SEPTEMBER 2022

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What We’ve Learned from Working with Thailand’s Private Sector
We are happy to share with you lessons we have learned from the engagement of the Asian Development Bank (ADB) with Thailand’s private sector over the past several years. Since 1996, the Asian Development Bank has committed more than $9.1 billion for 107 loans, 2 equity investment, 3 grants, and 180 technical assistance projects for Thailand. This is part of ADB’s commitment to support the country’s continuous growth and development. Realizing that private sector development is Thailand’s main engine of economic growth, ADB has extended financial assistance and partnership with the country’s private sector. In recent years, ADB has ramped up its engagement with the private sector in order to support its role as the main engine of economic growth in Thailand.

In 2021, ADB endorsed a new country partnership strategy for 2021–2025 that aims to help Thailand achieve its goal of becoming a high-income nation through sustainable economic growth. The new country partnership strategy places a strong emphasis on enabling private sector growth, to support the country’s path towards sustainable development. ADB does this by working with the country’s government and private sector and bringing value-added knowledge and finance to strengthen (a) physical, digital, and social connectivity and competitiveness; while also (b) strengthening resilience and sustainability in key growth sectors, including transport, energy, and finance.

We hope these lessons contribute to increasing the awareness and understanding of ADB’s engagement with the private sector, along with the impact of operations and work being undertaken in Thailand.

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On the cover: The Mahanakorn Building is one of Thailand’s modern and most recognizable landmarks.
How ADB Engages Effectively with Thailand

ADB continues to engage with Thailand to support its high level of economic development. Thailand is an upper middle-income country (UMIC) with well developed technology and finance markets. This makes it a good candidate for trying out new and innovative approaches in private sector engagement.

Unlocking private sector barriers to enable development. In its Country Partnership Strategy for Thailand, ADB aims to engage with the private sector in order to unlock barriers to investment and demonstrate interesting approaches and business models that can be scaled up in Thailand, and across the region.

Thailand is an exporter of investment capital and business models. The sophistication of Thai corporates reduces perceived risks and makes it easier to raise project financing. The basic approach is to first implement a new technology or business model in a less risky country—such as Thailand. Once established and found effective, then it can also be applied and expanded in another country that may be of higher risk. Thailand has an important role as an incubator market for the Mekong, and this means that Thai-based companies can develop and scale-up new business models and export them to other countries in the Mekong region—for example in the energy sector, agriculture, health, and tourism, to name a few.

Thailand needs financing assistance to meet climate targets. In Southeast Asia, Thailand is a leader in renewable energy. Yet, it still has an extremely low share of renewable energy relative to total power supply in the region. ADB has an important role supporting Thailand to promote investments that can help achieve the country’s climate commitments and targets under the Paris Agreement.

The competitive investment environment in Thailand enables ADB to diversify assistance. ADB assists Thailand in various ways, including:
• its role as an impartial and honest broker that brings in international experience without favoring a particular approach;
• the ability to act as an anchor lender, by providing a large portion of a project’s financing, typically up to 25% or greater for smaller projects, and by mobilizing a significant amount from international and local co-financiers;
• the ability to provide technical assistance and financing mechanisms for both the government as well as for private sector partners;
• access to advanced and innovative technologies that take advantage of new tools such as big data and digitalization; and
• the ability to draw upon a range of flexible financial instruments, including concessional financing, local currency financing, specialized funds such as ADB’s High Technology Fund, and political risk insurance.
Highlights of ADB’s Support for the Resilience and Competitiveness of Thailand’s Private Sector

**2010–2013**
First utility-scale solar farms in Thailand
ADB provides a longer, 18-year loan tender paving the way for building the first utility-scale solar farms in the country.

**2012–2014**
First large-scale solar wind energy projects in Thailand
ADB’s first Climate Investment Fund helped to mobilize long-term financing from local commercial banks for Thailand’s pioneering wind energy projects.

**2015**
Cross-border power trading infrastructure.
ADB finances high-quality cross-border infrastructure between Indonesia, Malaysia, and Thailand.

**2017**
Waste-to-energy (WTE) business models in Southern Thailand
ADB supports the Southern Thailand WTE project, helping the long-term economic viability of the project, and validating the business model in a developing member country (DMC).

**2018**
First green bond for Thailand’s power sector
ADB approves a debt investment in green bonds, the first Green Bond Principles-compliant green bonds issued by a Thai energy company, and the first Climate Bond Initiative-certified climate bonds in Thailand.

**2019**
First green bond to finance wind energy in Thailand
ADB invests in green bonds to support long-term financing of a 260 MW wind farm in Thailand.

