



THAILAND – WORLD BANK GROUP COUNTRY PARTNERSHIP FRAMEWORK 2019–2022



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INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP FRAMEWORK
FOR THE KINGDOM OF THAILAND
FOR THE PERIOD FY19–FY22

Brunei, Malaysia, Philippines and Thailand Country Management Unit
East Asia and Pacific Region

The International Finance Corporation
East Asia and Pacific Department

The Multilateral Investment Guarantee Agency

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The last Country Assistance Strategy was discussed by the Board on December 10, 2002

FISCAL YEAR

January 1 – December 31

CURRENCY EQUIVALENTS

Currency Unit = Thai Baht (THB)

32.4 THB = US\$1

(Exchange Rate Effective September 25, 2018 in SAP, the World Bank)

FISCAL YEAR

October to September

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Acronyms and abbreviations

ADB	Asian Development Bank
AEC	ASEAN Economic Community
ASEAN	Association of South East Asia Nations
BOT	Bank of Thailand
CLMVT	Cambodia, Lao PDR, Vietnam, and Thailand
CPI	consumer price index
EAP	East Asia and the Pacific
EoDB	Ease of Doing Business
EGAT	Electricity Generation Authority of Thailand
EU	European Union
EVI	Economic Vulnerability Index
FDI	Foreign Direct Investment
GCR	Global Competitiveness Report
GDP	gross domestic product
GNI	gross national income
HAI	Human Assets Index
HEF	Health Equity Fund
IBRD	International Bank for Reconstruction and Development
ICA	Investment Climate Assessment
ICT	Information and Communication Technology
IFC	International Finance Corporation
IMF	International Monetary Fund
MCH	maternal and child health
MDG	Millennium Development Goal
MIGA	Multilateral Investment Guarantee Agency
MMR	maternal mortality rate
MOF	Ministry of Finance
NESDB	National Economic and Social Development Board
NPL	Non-performing Loan
OOP	out-of-pocket
PFM	Public Finance Management
PIM	Public Investment Management
PIP	Public Investment Program
RoO	rules of origin
SCD	Systematic Country Diagnostic
SDG	Sustainable Development Goal
SEZ	Special Economic Zone
SOE	sState oOwned eEntity
STRI	Services Trade Restrictiveness Index
TFP	Total Factor Productivity
UHC	Universal Health Coverage
UN	United Nations
USA	United States of America
WEF	World Economic Forum
WHO	World Health Organization



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1

Introduction

Thailand is a development success story, with sustained strong growth and impressive poverty reduction. From 1986 to 1995, the Thai export-oriented economy was one of the world's fastest growing at an average rate of 8–9 percent per year. Private investment during this period averaged more than 30 percent of GDP, boosting labor productivity as workers moved from agriculture to the more productive and capital-intensive manufacturing sector. Moreover, public investments in infrastructure and basic education rose continuously, enabling the country's economic transformation. GNI per capita rose almost five-fold from US\$ 1,160 in 1988 to US\$5,690 in 2015, and extreme poverty fell from 14.3 percent to negligible over the same period.

However, Thailand's economic growth slowed after the Asian crisis of 1997, and this trend continued in recent years. Growth fell from an average annual rate of more than 9 percent during the boom years to 5 percent between 2000–07 and less than 3 percent between 2010–16, lagging the growth of peer economies in the region and elsewhere. Poverty reduction and gains in prosperity slowed accordingly. Private investment fell from 32 percent of GDP in 1995 to 18 percent in 2016 amid a sluggish global recovery following the 2008–2009 global financial crisis, political tensions and uncertainty, and stalled structural reforms.

The last World Bank Group (WBG) Thailand Country Assistance Strategy (2003–08) was discussed by the Board on January 15, 2003. Political developments were volatile between 2008 and 2014. This period of government instability also manifested itself in policy instability and reform bottlenecks which accumulated in the absence of a well-defined long-term social and economic development strategy and program. The World Bank provided modest just-in-time knowledge services with emergency financing in the wake of the global financial crisis, while the International Finance Corporation (IFC) continued engaging with the Thai private sector on inbound and outbound investments. For the last four years, since the current government came to power in May 2014, the political situation has been stable.

Thailand now has a 20 Year National Strategy (2017–2036) in place, focused on key structural economic and social reforms to end poverty and boost prosperity. The vision is designed to lift Thailand to higher value-added, technologically advanced sectors and activities, in an increasingly innovative, knowledge-based economy. Near-term objectives and targets of this strategy, as well as implementation arrangements, are delineated in the Royal Thai Government's (the Government) 5-year National Economic and Social Development Plans (NESDP), with the 12th NESDP covering the 2017–2021 period. The Government has requested advisory and technical support from the WBG in the implementation of the National Strategy and the national development plan, in this period of renewed administrative stability and reform momentum.

This Thailand CPF responds to the new 20-year National Strategy and reflects the fundamental change in the Thailand-WBG partnership in recent years. With political instability having subsided, the Government is seeking support from the World Bank, and a continued strong partnership with IFC, to help achieve its development objectives under the 20-Year Strategy. Thailand signed its first-ever Reimbursable Advisory Services (RAS) agreement with the World Bank in late 2016, and the RAS program has been growing rapidly since then (Table 3). New civil society and Government demand for Bank services, and a broad public-private consensus for the private sector to play a greater role in supporting shared, sustained growth, underpin Thailand's strong interest and commitment to a broadened engagement with the WBG on economic and social development.

The CPF for Thailand covers the period FY19–22. Guided by the Maximizing Financing for Development (MFD) principles, the CPF will bring to bear the full resources of the WBG to facilitate increased private sector-led development. To this end, the CPF will aim to create markets and increase private sector investment. To help create markets, the WBG will promote competition and innovation, and help open new markets by supporting improvements in Thailand's business environment. Supporting the development of a stronger

enabling environment will help increase private sector investment. The strengthening of fiscal institutions will also help create a more conducive national business environment that crowds in greater commercial financing and maximizes the impact of scarce public resources. The CPF will also support targeted policies and programs for the inclusion of disadvantaged and vulnerable groups, including in the fragile, conflict affected areas of Southern Thailand.

The overarching goal of the CPF is to support Thailand's transformation towards an innovative, inclusive and sustainable economy, which is aligned to the country's first 20-Year National Strategy (2017–2036), the Royal Thai Government's 12th NESDP (NESDP 12) as well as the WBG Systematic Country Diagnostic (SCD) – Getting Back on Track. The CPF envisages a partnership with Thailand focused on the provision of IBRD reimbursable and trust-funded Advisory Services and Analytics (ASA) targeting poverty reduction and shared prosperity—with an option of IBRD financing based on Government demand, overall performance, as well as global economic/financial developments affecting IBRD's financing capacity, and demand by other borrowers. IFC will continue supporting inclusive growth through financing and advisory services to the private sector. The Multilateral Investment Guarantee Agency (MIGA) stands ready to support eligible investments through its credit enhancement and political risk insurance covers. The WBG program will remain flexible through the CPF period to respond to evolving country priorities and Government demand for WBG services.

Broad country-wide consultations¹ undertaken in the preparation of the SCD and the CPF in the North, Northeast, South and Bangkok regions have informed the objectives and programmatic priorities of the CPF. The SCD was prepared following several rounds of discussions with Thai government officials, experts, academia, private sector, investors, and civil society actors. The CPF benefited from strategic consultations with the Government on the role of the WBG in Thailand for the CPF period, as well as from discussions with Government officials, private sector representatives, civil society and development partners whose feedback was incorporated into the design of the CPF.

The CPF plans to achieve six objectives that together aim at Promoting Resilient and Sustainable Growth, and Strengthening Inclusion. In particular, these objectives are i) to improve Thailand's competitiveness and ease of doing business; ii) to improve financial and fiscal institutions' policy implementation; iii) to strengthen the quality of infrastructure investments; iv) to address climate change and improve water resource management; v) to strengthen the social protection and inclusion of vulnerable groups; and vi) to promote quality education for all and talent management. The CPF results framework, together with the CPF program, is designed to be flexible—with program content and expected results substantially specified for the early years of the CPF period, in line with expressed country demand for WBG services, and more open for the outer years. Given the rapidly evolving nature of the World Bank's RAS partnership with Thailand, the results framework may be significantly revised during CPF implementation, especially at the Performance and Learning Review (PLR) stage, to reflect evolving country priorities. The timing of the PLR will depend on the evolution of the WBG program, and may precede or follow the midpoint of CPF implementation to incorporate lessons learned from completed RAS partnerships and maintain alignment of the program with evolving country priorities and demand.

¹ Details of country-wide consultations can be accessed through this link: <https://consultations.worldbank.org/consultation/country-partnership-framework-thailand>.





2

Country Context and Development Agenda

2.1 Social and Political Context

Thailand's constitutional monarchy, established in 1932, and the public-sector institutions that emerged over time, provided the basis for policy and administrative stability, and paved the way for rapid social and economic development into the 21st century. Between May 20–22, 2014, the military formed the National Council for Peace and Order (NCPO) led by the Prime Minister, to take control of the country. On April 6, 2017, a new constitution drafted by the NCPO was promulgated, after a nationwide referendum, replacing the 2014 interim constitution. The transitory provisions of the 2017 constitution state that the NCPO will come to an end when a cabinet established after the first general election under this constitution takes office. Until then, the NCPO retains its powers under the 2014 constitution. The outcome of the referendum, the smooth royal transition, and the continuation in power of the post-2014 Government are contributing to increased political stability and predictability over the medium term. While social divisions persist, broad political stability is expected to continue until and beyond the next elections, announced by the government to take place by the first half of 2019.

For more than 50 years, Thailand has stood out in Southeast Asia for its strong social stability and security, particularly when compared with its neighbors, including Cambodia Lao PDR, Myanmar and Vietnam which faced major wars. Thailand is, relatively, ethnically, linguistically and religiously homogenous, with some 96 percent of the population identifying as ethnically Thai and about the same number as Buddhist. Muslims make up the largest religious minority at about five percent of the population, with most living in the southern part of the country near the border with Malaysia. Thailand has a population of approximately 68 million people, just over half of whom live in rural areas. Some 55 percent of Thais live in the rice growing areas of the central and northern parts

of the country. Its urban population is centered largely around greater Bangkok; though this breakdown is fluid, as millions of Thais move back and forth from rural to urban areas to take advantage of seasonal work.

Migration has been and continues to be an opportunity for Thailand's development. There are an estimated 3.7 million migrant workers in Thailand (5.6 percent of the country's population), mostly from neighboring Myanmar, Lao PDR and Cambodia. Roughly one-half of migrant workers in Thailand are documented. These migrants contribute significantly to Thailand's economic growth, and will be more important as Thailand's population continues to age.

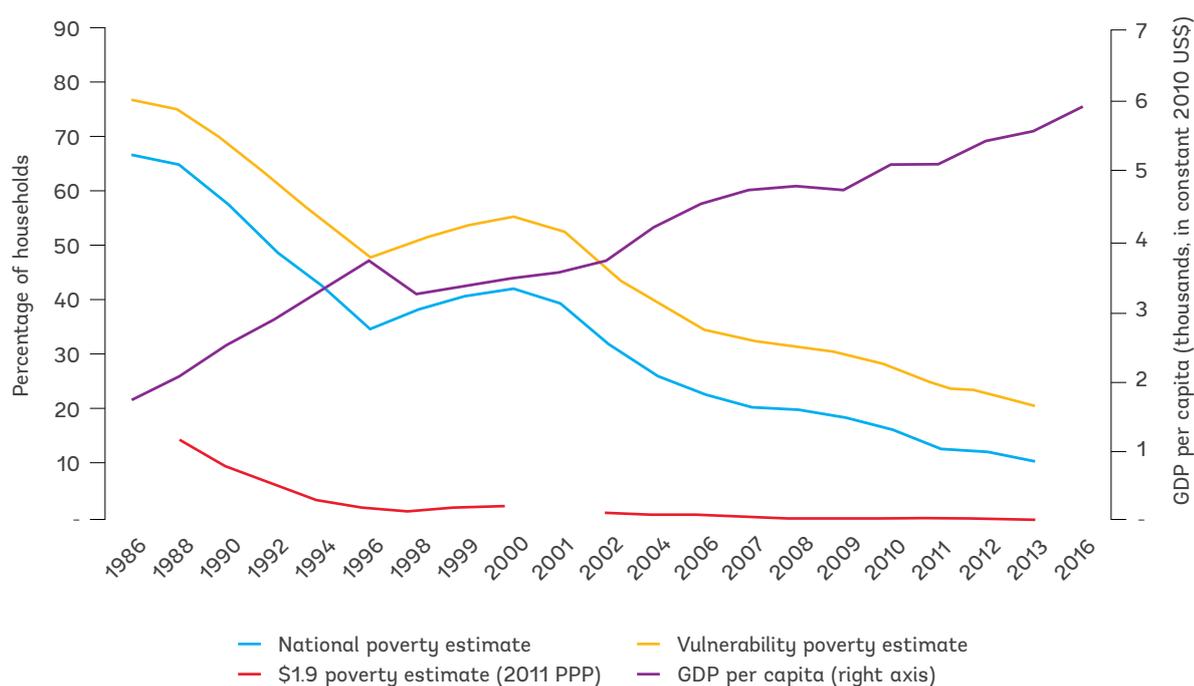
Pressure from Thailand's southernmost provinces for autonomy from Bangkok continues to exist. With a Malay Muslim majority, unlike the rest of the predominantly Buddhist country, the southern provinces of Pattani, Yala and Narathiwat have experienced protracted periods of violence and unrest. Since the reemergence of violent conflict in 2004, there have been many casualties. Political violence in the region stems primarily from tensions between the nation state and the Malay Muslim population rooted in economic, social and cultural differences. The conflict presents profound challenges to the social and economic development of this region.

Another major challenge for Thai society in coming decades will be a rapidly ageing society. Thailand's high share of people aged 65 years or older, at approximately 11 percent of the population, already stands out among developing countries in Asia, reflecting both increased longevity and a rapid decline in fertility. Moreover, this share is expected to increase to 23 percent by 2035, making Thailand one of the most rapidly ageing societies ever seen globally. In contrast, the share of the working age population is projected to fall from 72 to 64 percent over the same period—a decline of around 5.8 million local workers in absolute terms.

2.2 Recent Economic Developments and Prospects

For much of the last quarter of the twentieth century Thailand was a global leader in economic growth and poverty reduction. The country's export-oriented economy provided the foundation for average GDP growth of 8.2 percent over this period. This sustained period of strong growth and poverty reduction stood as a model for other countries seeking eradicate poverty in East Asia and elsewhere. This success was fueled by sound macroeconomic policy, openness to trade, financial flows, labor migration and regional integration, investments in both human and physical capital, and policies that facilitated the inclusiveness of economic growth. Indeed, that Thailand maintained robust continuity in its growth-enhancing policy framework against the backdrop of its ever-changing political environment, remains an impressive achievement (Figure 1).

Figure 1: Poverty and growth in Thailand, 1986–2016



Thailand's growth was fueled mostly by exports of goods and services – mostly benefiting regions with the production base and close to the port (Central Region and Bangkok). The populous North and Northeastern regions remain mostly agriculture-based and focused on low-productivity rice production. Similarly, the region comprising Thailand's three most southern provinces of Narithiwat, Patani and Yala focus mainly on rubber and derivatives as well as trade with Malaysian northern states. Mirroring the weaker economic performance, poverty reduction in these regions has lagged behind the national averages, both in income and non-income dimensions.

However, Thailand's economic growth slowed down after the Asian crisis of 1997, and even further in recent years. Growth fell from an average annual rate of more than 9 percent in the boom years to 5 percent in 2000–07 and less than 3 percent in 2010–16, falling behind its peers in the region and elsewhere, and weakening the sustainability of poverty and shared

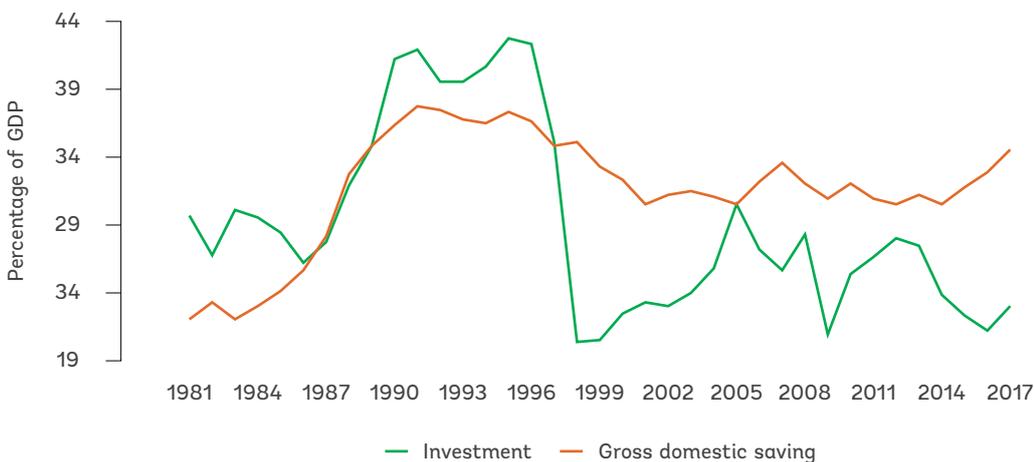
prosperity gains. Private investment fell from 32 percent of GDP in 1995 to 18 percent in 2016 amid a sluggish global recovery after the 2009 financial crisis, political tensions and uncertainty, as well as stalled structural reforms. Slower growth can be attributed largely to the non-agricultural sectors, particularly manufacturing.

Economic growth has gradually recovered since falling as low as 0.9 percent in 2014, after months of protests that effectively shut down government institutions and the May 2014 military coup. Growth rebounded to an average of 3 percent in 2015–2016, and 3.9 percent in 2017. The recovery has been driven by a return to broad political stability, increased external demand in the face of stronger trading partner growth, continued expansion of tourism arrivals and revenues, and an expansion of agriculture in the face of higher commodity prices and rainfall. However, economic growth remains significantly lower than during the earlier, transformative high growth decades.



Private investment declined to a 5-year low of 18.0 percent of GDP in 2016 due to structural bottlenecks, as well as domestic and global uncertainty. (Figure 2) Firms cited political uncertainty as the main obstacle to doing business in Thailand (World Bank Enterprise Survey 2016). Political uncertainty has weighed on investor sentiment as firms have been concerned about the risk of policy volatility, and possible delays in planned reforms and public infrastructure projects. Other constraints cited in the enterprise survey, such as electricity and transportation, highlight the importance of infrastructure upgrade. For large firms, labor regulations proved to be a major issue. Nonetheless, Thai foreign investment abroad has surged, rising from approximately US\$500 million in 2005 to almost US\$12 billion in 2012, making Thailand a net exporter of capital for the first time. If sustained, the return to broad political stability and recent improvements in the country’s regulatory framework for business are expected to improve investor confidence and support a recovery in private investments going forward.

Figure 2: Total domestic savings and investments in Thailand, 1980–2017



Recent regulatory reforms have significantly improved the ease of doing business in Thailand.

The 2018 Doing Business report ranks Thailand in 26th place among 190 economies in the ease of doing business for small and medium enterprises around the world, up from 48th place when applying the same methodology to last year's and this year's data. The report recognizes Thailand as one of top 10 economies having improved most in the ease of doing business in the last year worldwide. Key reforms contributing to this outcome include the streamlining of requirements to start a business, the introduction of an automatic risk-based system to select companies for a tax audit, and a broadening of the scope of assets which can be used as collateral.

