Thailand

Client Perspectives on Elements of World Bank Support

Working Paper for Development Results in Middle-Income Countries
An Evaluation of the World Bank’s Support
### List of Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AAA</td>
<td>Analytical and Advisory Activities</td>
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<tr>
<td>ACMECS</td>
<td>Ayeyawady Chao Phraya Mekong Economic Cooperation Strategy business council</td>
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<td>ADB</td>
<td>Asian Development Bank</td>
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<td>ARV</td>
<td>Anti-retroviral</td>
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<td>ASEM</td>
<td>Asia-Europe Meeting</td>
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<td>BMA</td>
<td>Bangkok Metropolitan Authority</td>
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<td>BTS</td>
<td>Bangkok Mass Transit System</td>
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<td>CAE</td>
<td>Country Assistance Evaluation</td>
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<td>CAS</td>
<td>Country Assistance Strategy</td>
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<td>CASCR</td>
<td>Country Assistance Strategy Completion Report</td>
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<td>CDM</td>
<td>Clean Development Mechanism</td>
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<td>CDP</td>
<td>Country Development Partnership</td>
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<td>CDP-E</td>
<td>Country Development Partnership Environment</td>
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<td>CDP-FC</td>
<td>Country Development Partnership Financial and Corporate Competitiveness</td>
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<td>CDP-G</td>
<td>Country Development Partnership Governance</td>
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<td>CDP-H</td>
<td>Country Development Partnership Health</td>
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<td>CDP-PAM</td>
<td>Country Development Partnership Poverty Analysis Monitoring</td>
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<td>CDP-SP</td>
<td>Country Development Partnership Social Protection</td>
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<td>ESMAP</td>
<td>Energy Sector Management Assistance Programme</td>
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<td>ESW</td>
<td>Economic and Sector Work</td>
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<td>EU</td>
<td>European Union</td>
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<td>FAO</td>
<td>Food and Agriculture Organization</td>
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<td>FPO</td>
<td>Fiscal Policy Office</td>
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<td>GEF</td>
<td>Global Environmental Facility</td>
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<td>GMS</td>
<td>Greater Mekong Subregion</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>MIC</td>
<td>Middle Income Country</td>
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<td>MNRE</td>
<td>Ministry of Natural Resources and Environment</td>
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<td>MoF</td>
<td>Ministry of Finance</td>
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<td>MoPH</td>
<td>Ministry of Public Health</td>
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<td>NESDB</td>
<td>National Economic and Social Development Board</td>
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<td>NEDA</td>
<td>Neighbouring Countries Economic Development Cooperation Agency</td>
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<tr>
<td>NGO</td>
<td>Non-governmental Organization</td>
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<td>ODS</td>
<td>Ozone Depleting Substances</td>
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<td>PCF</td>
<td>Prototype Carbon Fund</td>
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<td>PDMO</td>
<td>Public Debt Management Office</td>
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<td>QAG</td>
<td>Quality Assurance Group</td>
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<td>SICCO</td>
<td>Siam Industrial Credit Public Company</td>
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<td>SIF</td>
<td>Social Investment Fund</td>
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<td>TA</td>
<td>Technical Assistance</td>
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<td>TDRI</td>
<td>Thailand Development Research Institute</td>
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<td>UN</td>
<td>United Nations</td>
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<td>VCT</td>
<td>Voluntary Counseling and Testing</td>
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<td>WHO</td>
<td>World Health Organization</td>
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<td>WBG</td>
<td>World Bank Group</td>
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PREFACE

The Independent Evaluation Group (IEG) of the World Bank has conducted an “Evaluation of the World Bank’s Support to Middle-Income Countries”. As a contribution to that evaluation, IEG undertook background research on the topic in several countries. The aim was to use a client perspective drawn from in-country consultations—to shed light on the experiences of the Bank with its Middle-Income Country (MIC) partners.

This working paper draws upon responses from a selection of interviews conducted in mid-2006 with in-country stakeholders and a review of the relevant analytical and evaluative material. It provides valuable insights into selected issues faced by many MIC clients, and has been used as a background to the IEG evaluation. As with any research of this type, there may be contrasting views from other commentators, and this report is not intended to be a comprehensive assessment of the Bank’s country program and nor should it be considered as a formal report of the type produced by IEG in its country assistance evaluations.

The findings, interpretations, and conclusions expressed here are those of the authors(s) and do not necessarily represent views of the IEG, or the Board of Executive Directors of the World Bank or the governments they represent.

This working paper was prepared by Brett Libresco and Thomas O’Brien (IEG) based on field work in Thailand in July and August 2006.
1. **INTRODUCTION**

1. This paper is a background study that explores the experience in recent years of Bank support to Thailand as part of a larger evaluation of the World Bank’s support to Middle Income Countries (MICs). Thailand is an interesting case study for this review. First, since the crisis in 2001, the country program has transformed from a fairly standard one of both technical and financial assistance, to one driven solely and explicitly by knowledge services and knowledge sharing. In terms of income, Thailand remains solidly in the lower MIC group – its annual per capita gross national income (GNI) of $2,540 would have to increase nearly 30 percent to reach upper MIC status. In fact, Thailand is barely above the median GNI of all MICs and maintains extremely high inequality present in many other MICs (its Gini coefficient exceeds 40), but counterparts convey Thailand’s sophistication and capacity. Although it is not clear that Thailand has fully developed the institutional capacity and stable access to private capital markets that is necessary to fully graduate from Bank lending, this transformation from a full program to one led by knowledge is one that can be predicted for other countries, and so experiences in Thailand may be especially relevant to the more sophisticated and stable MICs.

2. Second, Thailand is an important hub in Southeast Asia and it has very close links with the bordering lower income countries, so knowledge sharing may be based on immediate geographic and cultural proximity. Finally, Thailand experienced a financial crisis in 2001, something to which MICs are particularly prone, and lessons drawn from that experience may help guide Bank interaction with MICs vulnerable to crises.

3. The client perspective is the thrust of this report, which draws upon opinions and information from a selection of interviews and reviewing existing material. It builds upon evaluative evidence compiled from a desk review of key documents assessing Bank activity in Thailand, among these the 2003 Country Assistance Strategy (CAS), IEG’s 2000 Country Assistance Evaluation, Country Development Partnership (CDP) documents and progress reports, Bank studies and reports on Thailand, and various project documents. The study team also interviewed 44 key Bank counterparts and Bank staff involved in Thai development. These included senior representatives from the central ministries (National Economic and Social Development Board, Ministry of Finance, Bank of Thailand), line ministries, academics media, NGOs, and the private sector. All of this provides a good base on which to gain insights into issues relevant to the Bank’s work in Middle-Income Countries. Yet as in any field study of this type, the report is ultimately a synthesis produced by the authors based primarily on the feedback

**Table 1: Demographic Characteristics of Thailand and Comparator Countries**

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<td>Brazil</td>
<td>184</td>
<td>3,090</td>
<td>1,504</td>
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<td>Bulgaria</td>
<td>8</td>
<td>2,740</td>
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<td>China</td>
<td>1,296</td>
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<td>949</td>
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<td>0</td>
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<tr>
<td>Thailand</td>
<td>64</td>
<td>2,540</td>
<td>16.8</td>
<td>3.5</td>
<td>43</td>
</tr>
</tbody>
</table>
THAILAND

from counterparts. There may, of course, be contrasting views from other counterparts and commentators, and this report is not intended to be a comprehensive assessment of the Bank’s entire program in Thailand, and should not be considered in the same fashion as, for example, an IEG-led Country Assistance Evaluation.

2. THE BANK’S RELEVANCE

2.1 THAILAND’S CHANGING NEEDS

4. Thailand has, in the past, borrowed significant sums from the Bank to help finance its development. According to some officials, the reasons for borrowing from the Bank—to cover the budget deficit; because of a lack of capital market access—have disappeared. The Bank’s counterparts unanimously agreed that Thailand’s development needs have changed dramatically over the last decade, from external finance to advice and technical assistance. At some times, Ministry of Finance (MoF) officials reported, the Bank’s financial assistance has been important to Thailand and may be again in the future, but currently Thailand needs only appropriate technical assistance from the Bank (it was not clear whether or not officials intend to borrow again in the future, given favorable capital market pricing). A civil society representative added that different countries have different needs. Some need “hard” programs due to lack of resources, and loans are appropriate for these. Others, like Thailand, need “soft” knowledge-based programs.

