resources, and protect existing infrastructure projects.

¹ ADB. 2018. [Strengthening Regional Health Cooperation in the Greater Mekong Subregion](#): Manila.

² ADB. 2020. [Technical Assistance for Policy Advice for COVID-19 Economic Recovery in Southeast Asia](#): Manila.

- c) **Refocus on poverty.** Millions of Thai people will likely fall into poverty as a result of COVID-19. ADB will respond by refocusing its planned support towards poverty reduction. This includes research and capacity development to address poverty and inequality through financial inclusion, trade finance, supply chain finance, inclusive agribusiness finance, and taxation reforms.^{3,4}
- d) **Support the vulnerable.** ADB is providing financial support to the inaugural regional meetings of the ASEAN Center for Active Aging and Innovation which aims to generate knowledge and innovation and strengthen capacity and collaboration amongst ASEAN member countries in response to aging populations. ADB is also preparing a technical assistance to reduce the vulnerability and enhance adaptive capacity of highland communities and ecosystems in the Northern area of Thailand to cope with current and projected climate change impacts.

6. **ADB's non-sovereign assistance** As the CARES Program will help restore growth, it sets the stage for targeted ADB non-sovereign operations that can reinforce key elements of the government's post-COVID-19 recovery priorities. Besides the current strong engagement by ADB's Private Sector Operations Department in infrastructure sectors, near-term non-sovereign assistance will focus on: (i) trade and supply chain finance to companies along the medical and agriculture supply chains; (ii) financial assistance to Thai companies expanding to the GMS; (iii) SME financing; (iv) investments in digital technology solutions, including those that strengthen the economy's resilience to future pandemics and natural hazards; and (v) working with Thailand's tourism authorities to develop digital platforms to support crisis-affected workers in tourism sector to earn extra income by selling their handicrafts and home-made food online. Finally, as an upper-middle-income country, Thailand is well-positioned to participate in ADB's demonstration projects, including One-ADB solutions to revitalize industry and services after COVID-19.

³ ADB. 2017. [*Enhancing Tax Transparency of ADB Developing Member Countries: Technical Assistance Report*](#). Manila.

⁴ ADB. 2015. [*Strengthening Specialized and Semi-Formal Financial Institutions to Support Financial Inclusion: Technical Assistance*](#). Manila.