Thailand has maintained robust macroeconomic fundamentals.

(Table 1) In 2016, the current account registered a surplus of 11.8 percent of GDP, foreign reserves stood at US\$ 198 billion, or 3.5 times the country's short-term foreign debt, and total public debt at 45.1 percent of GDP. Headline inflation is low, averaging 0.2 percent in 2017 and 0.1 percent in 2018Q1, in the face of relatively weak domestic demand and low capacity utilization. Despite low inflation, the Bank of Thailand has maintained the policy rate at 1.5 percent since April 2015. Capital buffers in the banking system remained high, with capital adequacy and liquidity coverage ratios above 17 percent and 160 percent, respectively. Nonetheless, slow economic recovery has led to some financial fragility, particularly as household debt continued to increase faster than incomes, and investors seek higher returns from riskier financial products such as complex securities and unrated bonds.

Table 1. Key Macroeconomic Indicators and Projections

(annual percent growth unless otherwise noted)

THAILAND Selected Indicators	2015	2016	2017	2018	2019f	2020f
Real GDP growth, at constant market prices	2.9	3.2	3.9	4.5	3.9	3.9
Private Consumption	2.2	3.1	3.2	3.7	3.1	3.1
Government Consumption	3	1.7	2	2.9	2.6	2.6
Gross Fixed Capital Investment	4.4	2.8	2.1	6	4.7	4.6
Exports, Goods and Services	0.7	2.1	7.5	6.9	6	4.7
Imports, Goods and Services	0	-1.4	6.5	6.5	5.6	4.1
Real GDP growth, at constant factor prices	2.9	3.2	3.9	4.5	3.9	3.9
Agriculture	-5.7	0.6	6.2	4	3.5	3.5
Industry	2.8	2.1	2.9	5.4	3.4	3.1
Services	4.1	4.3	4.3	4.1	4.3	4.5
Inflation (Consumer Price Index)	-0.9	0.2	0.7	1	1.2	1.3
Current Account Balance (% of GDP)	8	11.8	10.9	11.3	11.8	12.1
Net Foreign Direct Investment (% of GDP)	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Fiscal Balance (% of GDP)	0.1	-2.6	-2.8	-2.9	-2.8	-2.7
Debt (% of GDP)	42.3	45.1	46.4	46.6	46.8	47
Primary Balance (% of GDP)	1.1	-1.5	-1.6	-1.6	-1.4	-1.1
International poverty rate (\$1.9 in 2011 PPP) ^{a,b}	0	0	0	0	0	0
Lower middle-income poverty rate (\$3.2 in 2011 PPP) ^{a,b}	0.5	0.4	0.4	0.3	0.3	0.3
Upper middle-income poverty rate (\$5.5 in 2011 PPP) ^{a,b}	7.1	6.5	5.6	4.8	4.2	3.6

Fiscal policy has been prudently expansionary in support of economic recovery. The fiscal deficit is expected to widen slightly to 2.9 percent of GDP in FY2018,² up from 2.8 percent in FY2017. Public investment increased by 7 percent 2017, which mostly reflects an expansion in government and state-owned enterprise (SOE) investment, particularly in construction. Public infrastructure projects are the centerpiece of public infrastructure investment plans.

The broadening export upturn and public infrastructure plans are contributing to an improvement in Thailand's economic outlook. As of October 2018, economic growth is projected to reach 4.5 percent in 2018, and inflation is expected to return gradually to the inflation target range of 1–4 percent. Continued agricultural recovery and strengthened household balance sheets will support private consumption, while the export upswing will spur manufacturing and private investment. Also, the timely implementation of public infrastructure projects, including the Transportation Action plan which covering 36 large projects worth approximately US\$27 billion, is expected to improve investor sentiment and crowd in private investment. However, a broad-based recovery will hinge on domestic demand.

Thailand's medium-term prospects are broadly positive. The current full output real rate of growth is estimated at around 4.0 percent over the medium term, and is likely to be higher if the Government's planned economic and social reforms are implemented. Strong fundamentals include a tightly managed and successfully contained public debt, estimated at 46.4 percent of GDP in 2017, an established track record of fiscal conservatism, a managed floating exchange

rate with over 10 months of reserve cover, and a significant current account surplus of around 10.9 percent of GDP in 2017. Thailand has adequate fiscal and external buffers to scale up public investments to boost potential growth in an inclusive manner, while managing external risks.

2.3 Poverty and Shared Prosperity

Over the past few decades, Thailand has made tremendous progress toward the twin goals of eliminating extreme poverty and boosting shared prosperity. Between 1986 and 2015, the incidence of extreme poverty as measured by the international benchmark (US\$1.90 per day, 2011 PPP) fell from 14.3 percent to negligible. Using the national poverty line (in 2013, approximately US\$6.20 per day 2011 PPP), the poverty rate fell from 67 percent in 1986 to 10.5 percent in 2014, meaning almost 27 million Thais—more than a third of the population—moved out of poverty during this period (Figure 1). Gains along multiple dimensions of welfare have also been impressive: per capita income has risen by 4.2 percent per year on average in 2000–2013, increasing numbers of children are now getting many more years of education,³ and virtually everyone is now covered by health insurance while other forms of social security have expanded. Access to safe water and basic sanitation is almost universal, and mobility and connectivity have increased remarkably. Moreover, the income distribution has become more equalized, with the bottom 40 percent accounting for 17 percent of total household expenditure in 2013, compared with 15.5 percent in 1986.

Table 2. Poverty in Thailand by Region, 1986–2013
(percent of population below national poverty line)

	Total	Bangkok	Central	North	Northeast	South	Three Most Southern Provinces	Urban	Rural
1986	67.4	36.6	66.9	66.6	80.2	67.0	n.a.	47.6	75.7
2000	42.6	6.0	29.0	49.1	59.6	42.0	64.7	22.3	51.7
2013	10.9	1.1	5.4	16.7	17.4	11.0	32.8	7.7	13.9

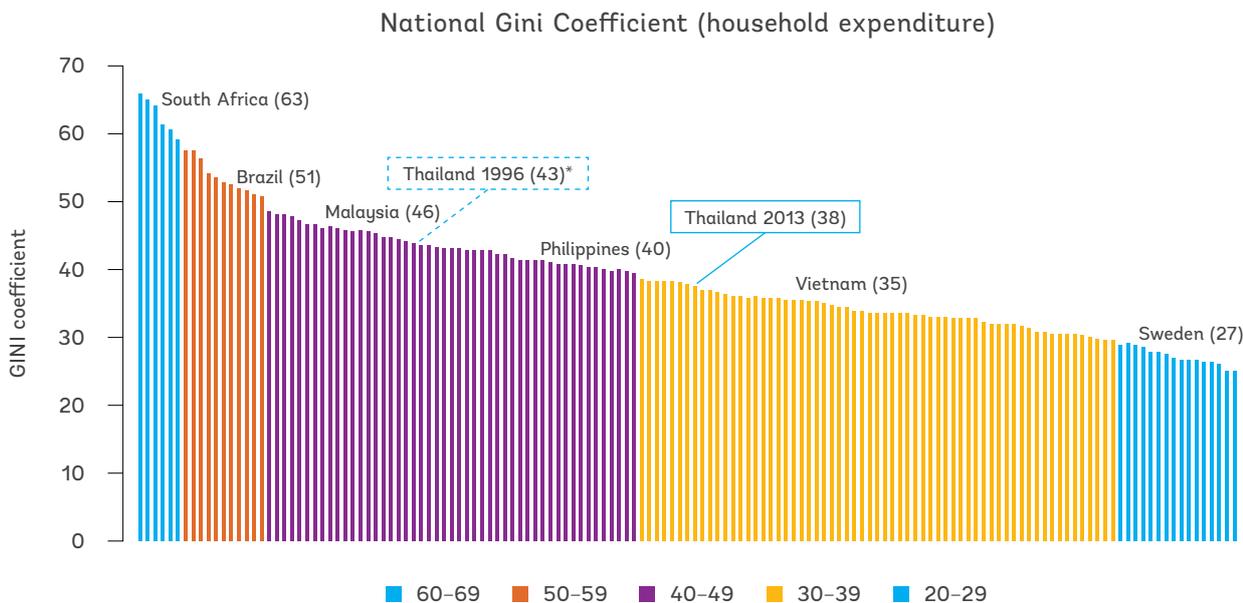
Source: Thailand Systematic Country Diagnostic.

² Thailand's fiscal year runs from October to September.

³ The share of the labor force with secondary education increased 10.8 percent in 1986 to 32.5 percent in 2013. Moreover, around 90 percent of Thailand's youth now complete a lower secondary education.

Poverty reduction was driven by robust and sustained economic growth. For more than a quarter century prior to the 1997 Asian financial crisis, Thailand’s economy grew at an average annual rate of 7.5 percent, creating millions of jobs that helped pull millions of people out of poverty. Since 2000, economic growth continued to play the dominant role in reducing poverty but, increasingly, redistribution has also helped: during the 2000–2013 period, nearly 85 percent of poverty reduction was attributable to growth while the remaining 15 percent was attributable to improvements in income distribution.

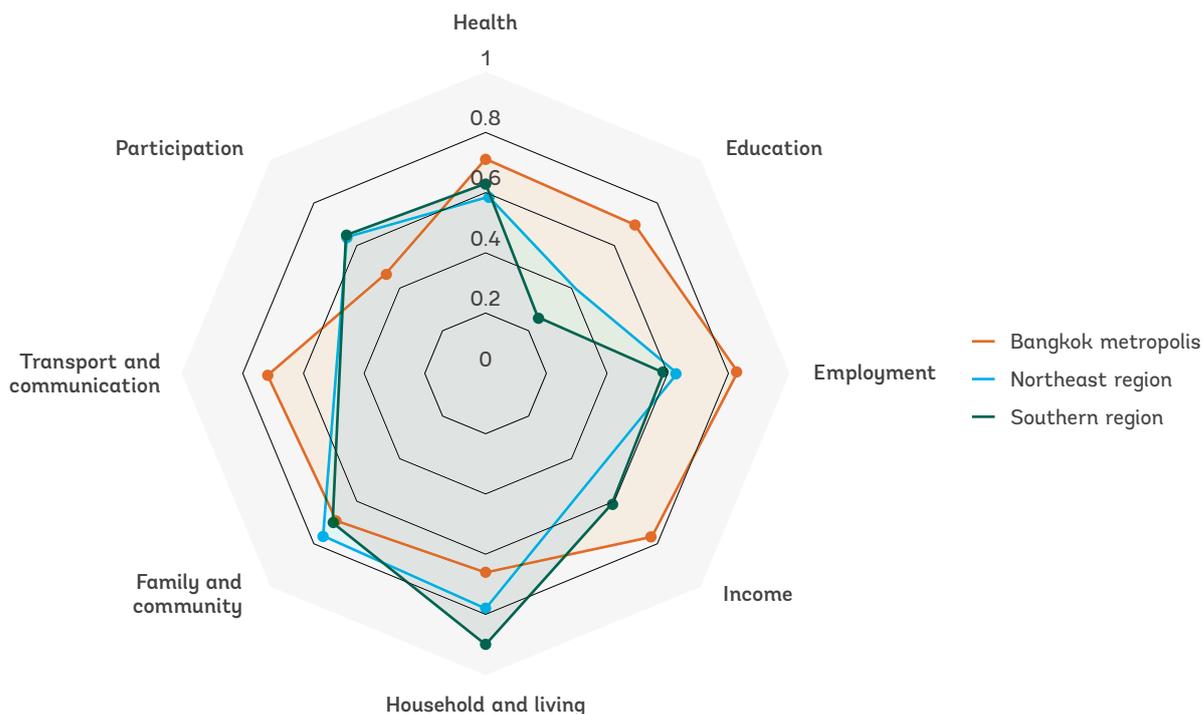
Figure 3: Inequality in Thailand



* Thailand’s relative position if GINI coefficient had remained at 1996 levels

Note: GINI coefficient for comparator countries are the most recent values for each country available in the World Bank world development indicators database.

UNDP regional human achievement index





Nonetheless, poverty and vulnerability continue to pose challenges, with pockets of poverty in the lagging regions of the Northeast, North and Thailand's three most southern provinces. Poverty in Thailand is largely a rural phenomenon and is particularly higher among rice and rubber farmers, who predominantly live in these regions. As of 2014, 7.1 million Thais were still living in poverty, measured by the national poverty line (at about US\$6.20 in 2011 PPP). Moreover, in 2013, an additional 6.7 million, or 14 million in total, were living within 20 percent above the national poverty line and remained vulnerable to falling back into poverty. Approximately 4.7 million poor, or two thirds of the country's poor, live in the North and Northeast regions, while poverty rates in the three conflict-affected provinces in the three most southern provinces have remained stubbornly high at 33 percent of the population.

Despite improvements in the gender equality of education and health endowments and amendments to discriminating laws, gender gaps continue in terms of economic and political participation. In education, the traditional gender gap has been reversed at the upper secondary and tertiary levels, with female enrollment slightly surpassing that of males. However, wage gaps between men and women persist, with the ratio of earned income of women and men estimated at 0.78 to 1.00. Women represent 46 percent of the labor force, and they are underrepresented in several non-agricultural sectors and highly-paid managerial and executive positions. For example, in 2014, only 34 percent of business executives were women. Female labor participation gaps are particularly acute in the three most southern provinces, where the female participation rate stands at 66 percent compared to 86 percent for males. Also, women's participation in national and sub-national politics has been very low with, for example, only 6 percent of appointed members to the National Legislative Assembly being

women. Over 40 percent of SMEs are owned by women, but these tend to be smaller than those owned by males, and concentrated in lower value-added services sectors.

In the context of a rapid demographic transition to an aging society, the effect of aging on elderly women is profound. As elsewhere, women in Thailand live longer than men (74 years, versus 66 years for men), but have access to fewer resources, including inheritance, and they also shoulder a higher share of responsibilities of caring for grandchildren and older family members. Social protection for older women will be crucial to keep them from slipping into further poverty. Other emerging gender concerns are the high rate of teen pregnancy (47 per 1,000 females ages 15–19), and the gender aspects of both voluntary and forced migration, including trafficking.

Similarly, lesbian, gay, bisexual, transgender, and intersex (LGBTI) persons face limited employment opportunities and discrimination in the workplace.⁴ Some transgender individuals are being systematically excluded from many mainstream jobs in both the public and private sectors, and are marginalized to a few stereotypical jobs open to them. As a result of rejections, an unfriendly environment, lack of freedom of gender expression at work, and lack of career advancement opportunities, LGBTI persons tend to opt out of formal jobs in large organizations and seek employment in smaller enterprises or non-government organizations. The cost to the economy of such treatment of LGBTI people includes unemployment or underemployment, lost labor time and lost productivity, underinvestment in human capital, and the inefficient allocation of human resources. Also at the micro level, workplace discrimination reduces wages for LGBTI people in Thailand. Another concern is the high male-to-male HIV infection rate, which stood at 12 percent in 2012.

⁴ The World Bank. 2018. Economic Inclusion of LGBTI Groups in Thailand.

Box 1. Towards Quantifying Economic Inclusion of LGBTI in Thailand

International experience and evidence show that inclusion of LGBTI employees at the workplace benefits employers, employees and society. Employees who feel included and welcome show better productivity and more engagement with their company. Firms with inclusive policies can improve their public image in markets, including labor, product, and consumer markets, and gain in staff recruitment, retention, and client acquisition and loyalty. Society can benefit because of a decline in bias and an increase in tolerance, individual and group responsibility, and social cohesion. Thailand is considered progressive among developing and middle-income countries regarding the inclusion of lesbian, gay, bisexual, transgender, or intersex (LGBTI) people. As most existing data on LGBTI issues in Thailand—and around the world—are qualitative in nature, the World Bank, in collaboration with the Ministry of Justice, the Ministry of Social Development and Human Security, and the National Human Rights Commission of Thailand conducted the first research endeavor in Thailand to identify priorities for the country to move from tolerance to full economic and social inclusion and wholly address any form of discrimination when LGBTI groups look for a job, access education and health care services, buy or rent properties, and seek legal protection. Using online surveys and in-depth interviews, the study focused on outcomes for both LGBTI and non-LGBTI people in the labor, insurance, housing, and finance markets, and aimed to capture their challenges in access to education, health, and government services. The online survey captured 3,502 responses from the Thai population living at the time of the survey in Thailand: 1,200 non-LGBTI people and 2,302 Thai people that identified themselves as gay, lesbian and/or as transgender, and intersex, or other. The study was the first ever, globally, known to rely on statistically significant sample sizes among differentiated LGBT as well as non-LGBT control groups. Key results from the study include:

- **Awareness of the national anti-discrimination laws and policies already existing in Thailand is limited.** This result was common to both the LGBTI and non-LGBTI sample, and suggests strengthening dissemination of existing legislation and policies as a priority.
- **Among LGBTI respondents, groups differ in their access to markets and services.** Transgender individuals report experiencing more discrimination and exclusion than gay and lesbian respondents, particularly in education and vocational training, and access to health and insurance services. Lesbian women have worse outcomes than gay men, most notably in access to property and financial assets.
- **LGBTI respondents are more likely than non-LGBTI respondents to report labor market discrimination.** Law enforcement, military and religious institutions are most inaccessible for LGBTI respondents. Application rejection and harassment at work are common forms of discrimination faced by LGBTI.
- **More than one-third of non-LGBTI respondents believe it is acceptable for employers to discriminate against LGBTI individuals under certain circumstances.** Acts of exclusion and discrimination based on sexual orientation in access to housing, education and government services are regarded as reasonable by almost half of the non-LGBTI respondents.



2.4 Sustainability

Thailand's natural forests and coastal and marine resources are being depleted, putting future economic growth at risk. Forest areas have declined steadily, falling from 171 million rai in 1961 to 107.6 million rai in 2009. The loss of natural forests, caused mainly by illegal logging and smuggling into neighboring countries, means a loss of the large variety of ecosystem services they provide, including but not limited to providing a habitat for Thailand's globally significant biodiversity and watershed protection. Marine and coastal resources continue to deteriorate due to coastal erosion, illegal logging, ocean waste, conversion to intensive shrimp farming, and illegal and destructive fishing. Yet, Thailand's ability to attract 30+ million visitors annually (providing 12 percent of annual GDP) hinges on its capacity to conserve its beautiful coastal areas and coral reefs. Destruction of mangroves and coral reefs also reduce the coasts' resilience to storm surges and a rise in sea levels.

Although Thailand has abundant water resources, productive growth is limited by inadequate water allocations/rights and flood and drought risk management. Agriculture is the largest user of water, accounting for about two-thirds of total water use, followed by water for human consumption, ecology, and industries.⁵ The amount of water used by agriculture increased by 37 percent between 2001 and 2009, and the demand for water from agriculture continues to rise (Poapongsakorn, 2013). However, no National Water Law or any formal system of water allocation and rights exists (although a draft National Water Law is at an advanced stage). Water resource management (WRM) institutions are fragmented, with responsibility spread across 30 departments in 8 ministries, so existing water policies, legislation, and guidelines have also been formulated in a disjointed fashion. In 2002, the Department of Water Resources (DWR) was established in the Ministry of Environment and Natural Resources as a regulator and to provide limited support to integrated WRM and operation of the 25+ river basin committees (RBCs), but RBCs still do not have legal standing. Furthermore, limited information exists to support water allocation decisions. Finally, while water resources investments are significant, operation of the infrastructure is not always efficient.