5. Officials at the National Economic and Social Development Board (NESDB), the central planning agency, reported that after the 1997 crisis Thailand evaluated its situation and determined that it needed outside knowledge to address the most important issues it was facing. From the perspective of the line ministries, it appeared that the bank was “fading away.” But at the central ministries, it was clear that Thailand should seek knowledge from the Bank because of its stock of human resources that are networked with a diversity of institutions. Private sector representatives agreed. One noted that Thailand developed very rapidly starting in the early 1990s and the private sector enhanced its role and built up capacity. The Bank’s influence in Thailand has appropriately diminished, and Thailand is no longer such a big borrowing client of the Bank. Another added that Thailand is grateful for infrastructure loans in the past because then it needed outside money, but that this is no longer the case. As for knowledge services, one civil society representative noted that Thailand is happy to receive high quality studies—“it is up to us whether to drink the poison”.

6. Further, NESDB felt it appropriate to guide and formalize this new relationship, and hence in January 2006 they signed a Memorandum of Understanding (MoU) with the Bank to cement the arrangements for this knowledge-based partnership. It is worth noting the use of this technique—consistent with the CAS and somewhat analogous to a project agreement—as a way of defining and guiding the Bank-client cooperation.

7. The Bank’s country team has drawn attention to the importance of the overall context within which the Bank operates in Thailand, and in particular the political context which impacts on the ways in which it can do business. It may well be that in response to
circumstances, the Bank has sought to provide its services and support in Thailand in a
discrete and careful fashion (a consciously lower profile than in previous decades), and
that its influence will be manifested diffusely and over the longer term. In this scenario, it
is possible that in interviewees with senior policymakers, their views may, so to speak,
under-emphasize the Bank’s influence—which may be playing out at lower, operational
levels. It is simply not possible to be definitive on this, and one might also note that
during many interviews it was also apparent that the renowned Thai courtesy and
diplomacy was ensuring that negative feedback was delivered in a restrained manner,
with criticism often being couched very delicately. As has been noted above, however,
while the observations from this field assessment can very usefully cast light on
important experiences in the Bank’s work in middle-income countries, they are not
intended to be a comprehensive or detailed evaluation of the Bank’s Thailand country
program in its entirety.

2.2 Program Transformation

8. Since 2001, Bank spending on knowledge services—sometimes referred to as
Analytical and Advisory Activities (AAA)—have remained relatively stable even as the
Bank reduced commitments from an average of $309 million per year in the five years
preceding the crisis compared to a single loan for $84 million in the five years since. This
occurred in the context of a decline in disbursements from all official sources by more
than three quarters, and a near quadrupling in disbursements from private sources, nearly
reaching the pre-crisis trend (see Figures 1 and 2 below). The 2003 CAS says:

In recent years, the relationship between Thailand and the Bank Group has
progressed from primarily a borrower-lender relationship toward a true
development partnership. Financial support remains an important part of the
partnership, especially for IFC and MIGA transactions, but the Bank’s role has
evolved more toward facilitating knowledge sharing and providing policy advice
on medium-term structural issues. Building on this evolving approach, the new
Thailand-Bank Group partnership focuses on diagnostic and monitoring work
and a limited amount of implementation support for selected critical issues in
Thailand’s overall national development agenda.1

9. The CAS went on to describe this, including economic, environment, and social
monitors to stay abreast of important developments, in-depth implementation support in a
few critical areas (the CDPs), and possible IFC and MIGA transactions in addition to a
possible limited amount of Bank lending.

Washington, D.C.
10. Counterparts found it essential for the Bank to transform its program in line with Thailand’s changing needs, and most agree that it has done so. A representative from the Bank of Thailand noted that the country’s relationship with the Bank has changed from lender-borrower to a partnership. Besides some problems during the crisis, the Bank’s program was appropriately focused—the Bank has become a focal point for TA, allowing government officials to see more cross-sector issues, whereas previously TA was provided separately to individual agencies. “All of the changes are in a positive direction.” MoF officials were pleased with this transformation, but added that the Bank must continue to match its strategy to the pattern of Thai development. An NGO representative asserted that the Bank’s knowledge-sharing role enhances the value of the Bank as well as its image, and the Bank is well-positioned to be a clearinghouse of

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2 Bank budget spending on AAA is complemented by significant grant resources provided through the ASEM trust fund. The apparent downward trend in Bank spending on AAA may accurately reflect internal budgetary pressures, but does not include additional resources made available after the Asian financial crises.

knowledge. But one counterpart reported a perception that he had held of some in the Bank still continuing to hanker after lending, even when “it is better for Thailand to have an exchange of ideas.”

11. Conversations with the Public Debt Management Office (PDMO) encapsulated part of the changing relationship and role of the Bank in Thailand. Just a few years ago, in the late 1990s after the financial crisis, the Bank’s analytical work and policy advice was instrumental in influencing the Government to actually establish the PDMO. A Bank TA project (1998) had also helped in developing the domestic bond market. These are “high profile” impacts. Since then, the PDMO has continued a good relationship with the Bank—including acting as a host to visiting delegations from Kenya, Zambia, and GMS countries, to help share MIC experience with LICs. Indeed the PDMO expressed appreciation that the Bank’s support had covered most of what the PDMO wanted. The support may well have been valuable, but it is much “lower profile.” How one evaluates this change—to consider the impact less successful, or alternatively to recalibrate expectation— involves a tricky judgment.

12. The CDPs, financed jointly by the Bank, the Thai government, and other donors, provide the cornerstone of the Bank’s engagement in Thailand. Each CDP is led by the government, with support from the Bank and other development partners. Current CDPs include Financial and Corporate Competitiveness (CDP-FC), Governance and Public Sector Reform (CDP-G), Poverty Analysis Monitoring (CDP-PAM), Social Protection (CDP-SP), and the Environment (CDP-E). The CDPs generally outline inputs, outputs, outcomes, and results, and include a timeline to facilitate monitoring progress. Progress is monitored annually or biannually at public workshops that include key stakeholders. Through these CDPs, the Bank, the Thai government, and other stakeholders determine what analytical work the Bank will pursue.

13. Sometimes, the content of Bank studies lacks relevance because, as MoF officials noted, there remains a gap between experts the Bank brings in and the circumstances of the country—several respondents complained about the use of high-priced foreign consultants rather than local expertise. The MoF official continued that the Bank is okay technically, but the relevance in its application to country specifics is “not quite there.” NESDB agreed, asserting that Thailand needs a multi-sector analysis with extended research that carefully considers three important dimensions—the standard economic and environmental analyses, but also social and cultural issues, including the King’s vision of a self-sufficient Thailand. For example, this type of three dimensional analysis would be useful in addressing Thailand’s aging society where challenges differ from those in Europe and the United States because of Thailand’s multi-generational family structure.

14. In some cases, counterparts expressed that the Bank needs a quicker response on issues requiring immediate government action, and this just-in-time analysis is growing

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3 Closed CDPs include CDP-SP and CDP-Competitiveness.
4 The Bank country team argues that this is not corroborated by the numbers of foreign and local consultants actually used. For example they report that the CDP-SP used 14 local consultants and 5 international consultants. Whatever the precise situation, the Bank should take note of at least the perception of a problem.
in importance. For instance, in the face of rising oil prices and the Middle East crisis, the Prime Minister recently wanted an energy security plan. But NESDB did not feel the Bank could respond, and therefore they re-used a three year old plan and adjusted it to the current situation. Others felt that they were given good access to top decision makers, and usually were accorded a quick response to their inquiries. The Bank has several times helped the Bank of Thailand find the right people to give them advice, but with some delays and administrative inefficiencies.

15. Timing and timeliness is also important for dissemination and public relations. Several interviewees put forward the view that the Bank is not very visible, and simply producing additional reports will not change that fact. This will only change if the Bank is deeply in the mix of public discourse, if it responds quickly, and if it is firm and outspoken in its positions. For instance, a media representative stated that it only reports on the Bank’s flagship studies if they are highly topical, and this is not often the case. The Bank must provide advice when locals are discussing important issues in order to influence them. In the past, the Bank has been successful in this endeavor, particularly with banking sector reform, but this has subsided as the Bank has not had a public voice in discussions of the Basel II requirements and the globalization of industry. Others said that the Bank’s prominence in public debate is modest, and less than in the past. At least one respondent remarked that the Bank’s quality of independence is vulnerable to growing concerns among some audiences that it is too heavily U.S.-influenced. The country team has noted, however, that in recognition of the complex political and cultural environment within which it operates, the Bank has to very careful in how it positions itself publicly if it is to be effective over the long term.

16. Some interviewees believed that Bank reports need to focus on more relevant issues. A business representative noted that the twice yearly Thailand Economic Monitor and other reports are useful as a reference, but do not affect decisions or directions because they are too general. They would be far more influential if they covered a different sector in depth in each publication. A civil society representative added that, though they are of good quality, Bank reports do not appropriately cover the most important issues of the day—the squeeze of China and India, the sequence of liberalizing trade, etc. NESDB respondents gave a similar message. The Bank’s work on investment climate and the economic monitor were of good quality and were credible coming from an independent, disinterested source. But the respondents were less able to assess the specific use and effectiveness of this knowledge as they applied it to their own work. Their feedback suggested that in many cases the impact was not direct or powerful.

