

**Mid-Term Review of the Strategy
2007-2013
and Multiannual Indicative Programme
2011-2013
Thailand**

TABLE OF CONTENTS

Executive Summary	3
1. Mid-term Review	5
1.1. Analysis of the political situation and policy direction in Thailand	5
1.2. Evolution of EU-Thailand relations	5
1.3. Socio-economic situation	6
1.4. Environment, climate change and energy trends	9
1.5. EU policy priorities coming to fore and relevant to Thailand	10
1.6. Lessons learnt from past European Union cooperation activities	11
1.7. Analysis of the current Policy Framework and Co-operation Strategy	11
2. Multi-Annual Indicative Programme (2011 – 2013)	13
2.1. Priorities and Actions	14
2.1.1. Focal Sector 1: Policy Dialogue Support Facility	14
2.1.1.1. Strategy Context and Justification	14
2.1.1.2. Specific objectives and target beneficiaries	15
2.1.1.3. Expected results (outputs)	17
2.1.1.4. Programme to be implemented in pursuit of these objectives and the type of assistance to be provided	21
2.1.1.5. Cross-cutting issues	22
2.1.1.6. Risks and conditions	22
2.1.1.7. Financial envelopes	22
2.1.1.8. Indicative timeframe	22
2.1.2. Activities under other European Union budgetary instruments in Thailand	22

List of Acronyms	24
Annex 1: Country at a glance	25
Annex 2: Donor Matrix.....	27
Annex 3: Description of MTR consultations and drafting process.....	31
Annex 4: Country Environmental Profile.....	34

**Mid-Term Review of the Strategy Paper 2007-2013
and Multiannual Indicative Programme 2011-2013
Thailand**

EXECUTIVE SUMMARY

Thailand has enjoyed rapid economic growth, and increasing income levels. Favourable government policies have facilitated the improvement of socio-economic development indicators. However, protracted political instability and the global financial crisis are now impacting Thailand negatively. Political volatility has also circumscribed the government to meet policy challenges and initiate needed structural reforms in order to ensure continued economic growth. Following the parliamentary elections end of 2007 the EU-Thailand relations have evolved positively. A strong focus is placed on the Partnership and Cooperation Agreement negotiations with an objective to bring bilateral relations to the level of mutually pursued ambition.

In spite of the changes in the political, economic and social context, the Mid Term Review confirmed the validity of the Strategy Paper (SP). The MTR consultations were held with 300 organisations included the House of Representatives, the Ministry of Foreign Affairs, Thailand International Cooperation Agency (TICA), line Ministries and government agencies. Civil society organisations were particularly targeted such as local and international NGOs, Community Based Organisations (CBOs), universities, networks, mosques and other religious institutions, youth groups, sub-district administrative offices and trade associations. In addition the EU Member States and donors such as the World Bank, UNDP, UNICEF, UNHCR, USAid and JICA were consulted. The consultation process has also promoted aid effectiveness agenda, although donor activities and funding are very limited in Thailand.

The SP takes into account the level of development of the country and provides a flexible Facility to support Thailand's priority areas. The strategy will help Thailand improve and modernise the inter-related infrastructures, institutions, systems, enterprises skills and capacities that will strengthen the foundation for effective international competition. It is addressing Thailand's key challenges related to governance, climate change and the economic downturn. The response strategy remains hence valid and adequate, and does not need any modification.

In order to be responsive to the aggravated political and economic context, policy dialogue in the selected areas will increase focus on capacity building for individual and institutional strengthening through targeted initiatives. While coping with and mitigating the impact on SMEs and preparing for a future recovery in global demand, it is equally important to enhance dialogue with and support to the Royal Thai Government to protect the more vulnerable groups of the population and to promote good governance, justice and the rule of law. In line with the RTG priorities, the European Union co-operation framework with Thailand (SP 2007-2013) continue to target:

- 1) Deepening the Thai-EU relationship with a particular focus on economic relations, scientific and technology cooperation as well as higher education and culture
- 2) Addressing specific capacity constraints crucial to advancing the national development agenda
- 3) Advancing co-operation on good governance, justice, human rights

4) Increasing mutual awareness between the EU and Thailand.

During the period covered by the Multi-annual Indicative Programme (2011-2013), an indicative allocation of **€9 million** will be committed. The MIP will be implemented through Thailand-EU Policy Dialogue Support Facility and provide support to Thai-EU policy dialogues on key areas such as environment, climate change, trade and investment, migration, good governance, higher education, energy.