⁵ Thailand has an estimated exploitable volume of 126 billion cubic meters (m³)/annum against the reported national demand of 50–56 billion m³/annum (excluding navigation and ecosystem requirements) (ADB, 2013).

Water and air quality has generally improved but remains low, especially in urban areas.

Water quality in the national internal water bodies is improving and close to reaching the national target of 80 percent at or higher than acceptable standards. However, it is worse in central Thailand and around Bangkok due to discharges from households, contamination from agricultural production and livestock, commercial and industrial activities near the water resources, and direct discharges of wastewater into the rivers. Air pollution is also an important problem in Thailand, largely due to energy combustion from vehicles and factories. Bangkok levels of particulate matter 10 and 2.5 micrometers in diameter or less, normally referred to as PM10 and PM2.5, respectively, still exceeded World Health Organization air quality guidelines and national standards. In addition, volatile organic compounds continue to exceed the national standard around the Map Ta Put industrial estate.

Climate change and vulnerabilities are risks to Thailand's future growth and shared prosperity, and climate-related risks are expected to affect the poor and bottom 40 percent disproportionately strongly.

Southeast Asia is particularly vulnerable to the impacts of climate change. Climate change is widely acknowledged to increase the frequency and intensity of natural disasters. In addition to the loss of productive activities, the destruction of critical infrastructure negatively affects the wellbeing and opportunities of the Thai people, especially vulnerable groups. Climate change projections include increased flooding risks during the wet season—affecting agricultural lands along the Mekong River and its tributaries—and more severe water shortages in the dry season. Thailand is also likely to be affected by sea-level rise: sea levels are rising globally, and as a low-lying country with its capital close to the ocean, Thailand is highly vulnerable. Saline intrusion from the sea has already contaminated some underground water sources, and higher salt levels in the soil from coastal flooding could make soils in Thai coastal farms less productive. For Thailand to achieve its Nationally Determined Contributions (NDC) and to advance green growth, timely and effective policies, market-based instruments, and close collaboration with the private sector will all be important.

2.5 Development Challenges

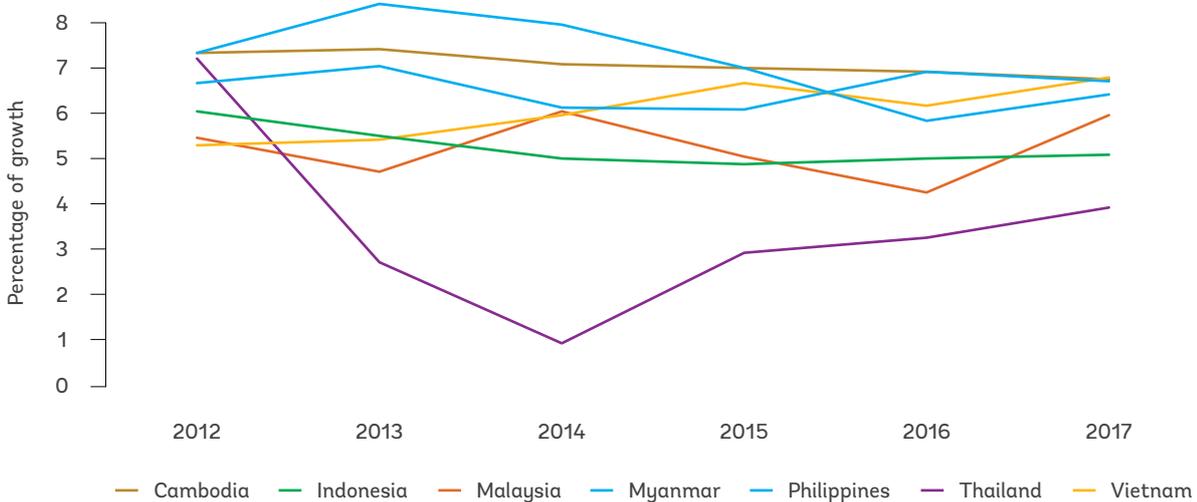
The recently completed Thailand SCD identifies the key binding constraints to ending poverty and boosting shared prosperity in the country. The path to these goals includes i) creating more and better jobs by reviving growth through regulatory reforms; ii) improving the country's infrastructure; and iii) facilitating innovation. Providing more support to the bottom 40 percent of the population (B40) would also be important, particularly by enhancing the education and skills of the workforce, boosting agricultural productivity and building a smarter, more targeted social protection system. Making growth greener and more resilient is the third pathway, and includes better management of Thailand's natural resources, building resilience to natural disasters and promoting energy efficiency. Underpinning these pathways, strengthening the institutional capability of the public sector is critical to facilitate implementation of reform priorities.

A. THAILAND'S PRODUCTIVITY AND COMPETITIVENESS HAVE DECLINED IN RECENT YEARS, RESULTING IN SLOWER ECONOMIC GROWTH

Previous sources of growth in Thailand, based on factor accumulation and exports of low-skill manufacturing products, is no longer yielding the same results and the country is facing a middle-income trap. Thailand has lost the competitive edge it once enjoyed with respect to peers in the region and elsewhere. This is largely due to the slow pace in the implementation of growth-enhancing reforms and human capital and physical infrastructure investments. Growth fell from an average annual rate of more than 9 percent in 1986–1996 to 5 percent in 2000–07 and less than 3 percent in 2010–16, weakening the sustainability of poverty and shared prosperity gains. (Figure 4). Moreover, the creation of low-skilled jobs, which drove much of Thailand's growth in the past, is unlikely to drive future growth, particularly as low-skilled jobs will increasingly be created in neighboring ASEAN countries, such as Cambodia, Myanmar or Vietnam. Instead, the path for Thailand to revive high growth and transform itself from a middle-income into a high-income economy is likely to entail upgrading its industries and service sector, and creating high value-added jobs that require more skills. This transformation will require substantial investments in terms of both human and physical capital, and policies and reforms to continue improving the business and institutional climate and facilitate and attract those investments.



Figure 4: GDP growth, selected ASEAN countries



Thailand has had difficulty preparing and implementing major infrastructure development programs which are critical for improving connectivity, raising productivity, and accelerating economic growth. Important improvements to the country's infrastructure networks include, for example: i) encouraging the development of multimodal transportation; ii) facilitating cross-border trade, enhancing the efficiency of logistics and transport management systems; iii) improving railways; iv) modernizing the public transportation network; and iv) introducing high-speed communication and e-government services. Strengthening budget and planning institutions and public investment management (PIM) will be important to adequately implement these investments.

The Government is looking for Public Private Partnerships (PPPs) to play a more important role in strengthening infrastructure delivery, and has taken steps to improve the regulatory environment to foster infrastructure investment through PPPs, though progress has been slow. A five-year Strategic Plan for Public Private Partnerships was approved in 2015, with a pipeline of 66 projects worth 1.41 trillion Thai baht, most in the transport sector, five of which have been approved for fast track implementation. This has important implications for ensuring the Maximizing Finance for Development principles are best reflected through WBG engagement during this CPF period.

Although Thailand has a relatively open economy, some subsectors—particularly in services—remain heavily protected from import and domestic competition. In 2013, Thailand’s service trade restrictions were among the highest in the region, as measured by the Services Trade Restrictiveness Index, surpassed only by the Philippines and Indonesia. Deeper trade integration, including in services, will be critical to foster competition, facilitate innovation and technology spillovers, and open new growth opportunities, such as through the ASEAN Economic Community (AEC) and the Cambodia-Laos-Myanmar-Vietnam-Thailand community (CLMVT). Improving access to finance will also help increase competition—if firms face fewer obstacles in getting credit and

capital, and if there are good mechanisms for resolving financial distress, firms are better placed to improve productivity and maintain sustained levels of private investment. In addition, introducing competitive neutrality in Thailand’s SOEs will also be important for providing a level playing field, avoiding crowding out of private firms, and improving the efficiency of the SOE sector.

Thailand is an attractive foreign direct investment (FDI) destination, with FDI inflows averaging approximately 3 percent of GDP in the 1999–2017 period. However, FDI inflows have become more volatile in recent years, and Thai investment outflows have gained substantial momentum (Figure 5). This is partly as a result of faltering investor confidence and declining competitiveness with respect to peers. Moreover, the Thai economy could leverage greater spillovers from FDI to foster innovation. A relatively weak national innovation system and limited emphasis on developing a skilled workforce has resulted in many Thai firms lacking the necessary capabilities to upgrade and innovate. This means that building competencies and capabilities of Thai firms is vitally important for the Thai economy to move up the value chain towards more complex functions such as design, research and development, and branding, as well as from the export of low-value parts and components to high-value products and services, and to final manufacturers.

Figure 5: Foreign direct investment in Thailand (Percent of GDP)

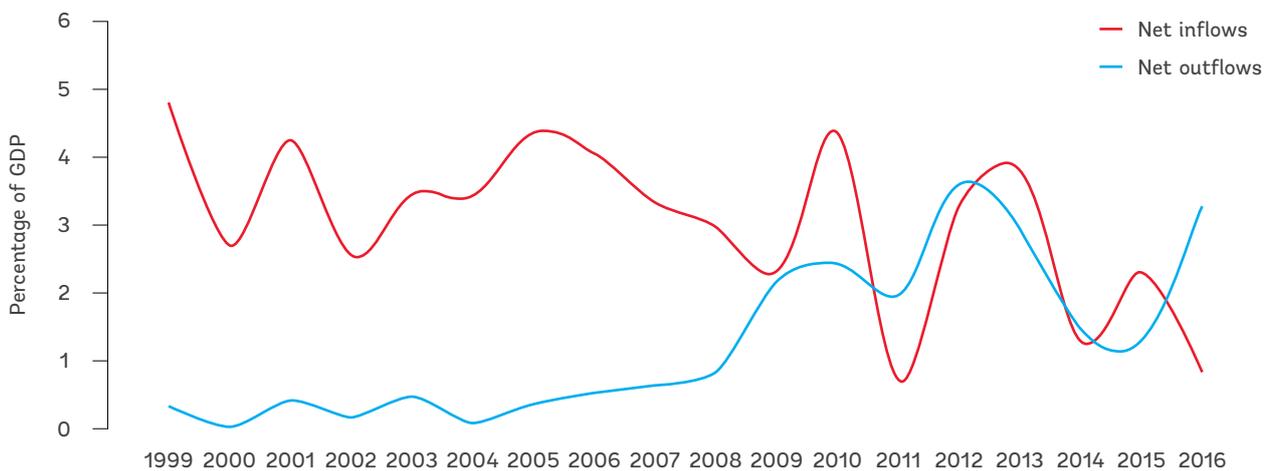
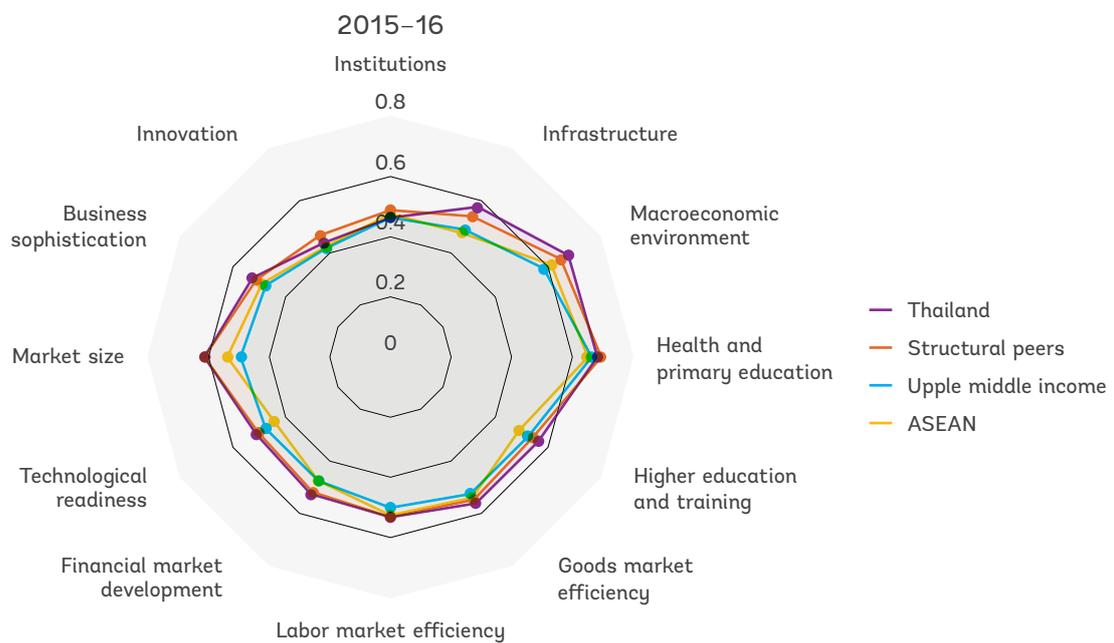
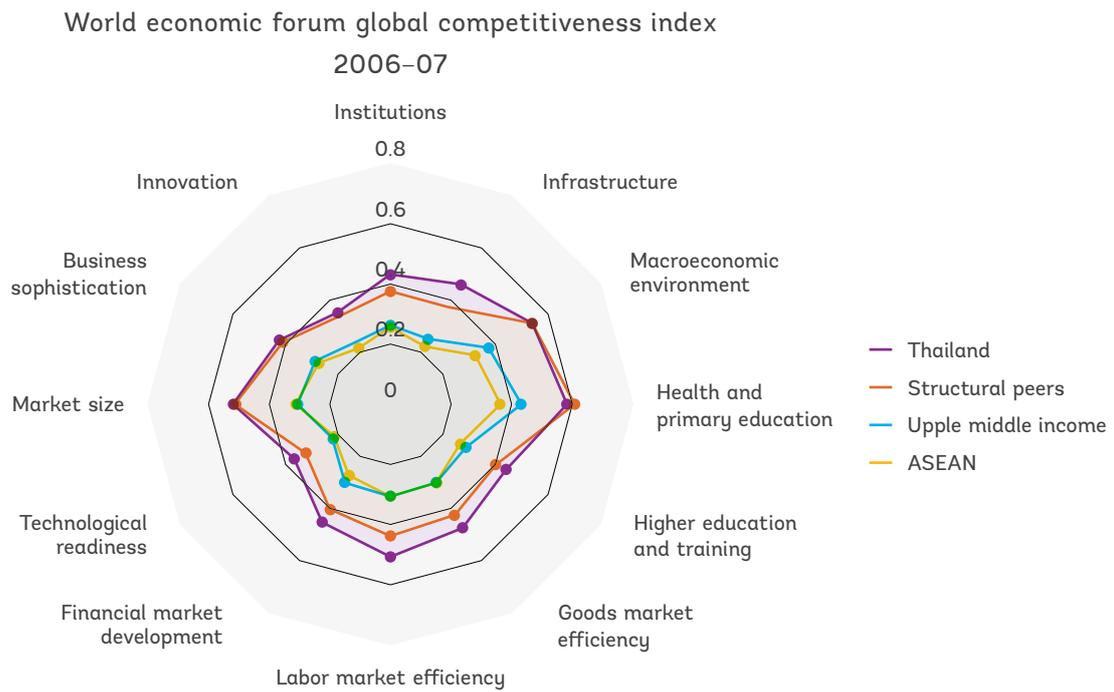


Figure 6: Thailand's competitiveness in perspective





B. PERSISTENT INEQUALITIES AND SOCIAL TENSIONS CALL FOR MORE TARGETED SUPPORT TO THE B40

Thailand’s lagging regions present risks to social cohesion and political stability. The sharp political divisions and tensions are rooted in a growing sense that economic prosperity and opportunities are not shared equally in Thai society. The lagging regions of the North, Northeast and the three most southern provinces, hosting the majority of Thailand’s poor and vulnerable populations, are falling further behind. More targeted support for the bottom 40 percent is thus an important priority for Thailand both to boost shared prosperity, and to help strengthen social cohesion and maintain greater political stability.

Thailand does not have an adequate social assistance program for the non-elderly poor. While policies initiated in 2017 are an important first step, building the social protection system remains an unfinished agenda. Developing a national social assistance platform for the poor, incorporating international best practices and lessons, is likely to substantially improve the prospects of vulnerable groups. To maximize the impact of such a platform, it would be useful to build around one or more flagship programs. Equally important would be to harmonize the delivery systems for social protection to promote greater efficiency, transparency, and ease of use for citizens. This would include i) developing a robust targeting system to identify poor and vulnerable households; ii) building an inter-operable management

information platform to improve program eligibility screening and oversight; and iii) creating “graduation pathways” to promote program exit and sustainable livelihoods. Like other developing countries, Thailand also faces a challenge of expanding its formal sector pension schemes to informal workers. Coverage of formal pensions remains under 30 percent of the working age population and further innovation in policy and administration is likely to be necessary to widen coverage. The rapidly ageing Thai society, where the share of people 65 years and over is expected to increase from around 11 percent in 2016 to 23 percent by 2035, increases the urgency of these reforms.

Measured by Program for International Student Assessment (PISA) and other standardized tests, Thailand’s education system is below par for a country with its level of income and expenditure per student. The challenge is particularly acute for students in village schools, where 47 percent of 15-year-old students were found to be functionally illiterate. Moreover, students in village schools are falling further behind their peers in large cities, as measured by average PISA scores, posing challenges for inclusion, labor skills development and long-term growth. A recent firm survey shows that manufacturing firms are considering the lack of skilled workers a top constraint for further growth. For individuals, having the necessary skills and competencies to obtain productive employment can help them secure a better future and, for those who are poor, help them break out of the cycle of poverty. A better-educated and skilled workforce is also critical to Thailand’s economic

growth prospects, as the robust growth the country needs in competitive skill-intensive exports will depend on having a stronger human capital base. According to the Global Competitiveness Indicators, the quality of Thailand's education system is perceived to have worsened relative to its middle-income peers (and ASEAN neighbors). Three reforms areas seem of critical importance in the immediate future: i) improving access to Early Childhood Development (ECD) services for the poor; ii) addressing Thailand's problems with small schools where approximately 1 million (mainly poor) children receive an inferior education; and iii) implementing education reforms, including increasing school autonomy and strengthening the use of information to hold teachers and schools accountable for performance.

Despite greater commercialization and diversification of the sector in recent years, farm labor productivity remains low, resulting in high poverty rates among small farmers and farm laborers. Approximately 40 percent of the Thai workforce is employed in agriculture (27 percent of whom are estimated to be employed in the sector full-time), more than most regional and structural peers. Nonetheless, the sector accounts for only 9 percent of GDP, signaling much lower labor productivity than the average Thai worker. As poverty in Thailand is largely a rural phenomenon, higher agricultural growth would not only increase GDP directly, but is also likely to contribute to poverty reduction more than any other sector, particularly with appropriate pro-poor policies in place such as i) a better-functioning land rental market; (ii) increased efficiency and sustainability of irrigation investments; (iii) more and better funding of agricultural research and extension programs; and (iv) improved agricultural programs targeting the hotspots of rural poverty.