17. One difficulty in the transformation, according to Bank staff, has been addressing the lack of communication among the different Thai ministries. This makes it difficult to have the entire government jointly internalize reforms. For example, the Bank did a microfinance project with the Bank of Thailand as part of the CDP-FC. Halfway through the process, Bank staff learned that another ministry was already working on a similar project. To address this, Bank staff are encouraging the central agencies to broaden the dissemination of the reform agenda throughout the Thai government early in the process, in order to later find support in implementing chosen reforms. Perhaps with this in mind, a business leader, an NGO representative, and an academic all intimated that the Bank
should require the government to include all stakeholders in early stages of the decision making process on important issues (which the country team notes is the purpose of the CDP format).

18. Several counterparts, including the FPO, noted the importance of the Bank’s reputation as independent and neutral, particularly because the Bank’s experts tend to be academics without a preconceived professional interest. Officials at NESDB see the Bank as technical, credible, and professional because it has no client interest. One academic noted, “I still feel the Bank should stay, even if I can’t think of a good reason. It is good to have you guys around . . . If you think of it with a hard head, you should be out.” He added that he wishes that in a few cases the government would use the Bank for advice instead of private consultants because of the Bank’s neutrality. Private sector representatives concurred, noting that they do not trust government-produced economic reports.

19. Most respondents were aware of and had some familiarity with the World Bank, particularly through its office in Bangkok. A couple of very experienced and senior opinion formers—one currently with the public service; one with that experience but now in the private sector—both drew attention to the positive impact the Bank has delivered by decentralizing capacity and authority to its local office.

2.3 REGIONAL INTEGRATION

20. Interviewees from government, civil society, and the private sector expressed concern that the Bank has not done enough to use Thai experiences and expertise as a base from which to share knowledge with the region. Several business representatives said that the Bank is well-positioned to combine its own expertise with the experiences and expertise of MICs in the same region to provide contextual knowledge to lower income countries. MICs can bring an understanding of culture, and know how to connect technology to the grass roots, and they have recently gone through the process themselves. A civil society representative added that the Bank is not doing enough to coordinate networking among countries regionally. A government official noted that the Bank is in the role of a partner in knowledge, but this should entail sharing in both directions. Finally, officials at the National Health Security Office (NHSO) suggested that Thailand could serve as a hub in the region for dissemination of knowledge about preventing and treating HIV/AIDS.

21. There are some examples in which the Bank did successfully link Thailand to the region, as well as some apparent missed opportunities. For instance, the Ayeyawady Chao Phraya Mekong Economic Cooperation Strategy business council (ACMECS) held a workshop near the Lao border and brought potential Thai investors to learn about opportunities in Lao PDR. The Bank sponsored the meeting, and helped bring Lao and Thai participants. The ACMECS representative found the event very successful, but there has not yet been Bank follow-up even though this is an activity that could easily and should be replicated. Bank staff noted they sponsored a similar meeting seeking investments in Cambodia. There likely were other opportunities as multiple counterparts indicated their willingness and desire to share their experiences with other countries in
22. The Thai government has shown significant interest in the surrounding countries, evidenced by the recent creation of the Neighbouring Countries Economic Development Cooperation Agency (NEDA) to provide project finance to countries in the region. Several interviewees noted this was due to health and migration concerns. An official from NEDA is interested in learning from the Bank how to provide effective TA, and indeed a memorandum of understanding has been signed with the Bank, but added, “we have knowledge to share” with the Bank, too. Implication: this could be an opportunity for cross-germination as with other bilateral donors—where Thailand provides some extra grant finance combined with the Bank’s IDA credits—but it might not be as cost-efficient as NEDA could not provide the same resources as, say, CIDA. This could also be an opportunity for grooming Thailand to become a donor.

2.4 CONCLUSIONS

23. In line with the desires of Thai counterparts, the Bank has appropriately transformed its program from one primarily focused on project finance, to one entirely devoted to advisory services and knowledge sharing. Most counterparts felt the Bank is well-positioned to fill this role because of its stock of global knowledge and reputation for neutrality. Counterparts argue that the Bank could enhance its relevance in a number of ways. First, it could more actively use, integrate, and build local capacity in its knowledge work. Second, it could more carefully link its global knowledge to Thailand’s circumstances. Third, it could make efforts to provide more timely advice on the most important issues of the day in order to impact the national debate. Finally, counterparts do not believe the Bank is fully taking advantage of the experiences in Thailand, and linking them to other, lower income countries in the region.

24. In programs led solely by knowledge such as in Thailand, one must recalibrate expectations and recognize that the Bank will maintain relevance in a way that is different from the past. The Bank can no longer cover all of the important development issues comprehensively so that it can devote enough resources to preserve a level of effectiveness in the issues it does address. This extra selectivity leads to a central tension in the Bank’s program in Thailand: in order to affect the public discourse, the Bank must be well-versed in a number of important development topics and be able to take positions

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5 The country team notes that the Bank is working with the neighboring countries on a GMS Strategy and has recently been engaged in consultations with the Thai government on a draft of this Strategy which reflects a stepped up engagement by the Bank in recent years, particularly in areas of energy, water resource management, transport and trade, and labor migration.

6 The respondent from NEDA was largely positive about the Bank, but it appeared he had not fully thought through how the proposed new relationship would work. The country team’s own assessment of the depth and reliability of interaction with NEDA would be a critical ingredient before advancing any discussion.
on important issues quickly; but to preserve effectiveness, it must be selective in the topics it chooses to pursue.

3. **Effectiveness of the Bank’s Knowledge-led Program**

25. A review of the Bank’s Country Development Partnership structure reveals that it is carefully designed to be driven by Thailand’s needs, outcome-oriented, coordinated among partners, and publicly monitored. It has a coherent structure, with individual partnerships selected in close consultation with the Government to match country priorities. Within each CDP, the priorities must be chosen by the Thai government; partners must agree on inputs and support; progress must be monitored through public workshops with stakeholders; and the country team must produce interim implementation reports that are disseminated to stakeholders. While each CDP varies in quality, at least on paper they all focus on results. For instance, the CDP-E lists separately planned inputs, outputs, outcomes, and impacts for each component of the partnership, and includes intermediate milestones. It also includes a matrix of prioritized issues, which stakeholders have identified them, their relevance and degree of country ownership, and the comparative advantage of including international partners.

26. As most counterparts agreed, it is difficult to trace the impact of knowledge sharing because its effects are dispersed. A successful outcome is often an intermediate one—a change in policy or a change in its implementation—rather than a direct development impact. This section attempts to trace outcomes where they are observable, and explore the circumstances under which the Bank has, or is likely to, achieve its objectives. Even with the Bank’s professional attempt to create a selective, country-owned, results-focused country program, it does not yet seem to be following through to clearly-defined impacts. This may be due to the nature of the program, or to the fractious nature of Thai society—as described by several counterparts. It may also be that since several of the CDPs are still ongoing or only recently completed, further time is required before the impacts are felt. A lesson may be that impact and internalization in knowledge-led development programs requires even more attention and effort than lending projects.

3.1 **Nature of Relationship**

27. Multiple Thai officials made clear that Thailand is less dependent on outside support that the country’s own expertise often surpasses that of international organizations, and that they take pride in this graduation. This leads to several points raised by counterparts. First, it challenges the Bank’s AAA in terms of its quality and sophistication—it has to be cutting edge if it is really going to add value beyond what is available domestically. Second, in principle, it provides the Bank with fertile ground for partnering with first-class national capacity. Third, one observer remarked that “most of the best scholarship being done on Thailand these days is quite clearly being done by the Thais themselves. When counterparts feel this way, it can be difficult for the Bank to build traction to shape reforms. For instance, NESDB reported that while the Thai government needs the Bank to confirm whether or not its own ideas are sound and
practical, it is good for local people to solve their own problems. Sometimes the Bank gets too focused on economic issues like tariffs and subsidies, while local experts are more likely to consider cultural implications. Officials at the MoF concurred that the Bank could bridge the “relevance gap” by training local partners over time, and then blend their expertise with that of Bank experts. They conceded that the Bank uses some “organic” processes, but it could do a better job; tailor-made training and coordinated expertise would be fruitful. A representative of the private sector said the Bank’s presence in Thailand is important because Thais can call on it for expertise when they need it, but did not express its necessity for day-to-day purposes.

28. In this framework, several counterparts looked to the Bank not as a direct resource for much assistance, but rather as a vehicle to connect Thai policy makers with resources in the international community. For instance, an official at the Bank of Thailand was pleased that the Bank has acted to coordinate TA projects among international partners because Thai officials do not have to interact with each individual partner. A business leader noted that in Asia, personal relationships are more important than official ones, and the Bank has done a good job both of fostering personal relationships with Thai counterparts, and helping Thailand access other global networks.

