

Development in Partnership

The World Bank in Thailand

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World Bank Supports First Forum on Lao-Thai Partnership in Sustainable Hydropower Development

BANGKOK – The new Lao-Thai Partnership in Sustainable Hydropower Development was adopted last month during a high-level forum in Bangkok. Supported by the World Bank, the partnership aims to protect the environment, improve the lives of people affected by hydropower plants, and contribute to poverty reduction in both Lao PDR and Thailand.

Under the new Partnership, the Governments of both countries agreed to work together to reduce social and environmental impacts from future hydropower projects in Lao.

This landmark Partnership also highlights the important role of Thailand's private sector in the responsible management of Lao's natural resources, which will provide long-term benefits to the Thai people as well.

Lao is one of the poorest countries in Southeast Asia, with an annual income average of under \$500 per person. Hydropower is a major source of revenue for Lao, and the Government is now planning a large number of new hydropower projects.



Nam Theun 2 is a recent example of hydropower project that is socially and environmentally sustainable, say both Thai and Lao Government officials

Revenues from the power sale should therefore contribute significantly to Lao's goal of becoming a middle-income country by 2020.

Thailand's energy demand, meanwhile, has been rising faster than its annual economic growth. Over the last two decades, both countries have been working together on hydropower development.

Last year, The Thai Government agreed to increase its commitment to buy power from Lao to 5,000 megawatt between 2006 and 2015, making Thailand the largest market for Lao hydropower exports.

Projects completed included the Houay Ho and the Theun-Hinboun hydropower plants. Those currently under construction include the Nam Theun 2, which has won support from the World Bank and the Asian Development Bank (ADB), and Nam Ngum 2.



The High-Level Forum on Lao-Thai Partnership in Sustainable Hydropower Development brought together a diverse group of stakeholders



Dr. Piyasvasti of Thailand during his keynote address

During the High-Level Forum on September 7, 2007, **Dr. Piyasvasti Amranand**, the Thai Minister of Energy, stressed that both countries have benefited from the hydropower cooperation over the last two decades.

Nam Theun 2, Dr. Piyasvasti said, is a good example of such fruitful cooperation, given its high standard on the environmental and social impact mitigation.

“Nam Theun 2 has shown to the world that hydropower projects can be environmentally friendly,” he said. *“I believe we can continue (to benefit from this cooperation) if we follow these high standards.”*

The Laotian Government provides long-term concessions to private developers to finance, build and operate hydropower plants. At the end of the concession period, which normally lasts 25 years, the projects will be transferred to the Government.

This has given Thai investors a major role in hydropower development in Lao. Many Thai companies have joined the business consortiums set up to develop and operate the projects.

The September 7th Forum aimed to raise awareness of the social and environmental risks arising from hydropower development among interested parties in both countries.

The Forum included senior officials from both sides as well as representatives of the private sector, commercial banks, international institutions, social and environmental experts, and the news media.

The Forum, said **Dr. Bosaykham Vongdara**, the Lao Minister of Energy and Mines, is an important event that brings all of the stakeholders together to discuss the way forward in order to ensure that future hydropower projects will be friendly to the environment and to the communities affected by them.

“My special thanks are made to the World Bank for its support to the development of the hydropower sector in Laos as well as to this Forum,” he said.

During the forum, participants studied “best practices” in hydropower development and discussed social as well as environmental safety measures for hydropower project design. Developers of the Houay Ho, Theun Hinboun, and Nam Theun 2 projects also shared their experiences that can be applied in future investments.

At the end of the forum, Drs. Bosaykham and Piyasvasti agreed to adopt the *“Bangkok Joint Communiqué for Sustainable Hydropower Development,”* which lays down the framework for the public and private sectors of both countries to follow.



Dr. Bosaykham from Lao PDR, speaking to the reporters about the objective of the High-Level Forum

The Communiqué calls for timely environmental and social impact assessments, as well as design and financing of safeguard measures, to be integrated into new hydropower project planning.

The Joint Communiqué also urges commercial banks to ensure that funding for new hydropower investments will go to projects that are socially and environmentally responsible. In the

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Communiqué, the Thai Government also agreed to support Lao in building institutional capacity that will enable Lao officials to enforce existing environmental laws.

World Bank Country Director for Southeast Asia, **Ian Porter**, welcomed this landmark agreement. He said all stakeholders should now look beyond 'one-off' benefits, or to think of benefits as only for some and not for others.

"We can and should aim for benefits for all involved," he said. "This first high-level forum taking place today is a major step in this direction. It will, of course, now be up to all of us to ensure that sustainable hydro does benefit us all."