Indicative Budget Allocation:

Focal Sectors		MIP allocation	
		2007-10	2011-13
		€m	€m
1	Thailand-European Union Cooperation Facility	8	9
Total		8	9

Pour mémoire (€m)

	Regional SP: Aid to up-rooted people	17	tbc
	Thematic Funding: Non State Actors and Local Authorities	4	tbc
	ECHO support to Burmese Refugees in Thailand	35,6	tbc
Total		56,6	tbc

1. MID-TERM REVIEW

1.1. Analysis of the political situation and policy direction in Thailand

Since the 2006 military coup d'état, in which Prime Minister Thaksin Shinawatra was removed from office, Thailand has entered a period of prolonged political instability. Thai society remains fundamentally divided between the pro-Thaksin rural poor versus Bangkok's educated upper reaches of the society. The continued power struggle led to four changes in government in 2008. Following the coup, a military-led government took control before a civilian government was re-installed through elections end of 2007. The first elected Prime Minister was ousted due to a "conflict of interest". The second one lasted only for two months, as he was removed from office when his party was dissolved by the Constitutional Court for alleged electoral fraud. The current Prime Minister, Abhisit Vejjajiva, came to office in December 2008, owing largely to the apparent patronage of established elites. Mass demonstrations and riots in April 2009, have reinforced the view that he remains reliant on the support of the establishment to stay in power, and is facing sustained pressure by the Thaksin-led opposition to resign from office.

Thailand's current political volatility has significantly impeded her capacity to initiate much needed reforms in response to the economic downturn. Political upheaval has also considerably hindered the current government's capacity to show leadership within ASEAN. Given the socio-political divide of the society, a full recovery of political stability seems unlikely in the near future. Violence is escalating in the Southern border provinces and claiming many lives. Relations with neighbours are not without issues either, notably with Cambodia in relation to the border areas around the Phrea Vihear temple and with Burma/ Myanmar and Lao PDR on the refugee situation.

The current government has declared that its mission is to ensure Thailand's return to political stability and sustainable growth as well as to heal social divisions. The main policy challenge is to rebuild national unity, and to establish and to implement key policies and policy reforms to counter the economic slowdown. Despite frequent government changes policy priority areas in economics, natural resources and environment, science, technology, and research have remained largely unchanged, although approaches to poverty issues and rural development have varied.

It should also be noted that the whole nation is concerned about the well being of His Majesty the King, the longest reigning and much loved monarch.

1.2. Evolution of EU-Thailand relations

The unstable political scene in Thailand can be a risk factor for the conclusion of the PCA negotiations. The last round of formal negotiations was held in March 2009. An agreement appears to be within

close reach, provided common ground can be found on trade-related matters.

The ASEAN-EU FTA negotiation was initiated in 2007. At the seventh round of the negotiations in March 2009 in Malaysia both sides agreed to take a pause in the region-to-region negotiation due to limited progress made both for political and economic reasons. The EU has since December 2009 started pursuing bilateral FTA negotiations with those ASEAN countries interested in negotiating a comprehensive FTA with the EU, starting with Singapore. The door is open for any other ASEAN country interested in doing so. During the first half of 2010, Thailand aims to carry out internal consultations and an impact assessment on the issue. i. Thailand has already concluded a number of FTAs both at ASEAN and bilateral levels.

The EU has an established trade and investment relationship with Thailand. Two-way trade with Thailand amounted to €25.7 billion. While a market with considerable export potential for the EU, European businesses face a number of market access barriers on the Thai market.

1.3. Socio-economic situation

The Thai economy has gradually recuperated from the post-1997 financial crisis. However, the global economic slowdown caused a 2,6% fall in the GDP in 2008. Sharper-than-expected further contraction of the economy in 2009 was primarily attributed to the collapse in global demand for Thai goods and services. Household consumption and private investment have declined. The Thai economy is expected to start expanding slightly in 2010. Although Thailand's exports to the world continued to grow overall in 2008, the value of imports rose more sharply. Besides industrial exports, tourism sector, already affected negatively by the political turmoil, has been hard hit. SMEs are also facing problems receiving credits.

The economy is in transition from manufacturing and agriculture to a more mixed economy with an increased services sector. Thailand has outlined the needs to further develop services such as transport and logistics, financial services, telecommunications, education, distribution, and construction. In addition, entertainment industry, conference and exhibition services, fashion and product design, computer graphics and software development are being promoted and hoped to offer future growth.