3.2 STRUCTURE OF ENGAGEMENT

29. The program is arranged around a mutually-agreed set of CDPs. In contrast to many other countries—perhaps particularly MICs—significant trust funds through the Asia-Europe Meeting (ASEM), approximately $7.3 million over the last four years, have been available for knowledge work to complement Bank budget funding of $6.4 million over the same period. Not only is this of scale, it is also relatively straightforward to use. Arguably this means it would be less easy to find in other MICs a AAA program of similar depth and scale as to that in Thailand. Indeed this will be put to the test in the coming year in Thailand itself because the trust funds expired in August 2006, and the availability of funds for Thailand in future rounds remain in question.

3.3 QUALITY OF STUDIES

30. As has been the case in most MICs, counterparts in Thailand were satisfied with ESW products themselves—no interviewee questioned the technical quality of Bank studies. For instance, Bank staff, officials from the Ministry of Public Health (MoPH), and civil society representatives were all pleased with the quality of a report on the economic costs of ARV treatment for HIV/AIDS, as well as the importance of the issue, and the collaborative process used to produce it. The Bank’s “Economic Monitor,” which was known to a good many respondents including some in industrial and financial sectors, was also viewed as an independent and technically sound analysis. A Quality Assurance Group (QAG) report on AAA in Thailand came to a similar conclusion,

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finding the Bank’s program satisfactory over the period FY99-FY01. It noted that the “technical, ‘internal’ quality of most products was good or very good; the program was delivered efficiently overall; there were strong and collaborative relations developed with other donors to the benefit of the client; and there was excellent management leadership provided by the Country Director.”

31. One counterpart noted that the quality of Bank advice when compared to other organizations often depends on the issue. For example, deciphering the new Basel II rules requires practitioners who are working on the issue in their own countries, not the retired experts the Bank usually sends. Assistance in implementing these new rules is a very sophisticated requirement, and demands analytical work of the highest quality. But no one described Bank analytical work as path-breaking, or particularly outstanding compared to that produced by other organizations. Most of the Bank’s AAA was considered to be of good quality, and generally useful, but no report would be identified as an international best practice.

3.4 EVIDENCE OF IMPACT – CENTRAL MINISTRIES AND ECONOMIC STUDIES

32. Among decision makers in the central ministries of Thai government and opinion formers outside of government, there is a lack of deep awareness of the Bank’s standard technical work. Interviewees appeared to have a warm feeling for Bank work, but when pressed, their knowledge of specific studies was very shallow. For instance, a senior MoF official uses broad economic studies very little. He reported being “too distant” from technical support to measure the impact of Bank studies, but from that distance, the Bank’s support seems beneficial. Senior FPO officials attended a workshop on the Thailand Economic Monitor and reviewed it before publication, indicated that it was of very fair quality, and yet revealed they do not always use it or read it. The Bank of Thailand official interviewed was aware that the Bank had given technical support to her division, but could not remember specific aspects of that support because she gets technical support from a lot of other sources too. Some business, academic, and NGO counterparts find the Bank’s economic reports too general. One business leader remains interested in each economic monitor produced because he finds its accuracy “acceptable”, but there is not enough detail to make it very useful.

33. While senior Thai decision makers only have a shallow understanding of the Bank’s analytical work, junior and mid-level staff tends to be more familiar with it. For instance, MoF officials were certain that, despite the limited attention which they themselves can give to Bank reports, their staff read and use them. A more junior interviewee at a Bangkok newspaper is on the Bank’s email list, and regularly checks the Bank website, even as his supervisors are not aware of most Bank outputs. A Deputy Governor’s staff member at the Bank of Thailand could talk knowledgably about the Bank’s CDP-FC, a partnership with which the Deputy Governor seemed only partially familiar. This combination of familiarity among junior and mid-level staff, with lack of attention by elites, poses a question on the level of traction Bank AAA and its channels of

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influence. This field assessment did not have the information to appraise whether, as the Country Team have suggested, that the Bank’s knowledge strategy can rely on influencing lower level technicians as its focus.

34. A leading opinion former indicated his view that in the past, the Bank has produced very important studies. For example, a study from 1958 set up the work plan for Thailand’s development for 20-30 years; a Ministry of Natural Resources and the environment (MNRE) official noted that about ten years ago the Bank wrote an excellent report on the economic impact of pollution that woke up the government. Now, counterparts report, it is hard to find pivotal works by the Bank. Another NGO commentator echoed this sentiment—that over a period of decades the Bank’s visibility and influence on the general discourse of economic and social development has declined, as the country’s own capacity and the involvement of other external partners has increased. To be sure, the Bank continues to be helpful with “reasonably high quality” studies in a country where very high quality papers are hard to find. An important civil society representative reported that “the Bank as an academic outfit in the area of development economics has certainly been very handy, [especially] at the time of the crisis.” He finds broad economic reports, such as the Thailand Economic Monitor, useful (but only useful) and adds that they render a service that no one else does. It ends up on the shelf, but “even lending projects lose traction once the funds run out.” Moreover, the current government, an academic reports, does not listen to anyone outside its inner circle, and so the Bank remains outside Thailand’s critical development decisions.

35. A senior opinion-former from civil society commented on several aspects of the Bank’s work. A general perception was that most of the CDPs were well-intentioned, and reasonably well-targeted. CSOs appreciated the Bank’s efforts to involve them—the Bank’s collaboration helped empower them, particularly on sensitive topics such as governance and corruption. It was felt that the Bank had been trying hard on the governance agenda, using a sensible mix of tools (training, analysis, and outreach). Yet the impact was difficult to measure and modest to date—partly because of limited absorptive capacity, and also because of variable interest from key counterparts.

36. Looking ahead, according to this respondent the governance agenda will continue to prove problematic in Thailand and other MICs. The counterpart argued for the Bank to find a more substantial way (with more resources) to engage CSOs. The Bank also must accelerate efforts to improve its own transparency—and avoid lingering criticisms that it is susceptible to internal cronyism and has more to do in the gender balance in the institution and its work.

37. Although the Bank declares a commitment to knowledge sharing, much remains to be done to live up to this. To illustrate, the respondent reported an experience with the WBI which had been “distasteful”. WBI, it appeared, had wanted to use the Thailand counterpart largely as a post-box or staging venue, and not at all to use the national experience and expertise in this MIC to share with other countries. This was “academic imperialism” which meant the cooperation was still-born.

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38. Still, many counterparts prefer Bank studies to those conducted by private consultants or the government by itself, and report that there are some tangible results of Bank projects. The Bank looks “deeply and substantively” at the critical issues while private consultants tend to do a lot of public relations work. Some of the studies clearly had a direct effect, and FPO officials gave a couple of examples of this. The Bank’s work on competitiveness had helped in preparing a new draft law on capital markets. Moreover, the Bank of Thailand uses guidelines derived from the CDP-FC to regulate commercial banks. The Bank of Thailand reported that, except for in two cases, the Bank was able to help find the right person for expert advice. Yet the same policy-maker also sounded a note of caution—that the overall impact from the Bank’s work in this area was not clear, and that Thailand was still grappling with the competitiveness agenda.
39. The private sector is most interested in work on investment climate and competitiveness. Studies of this type include the annual Thailand Economic Monitors, a FY05 Investment Climate Assessment, and work associated with the CDP-FC begun in FY02. One representative is pleased that the Bank highlights international standards and benchmarks in Thailand because it must comply with them to compete globally. Business leaders also report appreciation for global investment climate surveys because they provide the foundation of criticism with which business leaders can approach the government. Thailand, when compared to other countries, needs to pay particular attention to rules and regulations and enforcement. The Bank followed up the global survey with a study of rules and regulations in Thailand. This study, which included the experiences of other countries, noted that it took 42 steps to fully establish a business in Thailand, and confirmed in an authoritative and independent fashion that this really had to change. It allowed business leaders to convince the government to introduce one-stop service for starting a business. This resulted in a tangible improvement in the business climate, although this still needs more work. Another example was the Bank providing help to the Chamber of Commerce in analyzing trade facilitation and customs improvements. This fed into the deliberations of the National Competitiveness Committee and has helped stimulate several projects. It is noteworthy that no respondent mentioned or was aware of any IFC involvement in this type of analytical assistance.

40. One private sector interviewee is pleased that the business climate is improving, and thinks that this is something the Bank can continue to help push. But he believes the Bank must be on the ground working directly with the private sector on competitiveness, not just leaving it to the government: “The government loves to talk about competitiveness; it attends meetings and seminars,” but it is hard to find an outcome.