Conflict and ethnic barriers in Thailand's three most southern provinces constrain the region's ability to share in the benefits of growth, including along non-income dimensions. A legacy of ethnic and religious-based conflict in the three southernmost provinces of Thailand have stalled structural transformation and limited the pace of poverty reduction. Poverty in the region is chronic, headcounts are above the national average, and two of the southern provinces, Pattani and Narathiwat, have the 2nd and 3rd highest poverty rates in the country. With Pattani Malay being the primary spoken language in the region, those who cannot speak Thai or English find themselves unable to access higher education or advanced employment opportunities. All three

southernmost provinces of Thailand are at the bottom of national standardized test scores, with the severity of the problem increasing in small village schools with limited supply of teachers and educational resources, and have among the highest rates of economic inactivity in the country (19 percent of the population aged 15–65 was neither working nor studying in 2013). Access to services is limited when compared with other parts of the country, and government programs are widely perceived as not being responsive to local needs and aspirations.

Conflict-related violence in the three most southern provinces also has gender dimensions.

Most casualties of the century-old subnational conflict are men. In terms of proportion, however, women experience a higher percentage (80 percent) of deaths from separatist violence. A significant number of women are killed by bomb explosions in public spaces and other incidents of violence.⁶ In addition, the conflict disproportionately impacts women in other ways, including domestic violence, emotional trauma, negative health outcomes, and economic hardship.

C. INADEQUATE NATURAL RESOURCE MANAGEMENT PRACTICES POSES A CHALLENGE TO SUSTAINABILITY OF DEVELOPMENT ACHIEVEMENTS

Ensuring the sustainability of growth and lasting livelihoods of the bottom 40 percent will depend on Thailand's ability to make growth greener and more resilient. Forest areas have declined steadily, falling from 171 million rai in 1961 to 107.6 million rai in 2009, mainly the result of illegal logging and smuggling into neighboring countries. Natural forest depletion means loss of the large variety of ecosystem services they provide, including but not limited to providing a habitat for Thailand's globally significant biodiversity and watershed protection. Marine and coastal resources continue to deteriorate due to coastal erosion, illegal logging, ocean waste, conversion to intensive shrimp farming, and illegal and destructive fishing. Yet, Thailand's ability to attract 30+ million visitors annually (providing 12 percent of annual GDP and over 17 percent of export earnings) hinges on its capacity to conserve its beautiful coastal areas and coral reefs.

As a low-lying country, Thailand could suffer more frequent coastal flooding and droughts around the agriculturally important Mekong region, and saline intrusion resulting from climate change. Better land zoning and management is needed to reduce the flood-drought vulnerability. Specifically,

⁶ Barron, Engvall and Morel. July 2016. *Understanding Violence in Southeast Asia*. The Asia Foundation.

deforestation in the upper reaches increases the risk of flash floods and sediment loads in rivers, while reducing storage and drainage capacity. Lack of careful planning for public infrastructure (roads, floodways, etc.) and urban/industrial areas exacerbate the risk of flooding. Additional priorities include the immediate rehabilitation of hydraulic assets and an increase in drainage capacity. Ensuring regular maintenance of these assets in the future will improve the efficiency and extend the life of flood management infrastructure. Undertaking a design review of critical flood embankments, and carrying out dam safety reviews immediately are integral to ensuring the safety of flood control structures going into the next rainy season. Investment in small- and medium-sized water reservoirs upstream and implementing community watershed management programs would also improve flood management capacity.

Understanding the nature of disaster risks through hazard mapping is important for disaster risk management and disaster resilient development planning, and requires a detailed mapping and modeling exercise that includes climate change projections. This would allow a deep understanding of the nature and geographical distribution of risk and expected damage, and incorporating these risks into planning, design, and specifications of infrastructure assets. Making these risk maps available to the public in conjunction with training can also help improve general understanding, and is a first step towards planning a strong disaster risk management strategy.

Establishing an effective early warning system (EWS) is another vital tool for mitigating the impacts of disasters. An effective EWS must be based on high-quality, real-time data gathered from detailed hazard mapping that takes into account geographic and infrastructure characteristics, and historical disaster information. An EWS can be established over time, starting with the most deadly or costly disasters before integrating all other disasters. This comprehensive approach will ensure an effective, efficient system that provides clear messaging that the public can trust.

Thailand is growing on an energy-intensive path, and high-energy demand growth is expected to continue in the future. Thailand pledged at the United Nations Framework Convention on Climate Change meeting in 2015 to reduce its carbon emissions by 20–25 percent from their 2005 levels by 2030. This international commitment is underpinned by the government’s Power Development Plan (PDP) for 2015–2036 which pledges to increase renewable energy so it comprises up to 20 percent of overall power generation from its current level of 10 percent. The challenge now is implementing these commitments,

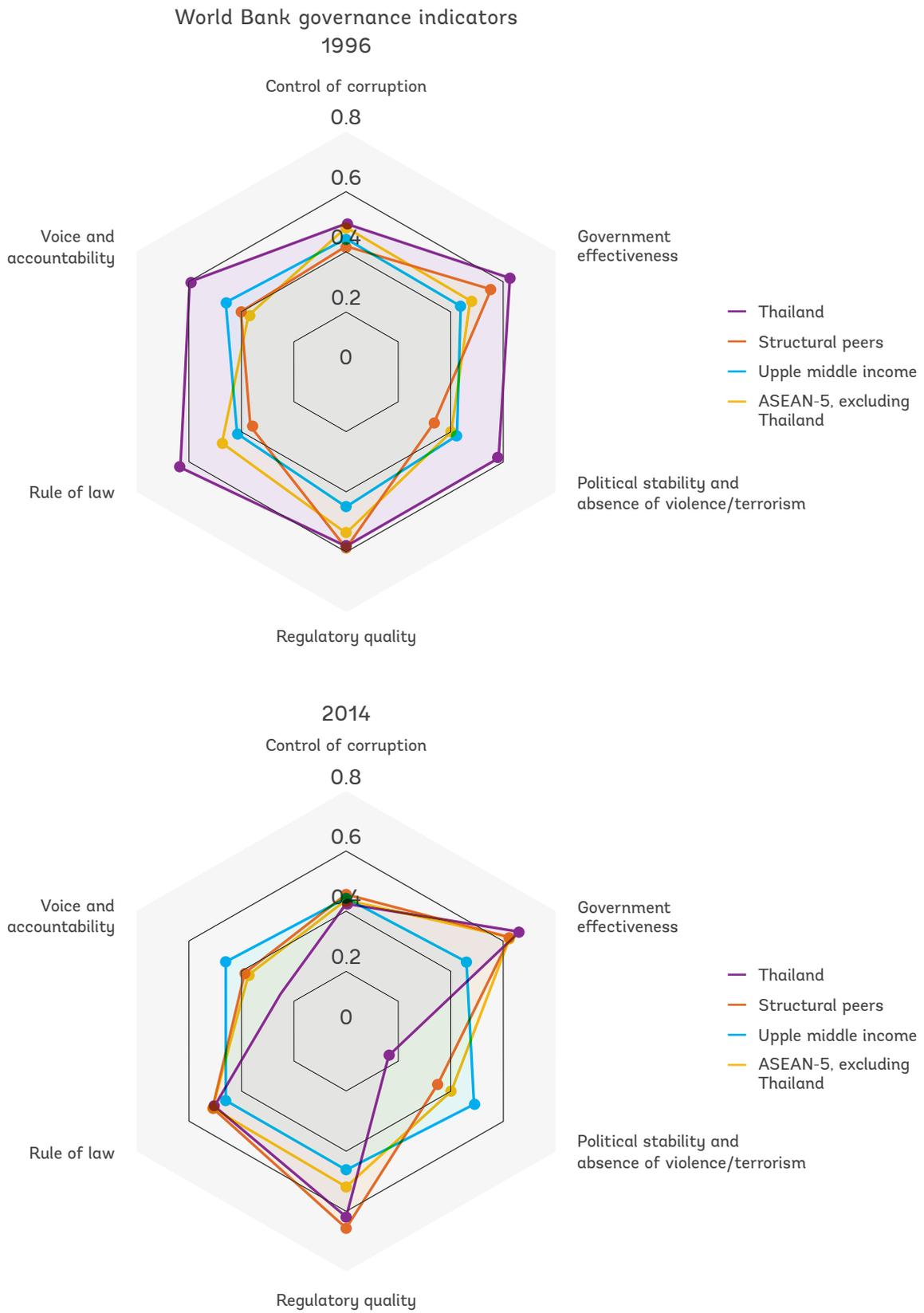
which will likely include i) improving fuel efficiency and promoting greater use of rail transport; ii) improving energy efficiency standards for buildings and factories; and iii) collaborating with regional partners to facilitate power trade across the Greater Mekong Subregion and the AEC.

D. WEAK GOVERNANCE HAS COMPOUNDED SOCIAL DIVISIONS AND IMPEDED POLICY AND INVESTMENT IMPLEMENTATION

The gridlock among political groups in Thailand has its roots in the widening gaps in Thai society. Thailand’s ranking in the Transparency International Corruption Perception Index has worsened from 78th out of 178 countries in 2011, to 101 out of 176 countries in 2016. There is a growing perception among people in Thailand of significant levels of corruption, an unfair judicial system has favoring the wealthiest, and government regulations and concessions that have protected vested interests at the expense of encouraging growth and job creation. Thailand had an advantage twenty years ago, compared with other countries, in perceptions of good governance as measured by the World Bank Governance Indicators. This advantage was lost, and by 2014, Thailand was lagging behind its peers in good governance, particularly in the voice and accountability and political stability dimensions. Political instability impeded decision-making until recently, prevented the effective implementation of public investment, and blocked efforts to liberalize key sectors, especially the service sector (Figure 7).

The impact of several Government initiatives to revive economic growth will hinge on successful implementation. Successful implementation, in turn, will require—in addition to sustained political commitment—simplified yet transparent decision-making and improved institutional capacity of the public sector to formulate and implement multiyear infrastructure and human capital development programs. In particular, the Government may consider comprehensively revamping and modernizing the Public Investment Management system. Further strengthening of the procurement system would also help ensure efficient implementation of public projects and the achievement of savings for public finances. In light of the planned mega projects that could resuscitate growth, reviewing public procurement systems and allowing for innovative approaches such as turnkey contracting would be useful. Stronger capacity to deliver new programs will also be needed for successful delivery of more targeted support for the bottom 40 percent and for the implementation of environmental policies and programs.

Figure 7: Thailand's governance in perspective





3

WBG Partnership Strategy



3.1 Government Program and Medium-Term Strategy

The Government's medium-term reform program is articulated in Thailand's first ever 20 Year National Strategy (2017–2036) and the NESDP 12, which covers the period from 2017–2021. The NESDP 12 focuses on the near-term implementation of the economic, administrative, and social aspects of the 20 Year National Strategy. It highlights measures to improve equity and reduce inequality, enhance competitiveness of the economy (with better education, skills, productivity enhancing infrastructure, and a sound regulatory framework), improve ability of the public sector to deliver results, improve natural resource management, promote balanced spatial development and strengthen connectivity regionally and globally.

Box 2: Thailand's 20 Year National Strategy: A Vision of Security, Prosperity and Sustainability

The 20 Year National Strategy has six strategic thrusts: (i) promoting national security; (ii) strengthening competitiveness; (iii) developing and empowering human capital; (iv) broadening opportunities to improve social equality and equity; (v) environmentally friendly growth; and (vi) reforming and improving public administration. Individual reforms under these strategic thrusts encompass more than 140 reforms that cut across the entire gamut of social, economic, political, administrative, cultural, and judicial aspects.

A key initiative under the 20-Year National Strategy and the NESDP 12 is the expansion of the eastern seaboard, where Thailand's industrial base has been traditionally located, into the Eastern Economic Corridor (EEC). The EEC covers the three provinces neighboring Bangkok as a special economic zone. Within the EEC, the Government is building infrastructure, allowing 100 percent foreign ownership of business including universities, lifting restrictions on foreign ownership and participation in sectors traditionally reserved for Thai businesses, and liberalizing work permits for foreign skilled and semi-skilled labor. In addition, public and private investments for infrastructure upgrading are expected to reach approximately US\$43 billion,

allowing for the expansion of the Map Ta Phut and Laem Chabang ports, roads, and railway systems.

The government has established a National Reform Committee (NRC) to drive medium term reforms.

The NRC has been legislated to remain operational beyond the next elections and is led by a former Governor of the Bank of Thailand, and comprises private sector, government agencies and think tanks. The NRC has determined three key issues for long-term economic growth – improving competitiveness, fostering equality and inclusive growth, and institutional reform. The policy reform framework for the government is presented below.



Concurrently, the Government has promulgated the Competitiveness Enhancement Act (2017) and the Investment Promotion Act to provide tax and non-tax incentives for high value investments, and grants to firms that operate in special economic zones, use advanced technology, conduct research and development, and/or spur innovation. The government has selected 10 industrial/service sectors for targeted promotion: next generation automotive, smart electronics, medical and wellness tourism, food for the future, robotics, aviation and logistics, biofuels and biochemical, digital technologies, and advanced medicine.

The Government has also revised various laws and regulations and improved institutional arrangements. A new water management agency has been created under the Prime Minister's Office that unifies water management issues that were previously spread across more than 15 agencies. The government has also amended the Foreign Business Act to allow for greater competition, and other laws and regulations are under review and revision as well as in a pipeline including, the Eastern Economic Corridor Act, Digital Transactions Law, Business Facilitation Act and Privacy Law, Securities and Exchange Commission Act, FinTech Act. The entire legislative agenda is focused on making the legal and regulatory framework more agile and fit-for-purpose.

Tackling inequality is central to the Government's 'leaving no-one behind' strategy. As a sign of high-level commitment to this agenda, the NESDP 12 will specifically target a reduction in income and non-income dimensions of inequality based on area specific determinants of inequality. To this end, the Government has launched a new welfare scheme to support people with an income of less than 10,000 baht per month through provision of welfare cards that can be used to buy basic necessities, including transportation services. This welfare scheme, which currently covers 11.7 million people, complements the existing Universal Healthcare Scheme that covers almost 49 million people. The Government has also embarked on tax reforms aimed at making the tax system more progressive through implementation of an inheritance tax and a land and property tax. In addition, a comprehensive social protection policy and implementation plan is being devised to integrate existing social schemes and improve targeting mechanisms to support poor and vulnerable people.

Thailand is moving away from promoting light manufacturing as the labor advantage recedes and wages rise. The government recognizes that the country has lost the comparative advantage for light manufacturing and labor-intensive industries, as demographics change and wages rise. Recognizing this change, the investment promotion regime has excluded such industries from the promotion list.

Government's Framework for Reforming the Economic Sector

1. Competitiveness	2. Equality and Inclusive Growth	3. Policy, Process, & Institutional Reforms
<p>1.1 Productivity</p> <ul style="list-style-type: none"> » Develop core industries (tourism, agriculture, food) and high growth industries (biotechnology, smart electronics, digital, education, healthcare) » Enhance supporting factors e.g., human capital, competition, and technology 	<p>2.1 Specific program for important groups</p> <ul style="list-style-type: none"> » Sharing knowledge, information, and technology to small farmers to increase productivity and innovation » Develop accessibility to crop insurance and credit » Develop irrigation system » Create platform for skill development program 	<p>3.1 Policy Institutions reform</p> <ul style="list-style-type: none"> » Strategic planning agencies » National Statistic and National Data Unit
<p>1.2 Regional Integration</p> <ul style="list-style-type: none"> » Promote borderless trade to create target industry at regional level » Develop connectivity network in the region » Create regional hub 	<p>2.2 Strengthen community power</p> <ul style="list-style-type: none"> » Strengthen community financial system » Develop community business » Set up Social Investment Fund (SIF) 	<p>3.2 Fiscal Institutions reform</p> <ul style="list-style-type: none"> » Budgeting Agency » Fiscal/Tax policy reform » Asset management agency » Long-term fiscal sustainability
<p>1.3 R&D, Innovation Ecosystem</p> <ul style="list-style-type: none"> » Establish R&D center » Reform Department of Intellectual Property » Establish center to develop capacity of Start-up and small enterprise 	<p>2.3 Create balance at national level and Social safety net</p> <ul style="list-style-type: none"> » Integrate agencies on poverty and inequality » Expand social safety net and reform social security and tax system » Area- and Demand-based budget allocation 	<p>3.3 Operating and Evaluation Institutions reform</p> <ul style="list-style-type: none"> » Execution Mechanisms » Monitoring and Evaluation Unit » Catalyzing mechanism

The Government has recently implemented important reforms to enhance the business environment, leading to a substantial improvement in the Thailand's Doing Business global ranking from 46 in 2017 to 26 in 2018.⁷ In fact, the latest World Bank Doing Business report recognizes Thailand as one of the top 10 reformers worldwide, having improved most in the ease of doing business in the last year. Reforms implemented include the simplification of requirements to start a business, implementation of a geographic information system to facilitate access to electricity and property registration, easing access to credit by broadening the scope of assets which can be used as collateral, introducing a risk-based automatic system for tax audits, and making it easier to enforce contracts and resolve insolvency. These improvements signal the Government's commitment

to push structural reforms forward and attract greater private investments to support the achievement of Thailand's development goals.

Recognizing the importance of regional integration for socio-economic prosperity, the government and the private sector have ramped up engagement and investments regionally and globally. In this regard, the Government has redoubled efforts to foster connectivity with neighboring countries (Cambodia, Lao, Myanmar, and Vietnam) and taken a more proactive role in the implementation of ASEAN Economic Community measures, engaging with international organizations (the UN SDG's/COP21, GMS, OECD, the ADB, the IMF, and the World Bank) to promote well-being with the 'leaving no one behind' policies. The Neighboring Countries

⁷ Applying the same methodology to last year's and this year's data.



Economic Development Cooperation Agency (NEDA) of the Ministry of Finance also provides concessional financing to neighboring and other countries for infrastructure projects. At the same time, the Thai private sector has been investing more in regional countries and globally, including in partnership with the IFC.

The recently approved Southern Border Provinces Administration and Development Policy 2017–2019, prepared by the National Security Council (NSC), explicitly recognizes the complexity and sensitivity of the causes of the conflict in the three most southern provinces. It outlines a number of objectives and initiatives to achieve its vision of a society that is “safe and free from any conditions contributing to violence” where “everybody’s way of life is protected and improved on the basis of a multicultural society, with participation in a sustainable peace-building process”. Building on the growing understanding of local problems and needs, the policy acknowledges the value of public participation and sets out to achieve genuine broad-based participation and inclusion of people, civil society and disadvantaged groups in problem-solving and peace building efforts in the region. It also seeks to promote trust and cooperation between the state and the people, including by engendering confidence in a public remedy and grievance processes. Strengthening local communities and improved incomes and livelihoods of the people are key areas mentioned as part of the conditions contributing to solving conflict in the south.