**2020**
Battery energy storage, electric mobility, and plastic recycling
ADB provides loans for battery energy storage systems (BESS) for utility-scale wind power; for electric mobility and renewable energy; and for the first verified “blue loan” in the region, used for recycling PET bottles and packaging.

**2021**
Solar rooftop PV and clean mass rapid transit
ADB supports the construction of solar rooftops in commercial and industrial (C&I) buildings as well as development of clean mass rapid transit.
Insights from the Partnership Strategy of ADB and Thailand

Importance of leading innovation in upper middle-income countries (UMICs). UMICs are good platforms for trying out new technologies, business models, and financing approaches for the first time. For a number of different technologies and approaches—utility-scale solar PV, wind energy, renewables and integrated energy storage, electric ferries, private sector mass rapid transit projects, green bonds, blue loan for recycling—ADB has been among the first lenders and supporters, to help demonstrate the new approaches as they had introduced the approaches in Thailand. Thailand often serves as an incubator country for introducing new technologies and new types of financing, seeing what works, and then applying this approach to other countries within Southeast Asia, or even those across Asia where ADB operates.

The need for ADB to be pioneering. In order to stay relevant over the past decade, ADB’s private sector team in Thailand has had to continuously rethink and reinvent its approach to private sector engagement in Thailand. The key to the team’s success has been to remain flexible, to mobilize internal resources, and to plan the financing mechanisms and other areas in order to stay relevant as opportunities arise.

Strong emphasis on cooperation between sovereign and private sector teams. The joint presence of government- and private sector–focused units at ADB’s Thailand Resident Mission allows for collaboration to promote the “One ADB” approach on supporting private sector development. For example, deep connections helped in the dialogue between ADB’s private sector team and Thailand’s Mass Rapid Transit Authority, which led to the $318 million ADB loan for Bangkok’s new monorail Pink and Yellow lines. Similarly, the experience of ADB’s private sector team in the development and issuance of Thailand’s first private sector green bond also helped in ADB’s sovereign operations to support the Government of Thailand’s issuance of a sustainability bond for the National Housing Authority a couple of years later.

Benefits of having a regional hub. Several years ago, ADB set up a regional hub based in Bangkok for ADB’s Mekong Infrastructure Finance Team. This approach has been successful, in part by creating a critical mass of staff in the hub. From a deal perspective, for very localized transactions led by Thai banks and sponsors, it is very important for the deal team to be close to the client and to be able to be responsive.
We are happy to share with you lessons we have learned from the engagement of the Asian Development Bank (ADB) with Thailand’s private sector over the past several years. Since 2011, the Asian Development Bank has committed more than $9 billion for loans, equity investment, grants, and technical assistance projects for Thailand. This is part of ADB’s commitment to support the country’s continuous growth and development. Realizing that private sector development is Thailand’s main engine of economic growth, ADB has extended financial assistance and partnership with the country’s private sector. In recent years, ADB has ramped up its engagement with the private sector in order to support its role as the main engine of economic growth in Thailand.

In 2022, ADB endorsed a new country partnership strategy for 2022–2025 that aims to help Thailand achieve its goal of becoming a high-income nation through sustainable economic growth. The new country partnership strategy places a strong emphasis on enabling private sector growth, to support the country’s path towards sustainable development. ADB does this by working with the country’s government and private sector and bringing value-added knowledge and finance to strengthen (a) physical, digital, and social connectivity and competitiveness; while also (b) strengthening resilience and sustainability in key growth sectors, including transport, energy, and finance.

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Outbound investments by Thai companies.
Many Thai energy-sector investors are increasingly active in Southeast Asia, especially in the Mekong countries such as Cambodia, Lao People’s Democratic Republic, and Viet Nam. From a business perspective, ADB’s private sector team has established relationships over many years with companies like Gulf, B. Grimm, and Bangchak. These companies have been venturing into other ADB members. Doing so helps them better understand the business environment where ADB has sovereign operations and relationships with governments and companies. In Viet Nam, ADB’s private sector team provided support for a solar project by Gulf Power and for two large solar projects by B. Grimm. In Cambodia, ADB developed a One ADB procurement, through a “reverse auction”, for a 100 MW solar park in cooperation with the Cambodian government and electric utility, the Private Sector Operations Department provided support for the winning consortium, Prime Road.
What We’ve Learned from Working with Thailand’s Private Sector

This publication summarizes milestones and lessons from ADB’s partnership with Thailand for private sector development, which serves as the main engine of economic growth in the country. The milestones achieved over the years provide insights on the effectiveness of ADB’s private sector engagement in Thailand. Moving forward, ADB’s new country partnership strategy for 2021–2025 aims to help Thailand achieve its goal of becoming a high-income nation through sustainable economic growth.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members — 49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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Publication Stock No. ARM220152-2  pubsmarketing@adb.org