The rising civil society, such as trade unions, has defied privatisation plans of public services. Several attempts to privatise Thai state enterprises have been made, some with success such as the Petroleum Authority of Thailand (PTT) and the Communications Authority of Thailand (CAT), while plans to liberalise others such as the Telephone Organisation of Thailand (TOT) and the Electricity Generating Authority of Thailand (EGAT) have not been fully realised.

The 10th National Economic and Social Development Plan (2007-2011) aims better balancing economic growth with social and environmental sustainability, and to create a 'Green Society'. The 10th Plan continues the directions of the 8th and 9th plans, which are 'People at the Centre of Development' and 'Sufficiency Economy'. This should be achieved through four strategies:

1. Human Resources Development and Community Strengthening:
2. Economic Restructuring through the Strengthening of the High Value-Added Production and

- Services Sectors; Promoting Fair Market Competition and a Balanced Income Distribution.
3. Preservation of Natural Resources and Biodiversity
 4. Promotion of Good Governance and Democracy

Changes in the social situation, including achievement of the MDGs

The UNDP Human Development Index for Thailand places it at 78th out of 177 countries. The population living below the national poverty line has been reduced to 8% (2007). With the strong performance of the economy, Thailand has achieved most of the Millennium Development Goals (MDGs). The country also aims to achieve the more ambitious MDG-Plus and has set the following targets:

Goal 1: Proportion of population below national poverty line less than 4% by 2009.

Goal 2: Universal lower secondary education by 2006; and
Universal upper secondary education by 2015.

Goal 3: Double the proportion of women in the national parliament, Tambon Administrative Organizations and executive positions in the civil service by 2006.

Goal 4: Reduce by half, between 2005-2015 the under-five mortality ratio in highland areas, selected Northern provinces and the three southernmost provinces where the rates are higher than the rest of the country.

Goal 5: Reduce maternal mortality ratio to 18 per 100,000 live births by 2006; and

Reduce by half, between 2005-2015 maternal mortality ratio in highland areas of selected Northern provinces and the three Southernmost provinces.

Goal 6: Reduce HIV prevalence among reproductive adults to 1% by 2006; and

Reduce malaria incidence in 30 border provinces to less than 1,4 per 1 000 by 2006.

Goal 7: Increase the share of renewable energy to 8% of the commercial primary energy by 2011; and increase the share of municipal waste recycled to 30% by 2006.

With almost universal literacy (93%) and primary education enrolment, the country is now concentrating on improvement of access to secondary and higher education. The government has launched the 15-year free education programme. Despite complaints that the programme has flaws, findings from a recent public poll indicated that the programme has helped relieve parents' expense burdens during the present economic crisis.

National surveys and census data in Thailand show that the gender gap in educational attainment has closed at all levels, and preferences for educating sons more than daughters have declined substantially. Rural focus groups revealed that parental views on gender and schooling are complex, and access to schooling locally has greater benefits for girls. Women comprise more than half of current body. This in spite, a comparatively low proportion of women occupies top jobs (school principals, university

presidents CEOs).

In recent years Thailand has launched new or revised policies in higher education. Targets have been set to improve the quality of national systems to put education in a better position to address demands for a knowledge-based economy and enhance Thailand's global competitiveness.

In the health sector, Thailand has made equally impressive progress. After attempts to modify the services with initiatives such as health insurance schemes and private provision of services, the government took the decision to massively subsidise the public health system. This transformed Thailand's health provision and has seen Thailand's health care system lauded as a model for the developing world. A progressive and open-minded approach to equitable access to care and harm reduction explains high success in the fight against HIV/AIDS. Cheap, generic versions of Antiretroviral drugs (ARVs) are now supplied through the public health system.

The socio-economic conditions and educational standards in the Southern Border Provinces (SBPs - Pattani, Narathiwat and Yala) are among the lowest of the country. This is seen as a contributing factor of the insurgency. The Learning Achievement rate was also lower in SBPs. The high school enrolment rate was only 50% of the region's average. In the health sector, the shortage of health personnel has sharply increased, resulting in discontinuity of community follow-up for primary health care and chronic diseases. Compared to the regional-level data, the maternal and child morbidity and mortality rates were also particularly high.

Some northern, north-eastern, and Muslim predominant southern border provinces still have significant disparities in comparison to the national level. Thailand even has a vision to be an emerging donor and leader in sub-regional cooperation.