Taken as a whole, this is the first time since the 1990s that Thailand has such a clear and comprehensive program for economic and social transformation, as well as integration with regional and the global economy. If fully implemented, the economic and social

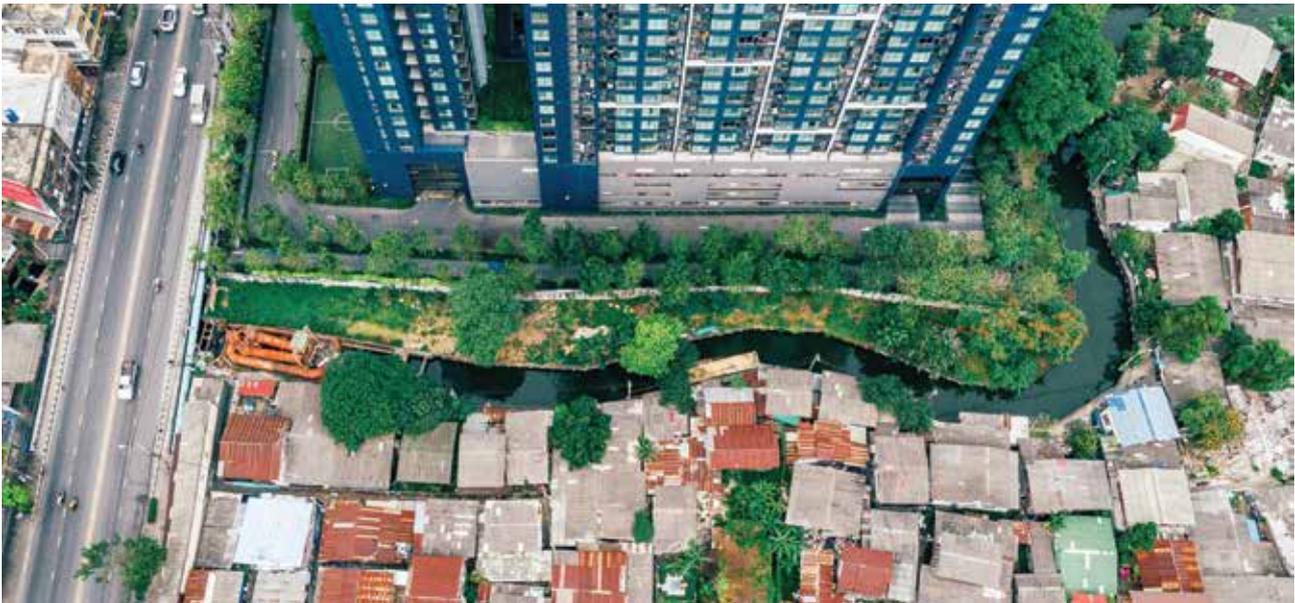
reform program has the potential to significantly increase potential full output annual growth to above the current 4 percent, and in turn drive, spread, and sustain growth, substantially accelerate Thailand’s transition to towards a high-income economy with greater equity.

3.2 Lessons from Recent WBG Engagement and Stakeholder Consultations

The most recent full WBG engagement strategy with Thailand preceding this CPF was the Country Assistance Strategy (CAS) for the period 2003–2008.

The CAS focused on providing diagnostic work and implementation support in the areas of poverty and inequality, human and social capital, competitiveness and natural resources and the environment. Much of the implementation support was delivered through Country Development Partnerships (CDPs), primarily knowledge-based programs led by the Government and supported by the Bank and other development partners. This CPF incorporates lessons from the Country Assistance Strategy Completion Report, such as the importance of selectivity in knowledge-based partnerships, and of supporting Thailand’s efforts to share its development experience and promote regional cooperation.

The Thailand-WBG Interim Strategy Note (ISN) for the period FY 2011–2012 provided the framework for IBRD emergency financing in support of recovery following the 2007–2010 global financial crisis, as well as for continued IFC support to the private sector. The Government’s stimulus package supported by the ISN financing contributed to a prompt recovery from the crisis, with economic growth rebounding from 0.8 percent in 2011 to 7.2 percent in 2012, though dropping



again to low levels in later years due to political uncertainty and stalled structural reforms. Poverty continued falling from 17 percent in 2011 to 13 percent in 2012, and further to 7.2 percent in 2015. Progress was limited in other areas of ISN engagement, such as strengthening the social protection system for the poor, clarifying the PPP regulatory framework, and addressing weaknesses in financial reporting and performance-based management. Overall, the ISN instrument proved appropriate for the limited two-year period of emergency public financing needs and continued private sector engagement, with limited prospects for a sustained policy or reform partnership with the WBG.

During the politically turbulent period after the completion of the ISN, through several months of street protests and violence in late 2013 and early 2014, Thailand's partnership with the WBG continued on a modest scope and scale. Prospects for sustained policy development or reforms were dim, and there was limited country demand for engagement with the World Bank. The Bank focused on supporting community driven development in the conflict-affected areas of the three most southern provinces, supporting green initiatives, and conducting macroeconomic monitoring. The IFC continued to work with Thai private sector on out-bound investments in the region and investments in Thailand principally in the financial sector.

The current government renewed the structural reform momentum and requested a broadened, strategically structured partnership with the WBG. The first five RAS engagements with Thailand have already been initiated (the first three signed in December 2016 and already completed), and a robust RAS pipeline for the short to medium term has been discussed tentatively with the Government, covering a variety of sectors including business environment,

social protection, education, infrastructure management, public investment management, among others. Initial experiences with RAS engagement have been successful, with authorities engaged in joint analysis and implementation of reforms to achieve important milestones, such as the substantial improvements in the ease of Doing Business rankings (from 48 in 2017 to 26 in 2018 with comparable methodology) and Distance to Frontier (DTF) resulting from regulatory reforms.

Extensive stakeholder consultations were held during the preparation of the SCD and CPF, including nine countrywide consultation meetings with civil society, think tanks, private sector, regional governments and key opinion leaders (see Chapter 6 and Annex 5 of the SCD). Consultations broadly endorsed the identified key development challenges for Thailand, as well as the outline for WBG partnership with Thailand over the CPF period. Some salient points highlighted by stakeholders at the CPF consultations include: i) budgetary reforms are important to support better service delivery; ii) avoiding floods and droughts is critical for the economic and social well-being of Thais; iii) higher value addition in agriculture sector would improve livelihoods of poor farmers; iv) updating the regulatory framework governing private enterprise would strengthen the country's competitiveness; and v) improving the education system, labor policies, and provision of skilled workers is critical to transform Thailand's economy.

Key lessons learned from ISN implementation, as well as more recent engagement including under the first RAS with Thailand include:

- **Sharp focus on specialized areas of high Government interest at the senior level is key.** Reforms that Thailand is now implementing cut across multiple agencies which requires stewardship from the very



top. For example, on ease of doing business the reform process is being led by the Deputy Prime Minister for the economic cluster. This encourages more than 30 government agencies to collaborate on regulatory reforms. Without such top-level stewardship, it is difficult for agencies to push through reforms.

- **Relevance of broad SCD consultations and follow-up discussions with counterparts.** The process of consulting broadly with all stakeholders in the process of preparing the SCD, as well as discussing its findings in detail with Government, civil society and the private sector, facilitates the process of reengagement on structural reforms as it allows for convergence of understanding on the country in question's main development priorities.
- **Importance of an adequate regulatory framework to WBG engagement and investments.** An adequate regulatory framework for renewable energy has allowed Thailand to lead in renewable energy endowments in Southeast Asia, and facilitate a successful IFC engagement to develop over 3000MW of solar power connected to the grid, as well as a substantial improvement in wind power capacity. On the other hand, weak regulatory frameworks, particularly on PPPs, impeded progress on other areas of IFC support to infrastructure development, including in the transport sector.

- **A medium to long-term development plan facilitates the identification of priorities for development partners' engagement with the Thai Government.** From 2006 to 2014, Thailand did not have a medium to long term reform program. This meant it was not possible to articulate a partnership that would address key constraints in a holistic manner. Thailand's currently elaborate and articulated reform program provides a solid basis for engagement with development institutions, including the WBG.
- **Investing in a basic package of WBG services, even when engagement on reforms is limited, facilitates a just-in-time response to a change in Government demand.** Thailand has chosen to partner with the World Bank on transformative programs over time and the Bank has stayed engaged throughout, including during periods in which commitment to reform has been more limited. This has allowed the Bank to retain knowledge and partnerships, and to respond with a broadened and deeper support upon request.
- **Exploring programmatic RAS legal agreements is key to reduce the transactions costs of RAS.** Entering into a RAS Framework Agreement which delineates the umbrella legal terms of the agreements with the Government helps reduce unnecessary delays in processing a robust RAS pipeline (Table 3), particularly in a country like Thailand which has no established method of procuring services from international organizations.

3.3 Proposed WBG Country Partnership Framework

A. OVERVIEW OF THE WBG THAILAND PARTNERSHIP FRAMEWORK

The CPF outlines a WBG program for FY19-22 in support of Thailand's national development priorities to revive high growth while strengthening inclusion and sustainability. The overarching goal of the CPF is to support Thailand's transformation towards an innovative, inclusive and sustainable economy, in alignment with the country's 20 Year National Strategy (2017–2036), the Government's NESDP 12, and SCD pathways and priorities. The CPF also envisages WBG engagement with Thailand in leveraging its regional and global partnerships, including in the CLMVT, GMS, and ASEAN/AEC regions. The Bank plans to engage predominantly through reimbursable and trust-funded Advisory Services and Analytics (ASA), while leaving open the possibility of future IBRD financing based on Government demand, overall performance as well as global economic/financial developments which affect IBRD's financing capacity. The IFC will continue to provide both financing and advisory services to the private sector in support of inclusive growth. MIGA stands ready to support eligible investments through its credit enhancement and political risk insurance covers. The CPF puts forward a flexible approach for the WBG's program, considering the dynamism of a middle-income country, evolving country demand for RAS, and regional and global developments.

The CPF responds to a fundamental change in the Thailand-WBG partnership following the past decade.

With increased political stability, the Government is seeking World Bank's support and continued strong partnership with IFC to achieve its development objectives under the new 20-Year National Strategy. In addition, MIGA will explore opportunities to support the National Strategy. The rapid growth of the program (Table 3) along with new demand from civil society and Government for Bank services reflect the country's interest and commitment to broaden engagement with the WBG on economic and social development. Moreover, Thailand has taken a leading role in the regional agenda of promoting integration and joining efforts to resolve regional challenges, as well as becoming an important source of capital inflows for neighboring countries. The WBG's partnership with Thailand on this agenda may help strengthen regional integration, thereby facilitating inclusive growth in the AEC and CLMVT regions, including by integrating trade and possibly investment and labor. Lastly, with a past record of rapid and sustained economic growth and poverty reduction, Thailand is an important source of global knowledge on issues faced by countries looking to transition into both middle-income and high-income status.

Achievement of NESDP 12 and National Strategy objectives will depend on the successful implementation of policy reforms, programs and investments in key areas such as infrastructure, competitiveness, education, social inclusion and environmental sustainability. The WBG advisory services (Bank RAS and IFC advisory) can contribute to such successful reforms and investments through well-targeted, relevant and feasible recommendations, as well as focused technical and implementation support, if and as the Government executes its strategy and programs. Hence, the results framework (Annex 1) delineates the expected CPF results that can be attributable to WBG engagements and will form the basis for evaluating CPF achievements.

Three selectivity filters have been used to define the CPF program at the strategic, program and activity levels:

- Government demand and alignment with the NESDP 12 and the 20 Year National Strategy: The CPF aims to support the implementation of Thailand's development strategies in areas where WBG knowledge an international experience can deepen or accelerate reforms. Moreover, the CPF program reflects areas where the Government has shown strong demand for engagement and deep commitment for reform.
- Focus on the pathways identified in the SCD to end poverty and boost shared prosperity: The SCD priorities and the NESDP 12 are aligned and together guide the choice of CPF objectives and focus areas.
- WBG comparative advantage, including rationale for RAS engagement: The CPF focuses on areas where the WBG is seen to add most value and the issues that are expected to have transformative impact on the country's development. The CPF aims to leverage the WBG's international experience and convening power to maximize financing for development in Thailand by improving the business and regulatory environment to attract higher investment, and in the AEC and CLMVT regions by supporting cross-border regulatory reforms and investments contributing to the region's integration and development.

Applying the filters to the NESDP 12 objectives and SCD pathways, the six CPF objectives are:

- Improve Thailand's competitiveness and ease of doing business
- Improve financial and fiscal institutions' policy implementation
- Strengthen the quality of infrastructure investments
- Address climate change and improve water resource management
- Strengthen the social protection and inclusion of vulnerable groups
- Promote quality education for all and talent management

WBG Thailand country partnership framework (FY19–FY22)

Overarching Goal	To support Thailand’s transformation towards an innovative, inclusive and sustainable economy. The CPF aligns with Thailand’s 20 Year National Strategy (2017–2036); the Government’s NESDP 12; and SCD pathways and priorities; and World Bank Group’s comparative advantage. It also envisages WBG engagement with Thailand in leveraging its regional and global partnerships.
Focus Area 1	Promoting Resilient and Sustainable Growth. Four CPF objectives will concentrate on partnering with Thailand to promote the economy’s ability to attract higher private investment and maximize financing for development and sustainable growth. Objective 1: Improve Thailand’s competitiveness and ease of doing business Objective 2: Improve financial and fiscal institutions’ policy implementation Objective 3: Strengthen the quality of Infrastructure investments Objective 4: Address climate change and improve water resource management
Focus Area 2	Strengthening Inclusion. Two CPF objectives will concentrate on partnering with Thailand to enhance the country’s social and economic inclusion by strengthening targeted support programs to the bottom 40; informing education system reforms; promoting community-driven development in conflict-affected areas; and contributing to end gender and sex orientation discrimination. Objective 5: Strengthen the social protection and inclusion of vulnerable groups Objective 6: Promote quality education for all and talent management

Gender concerns are central to the program and have been embedded in the CPF objectives and results.

The CPF draws on the recent Country Gender Profile for Thailand (Annex 2) and will integrate gender aspects in its operations and analytical work aiming to enhance gender awareness on key issues as well as reduce the identified gender disparities. Gender priorities during the CPF will be in line with the CPF focus areas and objectives, with a particular focus on enhancing inclusion, voice and protection of vulnerable women and men, including in conflict-affected areas.

constraints to Thailand’s competitiveness as they relate to increasing productivity in the services sector, improving regulatory framework for private enterprise, and better infrastructure; and (v) transforming economic and fiscal institutions to effectively articulate and implement economic and social policies. Additional knowledge partnerships in critical areas have been agreed or are currently under discussion, including on strengthening inclusion in the three most southern provinces and promoting greater energy efficiency and sustainability.

B. FOCUS AREAS, OBJECTIVES AND CROSS-CUTTING PARTNERSHIPS SUPPORTED BY THE WBG PROGRAM

The WBG program is anchored around a broad and programmatic RAS engagement on Thailand’s transformation towards greater inclusion, resilience and competitiveness. This engagement will cover the five areas which the National Economic and Social Development Board (NESDB), the agency leading the country’s development planning, and the Bank have identified as top priorities in the NESDP 12. These are: (i) improving water management for building resilience against climate change; (ii) developing a smart fiscally sustainable social protection system to effectively protect vulnerable groups; (iii) improving education and skills system to foster inclusion, (iv) addressing

IFC’s engagement will be guided by the IFC 3.0 strategy framework. This approach aims to create markets in Thailand that are competitive, sustainable, inclusive, and resilient, as well as increase private sector investment, by applying Maximizing Finance for Development (MFD) principles. IFC will focus its engagement in select priority areas, encompassing: i) infrastructure, with particular focus on leveraging PPPs; ii) innovation to accelerate access and affordability of reliable broadband services and insurance products; iii) green growth which places a premium on technology and increased climate finance to help Thailand produce a more resilient growth model; iv) sustainable cross-border development; and v) strengthening the enabling business environment so that it helps leverage greater commercial financing which maximizes public resources.

The results framework reflects the flexible approach of the CPF, where program design and expected results are more certain in the early years of the CPF period in line with expressed country demand for WBG services. Given the rapidly evolving nature of the Bank's RAS partnership with Thailand, the results framework may be significantly revised to incorporate emerging country priorities at the Performance and Learning Review (PLR) stage, while maintaining alignment with the NESDP 12 and the SCD. The exact timing of the PLR will depend on the evolution of the WBG program, and may precede the midpoint of CPF implementation if needed to enhance alignment with the established program and to incorporate lessons learned from completed RAS partnerships.

The Thailand – WBG partnership in the two CPF focus areas is expected to include some activities, still under discussion, in support of Thailand's leadership role in the development and integration of the CLMVT and GMS region, as well as the sharing of Thailand's development experience. The engagement of the WBG with Thailand in support of regional cooperation, primarily by contributing international experience and expertise, is expected to focus in areas such as: i) trade integration and facilitation; ii) labor migration and

remittances; iii) regional energy markets; iv) promoting organic and high value-added agriculture; v) joint tourism development; vi) regional water management; and vii) financial integration. The outbound knowledge sharing of Thailand's successful development experience may focus in areas such as of debt and aggregate fiscal management, energy and national electrification, tax policy and administration reforms, universal health coverage and bond and capital market development. The scope of this regional and outbound engagement, as well as the objectives and expected results, will be delineated at PLR stage.

Focus Area 1: Promoting Resilient and Sustainable Growth

Technological and demographic change, regional integration, and the shift of economic weight to Asia highlight the importance of improving competitiveness of the Thai economy. In fact, enhancing competitiveness is at the heart of Thailand's development agenda, aiming to boost the economy up the value chain through investments, productivity and innovation. Achieving this goal will entail removing regulatory bottlenecks and designing appropriately



targeted investment promotion policies (tax, grants, and non-tax). Recognizing the importance of this agenda, the Government has already launched the Eastern Economic Corridor as the locus of this transformation, passed the new Competitiveness Enhancement Act, and the revamped investment promotion incentives to attract firms using sophisticated technologies, such as nanotechnology, advanced materials and biotechnology.

The first of two CPF focus areas centers on partnering with Thailand in promoting the economy’s ability to attract higher private investments and maximize financing for development and sustainable growth.

This will be achieved by supporting the implementation of policy and regulatory reforms, catalyzing transport infrastructure investments through PPPs, and by building the country’s environmental resilience and sustainability. Thailand has lost the competitive edge it once enjoyed with respect to peers in the region and elsewhere, largely due to the slow pace, if not standstill, in reform momentum. The current Government recognizes the importance of reforms for Thailand to revive high growth and transform itself into a high-income economy, attracting domestic and foreign investments to upgrade its industries and service sector, foster innovation, and create high value-added jobs. This transformation will require substantial investments in terms of both human and physical capital, and policies and reforms to continue improving the business and institutional climate and facilitate and attract those investments.

Objective 1: Improve Thailand’s competitiveness and ease of doing business

A conducive business environment plays a pivotal role in a country’s capacity to attract private investment, both domestic and foreign.

For the private sector to deliver its full development potential in Thailand, creating markets and applying the MFD principles, the country needs to improve the investment climate for both domestic and foreign investment. After a period of stalled policy implementation which resulted in a loss in competitiveness of the Thai economy (see Figure 6), the Thai Government has restarted the reform momentum to improve the business environment, including by facilitating cross-border trade through the introduction of electronic submissions of customs declarations and updating the electronic data interchange system. Continued trade facilitation reforms will be important to achieve the country’s goal of further improvements in the Doing Business DTF indicators to support high value-added investments and growth.

The CPF envisages continued advisory/RAS work to improve the regulatory framework for private enterprise by implementing priority reforms identified in the recently completed Doing Business reform memorandum and related private sector diagnostics.

A key element of this engagement will be the modernization and integration of business registration and licensing regimes, including by streamlining and fully automating business entry and licensing procedures into an integrated online process. This



online platform is expected incorporate the “submit information once” principle to minimize the compliance burden on businesses and improve regulatory coordination across government. Measures to improve labor regulations may be progressively included in this work. The Bank will also partner to streamline construction regulations and procedures needed to obtain construction permits by introducing i) a risk-based inspections process during the building period; and ii) a single window for online application and approval of construction permits. These improvements are expected to increase Thailand’s attractiveness to the private looking to invest in the region.