41. Finally, there was the perception among several interviewees that the Bank’s knowledge program—the suite of CDPs—may be losing some steam, after the energy of its establishment and commencement. This is because ESW has long-term duration, and government officials who follow a political schedule may not have a sufficiently long attention span. As part of its knowledge-driven structure, the Bank has utilized a number of committees and subcommittees, each of which involve counterparts, and demand ongoing attention and support. Counterparts suggested a sense of fatigue, noting this was a considerable effort, and sometimes these committees are counterproductive. The Country Development Partnership—Environment (CDP-E) steering group, for instance, is designed only for the Bank’s work, and is additional rather than integral to existing structures. Similar committees already exist, and some Thai officials view the CDP-E as yet another commitment.

3.5 EVIDENCE OF IMPACT – LINE MINISTRIES AND SECTORSAL STUDIES

42. An excellent example of impact of Bank work is the study on the economic costs of anti retroviral (ARV) treatment for people with HIV/AIDS conducted jointly by the

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9 The Bank Country Team have noted that to maintain the overall program at its existing level will require additional financing and/or resources from Government agencies (similar to that in Malaysia—although the program is smaller there), on the likelihood that trust funds will diminish.
Bank and Ministry of Public Health (MoPH). It found that ARV treatment costs would increase dramatically in the coming years, yet argued that meeting such costs would be sensible in economic and health terms. This put credible research behind MoPH’s lobbying for more resources from the central ministries. The result was an almost doubling of the budget allocation to this expenditure item in the 2007 budget. Moreover, as part of the collaboration, the Bank directed MoPH officials to existing Bank documents that allowed them to learn from experiences in other countries. From these, MoPH officials learned the importance of building up the capacity of local governments so they can understand AIDS because after decentralization, local governments rarely allocate enough resources to HIV prevention.

43. Another outcome of the joint MoPH-Bank study was its estimate of the cost of civil society engagement on treatment, an apparent first. NGOs have been promoting peer to peer health education, and the report found it is very cost-effective in terms of life-years saved. A network of health NGOs used the study to lobby the newly formed National Health Security Office (NHSO) to create a nationwide network of patient-led health education groups, and it has agreed to fund these activities in nearly 80 hospitals. An NGO representative, however, questioned whether this finding reflected a change in thinking at the Bank outside of Thailand—has it led to civil society participation in other countries? They also wondered whether or not the Bank will follow up on its recommendation. For instance, NHSO reports that it needs help setting up the nationwide network, and seed money to support it until the Thai government is fully convinced it is worthwhile.

44. Officials from MoPH said they need more information on the importance of prevention – the economic benefit of a decline in new infections—because there is a growing negative attitude among the central agencies, and its prevention budget was recently cut in half. The Bank reports it is working on a follow up to the ARV treatment study on voluntary counseling and testing (VCT) and would love to do a prevention study similar to the treatment one. This may be part of a new Country Development Partnership—Health (CDP-H) which the Country Team has indicated is to proceed, with several components jointly agreed with the Thai government.

45. Several problems related to HIV/AIDS are on the horizon for Thailand. First, several interviewees were very concerned with growing number of patients that are resistant to the basic “first line” regiment of ARV treatment, but Thailand does not have the resources to cover the alternative regiment for everyone who needs it. The treatment study was the first to find that second line treatment is feasible, but it would depend on high level negotiations with pharmaceutical companies to lower the price in developing countries (whereas previous studies have taken the high price of second line treatment as fixed). The Bank, these interviewees agree, must follow up and help renegotiate the price of second line ARV treatment at a global level, but Bank staff were not aware of any corporate efforts to do so. Second, there is also growing demand for lab testing, but very few labs are capable of conducting specialized tests, and this testing is very expensive.

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NHSO reports that Thailand needs help in training technicians, and in reducing the cost of lab tests.

46. According to Bank staff, the CDP-SP was less successful than the other CDPs because its objectives were too broad and unrealistic. It involved counterparts from four different ministries, but it proved difficult to bring them together, and too many resources were spent on coordination. It was also important to have a strong government counterpart to implement recommendations—this was the case with MoPH, but less so with the Ministry of Labor. The Country Team note that nonetheless it may be having some useful impact—including being used by Thai authorities in their thinking and presentations at international seminars.

**BOX 2: CDP-ENVIRONMENT**

The Bank’s CDP-E and other documents indicated that the partnership, covering the period from 2004 to 2007, is the primary mechanism for Bank support to the Ministry of Natural Resources and the Environment, and is a result of the emergence of the environment on the national agenda—one of the four pillars of the national development agenda—and a rapidly expanding civil society and community-level environmental movement. It is a medium-term strategy, designed to “improve environmental quality by supporting the implementation of the reform agenda with the corresponding capacity building, technical assistance, analytical advisory and investment needs through a coordinated approach”.

The CDP identifies five priority components: Air Quality, Water Quality, Waste Management, Global Environment Commitments; and one cross cutting theme: Institutions and Instruments. Another component, Biodiversity, Habitats, and Livelihood, was added after the 2005 tsunami.

Bank staff have indicated the following progress to date under the CDP-E:
1) Air Quality: Contributed to the development of emissions factors for major categories of vehicles and better information regarding air pollution. This is being used by MNRE for developing air quality management action plans.
2) Water Quality: Provided lessons to rehabilitate the Ping River Basin through participatory approach. The Government has agreed to replicate this approach in other river basins.
3) Waste Management: Designed shared landfill concept, identified in the 2003 Environment Monitor, which was incorporated into the design of the Mega-project in solid waste management.
4) Global Environment Commitments: Supported ODS phase-out.
5) Institutions and Instruments: Supported drafting of guidelines and assisted with public consultation for public participation in the Environmental Impact Assessment process.
6) Biodiversity, Habitats, and Livelihood: Contributed to the deepening of dialogue among stakeholders about solutions to coastal erosion; contributed to design for improvements in livelihoods of people who were affected by the tsunami.

47. The Bank reports that CDP-E is more results-based than other CDPs, which had been based on existing programs. It focuses on 5 areas, selected with the full engagement of the Thai government, the private sector, and NGOs. There were some positive outcomes from the collaboration. For instance, MNRE created a database of diesel emissions that allows local governments to identify hotspots and challenge the Thai
government to address the pollution. MNRE continues to work on emission reduction, but has run into problems with a USEPA-approved device with which to retrofit diesel buses. The recommended devices are too expensive, and the buses have proved difficult to retrofit. This is an example of a recommendation that is not well-attuned to Thailand’s needs and difficult to implement. MNRE is instead pursuing preventive measures to reduce pollution. Another outcome of joint work is the creation of a handbook on public participation through social impact assessments (SIAs), a project with a modest budget but a direct impact. The SIA handbook will likely be integrated into Environmental Impact Assessment guidelines, and it helps MNRE refute criticism from NGOs that it does not pay close enough attention to social concerns.

48. In addition to diesel emissions and the SIA handbook, the Bank piloted a model assessment for management of wastewater which it expects to replicate nationally, and recommended a more economically viable system for operating landfills. One particular study that MNRE officials would like the Bank to carry out would link the environment to health, and build regional strategies to address the issue.

49. Representatives from several line ministries explained that in order to implement policies, the role of local governments is increasingly critical. More than that, Thailand is having difficulties pushing through important reforms due to a lack of capacity at the local level. For whatever reason, counterparts felt the Bank had not been able to reach out to these local governments. For example, because of decentralization of budgets, local governments face more and more responsibility in addressing HIV/AIDS, and experience from other countries indicate they tend not to devote sufficient resources to prevention. In a similar vein, MNRE officials drew attention to the need to integrate key environmental performance indicators across central and local government. Local governments are also struggling with creating and applying a system of “technology verification” which would set and assess the environmental standards of selected equipment being installed at the local level. For instance, localities often create clean water problems due to poor wastewater management, and lack the capacity to choose the appropriate model for waste incineration. The MNRE official suggested that the Bank could address this by, for instance, creating eco-villages as models for innovation elsewhere nationally and regionally.

50. While we did not have the opportunity to consult with clients who were involved in the CDP-Education financed by the ASEM Trust Fund, the Bank’s own Implementation Completion Memorandum rated its outcome as Satisfactory. This was primarily attributed to the creation of a more equitable school financing formula; the development of 10 training modules aimed at local school boards, principals, teachers and community leaders to help them understand issues related to decentralization and their roles in promoting high-quality education; and training of 25 master trainers, 200 lead teachers, and 3,000 subject teachers in mathematics and science which led to improved test scores by their students.11

3.6  PARTNERSHIP IN KNOWLEDGE

51. As discussed above, the Bank has made efforts to enter into a partnership for knowledge with Thai counterparts. There are some cases of joint knowledge studies. In NESDB experience, these tend to be studies done by Bank experts with the support of local consultants hired by the Thai government, in the hope of reaching a “mutual conclusion”. In these studies, the Thai government covers its own staff costs; national consultants have costs met typically through TA grants, but contributions from the government have been made in some cases. In addition to the HIV study, NESDB reports a joint working group on two projects: the knowledge economy and infrastructure. In the past, the Bank has come to Thai officials to gather information, and then leaves to write the report. In these working groups, the Bank and government officials divide up the chapters between them.

