

# THAILAND

## 1) QUANTITY OF AID

### 1.1. Current/Recent Quantity Performance:

|                       | 2006 | as % of GNI |
|-----------------------|------|-------------|
| ODA Net Disbursements | 73.7 | 0.04%       |

Source: OECD/DAC database, table 1.

Thailand's net ODA stood at US\$ 73.7 million in 2006. This is the equivalent of 0.04% of Thai GNI. Thailand's aid-for-trade country profile (OECD/DAC, 2007, p198) mentions that Thai ODA averaged US\$ 18-24 million during the 2002-2005 period. Even when taking the upper-bound of that range, this still implies a tripling of net Thai ODA in 2006 compared to the 2002-2005 period.

### 1.2. Future Quantity Intent

Thailand has not disclosed any future ODA targets. The revamping of its Development Cooperation Agency TICA, it being a signatory to the Paris declaration, plus plans to diversify the recipients of its ODA towards South Asia, Africa and Latin America imply that Thai ODA can be expected to further increase in the short to medium-term. The planned increase in Thai ODA is reiterated in several publicly available documents, e.g. UN (2007, p17) or TICA (2006, p2-3), without giving any specific details.

## 2) KEY AGENCIES/MECHANISMS

### 2.1 Bilateral Agencies and Structures

#### *Ministry of Finance*

In recent years, Thailand's Ministry of Finance has extended soft loans to Cambodia, Lao PDR and Myanmar (Ministry of Foreign Affairs and UN Thailand, 2005, p14).

#### *(MoF) Neighbouring Countries Economic Development Cooperation Agency (NEDA)*

NEDA, which falls under the Ministry of Finance, is responsible for Economic Development Cooperation with developing countries in the East Asian region. Its executive committee is chaired by the Thai Prime Minister, with the National Economic and Social Development Board (NESDB, which is also responsible for the Thai government's 5-year development plans, see further), acting as secretariat (Government of Thailand, 2006). Thailand's aid to neighbouring countries aims to narrow the income gap between Thailand and these countries. The objective is two-fold: (i) to help provide better income and living conditions in neighbouring countries, and (ii) to lower negative flows across Thailand's borders such as illegal migration, smuggling and drugs (TICA, 2006, p7). In 2006, the main recipients of NEDA's Concessional Loans, Grants and Technical Assistancess were Lao PDR (51%), Cambodia (47%) and Myanmar (2%). NEDA resources are mainly directed towards

basic infrastructure development projects under regional frameworks like the Greater Mekong sub-region (GMS) and the Ayeyawady - Chao Phraya - Mekong Economic Cooperation Strategy (ACMECS). For an overview of 2006 projects, see NEDA (2007).

*(MoF) Thailand Export-Import (EXIM) Bank*

Thailand's Export-Import Bank (henceforth EXIM Thailand) is a financial institution fully owned by the Thai Government under Ministry of Finance supervision. EXIM Thailand offers short-term as well as long-term credits, either in domestic or overseas markets, in baht or any foreign currency denominations (EXIM Thailand, 2007a). EXIM Thailand extends soft loans for development projects in neighbouring countries, *provided that these projects are commercially-viable and certain aspects of the projects are beneficial to Thailand, for instance, those using machinery or raw materials from Thailand, and those engaging Thai contractors or producing raw materials or energy for sale to Thailand* (EXIM Thailand, 2007b). A lot of these soft loans are negotiated and implemented together with NEDA. According to the MDG8 report, the bulk of Thai ODA comes through EXIM Thailand concessional loans (Ministry of Foreign Affairs and UN Thailand, 2006).

*Thailand International Development Cooperation Agency (TICA)*

The Thailand International Development Cooperation Agency (TICA), which falls under the auspices of the Thai Ministry of Foreign Affairs, was established in 2004. It is the successor of the Department of Technical and Economic Cooperation (DTEC). TICA administers international development cooperation projects on behalf of the Thai Government through which it aims to help *“other developing countries to achieve sustainable economic and social development through development cooperation by utilizing either her own expertise or the knowledge which was gained from her development partners, or the marriage of the two components”* (TICA, 2007a).

*Other and envisaged institutional changes*

Other Thai government agencies involved in delivering ODA are the Ministry of Education and the Ministry of Transport. Agencies that fall under these ministries often implement regional projects. In the future, Thailand envisages to develop 2 fully-fledged development institutions, TICA and NEDA. TICA will oversee all technical assistance, whilst NEDA will be responsible for financial assistance and soft loans. These two agencies would be expected to perform like JICA and JBIC in Japan – before their merger (Government of Thailand, 2005).