Impact of global financial crisis

The government has taken fiscal and monetary measures to curb the impacts of the economic crisis such as interest rate reduction, financial assistance to financial institutes, providing economic stimulus packages, tax reduction, and increasing government spending. Water, electricity and certain transportation services have been provided free of charge for low-income population groups. A price guarantee programme on several cash crops has also been put in place to secure adequate income for Thai farmers. As a result budget deficits of 5,6% of the GDP in 2009 and 3,4% in 2010 are expected to emerge. The 1997 financial crisis saw a closure of 56 Thai financial institutions. Following a major restructuring the sector has since recuperated. The institutions are generally in a better position to face the global financial crisis than their counterparts in the USA and Europe. The economic crisis has directly impacted Thailand's low-income and blue-collar working population. Unemployment has reached 2,1% of the total workforce, and is feared to climb up to 5% eventually.

Sectors most affected are export-oriented sectors including garment, electronics devices and parts, garment, leatherwear, and mineral/metal products.

Thailand is both country of origin and destination for labour migration. The inflow of migrant workers has exceeded the outward migration. With job insecurity, and unequal employment benefits and protection such as daily wage below the minimum wage, the 1,8 million migrant workers inside Thailand are among the first to be laid off forcing thousands to return home. In the district of Mae Sot the labour force is dominated by Burmese migrant workers. Hundreds of export-oriented garment

factories have closed down, driving Burmese workers back across the border. Access to standardised wages, health care and social welfare is linked to registration with the Ministry of Labour. However, the high cost, the complexity of the registration system, the limited period allowed for registration and the lack of clear information remain reasons why a large number of migrants prefer to remain undocumented. Among the refugees, those fleeing the political situation in Burma/Myanmar and now living in the nine camps along the Thai-Burmese borders remain especially vulnerable. In addition to difficult working conditions, they are often not allowed to leave the camps and are left to illegal employment and exploitation. Thai outward migrants have not returned as a result of the crisis, although the number of Thai migrants migrating abroad as well as remittances has been in a steady decline for some time.

1.4. Environment, climate change and energy trends

Environment: Thailand's economic growth over the last three decades has been accompanied by rapid industrialisation, urbanisation and by intensified agricultural production and fisheries. The growth has relied extensively on the country's natural resources. Consequently land and water quality has degraded, which has caused loss of natural habitats, and generated increased levels of air and water pollution, solid and hazardous wastes.

Thailand is one of the largest agricultural products exporters in the world. Intensification of agriculture has caused deforestation, unsustainable cultivation of hillsides, over-exploitation of dry land areas, and irreversible conversions of fragile and productive coastlands into poorly managed shrimp ponds. Overuse and misapplication of chemical fertilizers and pesticides are common. Furthermore, soil salinity has become a major issue.

Forested and mangroved lands have shrunk rapidly. Thailand is home to 7% of the world's animal and plant biodiversity. 14 wild animal species have recently become extinct and 1/6 is either 'near extinction' or 'endangered'. The country has also suffered from increased pollution. The water quality of a quarter of the main rivers has been measured to be either 'bad' or 'very bad'.

The government has stated that it aims "to improve natural resource base and good environment for the country's development based on biodiversity". The 10th National Economic and Social Development (NESD) Plan 2007-2011 emphasises a development approach that incorporates environment, in particular addressing biological diversity issues, and the strengthening of natural resources and environmental bases. The Government and private sector have launched a number of initiatives to improve air and water quality, reforest degraded land, adopt energy efficient technologies and invest in pollution abatement schemes.

The Government has expressed its firm commitment to combat climate change. Since its signature of the UNFCCC¹, Thailand has adopted national policies, such as the 10th NESD Plan, and established institutional structures to address climate change. Given Thailand's increasing exposure to climate change-related risks, the Government will need to integrate climate change adaptation and resilience

¹ Thailand ratified the United Nations Framework Convention on Climate Change in 1994 and the Kyoto Protocol in 2002.

plans in its efforts to deliver on its priorities. Climate change objectives are a key element of our cooperation. Our actions in the country should respectively take climate change priority into account in all relevant sector activities.

Major challenges in the field of environment remain on improving the institutional capabilities at central and local level, fostering the translation of policies into strategies and action plans, and strengthening the enforcement of environmental laws and legislations.

Energy: The Government is actively promoting renewable energies such as bio-fuels, to save foreign exchange, to create new export industries, and to promote environmental sustainability.

1.5. EU policy priorities coming to fore and relevant to Thailand

Climate change: Policy dialogues supported through the Thailand-European Union Co-operation Facility.