The WBG also plans to support the Government’s broader regulatory reform agenda with advisory services to crowd-in further private sector participation, create markets and maximize public resources through increased commercial financing.

These reforms are expected to improve Thailand’s standing in global indices and address local constraints faced by the private sector. Areas for CPF engagement in discussion include improving the performance of the services sector by proposing institutional and policy reforms to accelerate innovation, promoting innovative economic zones, procurement with technology transfer, human skills for new technologies, intellectual property regime to foster adoption and R&D, and removing regulatory and competition obstacles to innovation. Recommendations for reforms will also seek to address gender-specific constraints, including in access to commercial financing and labor restrictions for women and LGBTI population.

With the impacts of the digital revolution, and the explosion in opportunities for new avenues of competition becoming increasingly evident in Thailand, the WBG will look to harness innovation to accelerate access and affordability to key services.

Insurance protection, for example, has yet to become an integral instrument of Thailand’s social safety net system as it has not kept pace with the country’s economic development; there remains a limited supply of insurance products at a time when demand is soaring as a middle class grows, household savings grow, and populations age rapidly. A corollary of these growing segments of society in Thailand is the need to strengthen their access to insurance protection and close the gap in insurance protection. Increasing access to cost-effective insurance protection enables the economic effects of adverse events, spanning illness and death or disability and natural disaster, to be mitigated for individuals, households, or enterprises. In doing so, insurance plays a central role in helping people to avoid destitution, protect their assets such as cars, and to pursue high-return economic activities and investments. In line with its IFC 3.0 strategy, IFC will look to create new

markets in insurance products by improving access and affordability of insurance products. This will be achieved by supporting the implementation of innovative data collection and pricing algorithms which help lower the risk, and hence the pricing, of insurance protection.

IFC will collaborate with the World Bank to explore improvements in the fixed line and broadband infrastructure in the country.

As the global economy is being transformed by the digital economy — where broadband internet is enabling cloud computing, data collection and artificial intelligence — it is critical for Thailand to harness digital dividends. Internet-enabled technologies can also help Thailand strengthen its engagement in global value chains and extract a larger share of value-added. The overall approach of IFC’s engagement in Thailand in the ICT sector will be on an opportunistic basis, given the solid status of the ICT space in the country. During this CPF period, the IFC will look to help develop projects targeting an increase in access to affordable and reliable broadband services and infrastructure (including shared infrastructure such as telecom towers and data centers), as well as developing the digital economy by enabling connectivity, digital government shared platforms, and helping foster a stronger digital entrepreneurship ecosystem. This will help Thailand’s SMEs become more competitive internationally.

Objective 2: Improve financial and fiscal institutions’ policy implementation

Core economic institutions in Thailand have played a critical role in the country’s development in past decades,

including by promoting macro-fiscal stability and responsive economic planning, financing transformative infrastructure development projects, and adequately monitoring the implementation of policies propelling the country’s transition from a low to a middle-income country in a single generation. However, institutional structures and capacity for economic and fiscal management are fragmented and have not transformed fast enough to underpin the formulation and execution of the complex programs needed to support an economy’s transition to high income status. For example, Thailand is one of the few middle-income countries without a fully operational economic and fiscal framework linked to the budget system, and institutional fragmentation has led to overlapping and outdated processes and rules across agencies. In addition, institutional fragmentation among the Office of the National Economic and Social Development Board (ONESDB), the Ministry of Finance (MOF), and the Bureau of the Budget (BOB) has hindered the government’s ability to deliver large infrastructure programs in a timely and efficient manner.

The World Bank plans to partner Thailand to strengthen public investment management. One key area of partnership will consist in elaborating a medium-term investment plan to facilitate the execution of Thailand's infrastructure megaprojects. More generally, the World Bank plans to conduct a functional review of economic and fiscal institutions and provide recommendations to strengthen and integrate economic policy and planning, and enhance capacity for project appraisal. This work will especially focus on measures for improving public investment management system, especially for large projects and including those planned through a PPP modality. In addition, the CPF will explore opportunities to work with the Government to modernize procurement systems in order to strengthen the efficiency of planned infrastructure investments. Moreover, the IFC is looking at deepening the financial sector through private equity investments and support to institutions for the issuance of green bonds. Lastly, MIGA could offer its credit enhancement products to facilitate institutional and other investors looking to enter or expand their presence in the country.

The WBG will partner with the Office of the Insurance Commission (OIC) in the implementation of OIC's action plan to ensure Insurance Core Principles compliance. A planned RAS engagement will provide support to: i) enhance the OIC supervisory regimes; ii) develop a crisis management framework for insurance industry; iii) develop a Reinsurance Strategy; iv) improve communication with all stakeholders; v) enhance transparency through reviewing the official webpage of the OIC; and vi) benchmark the latest development on its supervisory regime, especially in the legal and market practice.

Objective 3: Strengthen the quality of infrastructure investments

Guided by the MFD principles, the WBG will aim to enhance the complementary roles of the public and private sectors in infrastructure. WBG support will aim to harness private sector participation, including through utilizing risk-reduction instruments such as PPPs where possible, in line with Thailand's economy and market conditions. This is particularly important given the Government's limited resources for competing investment and spending priorities, underscoring the importance of private participation in providing the infrastructure that will lead to growth, jobs, shared prosperity, and climate change objectives. Applying the MFD principles will involve identifying and supporting opportunities for increased commercial financing to maximize the impact of public resources, and seek operational and investment efficiencies through greater private sector participation. In doing so, it will remain central to ensure value for money, social and environmental safeguards, affordability and accessibility.

Building on the Government's commitment to improve the country's international competitiveness through the upgrading of productivity-enabling infrastructure, the WBG will seek to support the design of selected public infrastructure investments to mobilize commercial finance. Investments in urban public transport, mass transit roads (expressways), ports and airports, and water utilities are examples of public investments that may complement or catalyze private investments. When appropriate, the World Bank, IFC, and MIGA will work jointly, integrating financing and non-financing solutions. IFC PPP Advisory, for example, is exploring opportunities to develop the infrastructure, information and security systems to expand U-Tapao International Airport, with an estimated value of US\$5.7 billion. This expansion will serve to boost tourist arrivals to Thailand's eastern tourist destinations such as Pattaya and Koh Chang, help establish U-Tapao as an air cargo and logistics hub for the EEC and ASEAN regions, and contribute to address growing congestion in both Bangkok airports, which are currently operating at full capacity. IFC is also exploring opportunities to provide advisory services to strengthen the Laem Chabang Port Project Phase 3 PPP to increase the port's handling capacity, estimated at US\$1 billion, and is currently in discussions with the Government on possibly supporting other infrastructure projects in EEC, such as a Digital Park PPP. The expansion of core infrastructure in the coming years is expected to make Thailand more attractive to investors by lowering logistics costs, creating opportunities for Maximizing Financing for Development through productivity-enabling infrastructure investments.

The WBG will also partner with Thailand to improve the country's rail and freight transport system. Rail Transport in Thailand caters about 7 percent of total land inter-city passenger transport demand, and only 2 percent (in tonnage) of domestic freight. The Government recognizes the importance of improving rail transport and its mode share, and has requested a RAS partnership with the Bank to improve Thailand's railway competitiveness and reduce State Railway of Thailand (SRT)'s debt, currently at approximately US\$5.5 billion. This includes a diagnostic report on SRT's performance, which will be benchmarked with other countries, financial modeling for SRT, and risk analysis, which will inform the options and scenarios for reform.

Climate change posing a significant risk to enterprises and households in Thailand calls for scaling up financing of the green economy, and in particular investments in climate-smart infrastructure. Green bonds are an ideal instrument for issuers and investors to raise and channel financing for projects that address climate change and other environmental concerns in Thailand. IFC has been a pioneer of the Green Bond market and is one of the largest global issuers of Green



Bonds. During the CPF period, IFC will look to build on the recent efforts of enabling Thailand's first green bond to be issued through TMB Bank by encouraging replication. The TMB Bank green bond is helping foster a nascent climate finance market in Thailand, allows for mobilization, and therefore more stimulation in private sector investment in driving green growth in the country. By setting the standard and the benchmark for green bonds issued in accordance with the green bond principles which IFC helped develop, IFC has paved the way for other issuers and investors to access financing through this product, at a time when demand for green infrastructure and other sustainable investments is high in Thailand, particularly given the country's vulnerability to the impacts of climate change. A green bond market in Thailand supports the government's ambitious target to reduce energy intensity by 25 percent by 2030 from 2005 levels. Aligned to the IFC 3.0 framework, a green bond market also helps create markets and increase private sector investment in green financing, including for lending in renewable energy, energy efficiency and green buildings.

Objective 4: Address climate change and improve water resource management

Climate change is expected to significantly increase rain intensity and variability in Thailand, as well as vulnerability to coastal flooding and saline intrusion.

Water security is important for agricultural productivity, urban development, and industrial growth, as well as for protecting the poor and vulnerable from natural disasters and economic shocks. The 2011 floods, the 2016 drought, and rain intensity variability all show

the importance of adequate water management, and the Government, academia, and civil society are advancing on several potential approaches to the current challenges, including a proposed Water Act, a new Water Resources Management Strategy, a new Water Resource Management Agency under the Office of the Prime Minister, and calls for more local control of water resources. In this context, the Bank will partner with Thailand to develop resilience against floods and droughts in the face of climate change, and promote sustainable and equitable economic development. Through on-going programs on HCFC phase-out and the forest carbon partnership facility, the Bank will also partner with Government and stakeholders to reduce Thailand's carbon emissions.

The CPF will explore partnership opportunities to further strengthen the sustainability of growth.

Thailand's commitment to the Paris agreement is an ambitious objective that would require significant reform where a potential WBG partnership is currently being explored with the Government. Thailand NDC is to reduce its carbon emissions by 20–25 percent from their 2005 levels by 2030. The Power Development Plan (PDP) for 2015–2036 pledges to increase renewable energy from up to 20 percent of overall power generation from its current level of 10 percent. This requires reducing emission directly linked to the energy sector through energy subsidies reform, supporting the development of renewables, improving energy efficiency, and promoting environmental sustainability. The application of transformative approaches, such as green growth or blue economy, will be investigated further to ensure that growth does not come at the expense of sustainability.

Box 3. Phasing-Out Hydrochlorofluorocarbons (HCFC) in Thailand

As a Party to the Montreal Protocol, Thailand is committed to the phasing out the use of ozone-depleting substances (ODS), particularly HCFC. As the world's second largest residential air-conditioner (A/C) manufacturing hub, and industry where the use of HCFC-based refrigerants was widespread, achieving this goal in Thailand is closely linked to the use of more environment-friendly refrigerants in the country's A/C manufacturing sector.

Through the HCFC Phase-out Project (HPOP), the Bank partnered with Thailand to phase-out the use of HCFC-22, an ODS, and R-410A, a substance with a global warming potential that is 2,000 times higher than carbon dioxide. In collaboration with Government and the private sector in Thailand and abroad, the HPOP facilitated the transfer of more environment-friendly technology to Thai A/C manufacturers, in particular non-ODS and energy efficient refrigerant components such as HFC-32. Moreover, the HPOP contributed to regulatory changes to facilitate the production and use of HFC-32 based A/Cs in all segments of the Thai market, and the banning the use of ozone-depleting HCFC-22. These successful reforms contributed to a significant reduction of ODS consumption in Thailand from 863 MT in 2013 to 589 MT in 2016.

The Bank will continue to partner with Thailand to phase-out HCFC in the foam and air-conditioner sectors. The CPF envisages a continued engagement to facilitate transfer of new inverter technology with lower global warming potential refrigerant, in line with the Kigali Amendment of the Montreal Protocol. Moreover, this new technology is expected to further improve energy efficiency of A/C products and facilitate access to the growing market of higher energy efficient (inverter) air-conditioners. At the same time, the project will strengthen the capacity of technical institutes and service technicians to properly install and maintain air-conditioning units, which is critical to maintain the high-energy efficiency performance of these products.

Focus Area 2: Strengthening Inclusion

The second focus area will center on partnering with Thailand to enhance the country's social and economic inclusion by strengthening targeted support programs to the bottom 40, informing education system reforms to increase access to quality education for all, promoting community-driven development in conflict-affected areas, and contributing to end gender and sex orientation discrimination. More targeted support for the bottom 40 percent and increasing opportunities and access to services to excluded groups is an important priority for Thailand both to boost shared prosperity, and to help strengthen social cohesion and maintain greater political stability. Moreover, improved access to and closing quality gaps in education is critical to generate the labor skills needed for an innovative and inclusive high-income economy.

Objective 5: Strengthen the social protection and inclusion of vulnerable groups

Thailand does not yet have a well-developed social assistance system for the poor. Hence, the CPF would contribute to developing the social assistance platform and delivery mechanisms (e.g. targeting; social registry) to support the poor, vulnerable and excluded groups, drawing on Thailand's emerging experience and regional and global good practice. This would include advisory on i) system design to link socio-economic population data from various sources; ii) enhancing program eligibility determination; and iii) strengthening the efficiency, poverty reduction impact, and fiscal sustainability of the social protection system. More broadly, the CPF would support elaboration and implementation of Thailand's broader social protection policies in areas including pensions and active labor programs, in order to promote greater coherence and impact across the pillars of the social protection system. Gender aspects of social protection programs will be given particular attention, such as the importance of engaging of men and boys in the protection schemes.

The CPF would also contribute to the sustainability of HIV/AIDS financing and response, focusing on key and vulnerable populations. In addition, and as part of the Bank's engagement with Thailand for the region, the CPF plans to support ASEAN's priority to address all forms of malnutrition, including in sharing Thailand's experience and expertise in addressing malnutrition with lower-middle income countries in ASEAN, in collaboration with other partners. The specific objectives and modality of the latter program are still under discussion and will be delineated at PLR stage.

The Government will draw on the World Bank's Community Driven Development (CDD) experience to strengthen inclusion and increase participatory access to services for those affected by conflict in the three most southern provinces. Building on a sustained engagement in the region over the last decade, the World Bank will partner with Thailand to expand CDD investments that enhance the participation of local communities in local development activities. The approach would also help strengthen the grievance redress mechanism, transparency and accountability

of the Government's program, and the capacity of civil society organizations in key areas articulated in the new Southern Border Province Administration and Policy, including the provision of psychosocial services to conflict-affected persons. This engagement also plans to include support on enhancing women's opportunity and capacity to participate in local decision making, as well as addressing grievances of both men and women affected by the conflict.

The Government has expressed interest in partnering with the Bank in addressing LGBTI discrimination.

The new Gender Equality Act of 2015 intends to promote gender equality and address complaints on gender discrimination, including sexual orientation and gender identity based exclusion. However, LGBTI groups continue to face discrimination in school and in the work place, in part due to implementation challenges and limited Government experience in comprehensively dealing with LGBTI discrimination. The CPF plans to provide capacity-building and share international best practices to government agencies and civil society organizations involved in addressing discrimination against LGBTI.





Objective 6: Promote quality education for all and talent management

Public spending on education in Thailand amounts to more than 4 percent of GDP and accounts for around 20 percent of total government expenditure. Moreover, per student spending on education has risen by nearly 150 percent in constant price terms since 2001, rendering Thailand among the leaders in education spending in the world. Nonetheless, the education system's performance as measured by standardized tests and PISA have remained low and stagnant during the period, with Thailand falling below OECD and regional averages, as well as expected scores given the country's per capita income or per student public expenditure, pointing to important inefficiencies of spending. Of greater concern is that about half of the Thai 15-year-old students evaluated by PISA performed below the basic proficiency level in science, reading and mathematics. These outcomes also reflect substantial differences in access to education, with students in rural areas of the North and Northeast regions of the country performing far worse than their peers in Bangkok and the Central region.

The CPF aims to contribute to identifying and implementing measures to improve the efficiency and effectiveness of education spending and resource allocation, to facilitate the provision of quality education for all. The CPF program includes a review of ongoing spending and other educational resource allocation for the Office of the Permanent Secretary (OPS), Office of the Basic Education Commission (OBEC), and Office of Vocational Education Commission (OVEC), with benchmarking to international good practice and policy options for improving resource allocation, utilization and management. The WBG will also provide options for actions to raise school performance with transparency and accountability. Moreover, the CPF envisages advice to the government on how to improve

the basic education system under the 'Transformation Thailand' RAS, including a focus on how regional and gender performance gaps can be reduced to promote quality education for all.

At the same time, attracting and retaining skilled professionals will be essential for Thailand to attract highly innovative industries. In this regard, the WBG will partner in designing a smart talent management system that would encourage skilled professionals to move and stay in Thailand, as well as develop labor policies to allow the private sector to access the low and mid-skilled labor they require through a fair and transparent system.

3.4 Implementing the FY19–22 Country Partnership Framework

CPF engagement will be based on a robust large RAS-driven ASA program, IFC financing and advisory services, MIGA guarantees, and the possibility of IBRD financing in case strong Government demand arises. The emerging RAS program for the next 18–24 months covers areas such as improving the business environment, strengthening key fiscal and economic institutions, enhancing transport logistics in the railway sector, improving education and social protection systems, inclusion of excluded and vulnerable groups, and participatory and inclusive processes in conflict-affected areas. At this time, the government has also expressed interest in other areas related to economic, social, and environmental areas. These will be developed further during implementation of the CPF. The provision of IBRD financing is not currently envisioned in the near term, but may materialize in case of strong Government demand for investments contributing to inclusive growth and shared prosperity.

