

Development in Partnership

The World Bank in Thailand

November 2006

NESDB, World Bank Discuss Thailand's Tenth Plan



Mr. Somchet Taeracoop, Deputy Secretary General of NESDB, welcoming participants to the workshop

The World Bank, the National Economic and Social Development Board (NESDB), the Ministries of Finance, Education, Social Development and Human Security, Environment, as well as representatives from the private sector, universities and research institutes gathered in Bangkok on October 27-28 for a seminar entitled *Sustainable Growth, Regional Balance and Social Development for Poverty Reduction in Thailand*. More than 160 participants discussed critical issues relevant for Thailand's Tenth National Economic and Social Development Plan, assessed progress to-date, identified measures that can be taken relatively quickly, and highlighted critical knowledge-gaps that will need to be addressed to strengthen implementation of the Tenth Plan.

The presentations and discussions occurred in the following three sessions: Growth, Regional Balance and Poverty Reduction, chaired by Dr. Poramete Vimolsiri, Senior Advisor, NESDB, and then by Dr. Utis Kaothien, Deputy Secretary General, NESDB; Social Development and Empowerment, chaired consecutively by Dr. Charuaypon Torranin, Permanent Secretary, Ministry of Education, and Mrs. Kanda Vajrabhaya, Deputy Permanent Secretary, Ministry of Social Development and Human Security; and Natural Resource Management, chaired by Mrs. Nisakorn Kositratna, Deputy Permanent Secretary, Ministry of Natural Resources and Environment. There was also a Way Forward session, chaired by Khun Arkhom Termittayapaisith, Deputy Secretary General, NESDB, to provide an agenda of further work and discussions.

"Work to implement the Tenth Plan has already begun and the seminar's discussions provided excellent suggestions for actions, as well as for further studies in specific areas that can fine-tune the implementation of the Plan," said Khun Arkhom. "We are already in discussion with one of the seminar participants to work on improving our ability to measure output and productivity in several of the service sectors, an important aspect of the Plan."

The speakers presented diagnosis, findings and policy implications in each of the above areas based on joint analytical work of the Royal Thai Government and the World Bank, carried out over the last three years. The World Bank conducted this work under a Partnership for Development, effective since 2002, which is a two-way knowledge sharing partnership under which Thailand has access to knowledge and expertise from around the world and where other countries have access to successful Thai development experiences, both facilitated by the World Bank.

In his opening remarks, Ian Porter, World Bank Country Director for South-East Asia, said that the seminar was timely in assessing where Thailand stands in its development journey, moving from a middle income to a more efficient high income country and what it needed to do to get there. "Thailand has shown incredible resilience in the face of the challenges arising out of the financial crisis and has been integrating with the region at a rapid pace," he said. "What is important now is to respond to the intense competition facing Thailand as well as address the internal challenges of reducing inequality and ensuring that growth is socially and environmentally sustainable."

Kazi Matin, World Bank Lead Economist for South-East Asia, said that "the seminar recognized recent progress, but also identified specific measures to reduce regulatory burden, enhance the financial sector's legislative framework, fill key infrastructure gaps, lower air pollution, improve labor-force skills and strengthen workers' social protection." He also noted that "further analytical and technical work for productivity-growth, service-sector, knowledge-based economy, as well as for community empowerment, water resource development and alternative energy were all viewed as helpful for the implementation of the Tenth Plan".

The first session highlighted that Thailand's recovery was one of the strongest in the region, with

Message from **the Country Director**

Dear Reader,

I am pleased to introduce the first issue of **Development in Partnership**. Published in both Thai and English, this newsletter is intended to keep you informed of the World Bank's activities in Thailand, and other news related to development. Whether you are in government, academe, the private sector, or civil society, we hope you will find the information highlighted in these pages—on events, new research, emerging trends, and critical issues—of interest in your work. Better still, we hope it will prompt further reflection, discussion, ideas and action to achieve our common aims: lasting poverty reduction, equitable growth, and sustainable development. We look forward to hearing your thoughts.