Deforestation: Opportunity to engage Thailand in the fight against deforestation and forest degradation to tackle climate change and biodiversity loss as well as illegal logging can be supported through the Thailand-European Commission Co-operation Facility; the Policy Dialogue Support Facility; and other relevant initiatives such as FLEGT, ENRTP, and other thematic programmes.

Civil Society and Non-state Actors: Both the Thailand-European Commission Co-operation Facility and Non-State Actors and Local Authorities in Development provide grants for activities to civil society actors.

Regional Co-operation: Thailand continues to be a prominent partner in regional programmes. Thailand hosts EU-ASEAN programmes on intellectual property and air transport. Thailand is also actively involved in other regional programmes including FLEGT Asia Programme and the EU-ASEAN Statistical Capacity Building Programme (EASCAB), which has just concluded the first year of activities.

Aid Effectiveness: Thailand receives no significant development aid. Hence opportunities for the implementation of the provisions of the Paris Declaration, the three additional EU targets, and the Accra Agenda for Action are limited. However, the Commission leads co-ordination among donors in relation to support for Burmese refugees and in relation to support in the far South of Thailand. The EU has also worked with the Thai development agency (TICA) to help them to respond to the Aid effectiveness challenges in neighbouring countries.

Illicit drugs: Despite the government policies making an attempt to address the issue, the drugs situation in Thailand has been worsening with an increasing number of addicts (605 000 in 2008) and affected villages. Most illicit drugs are smuggled from neighbouring countries through border areas. The EU Drugs Strategy and the EU Drugs Action Plan suggest a balanced approach in reducing both supply and demand for drugs, and providing assistance to third countries.

Migration: Support to Burmese refugees is provided through Aid to Uprooted People. The 2009 AUP programme also provided for support to the IOM for their work with Lao H'Mong refugees but this

could not be implemented as the Lao H'Mong refugees had already been returned to Lao PDR.

1.6. Lessons learnt from past European Union cooperation activities

The evaluation of the Small Project Facility (SPF) and the Mid-term review (MTR) of the Thailand-EC Co-operation Facility (TEC) emphasised significant achievements toward reaching the goals of the SP and the draft PCA. According to the findings, the overall approach remains relevant for addressing the constraints faced by Thailand in terms of inadequate level of skilled human resources and technology development and the need to further strengthen the competitiveness by moving towards more value-addition, an improved skills base, environmental-friendly production methods and a knowledge-based economy to meet the requirements of international trade". The MTR also confirmed that the overall objectives have proved to be fully relevant "due to their close blending with government policies and areas of strategic interest for the EU". The strong response to the 2008 Call for Proposals confirmed the increased awareness and understanding of the instrument by Thai stakeholders.

The programme is closely adhering to the guiding principles of the European Commission Backbone Strategy to improve effectiveness and sustainability of the EU technical cooperation. Despite its success, however, the Co-operation Facility has not yielded a comprehensive and effective policy dialogue with the Government. This is partly due to the disparate nature of the small projects funded and driven by demand from economic entities whose interest is with immediate commercial opportunities. The *Ad Hoc* (technical assistance) component of the TEC programme has complemented the Calls for Proposals mechanism, through seminars/workshops and short-term technical assistance.

According to the Mid-term review of TEC, the Ad hoc component "has confirmed to be an asset, due to its flexible design and well defined simple requirements for the implementation, and strengthened the Commission's action for increased relevance. For example, "Organisation and Management of 8 Trade-related Events", which was designed to indirectly accompany the ASEAN-EU FTA negotiations through the provision of information dissemination on EU regulations and best practices to business community and policy makers."

The high relevance of TEC stems from a strong demand from Thai government and semi-government agencies, private sector associations, universities, research institutes for technical assistance in addressing trade, environment, energy and higher education issues.

Funds (€4.5 million) for the Thailand-EC Co-operation Facility II (TEC II) were committed in 2009. This will complete the support provided by the MIP 2007 to 2010.

1.7. Analysis of the current Policy Framework and Co-operation Strategy

The flexible nature of the instruments available to support EU co-operation with Thailand, in particular the Thailand-EC Co-operation Facility, mean that the European Union is well-placed to provide

support appropriate to changing circumstances. The extensive stakeholder consultations (see annex 4) have confirmed the validity of the strategy.

