



Country Operations Business Plan

October 2017

Thailand
2018–2020

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 21 September 2017)

Currency unit	–	baht (B)
B1.00	=	\$0.030
\$1.00	=	B33.125

ABBREVIATIONS

ADB	–	Asian Development Bank
COBP	–	country operations business plan
CPS	–	country partnership strategy
KSTA	–	knowledge and support technical assistance
OCR	–	ordinary capital resources
PPP	–	public–private partnership
TA	–	technical assistance
TRTA	–	transaction technical assistance

NOTE

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

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I. CONSISTENCY OF BUSINESS PLAN WITH COUNTRY PARTNERSHIP STRATEGY

1. The Thailand country operations business plan (COBP), 2018–2020 of the Asian Development Bank (ADB) is the second COBP bridging a temporary gap between the country partnership strategy (CPS), 2013–2016,¹ and the forthcoming CPS, 2019–2023. The COBP, 2018–2020 retains the four core strategic areas of the CPS, 2013–2016: (i) infrastructure development, (ii) finance sector development, (iii) environmentally sustainable development, and (iv) regional cooperation and integration initiatives. The CPS, 2013–2016 fully aligns with ADB’s Midterm Review of Strategy 2020,² and is consistent with Thailand’s Twelfth National Economic and Social Development Plan, 2017–2021.³

2. The Government of Thailand aims to make the country more developed and balanced by creating a new generation of infrastructure, as well as advanced and innovative industries. It has adopted a new 20-year National Strategic Plan (2017–2036)⁴ as a key means of moving the country toward “Thailand 4.0”.⁵ The Cabinet approved the Eastern Economic Corridor Development Plan⁶ in June 2016 to put Thailand 4.0 into action via area-based development. Additionally, the implementation of Thailand’s Transport Infrastructure Development Strategy, 2015–2022⁷ is continuing as planned to enhance Thailand’s productivity and competitiveness and lay the foundation for sustainable economic growth and social development.⁸ These development plans require massive government-led investment in infrastructure. Investment financing is expected to come from a variety of sources, including arrangements such as public–private partnerships (PPPs).

3. In line with the CPS, 2013–2016, the COBP emphasizes ADB’s flexible framework for responding to Thailand’s needs and priorities as an upper middle-income country. In response to the government’s request, ADB has proposed an innovative disbursement arrangement⁹ for sovereign lending projects in the transport sector. ADB’s potential sovereign lending project promoting research and innovation technology in key target industries in Thailand was designed to help the government achieve its targets under the Thailand 4.0 policy. In addition, ADB’s private

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

² ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

³ Government of Thailand, National Economic and Social Development Board. 2016. *Twelfth National Economic and Social Development Plan, 2017–2021*. Bangkok.

⁴ Government of Thailand, National Economic and Social Development Board. 2017. *Twenty-Year National Strategy Plan 2017–2036*. Bangkok.

⁵ The stages of Thailand’s economic development include: Thailand 1.0, focusing on the agriculture sector; Thailand 2.0, focusing on light industry and low wages; and Thailand 3.0, highlighting heavy industry and advanced machinery. The government is now aiming for Thailand 4.0, which will focus on a value-based economy, including creativity, innovation, and intellect.

⁶ The Eastern Economic Corridor Development Project will be implemented across an area of more than 11,800 acres in three eastern provinces: Chachoengsao, Chon Buri, and Rayong. The project aims to promote the country’s 10 industry clusters: (i) next-generation automotive, (ii) intelligent electronics, (iii) advanced agriculture and biotechnology, (iv) food processing, (v) tourism, (vi) advanced robotics, (vii) integrated aviation, (viii) medical hub and total healthcare services, (ix) biofuels and biochemical, and (x) digital technology.

⁷ Government of Thailand, Ministry of Transport. 2014. *Thailand’s Transport Infrastructure Development Strategy, 2015–2022*. Bangkok.

⁸ Thailand’s Transport Infrastructure Development Strategy, 2015–2022 covers five strategic areas: (i) rail, to revamp the provincial rail network; (ii) urban public transport, to improve public transport systems to ease traffic congestion in Bangkok; (iii) road, to boost the capacity of highways to connect with production bases in rural areas and neighboring countries; (iv) water, to improve the efficiency of five main ports in Ang Thong, Chumpon, Yala, Songkhla, and Rayong provinces; and (v) air, to increase and expand the competitiveness of five main airports in Trak, Phuket, Yala, Suvarnabhumi, and Don Muang.

⁹ An innovative disbursement arrangement is designed to be more responsive to the government’s requests and effective in delivering desired outcomes. For example, a single tranche disbursement is applied for the GMS Highway Expansion Phase 2 Project to help the government effectively manage the foreign exchange and interest rate risks.

sector operations remain an integral part of ADB's engagement with Thailand, especially in the energy, transport, agribusiness, and financial sectors.