Ian Porter

export growth driven by policy reforms and rapid East Asian integration. Future export and private investment growth will depend in large measure on the country's ability to move up the value-added ladder and maintain strong productivity growth. This will have to depart from the past when most of the growth came mainly from capital and labor inputs and much less from productivity growth, and for that purpose addressing firms' constraints of regulatory burden, infrastructure deficiency and skill shortage will be important. Also, public spending in poorer regions like the Northeast is needed to ensure more regionally balanced growth.



Mr. Ian Porter, World Bank Country Director for South-East Asia, delivering the opening remarks at the workshop

The second session showed that secondary education had progressed hugely during the 1990s but the firms still identified availability of English language and ICT skills for production workers and middle managers as binding constraints, as was the case for engineers. Thailand's actions to continue secondary education improvements were highlighted. Overall, both sessions emphasized that strengthening skills and education of Thais was urgent for Thailand, in order for the country to develop towards a more efficient knowledge-based economy. Enhanced social protection of workers was also needed, as increased external volatility from Thailand's rising integration was inevitable. Community empowerment could be raised through social investment funds and community-driven development as shown by Thailand's own successful experience.

The third session discussed how air pollution in Bangkok could be reduced and how river basins could be managed better to reduce water shortage in various parts of Thailand. On air pollution, the seminar showed that it can be reduced significantly through a few specific measures, some of which have already been adopted, while others will require further dialogue with all stakeholders.

For more information, please contact Mr. Kazi Matin (kmatin@worldbank.org).

Interview with Luis Benveniste: Secondary education has the potential to serve as a pathway for students' progress and advancement.

World Bank Education Specialist Luis Benveniste is country sector coordinator for Human Development in the Bank's Bangkok Office, which works with the Royal Thai Government on education, health, and social protection issues, as well as labor migration in the Greater Mekong Sub-region (GMS). Following the launch of his team's **Social Monitor on Secondary Education** at the Thailand Education Congress II on the occasion of World Teachers' Day in Bangkok on October 6, Luis discussed the findings of the report.

In the past, the Social Monitor has focused on human development issues that are important to Thailand's development agenda. How does secondary education fit into this agenda? Education policy has long been regarded as an important component of national development planning. The most recent National Education Plan, for 2002-2016, embraces a vision of human-centered development that will lead to a knowledge-based society, promote continuous learning, and involve all segments of society in designing decision-making concerning public activities. Secondary education has the potential to serve as a pathway for students' progress and advancement. It can offer skills development for producing a workforce with expertise that matches the needs of the labor market. Investment in secondary education reaps great rewards when it acts as the critical link between basic education, higher education and the labor market.



Secondly, it is a key tool for poverty alleviation in Thailand and for bringing about broader income equality and social equity. A recent study shows that between 1998 and 1999 individuals with upper secondary education and vocational and technical qualifications improved their standard of living and also had higher earnings.

Thirdly, secondary education contributes to a higher social rate of return; for instance, a better-educated mother is likely to head a family that is more health-conscious and better-nourished. Finally, in terms of public benefits, better-educated citizens tend to participate more in public affairs—for instance, in the form of increased voting rates or less association with crime.

The Social Monitor on Secondary Education finds that access to secondary education has expanded dramatically in Thailand. Can this expansion be expected to deliver the economic and social benefits you mention? International comparisons show that Thailand made dramatic improvements over the past two decades. Thailand started out in the late 1980s with one of the lowest secondary gross enrollment rates in the region, but in later decades positioned itself in the top tier due to a concerted Government effort to expand access. Compared to enrollment rates in 1994, access to secondary schooling has notably expanded for all groups. Participation rates in secondary education demonstrate that access across gender, the rural-urban divide, regions and socioeconomic status groups has expanded, benefiting all groups in some measure.

But while Thailand's expansion of secondary education is a success story, there remain issues of access, equity, quality, and efficiency. In terms of

access, many children—those with disabilities or who belong to non-Thai and ethnic minorities—have remained at the margins of inclusive education policies. And interestingly, while the income and urban/rural gaps have grown smaller, on average the gender gap has grown significantly larger and to the benefit of girls. In contrast to many other developing nations, a different equity challenge—keeping boys in school—has arisen.