## **2.2 Key Policies and Legislation**

*Global Partnership for Development – Thailand's contribution to MDG8 (Ministry of Foreign Affairs and UN Thailand, 2005)*

In September 2005, Thailand became the first non-OECD donor to publish a report on its contribution to MDG8 – developing a global partnership for development. The report focuses on the different areas in which Thailand is taking forward its responsibilities towards the creation of a Global Partnership for Development: (i) Regional and sub-regional cooperation for development, (ii) Thai Development Assistance, (iii) Trading with LDCs and (iv) Foreign Direct Investment. It also gives in certain places a good overview of what Thai development assistance hopes to become in the medium-term: *“As an emerging donor, Thailand has now a great*

*opportunity to “leap-frog” and adapt international best practices to guide its future development assistance to LDCs. As Thai ODA matures, it is hoped that a greater proportion will be allocated in support of key social sectors development such as health, education, drinking water and sanitation. Thailand can also apply the highest international standards to the management of development assistance, introducing cutting edge results-based management, monitoring and evaluation. In addition, every effort is needed to ensure that development assistance is supportive of MDG-based national development and poverty reduction strategies and key priorities and needs of the partner country, with special attention to ensuring national ownership and sustainability of programmes”.*

### 3) RECIPIENT COUNTRIES AND ALLOCATION CRITERIA

#### 3.1. Recipient Countries

| Top 10 countries | US\$ mio    | % of bilateral |
|------------------|-------------|----------------|
| 1. Laos          | 38.8        | 59.9%          |
| 2. Cambodia      | 16.8        | 25.9%          |
| 3. Myanmar       | 4.5         | 6.9%           |
| 4. Vietnam       | 1.3         | 2.0%           |
| 5. China         | 0.6         | 0.9%           |
| 6. Bhutan        | 0.4         | 0.6%           |
| 7. Madagascar    | 0.2         | 0.3%           |
| 8. Nepal         | 0.2         | 0.3%           |
| 9. Sri Lanka     | 0.2         | 0.3%           |
| 10. Indonesia    | 0.2         | 0.3%           |
| <b>Total</b>     | <b>63.0</b> | <b>97.4%</b>   |

Source: OECD/DAC database, table 2a.

In the past, Thailand's bilateral programmes had been mainly directed to her immediate neighbours (mainly the so-called CLMV countries – Cambodia, Lao, Myanmar and Viet Nam - which still are the top 4 recipients of Thai aid – see table 3.1a). It counted 58 recipient countries in 2006. Thailand’s development assistance programme has recently moved beyond the East-Asian sub-region (e.g. Timor Leste and Sri Lanka, see TICA, 2007a), and is increasingly active in Africa through the so-called Thailand–Africa Partnership for Development. Through this partnership, Thailand aims to “*put to good use its considerable knowledge and expertise in development issues*” (UNDP Thailand, 2007). This partnership started in 2004 with the organisation of a Consultation seminar in Bangkok on Africa-Thailand Partnership for Development, which was attended by officials of 19 African countries (UNDP Thailand, 2004). Specific initiatives include developing capacities in agriculture and Small and Medium-sized Enterprises (SMEs) in Kenya and workshops on HIV/AIDS prevention and care in Kenya and Botswana (UNDP Thailand, 2007).

Thai ODA is much better directed towards LDC’s than the DAC average of (95% vs. 22%).

Distribution among different groups of recipients

|                   | <b>% of bilateral aid</b> |
|-------------------|---------------------------|
| <b>LDCs</b>       | 95.1%                     |
| <b>Other LICs</b> | 2.6%                      |
| <b>Asia</b>       | 98.3%                     |
| <b>SSA</b>        | 1.3%                      |

Source: OECD/DAC database, Table 2a.

### **3.2. Allocation Criteria**

#### **3.2.1. Pre-selection criteria**

Thailand does not have any pre-selection criteria for its aid allocation.

#### **3.2.2. Allocation criteria:**

Thai ODA allocation patterns have grown historically and are mainly linked to the East-Asia sub-region with the CLMV countries getting around 95% of Thai ODA in 2006. Even though Thailand is now diversifying its aid programme towards different regions, the basis for this is unclear. In 2006, the number of Thailand's ODA recipients stood at 58. However, as for example mentioned in the UNDP Country Programme Document for Thailand (2007-2011), Thailand does plan to extend this number (UNDP Thailand, 2006).

## **4) AID POLICIES**

### **4.1. Concessional loans**

More than 80% of total Thai ODA is in the form of concessional loans – mainly for basic infrastructure projects (TICA, 2006, p3). The remaining 20% is provided as grants almost entirely for technical assistance.