Table 3: Completed, Ongoing and Emerging Thailand-World Bank RAS Program

Thailand Reimbursable Advisory Services Program
A. Completed
Doing business reform memorandum Government Agency: Office of the Public Sector Development Commission Completed: April 2017 AMT: 12.5 million Thai baht
Technical assistance for secured transactions law and resolving insolvency Government Agency: Office of the Public Sector Development Commission Completed: June 2017 AMT: 17.5 million Thai baht
Technical assistance for self-assessment of the Insurance Sector Government Agency: Office of the Insurance Commission Completed: June 2017 AMT: 6 million Thai baht
B. Ongoing
Technical assistance to manage debts of the State Railways of Thailand Government Agency: Public Debt Management Office, Ministry of Finance Expected Completion: October 2018 AMT: 9.5 million Thai baht
Implementation support to Office of Insurance Commission on the self-assessment of the Insurance sector (2 RAS assignments) Government Agency: Office of the Insurance Commission Expected Completion: February 2019 AMT: 10 million Thai baht
Enhancing Efficiency and Value for Money of Public Expenditures in the Education Sector Government Agency: Office of the Public Sector Development Commission and Ministry of Education Expected Completion: May 2019 AMT: 4.5 million Thai baht
Thailand Project Appraisal Guideline and Procedure Review Government Agency: Office of the National Economic and Social Development Board Expected signing: September 2018 AMT: 3.4 million Thai baht

C. Agreed Pipeline

The Comprehensive Doing Business Reform Action Plan Update with a Data Audit of Paying Taxes, and Secured Transaction Regime, and Insolvency and Creditor Reform Project

Government Agency: Office of the Public Sector Development Commission

Expected Signing: December 2018

AMT: 30 million Thai baht

Driving National Strategy for the Transformation of Thailand

- Positioning Paper
- Improving Water Management
- Enhancing Competitiveness
- Social Protection
- Skills and Education
- Economic and Fiscal Institutions for Thailand-4.0

Government Agency: Office of the National Economic and Social Development Board

Expected signing: December 2018

AMT: 30 million Thai baht

Building Trust and Confidence in Fragile Communities in Thailand's Three Most Southern Provinces

Government Agency: Front Command Cabinet of the Government

Expected signing: November – March 2019

AMT: 5 million Thai baht

Technical Assistance for Doing Business Portal

GOV: Office of the Public Sector Development Commission

Expected Signing: October 2018 – February 2019

AMT: 5 million Thai baht

D. Potential (24–48 months)

Potential RASs (24–48 months):

- Big Data Analytics
- Smart Cities and Internet of Things Institute
- Thailand Schools Outsourcing Initiative
- Renewable Energy
- Commercial Reforestation
- Water Resources Management
- Improving Statistical System
- Multimodal Transport and Improving Road Safety
- Financial Stability and Improving Savings Cooperatives
- Payment System Development for Migrants (Greenback 2.0)
- Implementation Support for Education Spending Review
- Phase-2 of the Thailand Transformation Proposal
- Implementation Support for FSAP Findings



The knowledge program will strategically respond to clear and strong country demand to ensure broad ownership in areas that underpin the NESDP 12 and the 20 Year National Strategy. The overall aim is to deliver knowledge, informed by the WBG's international experience and expertise, in areas where there is demand from decision-makers and broad endorsement from civil society, active consideration of policy or institutional reform options, and sufficient engagement with government counterparts to guide the work and ensure ownership of its results. Moreover, annual work program discussions will be established and headed by the Ministry of Finance and the National Social and Economic Development Board to ensure continued alignment and timely identification and resolution of implementation bottlenecks. The table above delineates the envisioned RAS program for the near and medium term.

Strong coordination with development partners and civil society will be ensured by regular consultations on Thailand's evolving challenges and the WBG's program. Thailand does not receive a significant amount of bilateral development assistance, but engagement with international development partners has intensified in recent years, including with i) the Organization for Economic Development and Cooperation (OECD), focusing on governance, transparency and some areas of the competitiveness agenda; ii) the Asian Development Bank (ADB), focusing on infrastructure, financial development, sustainable development and regional integration; and iii) the International Monetary Fund, focusing on fiscal and public investment management. Consultations with these development partners have informed the design of the CPF.



4

Managing Risks



The overall risk to achieving the development objectives identified for the WBG during the coming CPF period is substantial (Table 4). There are three main risk areas linked to the achievement of anticipated results as outlined in the CPF objectives: (i) uncertainty regarding areas of future country demand for WBG services, particularly in the context of a fragile global environment; (ii) loss of reform momentum; (iii) overstretched implementation capacity in the face of multiple planned reforms. The risks will be monitored throughout CPF implementation, and mitigation measures and activities will be designed and put in place. The CPF PLR will be used to adjust the partnership framework during implementation in case these risks materialize and obstruct the achievement of CPF outcomes.

Uncertainty in areas of country demand for WBG services. The dynamic nature of a middle-income country like Thailand, a still fragile global economic environment, and a new Government following expected elections in late 2018 may lead to substantial changes in the areas of WBG engagement during the CPF period, as well the intended objectives and results. **In other to mitigate these risks, the WBG will conduct regular consultations with the Government,** including technical agencies, as well as civil society to ensure a continued consensus around priority areas of CPF engagement. Flexibility will also be important as a mitigation strategy. Any changes to objectives and expected results will be reflected at the PLR stage, which may precede or follow the CPF midpoint depending on the evolution of the engagement and program.

Uptake of WBG recommendations. The knowledge-driven nature of the CPF, particularly with respect to the Bank’s engagement in the country, entails that achievement of CPF objectives is linked to the sustained reforms. The strong government ownership and demand that is intrinsic in the nature of RAS engagements helps mitigate this risk. **Moreover, the WBG expects to remain continuously engaged with Government counterparts at the technical and policy levels,** aiming to incorporate the political and technical feasibility of proposed reforms adequately in analysis and recommendations.

Implementation capacity. Thailand’s ambitious development agenda set out in the NESDP 12 and the 20 Year National Strategy, both in depth and scope, may exhaust the Government’s capacity to implement the large number of intended reforms needed to achieve the country’s development objectives. **The CPF four-year horizon serves to mitigate these risks,** as it provides an adequate timespan to deepen the Thailand-WBG partnership to the level of sustained implementation support, which will be an integral part of the CPF program.

Table 4: Risks to CPF objectives in Thailand

Risk Categories	Rating (H, S, M, L)
Political and governance	S
Macroeconomic	L
Sector strategies and policies	S
Technical design of project or program	L
Institutional capacity for implementation and sustainability	S
Fiduciary	L
Environment and social	M
Stakeholders	M
Other	M
Overall	S





5

Annexes



Annex 1: Thailand Country Partnership Framework Results Matrix

Focus Area 1: Promoting Resilient and Sustainable Growth

CPF Objective 1: Improve Thailand’s competitiveness and ease of doing business

Intervention Logic: Core constraints to enhanced competitiveness of the Thai economy include regulatory and infrastructure bottlenecks, as well as constrained competition in some sectors, particularly services. RASs will aim to support Strategy areas #3 and #6 of the NESDP 12 (2017–2022), which focus on Thailand’s strategy for strengthening the economy and underpinning sustainable competitiveness. Specifically, WBG engagement will support achievement of NESDP Target 3.1.8 – obtaining a higher competitiveness rating (achieve top 25 rating from Institute of Management Development (IMD)) as well as 6.1.2 – achieving 2nd place among ASEAN countries in the World Bank’s Ease of Doing Business ranking by the end of the twelfth national development plan period.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<ul style="list-style-type: none"> Improvement of regulatory framework for private enterprise as measured by Doing Business distance to frontier <ul style="list-style-type: none"> - Baseline: 77.44 (DB2018) - Target: >78.50 (DB2021) Number of business licenses simplified as measured by minimum 25 percent reduction in Regulatory Compliance Cost. 	<ul style="list-style-type: none"> Development of reform roadmap for all 10 Doing Business Areas Evidence-based recommendations provided on short, medium and long-term activities 	<p>New engagement:</p> <ul style="list-style-type: none"> Doing Business Implementation Support (ASA) ROSC for Insolvency and self-assessments for financial regulators (ASA) Implementation support for digital economy strategy and smart cities initiative (ASA) RAS Implementation Advisory Services (IFC - ASA) Investment by IFC in companies bringing to scale technology and new business models.

CPF Objective 2: Improve financial and fiscal institutions' policy implementation

Intervention Logic: Economic and fiscal management in Thailand is constrained by institutional fragmentation and outdated processes. In line with Thailand's ambitions to become a High-Income Country, RAS and IFC support will aim to strengthen and modernize the institutional framework for financial and fiscal management as relates to the country's ability to implement transformative projects. Interventions under this CPF Objective will inform and strengthen NESDP Strategy #3 for strengthening the economy and underpinning sustainable competitiveness. Specifically, WBG engagement will support achievement of target 3.2.6: "an increase in the efficiency of the financial sector as a means of supporting economic and social development." IFC engagement will include focus on deepening the financial sector through private equity investments and support to institutions for issuance of green bonds.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<ul style="list-style-type: none"> • Government implements medium-term investment plan in line with the Thailand 4.0 program • At least 1 reform option advised to streamline budget and financial management functions implemented 	<ul style="list-style-type: none"> • Advisory Note on Options for Transformation of Economic and Fiscal Institutions • Self-assessment of IAIS completed • Technical Assistance provided 	<p>Ongoing engagement:</p> <ul style="list-style-type: none"> • Private equity investments (IFC - financing) <p>New engagement:</p> <ul style="list-style-type: none"> • Implementation Support to Office of Insurance Commission on the self-assessment conducted in FY17 (ASA) • Transformation Thailand: Economic and fiscal institutions for TH-4.0 (ASA) • Improving Public Investment Management guidelines with a focus on project appraisal (ASA) • TA to CGD for improving procurement system under the Procurement Law 2017 (ASA) • Digital finance (IFC) • Deepening financial markets (IFC – financing)

CPF Objective 3: Strengthen the quality of infrastructure investments

Intervention Logic: Attracting higher levels of private investment in Thailand depends significantly on improved soft and hard public infrastructure networks. World Bank RASs and IFC engagements will aim to support Strategy area #7 of the NESDP (2017–2022), which focuses on advancing infrastructure and logistics. Specifically, WBG engagement will aim to contribute to achievement of (i) NESDP Target 7.1 to reduce Thailand’s logistics costs; and (ii) Target 7.3 to improve Thailand’s logistics competitiveness and the efficiency of trade facilitation; to develop further the National Single Window (NSW) system to be integrated and able to handle electronically all information exchanged in the import/export process; to raise the productivity of the logistics workforce; and to increase the efficiency of freight transportation at border crossings that connect to the main transportation network. In line with IFC’s strategy on infrastructure development through direct investment and provision of advisory services, IFC support will focus on developing some of the EEC related infrastructure projects such as the airport and port expansions along with IFC views on development of bankable projects.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<ul style="list-style-type: none"> • At least 1 infrastructure PPPs in the EEC structured and tendered, and implementation initiated. • First green bond issued by a financial institution in Thailand, delivering an alternative source of long-term finance for climate-smart projects. • NESDB’s Project Appraisal guidelines revised to include project selection criteria, updated economic analysis and project appraisal requirements 	<ul style="list-style-type: none"> • SRT’s performance benchmarking analysis and financial modeling completed to inform government policies toward competitiveness and financial sustainability of SRT • Distributed generation (IFC) • All projects above 1 billion baht subject to new procurement guidelines. 	<p>On-going engagement:</p> <ul style="list-style-type: none"> • Technical assistance to manage debts of the State Railways of Thailand (ASA) • Nam Theun 2 Hydropower Project (MIGA) <p>New engagement:</p> <ul style="list-style-type: none"> • Transformation Thailand: Competitiveness – Logistics and Services (ASA) • Developing an M&E methodology for granting incentives and developing skills acquisition for Thailand 4.0 (ASA) • Implementation support for digital economy strategy and smart cities initiative (ASA) • TA to NESDB for improving project appraisal guidelines (ASA) • PPP advisory (IFC- ASA) • Distributed generation support (IFC) • Pilot green bond (IFC)

CPF Objective 4: Address climate change and improve water resource management

Intervention Logic: Thailand has comprehensive regulations and policies in place to manage the challenges to the “brown” environment (air, water and waste); key constraints are related to the implementation and enforcement. Regarding water pollution, for example, enforcement of the regulations announced in 2012 stipulating more detailed effluent standards by source, water quality collection and reporting would likely lead to improvements. Enhanced water management is also critical for managing Thailand’s vulnerability to floods and droughts, which are likely to intensify because of climate change. The government, in collaboration with key stakeholders, is exploring several approaches to address current challenges related to water management, including a proposed Water Act and a new Water Resources Management Strategy. In this context, WBG RASs will partner with Thailand to promote integrated sustainable water management and to boost resilience against floods and droughts. WBG engagement will aim to support NESDP Strategy #4 for environmentally-friendly growth for sustainable development and contribute to the achievement of target 2.2 to build water security and management of both surface and underground water resources efficiently.

Moreover, the Bank will continue its successful partnership with Thailand to meet HCFC consumption reduction obligations of the Montreal Protocol by developing a follow-on project to address complete phase-out of HCFC in the foam sector. The project will facilitate transfer of new inverter technology with lower global warming potential refrigerant to local air-conditioner manufacturers, in line with the Kigali Amendment of the Montreal Protocol to phase down HFCs. At the same time, the project will strengthen capacity of technical institutes and service technicians in order to properly install and maintain air-conditioning units, which are critical to maintain the high-energy efficiency performance of these products.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<ul style="list-style-type: none"> • Integrated water management planning informs NESDP-13. • Reduction in HCFC emissions <ul style="list-style-type: none"> - Baseline: 834 Ozone Depleting Potential (ODP) tons in 2017 - Target: 602 or less ODP tons by 2022 	<ul style="list-style-type: none"> • Case studies of emerging issues in wetland and lake management completed • Report on selected issues related to floods and droughts in Thailand completed. • Financing provided under the HCFC phase-out and Forest Carbon Partnership Facility 	<p>Ongoing engagement:</p> <ul style="list-style-type: none"> • Partnership for Market Readiness, HCFC Phase-out • Forest Carbon Partnership Facility <p>New engagement: Transformation Thailand: Water Management (ASA)</p>

Focus Area 2: Strengthening Inclusion

CPF Objective 5: Strengthen the social protection and inclusion of vulnerable groups

Intervention Logic: Thailand does not yet have a generalized safety net program for the poor. Hence, WBG engagement under this CPF Objective will inform and strengthen NESDP Strategy #2 for creating a just society and reducing inequality.” Through RAS support to strengthen the social protection system in areas such as system design, fiscal sustainability, efficiency and maximizing poverty reduction impact, the CPF will support achievement of the NESDP performance indicator of “increasing the share of insured persons under Social Security Article 40 and the share of national savings fund members relative to the total labor forces.”

To further support inclusion, the CPF will contribute to the new Southern Border Provinces Administration and Development Policy (2017–2019), which aims to strengthen participation of communities, civil society organizations and vulnerable groups in peace building efforts in the sub-national conflict in Thailand’s three most southern provinces. Under this CPF, the WBG will partner with the government to enhance inclusive participatory community development, and to promote state and civil society relations in addressing grievances and improving livelihoods, especially for victims of violence.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<ul style="list-style-type: none"> • Social protection system reformed to provide strengthened support to the non-elderly poor with enhanced program eligibility determination <ul style="list-style-type: none"> - Baseline: No unified central registry in place that could be used for targeting programs (2017) - Target: Government launches a social protection program with targeting mechanism based on a unified database (by 2022) • Government supported CDD project is implemented in the majority of villages in conflict-affected areas, incorporating measures which strengthen gender inclusion. <ul style="list-style-type: none"> - Baseline: CDD program covers 43 villages (2017) - Target: CDD program expanded to at least 100 villages by 2022 	<ul style="list-style-type: none"> • Diagnostic of Social Protection Policies, Programs and Delivery Systems completed • Technical Note on Options and Recommendations for Strengthening Thailand’s Social Protection System delivered and discussed. • Advisory note on the design of CDD project in conflict-affected areas completed, including operations manuals and CDD related training stressing women participation in decision making at the village level. • Civil society training completed, and state-civil society policy dialogues conducted on key issues that would address grievance among people affected by the conflict, including at least one focused on women affected by the conflict. • International experience and advisory on key gender and SOGI issues shared, including with the Government’s Unfair Discrimination/Complaint Committee. • Awareness on gender equality, and sexual orientation and gender identity increased among relevant government agencies, (as measured by the number of Government staff trained, disaggregated by gender). 	<p>New engagement:</p> <ul style="list-style-type: none"> • Transformation Thailand: Social Protection (ASA) • Designing the scaling up the Community Driven Development Approach (CDD) and strengthening the government’s development programs in conflict affected areas (ASA and Korean Trust Fund) • Addressing LGBTI Discrimination Capacity-building (ASA)

CPF Objective 6: Promote quality education for all and talent management

Intervention Logic: Although public spending on education in Thailand accounts for some 20 percent of public expenditure and 4 percent of GDP in Thailand, the performance of the education system is relatively low as measured by standardized tests. Student performance on the Program for International Student Assessment (PISA) has also fallen behind averages for neighboring countries and the OECD; expected performance based on Thailand's per student public expenditure is also low, pointing to inefficiencies in spending. WBG RASs will contribute to identifying and implementing measures to improve expenditure and other education resource allocation efficiency through a review of spending and resource allocation for key institutions, benchmarking against international experience, and outlining policy options for improving resource allocation, utilization and management. WBG engagement will aim to support NESDP target 2.2 to enhance the accessibility of basic social services.

At the same time, attracting and retaining skilled professionals will be essential for Thailand to attract highly innovative industries. In this regard, the WBG will partner in designing a smart talent management system that would encourage skilled professionals to move and stay in Thailand, as well as develop labor policies to allow the private sector to access the low and mid-skilled labor they require through a fair and transparent system.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<ul style="list-style-type: none"> • Action plan to improve the cost effectiveness in education developed and implementation started: <ul style="list-style-type: none"> - Numbers of larger schools established to improve learning quality: • Less than 10 in 2016 • More than 300 by 2020 • Skilled professional scheme for at least 3 professional streams to support Thailand 4.0 developed and implementation started <ul style="list-style-type: none"> - No professional scheme (2017) - At least 3 professional schemes (2022) 	<ul style="list-style-type: none"> • Education spending review conducted, and recommendations provided to improve resource efficiency and management in education, based on international best practice • Recommendations provided to inform the development of skills acquisition for Thailand priority sectors. 	<p>Ongoing engagement:</p> <ul style="list-style-type: none"> • Education Spending Efficiency RAS (ASA) • Quality Education for All (ASA) <p>New engagement:</p> <ul style="list-style-type: none"> • Transformation Thailand: Skills and Education (ASA) • Spending Review of Office of the Permanent Secretary (OPS), Office of the Basic Education Commission (OBEC), and Office of Vocational Education Commission (OVEC) (ASA). • Developing an M&E methodology for granting incentives and developing skills acquisition for Thailand 4.0 (ASA)

Annex 2: Summary note of country gender assessment in Thailand



The 2016 United Nations Human Development Report ranked Thailand 87th out of 188 countries in the Human Development Indicator (HDI), and also at 87th in the Gender Inequality Index. Thailand has progressed well in reducing gender inequality. By 2004, it had achieved the international targets set for the Millennium Development Goals (MDGs) in poverty, hunger, HIV/AIDS and gender – more than a decade ahead of the 2015 schedule. Notwithstanding this progress, certain aspects of gender inequality still persist and demand to be addressed. The following sections summarize key gender issues in Thailand. These issues are inter-linked at multiple levels and produce multiple outcomes.

Thailand's constitution guarantees equal rights of men and women. The current constitution specifies that women and men have equal rights and allows for positive discrimination on the basis of sex along with other determinants. Gender Equality Act was promulgated in September 2015 to provide protective measures for those subject to unfair gender discrimination, and further prevent such discrimination. The definition of discrimination is also wide enough to recognize gender diversity, enabling LGBTI people to bring claims under the Act.

Through the advocacy of the women's movements, the women have gained more legal rights. Many discriminatory laws were amended. Equal education and employment opportunities, access to all government jobs and legal rights to sign the contracts among others were made possible. Amendments of family laws now allow women to choose and use their maiden names or adopt the husband's family name. They are also free to use either the title, Miss or Mrs. both after marriage and divorce. Marital rape is also now criminalized.

With the much-improved gender equality women can play an integral role in all aspects of national development. However, traditional values and customs have still ascribed a subordinate position to them in social hierarchies. The following analysis presents gender issues in Thailand in four dimensions: (i) endowments, (ii) economic opportunities; (iii) voice and agency and (iv) emerging areas of development and growing risks.