52. The largely successful ARV treatment joint study was, however, initiated “entrepreneurially”—by chance, a national Bank staff member departing for the Washington office asked a MoPH official what he needed most, and offhand he named a study of the costs of treatment. Six months later, the staff member’s replacement initiated the study. The study included significant public input—an NGO representative was satisfied with the process for public input, and found the Bank willing to listen to civil society perspectives and to change its positions when necessary. It was difficult to communicate at first, but eventually the participants achieved a true dialogue, with give and take and compromise.

53. The Bank included a Social Investment Project loan of $300 million in the wake of the crisis of the late 1990s. The objective of the project was to respond to the financial crisis by rapidly creating jobs and providing essential social services for the poor; and to use the crisis as an opportunity to support bottom-up service delivery through financing locally-identified development initiatives and promoting local capacity building and community development. The second objective was addressed through a Social Investment Fund (SIF) that financed subprojects proposed and managed by community groups. While not a knowledge-only product, the SIF is a clear example of joint project design. The Bank brought an expert from Colombia to design the SIF, but the expert lacked a Thai perspective. Eventually, the Bank and government officials compromised, and overall the program benefited from the Bank’s international experience once it was combined with Thai thinking, according to a former government official. The project was particularly improved by the Bank’s input on procurement and other procedures. One reason the SIF was relatively successful—rated highly satisfactory in the Implementation Completion Report—is that it was a continuation of innovations and activities that were ongoing. SIF utilized this existing framework, and used significant finance to make it a significant program. Thai officials have since gone to Cambodia to share their experiences.

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12 This is the rating for the SIF component of the Social Investment Project, whose overall rating was moderately satisfactory.
54. At times, the Bank works on projects with the private sector and civil society with mixed results. For instance, the Chamber of Commerce received good assistance from the Bank on a logistics project, including the incorporation of experiences from other countries. The Chamber proposed its findings on improving multimodal systems and port facilities to the Thai government, and these are being included in the competitiveness committee’s work. Indeed we found a fair amount of evidence that Bank staff had tried to reach out to the private sector to engage them in its work, particularly recently. This was appreciated by those concerned, and seemed to help gain a foothold for action on issues the Bank helped to analyze.

55. An academic who worked with the Bank on a risk and vulnerability assessment would like to work with the Bank on additional projects. An NGO representative who worked on the SIF design, however, reported his perception that in general the Bank uses Thai experts to share opinions, but not to work on projects—it is less interactive with counterparts than desirable when designing program direction: it should mutually generate ideas with Thais in the future.

3.7 DISSEMINATION

56. Several interviewees indicated that in their view the Bank is not a major driver of public opinion on important development topics. A member of civil society asserted that the Bank is not present in any significant way to affect perceptions and the general discourse in Thailand. Another added that the Bank appears to lack a communication strategy—it is “so far away” compared to the UN and ADB—and that it should be in constant contact with the media and civil society to avoid communications problems when a crisis does occur. This respondent perceived that the Bank has become less active, and noted that it communicated better when the Bank was more active. In fact, in his view private companies influence public debate almost daily, and this is less than optimal because these organizations have a vested interest to which the Bank’s impartiality and objectivity would be a useful counterbalance. Of course these views may not be covering the whole picture particularly if the Bank’s communications strategy consciously avoids positioning the institution as a driver of public opinion (as the Bank’s Country Team has argued), in which case respondents may not be aware of behind-the-scenes contributions made by the Bank. This would certainly pose an evaluation challenge, however, to distinguish between this relatively benign situation, and the possibility that the discrete efforts themselves are ineffective.

57. It can be difficult to put global reports in a Thai context. A media representative asserted that in the last few months, however, the Bank has been better about providing background briefings that share global experiences and making them more relevant to local issues, but generally the Bank produces reports in a routine manner without tailoring them enough to Thailand’s needs. A government official reports that relevant global studies are not translated into Thai, and so do not reach Thai-speaking audiences. Finally, the media representative added that Bank reports are usually in-depth,

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13 The Country Team reported that in its view a very large number of Thai experts have been working on Bank projects.
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comprehensive, and useful in general, but the public often does not hear about them because they are written for a technical audience, and the Bank should produce a different version that humanizes issues for the general public.

3.8 **Capacity Building**

58. Officials from many different ministries, as well as the private sector, expressed a desire for the Bank to engage more actively in capacity building, particularly among more junior staff. For instance, the FPO has sent junior staff to train in the Bangkok and Washington Bank offices at its own expense, but it cannot continue to support the program. FPO finds these training exercises very useful, as working for the Bank has changed the way junior staff look at current issues. ADB has a program that places government employees for a brief period in Bank offices, and FPO urges the Bank to add one as well. Similarly, NEDA has advised more junior staff to train at the Bank, but there is no formal program in which to direct them. Counterparts, however, did not indicate that they were willing to pay to place staff members in Bank offices, and so it is not entirely clear that this is a priority above others. Indeed, it seemed one of the reasons the ADB program was more attractive was because it is free.

59. A Bank of Thailand official said that the key to a TA program is capacity building, not just providing the government with a list of reforms to implement; and to an extent the Bank has been able to provide this to the Bank of Thailand. She added that it is too ambitious, however, to think the Bank can make a country-wide difference solely through capacity building—this is a slow process—but when the country can build its own capacity, this will eventually affect the economy. TA alone will not make a large difference, and so the Bank must focus on training and education. Neither ACMECS nor NHSO have received assistance to build capacity from the Bank, but both expressed a need for help.

3.9 **Paying for Knowledge Services**

60. There has been some talk at the Bank of expanding fee-based advisory services in middle income countries.\(^{14}\) Several interviewees in Thai government expressed opposition to such a fee-based service, possibly with concern that their answers might alter Bank policy. Officials at FPO noted they would have to carefully consider whether or not to use the Bank for knowledge services if it was forced to pay for them, adding that the IMF and ADB provide advice for free. Others at MoF said they would consider financing TA if it found the support useful\(^ {15}\). Currently, Thailand provides in-kind counterpart financing, but does not cover the Bank’s costs. Charging for TA, a senior MoF official noted, would rationalize the assistance for countries who can afford it. An official at MNRE added that “we can just as easily hire other private consultants.” Several respondents also argued that Thailand, as a member and shareholder of the Bank,

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\(^{14}\) The topic has come up in several corporate strategy papers on middle income countries, and in discussions among the Bank’s Board of Executive Directors.

\(^{15}\) The Country Team notes that the NESDB has already helped with the financing of consultants on some assignments.
and a country which continues to repay the IBRD, should be entitled to a degree of advisory support from the Bank without charge.

61. An academic asserted that whether or not a country should finance its knowledge-based programs depends on its financial situation, and that Thailand should to the extent that it can afford the extra costs. Another member of civil society, however, disagreed. He noted that it does not make sense for the Bank to charge for its advice because the Bank’s knowledge is a public good beyond what the government would be willing to pay for—and in some cases, they may not even want it. You cannot market test it because there is no market, only government.

3.10 CONCLUSION

62. Overall, the Bank program appears relevant to Thailand’s needs. The Bank did a good job of creating an innovative relationship-based systematic approach to covering most of the important topics that Thailand faces. In producing reports, the Bank uses a collaborative process, including national experts in many cases. Given the boundaries that the Bank was given by Thai decision makers, the Bank should be commended for creating a focused and thoughtful assistance program without lending. However, a very senior official captured the tone of the feedback from counterparts when clearly confirming the Bank’s AAA was good, but passing on whether much of it in recent years has been outstanding. For the most part, counterparts indicated that the Bank’s ability to shape broad directions of Thai policy has waned to some degree. It thus remains to be seen whether the Bank’s more focused knowledge-only program has a significant development impact in Thailand.16

63. While the Bank works closely with officials at MoF, NESDB, FPO, and several line ministries, its recommendations and technical advice are seen as technically sound but not always specifically linked to immediate needs and sometimes too general in scope. Moreover, the Thai government receives advice from many sources, and there was only limited evidence that Bank studies have affected the overall direction of public policy. Evidence of Bank impact is most clear in projects that have depth, precision, and are appropriately tailored to Thailand. In some cases, when the Bank’s work does not find traction with senior decision makers, the best opportunity for impact has been through operational mid-level staff working “at the coal face.” Such influence at the mid-level operational cadre could, in principle, find its way to decision-makers, which is the argument made by the Country Team. It is important to ensure that this is kept under careful review to be sure the approach is ultimately having the intended results.