4. To facilitate RCI, ADB has expanded the Thailand Resident Mission as a subregional hub in Southeast Asia, mainly to support regional and country works, including nonsovereign operations and ADB's business continuity. ADB has continued to cooperate closely with the Neighboring Countries Economic Development Cooperation Agency and the Thailand International Cooperation Agency in promoting regional cooperation, knowledge sharing, capacity building, and parallel financing, in particular to improve connectivity in the Greater Mekong Subregion.

II. INDICATIVE RESOURCE PARAMETERS

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

6. The nature of ADB's operations in Thailand requires a flexible approach to resource planning and project design. An indicative sovereign lending program (including a standby project) of \$1.59 billion from regular OCR is proposed for Thailand for 2018–2020 (Table A2.1).¹⁰ The indicative nonlending program for 2018–2020 is about \$7.3 million, which will be allocated to three knowledge and support technical assistance (KSTA) grants, and two transaction technical assistance (TRTA) grants (Table A2.2). ADB will seek to mobilize additional grant resources, including from ADB-administered trust funds, and possible cofinancing from other development partners. The country assistance results areas are given in Appendix 1. ADB's assistance program on lending and nonlending projects for 2018–2020 and for 2017 are provided in Appendixes 2 and 3, respectively. ADB's list of knowledge publications and events for 2017 and 2018 is in Appendix 4.

III. SUMMARY OF CHANGES TO LENDING AND NONLENDING PROGRAMS

7. **Lending.** The COBP has been adjusted as follows to take into account a greater focus on demand driven basis:

- (i) As requested by the government, the lending pipeline includes three new proposed loans: (i) the GMS Highway Expansion Phase 2 Project programmed for 2017, (ii) the Bangkok Urban Transport Development—West Orange Line programmed for 2019, and (iii) the Airports Improvement programmed for 2019.
- (ii) A lending project for the Bangkok Urban Transport Development—Purple Line was renamed the Bangkok Urban Transport Development—South Purple Line, and its lending amount was changed from \$500 million to \$240 million.
- (iii) A lending project for Infrastructure Development for Research and Technology Innovations was renamed Innovate Thailand: Enhancing Industrial Innovation Performance and deferred from 2017 to 2018 due to a shift in the executing agency and the need to adjust the project concept to reflect government priorities.

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

- (iv) A proposed loan for the Governance Improvement on National Railway was renamed National Railway Improvement to reflect the project's scope and objective, and it was deferred from 2019 to 2020 as standby.

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

- (i) A \$1.0 million capacity development technical assistance grant on Mass Rapid Transit Integration for 2017 was changed to a \$1.5 million TRTA grant.
- (ii) A \$0.8 million KSTA grant on Broadening Social Safety Net was renamed Strengthening Inclusive Finance for Aging Society to reflect the project objective, and deferred from 2017 to 2018.
- (iii) Two new technical assistance projects have been included in 2018 as agreed with the government: (i) a \$1.5 million TRTA grant on Airports Improvement, and (ii) a \$2.0 million KSTA grant on Enhancing Productivity and Competitiveness of Safe and Environment Friendly Agriculture.
- (iv) A \$1.5 million TRTA grant on Governance Improvement of National Railway was renamed National Railway Improvement and deferred from 2018 to 2019.
- (v) ADB technical support for the development of PPP projects for the health sector and an analytical study for the technical vocational education and training system in Thailand are funded by regional TA, and not indicated in this COBP.

COUNTRY ASSISTANCE RESULTS AREAS

Key Country Development Outcomes that ADB Contributes to	ADB		
	Key Areas of Assistance	Indicative Resource Allocation in 2018–2020	Changes from Last COBP
1. Transport			
More efficient and safer movement of people and goods in the country	<ul style="list-style-type: none"> • Road, rail, urban public, and air transport policies; performances; and reforms • Fostering private sector participation including PPP • Addressed national and subregional transport sector environmental concerns 	Amount: \$1.29 billion (regular OCR) Share of COBP envelope: 81.1%	Intervention in airport improvement newly requested by the Government of Thailand
2. Multisector			
Improved innovation management to accelerate inclusive and sustainable economic development and contribute to improving overall living conditions	<ul style="list-style-type: none"> • Enhanced capacity for innovation in companies, universities, and research institutions. • Improved support services to accelerate innovation management. • Strengthen the skills and knowledge of SME employees and students 	Amount: \$300 million (regular OCR) Share of COBP envelope: 18.9%	Increased focus on research and innovation as requested by the government
3. Energy			
Reduced energy intensity of GDP and CO ₂ emissions from the power subsector	Renewable energy such as solar and wind	Private sector operations	No changes

ADB = Asian Development Bank, CO₂ = carbon dioxide, COBP = country operations business plan, GDP = gross domestic product, OCR = ordinary capital resources, PPP = public–private partnership, SMEs = small and medium-sized enterprises.