For more information on the **High-Level Forum on Lao-Thai Partnership in Sustainable Hydropower Development**, please visit www.worldbank.or.th or contact Pichaya Fitts at pfitts@worldbank.org and tel. +66 (0) 26868324

New World Bank Study Finds Immigration Has Minimal Impact on Thai Wages

BANGKOK, Sept. 17, 2007 – Contrary to the belief of many Thais, the influx of illegal immigrants in Thailand has not had a significant impact on employment of Thailand's low-skilled workers over the last decade, a new World Bank study finds.

The study, ***Does Immigration to Thailand Reduce the Wages of Thai Workers?***, shows that the effect of immigration on local wages has been minimal, said John Bryant, a researcher of the Institute for Population and Social Research at Bangkok's Mahidol University and co-author of the report.

The study finds that even a 10 percent increase in immigration would have led to a roughly two percent reduction on Thai wages, a small effect when compared to the average of 10 percent annual growth in Thailand's wages in the 1990s.

"This means if another 100,000 of migrant workers came tomorrow, it would lower wages by about eight baht per month," he added.

Mr. Bryant explained that the study found that the annual growth in the wages of Thai workers over the last ten years would have been just 0.1 to 0.2 percent higher without immigration.

During the early 1990s, Thailand's rapid economic growth has made it a desirable destination for hundreds of thousands of migrants looking for better paid jobs than in their own countries. They came mostly from Myanmar, but also from Cambodia, Lao PDR, Vietnam and Yunnan Province, China. Those from Myanmar have also

fled the long-running conflict to the more stable environment of Thailand.

Migrants now account for roughly four percent of the Thai population of ages 15-59. Many migrant workers in Thailand are illegal.



Recent rapid economic growth in Thailand has led to the influx of hundreds of thousand of migrant workers from neighboring countries

A recent poll showed that the majority of Thai people believe that Thai workers have been hurt by the increase of illegal immigrants in Thailand. However, ***Does Immigration to Thailand Reduce the Wages of Thai Workers?*** finds that migration has not caused Thai people to lose jobs or work less. The finding was based on four rounds of Thai labor force surveys by the government in 2004, Mr. Bryant said.

"In term of policy, efforts to keep out migrant workers could have a negative impact on Thailand's economy," Mr. Bryant commented. *"This is because migrants are a source of cheap labor for labor-intensive industries."*

Does Immigration to Thailand Reduce the Wages of Thai Workers? is the second in a series of World Bank studies under its Greater Mekong Sub-region (GMS) Labor Migration Program. This program, launched in 2005, is part of the World Bank's overall assistance strategy for the sub-region.



A lot of migrant workers find employment in labor-intensive, low-skilled industries

By establishing this program, the World Bank seeks to fill some of the knowledge gaps relating to labor migration in this extremely dynamic sub-region, where annual growth rates have been averaging above six percent per year recently, said **Ana Revenga**, a Lead Economist at the World Bank who works on labor migration issues.

“More than two million migrants have been moving between GMS countries in the last few years, but surprisingly there is a limited knowledge about migration in the sub-region,” Ms. Revenga noted. *“Without the knowledge, GMS countries cannot make an informed decision on what labor migration policy will best suit their countries and support their economic development.”*

By focusing on the socio-economic impact of migration in both the sending and receiving countries, the Bank can help GMS governments refine and implement a regional system that will facilitate rather

than restrict migration, said **Ian Porter**, the World Bank Country Director for Thailand, Lao PDR, Cambodia and Myanmar, four of the six GMS countries.

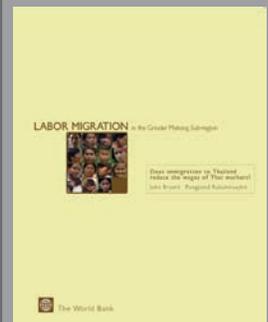
“If managed well, migration could have a positive impact on economic growth in both the countries of origin and destination, which will help the governments to reduce poverty and improve the living standard of their peoples,” Mr. Porter said. *“The Bank would like to provide technical expertise to help the GMS governments find ways to do just that.”*

Labor Migration in the Greater Mekong Sub-region was the first in the series of World Bank studies on the subject. Published in December 2006, this report concluded that uneven development in the sub-region, slowing population growth in Thailand (compared with high birth rates in neighboring countries), and growing economic integration will guarantee that labor migration in the GMS will continue to increase in the coming decade.

Greater efforts are needed then to manage migration flows and ensure that the rights of workers will be protected and keep them from becoming victims of human trafficking, the report recommended.

For more information on the **World Bank's GMS Labor Migration Program**, please contact Ana Revenga by email: arevenga@worldbank.org To download the full report, please log on to www.worldbank.or.th

For more information about the World Bank's GMS cooperation program, please contact Pichaya Fitts at +66 (0) 26868324, or email: pfitts@worldbank.org



Does Immigration to Thailand Reduce the Wages of Thai Workers? is the second in World Bank series of study on labor migration in the Greater Mekong Sub-region



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