16 The 2000 Thailand Country Assistance Evaluation assesses the Bank’s combined knowledge-finance program prior to the crisis similarly, noting that in two of the four areas of focus (poverty and the environment) the Bank did not accomplish very much, but that it would not be reasonable to expect much given the Bank’s low profile in Thailand during that period.
4. **Future of Bank Lending**

64. The Bank’s Country Assistance strategy makes the case that because Thailand has strong and stable access to private capital markets, the Bank’s relationship should graduate beyond that of lender-borrower to a new partnership based only on knowledge. Actual Bank assistance has followed this strategy: since 2001, there has only been one Bank-financed project for approximately $84 million, while Thailand has nearly quadrupled its borrowing from private creditors reaching $1.4 billion in 2004, nearly returning to its pre-crisis trend. Moreover, counterparts reported that domestic capital markets have significant excess liquidity, and so borrowing abroad is unnecessary.

65. For the most part, it appears Thailand is happy to borrow from the private market, supplemented by ADB\(^\text{17}\) and Japanese grant resources. NGO, private sector, and academic representatives asserted that after the crisis, borrowing from the Bank was justified, but that now lower income countries have more of a claim on Bank finance and Thailand is able to and thus should use its own resources for development. For example, the Thai government spent 100 billion Baht to start a village-based revolving loan fund, far more than was devoted to the post-crisis Social Investment Fund. Also, a quasi-governmental agency set up for slum improvement has targeted 300,000 units in 200 cities. According to another academic, this reduction in borrowing from the Bank is in line with the country’s nationalistic stance that it does not want or need foreign assistance. Statements from multiple sources and the creation of the NEDA confirms this contention—Thailand is now looking outward to provide project finance and foreign aid to lower income countries in the region rather than seeking support for its own development.

66. Certain influential government representatives have carefully left the door open for future borrowing without making any commitments. It was clear that relevant officials had certainly been made aware of the Bank’s new range of financial products and services—fixed and floating rates, currency swaps, asset management services, and other Treasury-sponsored facilities—although as yet they have not taken them up. For instance, the permanent secretary of the Ministry of Finance said, “If and when we do go ahead with the Mega-projects on infrastructure, we may find some kind of partnership on technical and financial assistance may be integral to the project.” When asked to explain further, he added that the Bank would be an extra source of finance, and Thailand would use it if it is competitive with other sources. He would also consider new instruments if they are available, such as one that allows a fast draw down at the discretion of the borrower. One reason he cited for his interest in borrowing is the technical assistance that comes along with a loan. At least one adviser in the MoF noted, however, that “World Bank money is no longer cheap.”

67. One CSO official noted an issue of public perception that the Bank might wish to consider on this issue. In his view to the extent that the Bank has an image with the general public (many of whom will not have heard of the institution) that image is

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\(^\text{17}\) The Asian Development Bank no longer provides loan finance to Thailand, but does provide a healthy amount of TA supplemented by occasional grants.
associated with the large infrastructure projects of the past, especially dams. So moving into this arena in the future—with the mega projects—may rekindle negative sentiments. A Bank member also confirmed that there was still a negative legacy in public opinion—particularly vociferous among some NGOs—from the Bank’s earlier involvement in infrastructure projects with an environmental dimension.

68. From these interviews, it is not easy to gauge how far Thailand is truly interested in borrowing from the Bank using existing instruments. The central agencies clearly prefer the Bank to be involved in terms of technical advice and project preparation, but they may fear the Bank will end its engagement if there are no prospects for new lending.

69. Although it was not the purpose of this fieldwork, a natural question in the current environment is how far the country team should gear up for potential new lending. Evidence suggests that Thailand has curtailed borrowing from the planned amount in the recent past—the 1998 CAS suggested Thailand would borrow over the period FY98-00 of $3.4 billion for 12 projects, when in fact it borrowed only $2.1 billion for seven projects. Our interpretation based on senior official comments is that Thai officials are leaving open the possibility to borrow from the Bank, but are relatively unlikely to do so in the near future. Furthermore, an apparent change to a focus on lending is not without costs. As it stands, key Thai counterparts are not skeptical of the Bank’s motivations—the Bank is considered an honest broker with a coherent strategy and well-intentioned follow-through. If the Bank aggressively reopens the door to lending or apparently changes its strategy, it may lose a level of trust.

5. **Coordination of Services across the Bank Group**

70. Some have argued that the World Bank Group (WBG) may be particularly effective when it exploits synergies across its various arms, particularly IBRD (the Bank) and the International Finance Corporation (IFC). This section explores the extent to which the Bank and IFC coordinate their activities, and the result of this coordination. The scope for cooperation is likely to be influenced by national stakeholders’ receptivity to both the Bank and IFC. On this point an issue was raised by several government officials, academics, media, and private sector representatives who had experience with IFC in Thailand expressed some concerns. Those respondents held a perception—correctly or otherwise—that the IFC’s actions during and immediately after the country’s financial crises were focused heavily on its own commercial interests and had not given enough weight to Thailand’s long term development needs. Some respondents suggested that because of the closeness of the Bank and IFC, there may have been a conflict of interest during those turbulent times between Bank Group advice which was impartial, and that which might be perceived as in the commercial interests of IFC. Whether or not during this period there was an actual conflict of interest between the roles and responsibilities of the Bank and the IFC is not evaluated or commented on here. But the feedback illustrates the point that in moving towards better or tighter collaboration between the Bank and the IFC, adequate attention must be paid to safeguard against both actual and perceived conflicts of interest.
A lot of foreign investment has returned to Thailand since the crisis, but the
perception among interviewees is that IFC has not been leading the way among the
investment community. IFC has invested in four projects for a total of $110 million in the
last four years, compared to 11 projects for a total of $315 million in the four years
preceding the crisis. During interviews, several respondents drew attention to areas where
they consider there to be potential for Bank Group cooperation to deliver more effective
results. For example, Thailand has very significant transport infrastructure needs,
including in the capital, Bangkok. Yet while the IFC has conducted some investment in
this area, respondents could not see a strong evidence of this being connected with policy
advice and other forms of assistance available from the Bank.

Another area raised by respondents, particular those in the private sector, was the
potential for Bank Group collaboration—including proactive IFC support—to help Thai
companies with south-south investment. A representative of a large corporation provided
an interesting perspective. He argued that his company—and many others in Thailand—
were very comfortable with globalization. Indeed they were embracing it, and now had
major investments in at least 12 countries in the region including China and Vietnam. He
argued that companies such as his do indeed have a comparative advantage and interest in
South-South investment. That said, he felt that IFC was not doing enough to promote
such transactions perhaps because of a conservative approach to investment. Another idea
he raised was the possibility of the Bank/IFC “going global” with its support for the
private sector. By that he meant developing services which could be widely tapped into
by companies. The example he gave was the need for work on food safety and food
traceability—making available the best practice techniques on an issue such as this could
be particularly beneficial for companies in the developing world.

At the same time it should be noted that some respondents described their
circumstances in which the respective roles for the IFC (and the Bank) were well-defined,
and did not really call for any significant coordination. For example some private sector
counterparts were looking for—and had experienced—a straightforward type of support
from IFC, relying on its expertise, resources, and international reputation, and saw no
need for any involvement from other parts of the Bank Group. This illustrates a more
general point that while cooperation across the Bank Group may be useful, it is by no
means required in every case, and this should be taken account of in whatever operational
arrangements the Group uses to promote such cooperation.

IFC and the Bank appear to have some of the ingredients in Thailand that many
say are necessary for close coordination. For instance, IFC and the Bank are co-located in
Bangkok (although the IFC Country Director is located in Manila); the CAS was
produced jointly; and while the country continues to have fairly low income levels, it also
has a dynamic private sector. But despite these, overall the field assessment uncovered
little evidence of active and powerful coordination between the Bank and IFC. None of
the several interviewees who work with both the Bank and IFC has ever met with them
both at the same time. No one brought to our attention a particular project in which WBG
coordination was considered a best practice. Furthermore, in interviews with staff it did
not appear that the roles and capabilities of the Bank and IFC carried significant weight.
One contrast with some other countries, such as the Philippines, is the lack of a clear mechanism for collaboration, where the CAS is also produced jointly, but IFC participates in the multi-stakeholder Philippine Development Forum in which the country sets an agenda for its development. Finally, some suggested the appearance of a conflict of interest as a potential pitfall of coordination.

6. **Engagement of Thailand in Global Programs**

75. One of the Bank’s stated arguments for working in countries with strong capacity and access to private capital markets is their importance for addressing global issues, particularly those in the health and environmental fields. The IEG evaluation of the Bank’s Global Programs established the importance of linking country programs to global priorities in order for countries to be truly engaged.