Source: ADB.

INDICATIVE ASSISTANCE PIPELINE

Table A2.1: Lending Products, 2018–2020

Project/Program Name	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of TRTA /PDA	Cost (\$ million)						
						Total	ADB			Gov't	Co-finance	
							Regular OCR	COL	ADF Grants			Total
2018												
1. Innovate Thailand: Enhancing Industrial Innovation Performance	MUL	GI	IEG/KNS/GEM	TRM		730.00	300.00	0.00	0.00	300.00	430.00	0.00
2. Bangkok Urban Transport Development—South Purple Line	TRA	GI	IEG/PAR/GEM	SETC/TRM		2,400.00	240.00	0.00	0.00	240.00	2,160.00	0.00
2019												
1. Bangkok Urban Transport Development—West Orange Line	TRA	GI	IEG/PAR/GEM	SETC/TRM		3,000.00	500.00	0.00	0.00	500.00	2,500.00	0.00
2. Airports Improvement	TRA	GI	IEG/PAR/RCI	SETC/TRM		1,000.00	250.00	0.00	0.00	250.00	750.00	0.00
2020 Standby												
1. National Railway Improvement	TRA	GI	IEG/PAR/RCI	SETC/TRM		3,500.00	300.00	0.00	0.00	300.00	3,200.00	0.00

ADB = Asian Development Bank; ADF = Asian Development Fund; COL = concessional OCR lending; GEM = gender equity and mainstreaming; GI = general intervention; Gov't = government; IEG = inclusive economic growth; KNS = knowledge solutions; MUL = multisector; OCR = ordinary capital resources; PAR = partnerships; PDA = project design advance; RCI = regional integration; SETC = Southeast Asia Department Transport and Communication Division; TRA = transport; TRTA = transaction technical assistance; TRM = Thailand Resident Mission.

Source: ADB.

Table A2.2: Nonlending Products and Services, 2018–2020

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				Total (\$'000)
				ADB		Others		
				Source	Amount (\$'000)	Source	Amount (\$'000)	
2018								
1. Strengthening Inclusive Finance for Aging Society	FIN/PSM	TRM	KSTA		0	Trust Fund (JFPR)	800	800
2. Airports Improvement	TRA	SETC/TRM	TRTA	TASF	1,500		0	1,500
3. Enhancing Productivity and Competitiveness of Safe and Environment Friendly Agriculture	ANR	SEER/TRM	KSTA		0	Trust Fund (JFPR)	2,000	2,000
Total					1,500		2,800	4,300
2019								
1. National Railway Improvement	TRA	SETC/TRM	TRTA	TASF	2,000		0	2,000
Total					2,000		0	2,000
2020								
1. Knowledge Support and Policy Reform Initiative	MUL	TRM	KSTA	TASF	1,000		0	1,000
Total					1,000		0	1,000

ADB = Asian Development Bank; ANR = agricultural, natural resources, and rural development; FIN = finance; JFPR = Japan Fund for Poverty Reduction; KSTA = knowledge and support technical assistance; MUL = multisector; PSM = public sector management; SEER = Southeast Asia Department Environment, Natural Resources and Agricultural Division; SETC = Southeast Asia Department Transport and Communications Division; TASF = Technical Assistance Special Fund; TRA = transport; TRM = Thailand Resident Mission; TRTA = transaction technical assistance.
Source: ADB.

ASSISTANCE PROGRAM FOR CURRENT YEAR

Table A3.1: Lending Products and Services, 2017

Project/Program Name	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of TRTA /PDA	Cost (\$ million)						
						Total	ADB			Gov't	Co-finance	
							Regular OCR	COL	ADF Grants			Total
1. GMS Highway Expansion Phase 2 Project	TRA	GI	IEG/KNS	SETC/TRM		213.60	99.40	0.00	0.00	99.40	114.20	0.00

ADB = Asian Development Bank; ADF = Asian Development Fund; COL = concessional OCR lending; GI = general intervention; GMS = Greater Mekong Subregion; Gov't = government; IEG = inclusive economic growth; KNS = knowledge solutions; OCR = ordinary capital resources; PDA = project design advance; SETC = Southeast Asia Department Transport and Communication Division; TRA = transport; TRM = Thailand Resident Mission; TRTA = transaction technical assistance.
Source: ADB.

Table A3.2: Nonlending Products and Services, 2017

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				Total (\$'000)
				ADB		Others		
				Source	Amount (\$'000)	Source	Amount (\$'000)	
1. Mass Rapid Transit Integration	TRA	SETC/ TRM	TRTA	TASF	1,500		0	1,500
Total					1,500		0	1,500

ADB = Asian Development Bank; SETC = Southeast Asia Department Transport and Communications Division; TASF = Technical Assistance Special Fund; TRA = transport; TRM = Thailand Resident Mission; TRTA = transaction technical assistance.
Source: ADB.