(I) ENDOWMENTS

Health

Much progress has been achieved in terms of health as illustrated in key health indicators. Life expectancy for both sexes has increased over the years. The maternal mortality rate per 100,000 live births has dropped from 25 in 2000 to 20 in 2000 in 2015.⁸ Numbers of births attended by skilled health personnel in 2012 were 99.6 percent. A steady decline in the under 5 mortality rate has been witnessed. The rate was 13 per 1,000 live births in 2016.⁹ Child wasting and overweight are both on the rise according to latest data, between 2006 and 2012, wasting increased from 5 percent to 7 percent, and overweight from 8 percent to 11 percent. While stunting is below the regional average, 16.3 percent (2012) of children under the age of five are stunted and this is an increase from 2006.¹⁰

HIV and AIDS is still a major public health problem.

In the ADB's Country Partnership Strategy, 2013–2016, Thailand ranks second highest in Asia, after China.¹¹ The estimated number of people living with HIV in 2016 was 450,000.¹² Prevalence rate of HIV among adults aged 15–40 is 1.1 percent of the total population in that age group. The number of new HIV infections in 2016 was 6,400. An alarming scenario is the infection rate of young women, aged 10–18 which is twice that of young men.¹³ Intimate partner transmission of HIV was about 36 percent. Women have reported limited negotiating power for safe sex particularly in married couples as perception of trust in the male partner's fidelity is undermined.

While the overall birth rate is decreasing, the numbers of women under 20 giving birth have been increasing. An average of 355 women under the age of 20 give birth in Thailand every day, 10 of whom are younger than 15 years old. In 2012, the ratio of female adolescents under 15 giving birth was 53.8 per 1,000 girls compared to 31.1 to 1,000 in 2000.¹⁴ This means more than 10 percent of all adolescent girls in the country are mothers, whether parenthood was intended

or not. They face lost opportunities, single motherhood and no or low paid work, as well as the denial of basic human rights, including abortion options, and incomplete education.¹⁵

Education

Overall enrollment rates in the school system have been rising steadily and with the expansion of educational opportunities, the ratio of female net enrollment is high at all levels. In fact, the traditional gender gap has reversed at the upper secondary school and tertiary level with female enrollment now surpassing that of males.

Although the gender gap was closing, there are inherent inequalities. Unequal opportunities exist among poor families living in remote areas and various ethnic communities where children still do not attend schools. In 2014, about 380,000 children of primary-school age were still out of school and 52 percent of those were girls.¹⁶ In addition, it is estimated that 60 percent of migrant children are not attending school. In addition, in terms of skill and learning outcomes, Thailand follows the global gender gap in relation to Science, Technology, Engineering, and Mathematics (STEM) graduates where women still remain under-represented.

(II) ECONOMIC OPPORTUNITIES:

Women represent 45.7 percent of the labor force, and there is still a wage gap between men and women.¹⁷ Over the past three decades, female labor has shifted from the agricultural sector to the non-agricultural sector. Men and women are engaged in the manufacturing and services industry almost equally, however women are concentrated in certain areas such as the health and service sectors. The wage growth has been faster for female workers which could be related to the increase in their skill level, however the average wage for women remains lower than for men. The ratio of the estimated earned income between women and men was 0.78 to 1.00.¹⁸

⁸ WHO, 2015.

⁹ WHO, 2014.

¹⁰ UNICEF 2016. WB Data.

¹¹ ADB 2016.

¹² ADB 2016.

¹³ WHO 2014.

¹⁴ According to public health statistics compiled by the Department of Health, there were a total 801,737 births in 2012. Of that number, 129,451 mothers were teenagers aged 15–19, out of a total 2.4 million teens in the same age group. The ratio of adolescents giving birth is 53.8 per 1,000 girls the same age.

¹⁵ Motherhood in Childhood: facing the challenge of adolescent pregnancy. State of Thailand's Population. UNFPA, 2013.

¹⁶ UNESCO UIS.

¹⁷ World Bank data 2017.

¹⁸ World Economic Forum, 2016.



Over 40 percent of SMEs in Thailand are operated by women, however, such businesses tend to be smaller than those owned by men.¹⁹ Women-owned SMEs tend to concentrate on offering services while male owned SMEs are more likely to be in the manufacturing, mining, and utilities industries. Women still faced constraints in terms of lacking relevant skills, limited access to trainings, managerial experiences and networking opportunities.

Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI) persons face discrimination in all dimensions of economic and social life, with discrimination being highest for transgender people.²⁰ They often experience employment discrimination and workplace exclusion, which negatively affects the type of employment and compensation received.

(III) VOICE AND AGENCY

Women’s agency (voice and influence) has made very slow progress. The proportion of women in executive positions has improved slowly. For government services, the number of women executives at the level of department head was 15 percent in 2004 and 20 percent in 2015,²¹ although women formed the majority of civil servants (65 percent in 2015). The situation

is better in the business sector where 38 percent of executives were women in 2014.

In terms of political participation, women’s participation in national and sub-national politics has been low. At national level, only 16 percent of senators and members of parliament were women after the 2014.²² The proportion of women at the ministerial level was 11.1 percent in 2016.²³ There was only one female cabinet member in 2017. The numbers are lower for local level politics. In 2012 women elected into offices formed only about 12 percent at provincial level, 13 percent at municipal level, and about 15 percent at the sub-district level.²⁴ Low acceptance of female leaders is one of the main barriers for women in the public sector.

Social acceptance of violence (by intimate partners or gender-specific) against women and girls (VAWG) is high. Thailand ranks 36th among 75 countries in the incidence of acts of physical violence, and seventh among 71 countries in sexual violence.²⁵ The first ever population-based Survey on Domestic Violence against Women in Thailand conducted by WHO in 2000–2003 reported physical or sexual violence by an intimate partner at 41 percent (from a sample size of 1,536) of ever-partnered women in Bangkok and 47 percent in Nakhonsawan. Women characterized such violence

¹⁹ Huani Zhu and Carlos Kuriyama, 2016.

²⁰ World Bank (2017). Economic Inclusion of LGBTI Groups in Thailand.

²¹ Office of the Civil Service Commission, 2015.

²² Office of Women’s Affairs and Family Development, 2015.

²³ World Bank data 2016.

²⁴ Local Administration Department, 2014.

²⁵ UN Women Annual Report 2015–2016.



as justifiable under certain circumstances, including negligence in housework or childcare, refusing sex, disobeying husbands, or being unfaithful. While the percentage of women in agreement with each of these justifications may vary widely, there is very little disagreement about a husband's right to subjugation.²⁶ Although the Domestic Violence Act (2007) does provide legal protection in such cases, response coordination for full implementation with gender sensitivity remains a challenge.

A significant proportion of lesbian, gay, bisexual, transgender, and intersex (LGBTI) individuals are victims of discrimination and violence. Thailand has ratified the landmark resolution on human rights violations based on sexual orientation and gender identity (L9/rev1 2011), together with a number of other United Nations human rights resolutions and conventions.²⁷ Despite the common perception that Thailand is relatively progressive in the recognition of Sexual Orientation and Gender Identity (SOGI), LGBTI people still face discrimination in the Thai society. Many dimensions of economic and social life discrimination were reported according to a research on Economic Inclusion of LGBTI Groups in Thailand.²⁸ Significant numbers of LGBTI participants in the survey report discrimination in accessing jobs, government services, education or training, health services as well as buying or renting property. As many as 77

percent of transgender, 49 percent gay, and 62.5 percent of lesbians said their job applications were refused because they were LGBTI. In the workplace, 40 percent of transgender respondents experienced harassment or were ridiculed, and 22.7 percent of gay respondents were not promoted because they were LGBTI. The impacts on these individuals are significant not only on their income and career, but also on their psychological and emotional well-being. More than half of all LGBTI respondents report emotional problems, including depression, anxiety, and frustration, because of discrimination or exclusion in the labor market.

(IV) EMERGING AREAS AND GROWING RISKS

Emerging trends present different challenges for both men and women. As highlighted in SCD analysis, Thailand is facing a rapid demographic transition to an aging society. The elderly population (aged 60 and up) is increasing in Thailand.²⁹ In 1980, 5.5 percent of the total population was elderly. In 2014, 15.3 percent of population of Thailand was aged over 60. It is now estimated that 32.1 percent of the total population (around 17 million, or a quarter of the population) will be elderly by 2040. With this increase in the elderly population, Thailand will witness a steady decline of people of working age – from 67.9 percent in 2012 to an estimated 52 percent by 2040 – the highest among all the East Asia and Pacific countries, including China.³⁰

²⁶ WHO Multi-country Study on Women's Health and Domestic Violence Against Women. Thailand Country Findings. 2005. <http://www.who.int/gender/violence/en>.

²⁷ ISHR (2011) Historic decision: Council passes first-ever resolution on sexual orientation & gender identity. International Service for Human Rights. 17 June 2011. Retrieved 14 March 2014 from <http://www.ishr.ch/news/historic-decision-council-passes-first-ever-resolution-sexual-orientation-gender-identity#Votes>.

²⁸ World Bank, (2018). Economic Inclusion of LGBTI Groups in Thailand.

²⁹ Referring to people aged 60 and above. Reference have been taken from the paper: The Situation of Thailand's Older Population. An update based on the 2014 Survey of Older Persons in Thailand. Population Studies Center Research Report 15-847 October 2015.

³⁰ www.worldbank/en/country/thailand/publication/thailand-economic-monitor-june-2016-aging-society-and-economy.

The effect of aging is more profound on women. Women in Thailand, as elsewhere, live longer than men (to an average age of 74, versus 66 for men) and have access to fewer resources, including inheritances. Recent research found that while the majority of elderly men continue to earn their income from employment (including farmers), the main income for elderly women are from children and elderly allowances, which are often not sufficient. In addition, elderly women are more likely to become heads of household (widows) and have to provide care to grandchildren while relying on limited sources of care and support. While the Thai government is revising its policies to better respond to its aging population, gender aspects must be considered to ensure that future policies and social protection programs respond sufficiently and effectively to the needs of elderly men and women.

As the conflict-related violence in the southernmost provinces of Thailand continues, the impact on men and women grows. In Thailand's southern border provinces, men make up the majority of casualties in the century-old conflict fueled by Malay-Muslim grievances against the Thai State, which entered its latest phase of protracted violence in 2004. In terms of proportion, however, women experience a higher percentage (80 percent) of deaths from separatist violence. A significant number of women are killed by bomb explosions in public spaces and other incidents of violence.³¹ In addition, conflict impacts women in a combination of ways over an extended period, including domestic violence, emotional trauma, negative health outcomes, and economic hardship.

While the overall birth rate is decreasing, the numbers of women under 20 giving birth have been increasing. In the Thai context where there is a social stigma, pregnant teenagers are more likely to drop out of school which results in lost opportunity and an increased financial burden on society through child health care, foster care and welfare assistance. The government issued the Prevention and Solution of the Adolescent Pregnancy Problem Act that came into effect in July 2016, which states that all young people between 10–19 years of age must have access to service and information on sexual and reproductive health. This enables pregnant teenagers to access proper care and support and remain in school. Occupational training and support is also available to teen mothers.

GOVERNMENT'S PRIORITIES AND COMMITMENT TO GENDER ISSUES

Much effort has been made in Thailand by the government, NGOs, and women's movements to reduce the gender inequalities gap. The Thai Constitution guarantees equal rights of men and women. In addition, the subsequent Gender Equality Act (2015) was enacted to prohibit gender discrimination. International obligations such as the Convention for the Elimination of all kinds of Discrimination Against Women (CEDAW), Millennium Development Goals (MDGs), Sustainable Development Goals (SDGs), and action plan of the ASEAN Committee for Women, have all been instrumental to the narrowing of gender inequality in Thailand. Civil society groups have also made strong contributions to improve gender equality in Thailand, either by themselves or through partnerships with national machinery. Women's movements too have been strong and produce many positive changes in society.

For the national policy and plan, the Women's Development Plan under the 12th National Economic and Social Development Plan (2017–2021) was issued. Based on the challenges identified in the implementation of the 11th Plan, the 12th Plan has outlined 5 strategies: (1) creating a paradigm shift in the public perception on gender equality; (2) empowering women at all ages; (3) developing fair and effective enabling conditions for women development; (4) developing comprehensive protective and corrective measures for violence survivors; (5) strengthening mechanisms for women's development.

To support the implementation of gender agenda, institutional mechanisms have been created at parliamentary, ministerial and agency levels. At the parliamentary level, standing committees are overseeing the review draft legislation and are conducting studies to find solutions for women, youth, the elderly, and disabled for both Senate and the House of Representatives. At the ministerial level, the government appoints the National Commission on the Policy and Strategy for the Improvement of the Status of Women, chaired by the Prime Minister. The Office of Women's Affairs and Family Development of the Ministry of Social Development and Human Security is another key coordinating mechanism for women advancement and gender equality promotion.

³¹ Understanding Violence in South East Asia. Barron, Engvall and Morel. July 2016. The Asia Foundation.

Annex 3: Operations portfolio (IBRD/IDA and Grants)

Closed Projects		129
IBRD/IDA*		
Total Disbursed (Active)		
of which has been repaid (1)		
Total Disbursed (Closed)		8,259.02
of which has been repaid		8,301.92
Total Disbursed (Active+Closed)		8,259.02
of which has been repaid		8,301.92
Total Undisbursed (Active)		1.66
Total Undisbursed (Closed)		
Total Undisbursed (Active + Closed)		1.65697533

Active Project											
		LastPSR								Difference Between Expected and Actual	
		Supervision Rating		Original Amount in US\$ Millions						Disbursements ^a	
Project ID	Project Name	Development Objectives	Implementation	Fiscal Year	IBRD	IDA	Grants	Cancel.	Undisb.	Orig.	Frm Rev'd
P115761	TH-HCFC Phase-out Project (Phase I)	S	S	2014	0.0	0.0	23.9	0.0	7.7	0.0	0.0
Overall Result					0.0	0.0	23.9	0.0	7.7	0.0	0.0

*Disbursement data is updated at the end of the first week of the month.

^a Intended disbursements to date minus actual disbursements to date as projected at appraisal.

Annex 4: Recent World Bank completed and active ASA

ACS - FY	Task ID	Task Name	Resp. Unit	Lead GP/Global Themes	RAS (Y/N)
2014	P117121	Thailand: #8119 Enhancing SEC Audit Assessment Capacity	GFMDR	Finance & Markets	N
2014	P124623	Thailand Country Development Partnership for Sustainable Development	GTIDR	Transport & ICT	N
2014	P128838	Thailand CG ROSC Implementation & Supervision	GFMDR	Finance & Markets	N
2014	P132563	Thailand CDP-G 2013	GGODR	Governance	N
2015	P132293	TH: Broadband for Accelerated Rural Dev.	GTI09	Transport & ICT	N
2015	P143563	Thailand Country Development Partnership for Human Development (FY2013–2015)	GED02	Education	N
2015	P145112	Solvency Modernization & Risk-Based Capital for the Insurance Sector	GFM08	Finance & Markets	N
2015	P146230	Analysis of basic education system	GED02	Education	N
2015	P146231	Graceful Transition to an Aging Society	GHN02	Health, Nutrition & Population	N
2016	P153077	Thailand Programmatic Poverty AAA	GPV02	Poverty and Equity	N
2016	P156296	Poverty and Inequality Analytics	GPV02	Poverty and Equity	N
2016	P156297	Technical Assistance on Measurement	GPV02	Poverty and Equity	N
2016	P160360	Thailand Economic Monitor 2016	GMF02	Macro Economics & Fiscal Management	N
2017	P162118	Support to the Government of Thailand on Improving the Environment for Doing Business	GTC02	Trade & Competitiveness	Y
2017	P162150	Thailand Secured Transactions & Insolvency Legal Reform Project	GFM08	Finance & Markets	Y
2018	P158457	Programmatic Thailand Economic Monitor	GMTP1	Macroeconomics, Trade and Investment	N

2018	P164278	Improving Thailand's Railway Sector Competitiveness	GTD02	Transport & Digital Development	Y
2018	P164943	Supporting Gender and Social Inclusion in Thailand and Malaysia's Country Programs	GSU02	Social, Urban, Rural and Resilience Global Practice	N
2018	P161408	Reimbursable Advisory Services to conduct a guided self-assessment against the full set of Insurance Core Principles Project	GFM09	Finance & Markets	Y
2018	P124554	Economic Inclusion of LGBTI Groups in Thailand Study	GSU06	Social, Urban, Rural and Resilience Global Practice	N
2019	P164651	Enhancing Efficiency and Value for Money of Public Expenditures	GED02	Education	Y
2019	P166198	RAS for Preparing A Community Driven Development Project for Conflict-affected Areas in Thailand's Deep South	GSU02	Social, Urban, Rural and Resilience Global Practice	Y
2019	P166803	Thailand Project Appraisal Guideline and Procedure Review	GTD02	Transport & Digital Development	Y
2019	P166911	Transforming Thailand National Strategy RAS	GMTP1	Macroeconomics, Trade and Investment	Y
2019	P166922	Prepare a Crisis Management Framework, Integrated Supervisory Framework and Reinsurance Strategy for the Thai insurance	GFCPN	Finance, Competitiveness and Innovation	Y
2019	P167006	Advisory Assistance to Enhance Public Disclosure and Support Compliance with International Standards in the Insurance Sector	GFCPN	Finance, Competitiveness and Innovation	Y

Annex 5: Statement of IFC's committed and outstanding portfolio

Com- mitment Fiscal Year	Institution Short Name	LN Cmtd - IFC	LN Rapy ment - IFC	ET Cmtd -IFC	QL+QE Cmtd - IFC	GT Cmtd - IFC	RM Cmtd - IFC	ALL Cmtd - IFC	ALL Cmtd - Part	LN Out -IFC	ET Out -IFC	QL+QE Out- IFC	GT Out -IFC	RM Out -IFC	ALL Out -IFC	ALL Out -Part
2012	BMUL RSE	0	0	0	0	0.07	0	0.07	0	0	0	0	0.02	0	0.02	0.00
2012	Conti Auto Thai	13.33	28.57	0	0	0	0	13.33	0	13.33	0	0	0	0	13.33	0.00
2013/ 2016	Lakeshore I	0	0	15.00	0	0	0	15.00	0	0	8.07	0	0	0	8.07	0.00
2007	Lombard Asia III	0	0	5.25	0	0	0	5.25	0	0	0.01	0	0	0	0.01	0.00
2012	Lombard Asia IV	0	0	17.78	0	0	0	17.78	0	0	8.26	0	0	0	8.26	0.00
2012	SRF Thailand TMB Bank RSF	15.00 0	21.00 0	0 0	0 0	0 70.66	0 0	15.00 70.66	0 0	15.00 0	0 0	0 0	0 59.71	0 0	15.0 59.71	0.00 0.00
Total Portfolio		28.33	49.57	38.04	0	70.73	0	137.09	0	28.33	16.33	0	59.73	0	104.39	0.00

Annex 6: MIGA's outstanding guarantee exposure

Effective Date	Expiration Date	Investor Name (Guarantee Holder)	Investor Country	Business Sector	Project Name	Maximum (US\$)
06/14/2005	06/13/2025	BNP Paribas	France	Infrastructure	Nam Theun 2	38,090,285
						38,090,285

Annex 7: External country partnership framework consultations in Thailand

Date	Participants	Location
March 23-24, 2017	Central government	Pattaya
May 2, 2017	Civil society	Bangkok
May 18, 2017	Civil society, private sector, academia, and local government	Songkhla
May 24, 2017	Civil society, private sector, academia, and local government	Khon Kaen
May 31, 2017	Development partners	Bangkok
June 14, 2017	Civil society, private sector, academia, and local government	Chiang Mai



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