Terms Concessional loans:

|                       | <b>Ministry of Finance loans</b> | <b>EXIM loans</b> |
|-----------------------|----------------------------------|-------------------|
| Grant Element (%)     | 63.5                             | ?                 |
| Maturity (years)      | 20 years                         | ?                 |
| Grace Period (years)  | 10 years                         | ?                 |
| Interest Rate (%)     | 1.5%                             | ?                 |
| Service charge (%)    | -                                | ?                 |
| Currency denomination | US\$                             | Baht/USD          |

Source: MDG8 report, Annex I.

### **4.2. Types of Assistance**

According to the report of the workshop on Aid Effectiveness (TICA, 2006, p3), more than 80% of Thai ODA is in the form of project lending.

The remaining 20% or so is Technical Assistance. TA activities include training, dispatching of Thai experts, and provision of equipment, including tailor-made training programmes, which require the identification and design of special courses in response to the need of Thailand's cooperation partners (TICA, 2007a). Thailand's MDG8 report (see Ministry of Foreign Affairs and UN Thailand, 2005, p 22-24)

describes in detail the different ways in which Thailand engages in Technical Assistance, distinguishing 4 main training programmes (see also TICA 2007c):

1. The Annual International Training Courses (AITC) Programme offers specialized training courses on a bilateral basis.
2. The Trilateral Cooperation Programme offers Human Resource Development programmes, together with other countries or international organizations.
3. The Third Country Training Programme (TCTP) offers opportunities for citizens of developing countries to attend training courses in Thailand. The programme is fully funded by international organizations (like WHO, ESCAP, UNFPA, SIDA), but administered by TICA.
4. Technical Cooperation Among Developing Countries (TCDC) promotes South-South cooperation via study tours, seminars, training and joint research projects (see also Special Unit for South-South Cooperation, no date). This is now happening outside East Asia, e.g. in South Asia (Bhutan), the Middle-East (Jordan), and Africa (Egypt).

Nearly all of the above are standardised training courses and study visits. Hence, it is not entirely clear how much of this TA is recipient-led and/or builds sustainable capacity.

#### **4.3. Channels of Assistance**

In 2006, Thailand's multilateral share in its total ODA disbursements was 12.3% (US\$ 9 million). Assuming that Thailand has not substantially increased/started its contributions to new multilateral institutions since 2003, the majority of this amount was destined for UN agencies, and the Asian Development Bank (Ministry of Foreign Affairs and UN Thailand, 2005, p46). Thailand does not make any contributions to IDA replenishments (IDA, 2005).

Next to the standard bilateral cooperation modalities, Thailand has also pursued what it calls North-South-South cooperation. These are partnerships on a cost-sharing basis, between Thailand and her development partners to assist other less developed countries. Thailand has successfully initiated such cooperation with several development partners, such as Canada, Japan, UNDP and UNICEF, to provide development assistance to other developing countries (TICA, 2007a).

Thailand has also supported the involvement of "private sector" in development cooperation among the South, by sponsoring various institutions located in Thailand such as Mekong Institute (MI) and International Institute for Trade and Development (ITD), and in their aid to the public or private sectors in other developing countries (TICA, 2007b).

#### **4.4. Sectors and Projects**

According to the report of the workshop on Aid Effectiveness (TICA, 2006, p3), over 80% of Thai ODA is for basic infrastructure projects (such as the construction of roads, bridges, dams and power stations) in Cambodia, Lao PDR, Myanmar and the Maldives. The remaining 20% of technical assistance is in education, health, agriculture, transport, economics, banking & finance and science & technology. For 2002-2003, the MDG8 report estimates that the social sectors got 9% of Thai ODA (Ministry of Foreign Affairs and UN Thailand, 2005).

Thailand considers itself as a champion of demand-driven approaches to development assistance: “*as a country that has received international aid in the past, Thailand is in a good position to become an effective donor, with first-hand understanding of the importance of national ownership*” (TICA, 2006, p1). It is hard to gauge however whether this philosophy is always being put into practice, as there are no assessments on Thai aid available from recipient countries.

#### **4.5. Flexibility**

Thailand does not give any BoP or budgetary support to recipient countries, and as such does not deliver development assistance to cover budgetary/BoP gaps.

#### **4.6. Predictability**

All Thai agencies that are involved with development cooperation develop their own action plans and corresponding budgets on an annual basis. “*No fixed amount of assistance is set on a multi-year basis*” (OECD/DAC, 2007, p198).

#### **4.7. Conditionality**

Thai aid comes in the form of projects or TA (see section 4.2 above). Hence, outside of standard project-type safeguards, Thailand ODA does not ask for any conditionalities: “*The ODA projects and programmes were developed (..) with no strings attached*” (OECD/DAC, 2007, p198).

#### **4.8. Policy Dialogue**

Information is still being collected on the degree to which Thailand engages in any national policy dialogues in recipient countries. However, it is clear that, given lack of programme support (and e.g. engagement in Myanmar), Thailand does not in any way tie commitments or disbursements to decisions by the BWIs.