INDICATIVE KNOWLEDGE PUBLICATIONS AND EVENTS

Table A4.1: Knowledge Publications and Events for 2018

Title of Publication or Event	Subject ^a	Type ^b	Department or Sector Group or Thematic Group ^c	Technical Assistance ^d
1. Standard IWRM Modelling User Manual	Agriculture and natural resources	Document	SERD	TA 9204
2. Final Report on Strengthening River Basin Management	Agriculture and natural resources	Document	SERD	TA 9204
3. Final Report on Pillar I Pension	Finance	Document	SERD	TA 9010
4. Capacity Development Workshops on ADB's Procurement and Disbursement Guidelines	Multisector	Training/capacity development	SERD/OSFMD/CTL	N/A
5. Asia Water Week	Water	Event organization	SDCC/WSG	TA 6498
Total number of publications = 3 Total number of events = 2				

CTL = Controller's Department; EARD = East Asia Department; IWRM = integrated water resources management; N/A = not applicable; OSFMD = Operations Services and Financial Management Department; PPP = public-private partnership; SDCC = Sustainable Development and Climate Change Department; SERD = Southeast Asia Department; TA = technical assistance; WSG = Water Sector Group.

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

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

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

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

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

Source: Asian Development Bank.

Table 4.2: Additional Knowledge Publications and Events Delivered in 2017

Title of Publication or Event	Subject ^a	Type ^b	Department or Sector Group or Thematic Group ^c	Technical Assistance ^d
1. Master Plan for Health PPPs in Thailand	Health	Document	SERD	TA 8977
2. A series of workshops on Master Plan for Health PPPs	Health	Training/capacity development	SERD	TA 8977
3. Final Report on Strengthening Specialize Financial Institutions	Finance	Document	SERD	TA 9010
4. Final Report on Strengthening Cooperatives Supervision	Finance	Document	SERD	TA 9010
5. Standard IWRM Modelling Training Workshops	Agriculture and natural resources	Training	SERD	TA 9204
6. Thailand Country Diagnostic Study on Long Term Care	Social development and health	Document	EARD/SDCC	TA 9111
7. Asia Water Futures and Solutions	Water security	Document	SDCC/WSG	TA 6498
8. ADB and Thailand, A Development Partnership toward Inclusive Growth	Multisector	Awareness material	SERD/DER	N/A
9. Capacity Development Workshop on Project Monitoring and Evaluation phase 2 for NEDA and TICA	Multisector	Training/capacity development	SERD/IED	N/A
10. Infrastructure Needs in Asia: Connectivity between Thailand and the Region	Multisector	Event organization	SERD/ERCD	N/A
11. Strengthening Regional Health Cooperation in the Greater Mekong Subregion	Health	Document/event organization	SEHS	N/A
12. Harmonizing the Greater Mekong Subregion Power Systems to Facilitate Regional Power Trade (Supplementary)	Energy	Document	SEEN	TA 8830
13. Greater Mekong Subregion: Sustaining the Gains of Regional Cooperation	Public sector management	Document	SERC	N/A
14. TA 8836: Building Capacity for Enhanced Connectivity in Southeast Asia (Supplementary)	Government and public sector management	Training/capacity development	SERC	TA 8836
15. Improving Road Safety for Sustainable Development in ASEAN	Transport	Document	SETC	TA 8075
16. Urban Development in the Greater Mekong Subregion	Urban	Document	SERD/SDCC/USG	N/A
17. Integrated Solid Waste Management for Local Governments: A Practical Guide	Urban	Document	SDCC/USG	TA 8566

Title of Publication or Event	Subject ^a	Type ^b	Department or Sector Group or Thematic Group ^c	Technical Assistance ^d
Total number of publications = 12 Total number of events = 5				

DER = Department of External Relations; EARD = East Asia Department; ERCD = Economic Research and Regional Cooperation Department; IWRM = integrated water resources management; N/A = not applicable; NEDA = Neighboring Countries Economic Development Cooperation Agency; PPP = public-private partnership; SDCC = Sustainable Development and Climate Change Department; SERD = Southeast Asia Department; SEEN = Southeast Asia Department Energy Division; SEHS = Southeast Asia Department Human and Social Development Division; SERC = Southeast Asia Department Regional Cooperation and Operations Coordination Division; SETC = Southeast Asia Department Transport and Communications Division; TA = technical assistance; TICA = Thailand International Cooperation Agency; USG = urban sector group; WSG = Water Sector Group.

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

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

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

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

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

Source: Asian Development Bank.