As for quality, results from the Program for International Student Assessment (PISA) and Trends in International Mathematics and Science Study (TIMSS) underscore that there are problems with education quality that demand urgent attention. Very few children score in the top proficiency levels. For PISA, less than 10 percent of students scored beyond level 4 in mathematics or reading. This is in stark contrast to the three participating East Asian upper-income countries, where roughly 50 percent of students in mathematics and 40 percent in reading scored above this level. The same holds true for TIMSS. Furthermore, a very large share of students is performing below acceptable proficiency levels. Thailand had roughly 40 percent of students performing at or below the PISA level 1 in literacy and over 50 percent of students performing at or below the PISA level 1 in mathematics.

In terms of efficiency, it is interesting to note that per student public spending on secondary education in Thailand is 24% lower than for primary education. By contrast, the unit cost for secondary education was 74% greater than for primary education in East Asia and Pacific countries and 39% greater in OECD countries. And only 5% of secondary education expenditures originate from private resources. This is remarkably low when compared to other countries. For example, the share of private resources for secondary education in Indonesia was 58% and in the Philippines 84%.

The level of financing in secondary education is important because there is evidence that suggests that it can and does make a difference. According to the PISA study results, we observe that “the greater the socio-economic advantage, the greater the advantage it has in terms of student performance.” In other words, the very top group of Thai students in terms of socioeconomic status performs disproportionately better than those immediately below. Education already receives the largest share of the government budget, but there may be scope for further investigation about the appropriate distribution of the education budget across levels in order to improve the efficiency of the Thai system, particularly in light of the fact that tertiary education investments have disproportionately favored wealthier groups of the population.

These are complicated technical issues. What are the prospects for strengthening secondary education in Thailand? Thailand has achieved remarkable

(Continued from page 3)

improvements in secondary education provision and participation. Much has been accomplished in the last decade. The Government has now embarked on finding solutions to the next generation of challenges: consolidating equitable access, improving quality and enhancing efficiency.

An ambitious reform program is in its infancy. Dedicated efforts and a continued focus in redressing existing systemic inefficiencies can realize the potential to fulfill the goal of a high quality universal secondary education for all Thai children.



The World Bank's Social Monitor on Secondary Education is available at www.worldbank.or.th (under 'Publications and Reports').

Recent Events



Lt. Nophadol Bhandhugravi, President of the Neighboring Countries Economic Development Cooperation Agency (NEDA) of Thailand, and Mr. Ian Porter, World Bank Country Director for South East Asia, signed a Memorandum of Understanding (MoU) on September 8, to collaborate on enhancing sustainable economic and social development in the Mekong Sub-region. As Thailand seeks to expand its role as an emerging donor in the region, the MoU between NEDA and the World Bank provides a framework for both organizations to share experience and knowledge of aid policies and procedures, and to facilitate joint activities in areas of common interest. For more information, please contact Mr. Zhi Liu (zliu@worldbank.org).



The World Bank, in partnership with Siam University, local NGOs, and youth organizations jointly organized a **'Youth Open Space Discussion'** on September 16-17, bringing together 150 youths between the ages of 15 and 24 from different regions in Thailand to voice their views and concerns about issues they face, including education and employment challenges, drug abuse and HIV/AIDS, social attitudes, and environmental protection. For more information, please contact Miss Alix Lebec (alebec@worldbank.org) and Mr. Tinnakorn Sareenun (tsareenun@worldbank.org).



The World Bank's Commodity Risk Management Group (CRMG) on October 13 presented a new index-based weather insurance program, developed in part through a pilot program in Thailand, to interested representatives from government, research institutes, and the private sector. For more information, please contact Ms. Buntarika Sangarun (bsangarun@worldbank.org).

Looking Ahead

The World Bank launches its **Thai Economic Monitor** and **East Asia Half-Yearly Update** on November 14. To attend the briefing in the Bank's office in Bangkok, please contact Ms. Buntarika Sangarun (bsangarun@worldbank.org).



For comments or questions about this newsletter,
Please contact Mr. Tinnakorn Sareenun
The World Bank Office, Bangkok
30th Floor, Siam Tower, 989 Rama I Road, Pathumwan, Bangkok 10330 THAILAND

Tel.: 66(0) 2686-8300
Fax: 66(0) 2686-8301
Email: tsareenun@worldbank.org
Website: <http://www.worldbank.or.th>