76. A senior policymaker put this into context in highlighting the attention paid by Thailand to the UN MDGs—and the fact that the country has already achieved or will meet most of the MDG targets (the exception being HIV/AIDS). These targets remain relevant, and environmental issues are particularly challenging given the rapid pace of economic growth. It is also worth noting that during the course of our interviews regarding global programs, several respondents drew attention to regional programs and opportunities, such as the GMS collaboration—which in their view are of equal if not greater importance.

77. Thailand is the regional representative on the Stop TB board, but generally is not represented on the boards of Global Programs. According to one academic interviewed, global priorities are set by Part I countries. If Thailand and other developing countries want to be involved in setting these priorities, they should stop groaning about decisions made by the international community, and learn to work together to set their own priorities.

78. For this study, we looked at three topics of potential engagement: (i) environmental programs, particularly the Global Environmental Facility (GEF), the Clean Development Mechanism (CDM), and Carbon Finance; (ii) HIV/AIDS; and with less emphasis (iii) response to the Avian flu.

**6.1 Environmental Global Programs**

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18 The Country Team has noted that there has been cooperation between the Bank and IFC on sub-sovereign finance and on major infrastructure projects (although this was not remarked upon by the specific counterparts met during the field visit). The team has drawn attention to the Nam Theun 2 project which is said to have involved huge collaboration between MIGA and the Bank, involving public and private sectors both in Thailand and Laos.

19 The Bank Country team observes that the Bank Group is working on GMS issues. These are relevant for the Bank’s support, but do not fall within the ambit of the review of global programs as a focus of the MIC evaluation.
79. Officials at the Ministry of Natural Resources and Environment (MNRE) said that the Bank has only informed them of Global Programs piece-by-piece, rather than with a comprehensive view. They added that it would be helpful if the Bank were to share positive experiences it has had with other countries in particular global programs, something they had not experienced.

80. For the CDM, the MNRE officials do not recall any involvement by the Bank in connecting them to the program, and Thailand has not participated in a single CDM project. Even though Thailand signed the Kyoto Protocol, there is a significant obstacle to participating in CDM projects because the Prime Minister declared that every project of this type must receive full cabinet approval. The government has received 12 private sector proposals for CDM project, and there is currently a committee writing a plan to streamline the approval process, with the help of the Japanese. The Bank reports it is helping develop a streamlining process, but this was not mentioned by the government counterpart.

81. There have been no carbon finance projects in Thailand. The Bank and Thailand are considering trying to use Carbon Finance to tap methane from some landfills, but this is not far advanced. One potential Prototype Carbon Fund (PCF) project at a sugar mill was very advanced, but ultimately was not approved. Bank staff cited several significant perception barriers with Thai counterparts to carbon finance projects in Thailand that are not easy to overcome—that some people believe they are an attack on sovereignty because they tie up land use for 30 years for afforestation and reforestation type of projects; that projects only end up benefitting the United States which has not ratified the Kyoto Protocol; and that completing these CDM projects now “wastes” easy carbon emission now when they are voluntary at the expense of completing them later when they may be required by the international community. The Country team has noted that a forthcoming new institution is being established—the Thailand Greenhouse Gas Management Office—which complements other policy changes approved in principle by the Cabinet in August 2006, and the Bank with bilateral support has been providing advice in the CDM area.

82. MNRE participates in various GEF projects, but is unhappy with its allocation system, saying it is unfair to MICs, devoting most of its resources to low income countries. As an example, they cited a regional GEF program on sustainable transportation they are considering joining. If the project was considered a national project, it would result in more resources. But as a regional project including neighboring lower income countries, Thailand’s funds must come out of its existing GEF allocation.

83. The Bank environmental specialists interviewed volunteered two other global programs in which the Bank is involved. They noted that Thailand has a fairly standard Ozone Depleting Substance (ODS) program in which the Bank uses grant funding to subsidize the purchase of equipment. An example is a program that helped small and medium enterprises fit out equipment to reduce emission of CFCs. Also, a Bank task manager arranged for an Energy Sector Management Assistance Programme (ESMAP) grant to pay for consultants and some equipment for diesel emission reduction under the CDP-E.
6.2 Health Global Programs

84. Officials at MoPH did not associate the Bank with helping Thailand access HIV/AIDS global programs such as UNAIDS and the Global Fund for Aids, Tuberculosis, and Malaria (GFATM). Thailand has been involved in GFATM since its inception, and through the program gets advice from the United Nations (UN), the World Health Organization (WHO), the United States Center for Disease Control (USCDC), and other international organizations, but less often from the Bank: “The World Bank is somewhere in the sky. It comes to visit sometimes, like an angel.”

85. MoPH officials think the Bank’s HIV role in Thailand is “to engage with policymakers, to secure budget, and to get a better understanding” of the problem. They did not mention a role for the Bank in connecting Thai officials to other organizations and programs. They are quite happy with the Bank’s work, but they report that the Bank does not have a strong enough connection between its global knowledge of HIV/AIDS, which is extensive, and its work on the country level.

6.3 Avian Flu

86. A private sector representative whose company (CP Group) sells poultry was quite concerned with avian flu. Three years ago, they faced a disaster because the EU and United States banned imported chicken from Thailand when the avian flu was discovered. As the largest exporter, CP shared its food security plan with officials in Europe (WHO, EU, FAO, etc.) which involved compartmentalization and strict bio-security measures for all its facilities. It also recently set up a safety plan for its employees in the case of a pandemic. There was no Bank involvement in setting up CP’s avian flu plan.

87. According to the business representative, the world still needs a general plan to address a potential flu pandemic. Small operators represent the largest risk, even though in Thailand they only have 15 percent market share. This is because they have very little resources and no plan. Moreover, security measures are corporate-driven.

88. A Government official at the NESDB who was familiar with Avian Flu issues in Thailand explained some how the FAO and WHO had been involved. He noted that both of these institutions had responded quickly by sending experts to Thailand at the onset of the potential health crisis. In contrast, he had no knowledge of any Bank involvement.

6.4 Conclusion

89. Engaging Thailand in important global programs has featured in some of the Bank’s support to the country, but it does not appear to have been one of the Bank’s top priorities. In some cases, this is understandable and may be justified. For instance, Thailand is already well connected to global HIV/AIDS programs, and is often cited to

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20 The Bank’s Country team has noted that Thailand has good connections on global programs in the HIV/AIDS area, making it a less pressing need for the Bank to devote efforts to such connections.
exemplify a successful plan to address the problem. The Bank is thus justified in providing technical advice, and assessing the economic impact of various policies. More generally, we learnt from several respondents that through Thai’s own education and professional networks, they were often relatively well connected with counterparts across the world, and with global initiatives. The Bank acting purely as an “introducer” for these types of counterparts would not be adding value.

90. On other issues, it appears the Bank program could do more, even if receptivity on the Thai side is modest. For instance, many countries have taken advantage of CDM and Carbon Fund projects, and have been satisfied with their outcomes, but the Bank has not yet succeeded in convincing key Thai stakeholders of their importance and potential benefits.

91. It is difficult to assess the Bank’s performance in addressing avian flu. The Bank has only become involved as the point agency on a global level in the past year, and many of the perspectives offered pre-dated this change.
ANNEX 1: THAILAND FIELD WORK: INTERVIEW LIST

This field assessment conducted interviews with development practitioners across a spectrum of in-country institutions. Most of the counterparts were at a senior level—typically playing a significant role in the organization’s management team. The sample also includes some counterparts with practical operational roles. The interviews were drawn from the following diverse range:

- Ministry of Finance
- Fiscal Policy Office, Ministry of Finance
- National Economic and Social Development Board (NESDB)
- Bank of Thailand
- Public Debt Management Office (PDMO)
- Neighbouring Countries Economic Development Cooperation Agency (NEDA)
- Thailand Development Research Institute Foundation (TDRI)
- The Community Organizations Development Institute
- The Nation
- James H. W. Thompson Foundation
- ACMECS Business Council—Thailand
- Charoen Pokphand Group Co., Ltd.
- Bangkok Mass Transit System Public Co., Ltd.
- Siam Industrial Credit Public Co., Ltd.
- Ministry of Public Health
- National Health Security Office (NHSO)
- Medicins Sans Frontieres
- Ministry of Natural Resources and Environment (MNRE)
- National Institute of Development Administration (NIDA)
- Standard Chartered Nakornthon Bank
- World Bank Group Staff

On occasion, the references in the working paper appropriately are associated with particular institutional vantage points, which allow the reader to see the richness of the debate. Noting this, the appendix therefore does not identify respondents by name.
## ANNEX 2: APPROVED BANK PROJECTS

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<th>Project ID</th>
<th>Sector Board</th>
<th>Amount in Million US$</th>
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Client Perspectives on the Bank’s Support 30
### ANNEX 3: IEG PROJECT RATINGS IN THAILAND

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