### **5) AID PROCEDURES**

#### **5.1 Conditions Precedent**

No information available.

#### **5.2 Disbursement Methods**

No information available.

#### **5.3 Disbursement Procedures**

No information available.

#### **5.4 Procurement Procedures**

There are no direct sources measuring how much of Thai aid is tied. However, some publications, by recommending that Thai aid should become more untied, implicitly assume that currently most project expenses have to be made via Thai companies/public entities (e.g. TICA, 2006, p2 or Ministry of Foreign Affairs and UN Thailand, 2005, p42). Most of the soft loans EXIM Thailand extends to CMLV countries have provisions that the goods and services under the loan contract need to be bought in Thailand (see EXIM, Thailand, 2007b and Government of Thailand, 2006).

### 5.5 Coordination

Thailand works closely together with other development institutions that have expertise of and focus on the East-Asian region. TICA is for example currently implementing the “Japan-Thailand partnership programme, phase II (JTPP)”. Regional initiatives such as “the Greater Mekong Sub-region (GMS)”, “Ayeyawady - Chao Phraya - Mekong Economic Cooperation Strategy (ACMECS)”, “Initiative for Asian Integration (IAI)” and the “Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)” have proven to be useful frameworks to coordinate e.g ADB loans, JTPP aid and other development partners’ interventions, covering both triangular aid and co-financing projects (MDG8 report, p16 and 21).

As a recent ODA graduate, Thailand is well-placed to deliver appropriate development aid, especially in its own region, where it has built substantial expertise. Hence, international organisations like UN agencies, the Asian Development Bank and some bilateral donors coordinate their aid programmes in South-East Asia with Thai development institutions, tapping that expertise.

More recently, such coordination has also taken place for programmes outside the Greater Mekong region. For example, at the request of the Ministry of Foreign Affairs of Thailand, UNDP supported a “needs assessment on avian influenza” in Egypt, which was carried out in early May 2007 in partnership with the African Union and the governments of Egypt and France. UNDP Thailand will also support Thai experts to help conduct technical training on avian influenza in African countries (UNDP Thailand, 2007).

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## ANNEX 1: DATA SOURCES FOR THAILAND'S ODA

Thailand only started to report to the OECD/DAC in 2006. For that year, net ODA disbursements and country allocations can be downloaded from the OECD/DAC database. Other sources include:

1. Aid for Trade at a Glance: Country Chapters – Thailand (OECD/DAC, 2007)  
This publication gives an average for Thai ODA between 2002-2005: “*During 2002-2005 Thailand’s overall ODA was approximately US\$ 18-24 million per year*” (p.198).
2. MDG8 Report  
In an annex to this report, a detailed break-down of Thai ODA is given for 2002-2003, putting total net (and gross as there were no loan repayments that year) ODA disbursements at US\$ 167 million, which seems quite high in the light of other sources (notably the US\$ 73.7 of 2006 which would imply Thai ODA more than halved in 3 years). Most likely, as Thailand did not systematically collect information on ODA quantities, there are some flows in the 167 figure that should not have been included. Estimates for sectoral support are used in the profile, based on the 167 figure, notably in sections 4.2 and 4.4.
3. Questionnaire Development Assistance by Developing and Transition Countries Country Survey – Thailand (Government of Thailand, 2006)  
The questionnaires were filled out by several departments, but do not give any additional information on Thai aid flows.

### Overview of Thai aggregate aid

|                                    | 2000  | 2001  | 2002                       | 2003  | 2004  | 2005  | 2006  | 2007  |
|------------------------------------|-------|-------|----------------------------|-------|-------|-------|-------|-------|
| Bilateral aid (1)                  |       |       |                            |       |       |       | 64.69 |       |
| Multilateral aid (1)               |       |       |                            |       |       |       | 9.05  |       |
| Total (1)                          |       |       | average US\$ 18-24 mio (2) |       |       |       | 73.74 |       |
| Multilateral share                 |       |       |                            |       |       |       | 12.3% |       |
| <b>memo items</b>                  |       |       |                            |       |       |       |       |       |
| GNI, Atlas method (curr. US\$ bio) | 122   |       |                            |       |       | 174.6 | 193.7 |       |
| Thai Baht/USD exchange rate        | 40.17 | 44.50 | 43.01                      | 41.54 | 40.26 | 40.26 | 37.92 | 32.30 |

(1) Source: OECD/DAC database, table 1. data extracted on 2007/12/29 16:32 from OECD.Stat

(2) Source: OECD/DAC (2007) trade for aid country report for Thailand.

Note: Thailand's MDG8 Report compiled in 2005 gives an ODA figure of US\$ 167 mio for 2002-2003.