The EU co-operation with Thailand focuses on: 1) deepening the Thai-EU relationship in various areas of strategic importance, in particular on economic relations, scientific and technology co-operation as well as higher education and culture, 2) addressing specific capacity constraints crucial to advancing Thailand's national development agenda, 3) advancing co-operation on a more modern agenda including good governance, justice and home affairs issues, human rights and mine action, and 4) increasing mutual awareness between Europe and Thailand.

The response strategy draws from the EU's leading role as a provider of expertise for trade-related assistance as well as the EU having taken the lead in the fight against climate change and acting as a benchmark for others to follow in environmental regulations and technologies.

While the tool used so far to support the implementation of the strategy, the Thailand-EC Co-operation Facility, has been successful, the Facility should be further developed so that it better supports policy level objectives rather than demand driven individual projects with often a narrow focus and limited impact.

Complementing the activities of the bilateral SP, support is provided through regional and thematic programmes such as NSA/LA in Development, the EIDHR, Switch-Asia and Erasmus Mundus, and in sub-regional (ASEAN) programmes. The Instrument for Stability (IfS) finances a number of activities in the far South of Thailand. Considerable support is provided for the Burmese refugees in camps along the Thai-Burmese border through the Aid to Uprooted People programme, supported in the framework of the RSP.

2. MULTI-ANNUAL INDICATIVE PROGRAMME (2011 – 2013)

Summary of the Strategy Paper for Thailand (2007 – 2013)

Thailand has shown an impressive improvement in its socio-economic indicators since the beginning of 1990s. Consequently the Thai-EU relations have evolved from traditional donor-recipient development assistance to a partnership for development and beyond. The EU sees its role as a facilitator for knowledge sharing and a partner for substantive policy dialogues on a large number of areas, as demonstrated in the advanced negotiations for a Partnership and Cooperation Agreement (PCA).

To that end, the EU co-operation focuses on:

- Deepening Thai-EU relationship in areas of strategic importance with a particular focus on economic relations, scientific and technology cooperation as well as higher education and culture
- Addressing specific capacity constraints crucial to advancing Thailand's national development agenda
- Advancing co-operation on good governance, justice and home affairs, human rights and mine action
- Increasing mutual awareness between Europe and Thailand

In response to the above challenges the Strategy Paper includes one focal sector, Thailand-EU Cooperation Facility to provide possibility for targeted EU support for strategic interventions. In particular priority areas under the PCA are entitled to receive support from the facility.

Actions under the Development Co-operation Instrument (DCI) are complemented through thematic (Non-State Actors and Local Authorities €4 million for 2009), regional budget lines (Aid for Uprooted People €17 million; Sustainable Production and Consumption; higher education/ Erasmus Mundus), EIDHR through regional projects and the Instrument for Stability (IfS) addressing in particular the southern border provinces, and by ECHO funding (€8,7 million for 2009 and €8 for 2010).

Focal Sector 1: Policy Dialogue Support Facility	100 % of total budget = €9 million
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During the period covered by the Multi-annual Indicative Programme (2011-2013), an indicative allocation of **€9 million** will be committed to the EU-Thailand bilateral cooperation, in addition to funding available under the existing thematic and regional programmes.

2.1 Priorities and Actions

2.1.1 Focal Sector 1: Policy Dialogue Support Facility (DAC code 43010: Multi-sector aid)

2.1.1.1 Strategy Context and Justification

The Thai- cooperation has developed from a project based approach to an enhanced policy dialogue between equal partners. While maintaining a strong continuity in the scope, reflecting the shift to emphasizing policy dialogues the allocation under the MIP 2011-2013 will therefore be fully dedicated to a Facility, which represents an evolution of the Thailand- EC Cooperation Facility. The new Facility will be called **Thailand–EU Policy Dialogue Support Facility**. It will allow addressing policy level objectives better and hence have a better clarity and focus to maximize the national impact of the limited funding. The Facility will cover the key areas outlined in the advanced draft Partnership and Co-operation Agreement between Thailand and the European Union. It will be focussing on the priorities and the reform agenda of the Royal Thai Government. It will put specific emphasis on trade, higher education, climate change, environmental and governance issues.

The support to economic and trade policy dialogues is in synergy with the EU's "Aid for Trade" policy, in which trade policy tools such as the Generalised System of Preferences (GSP) are complemented by trade-related assistance in particular providing capacity building and supporting demand-driven reforms of trade related policies as well as removing supply side constraints related to productive capacities, economic infrastructure, and trade related adjustment allowing developing countries to better implement and benefit from trade agreements. Support to policies conducive for improvements in the macroeconomic framework and regulatory environment are also promoting private sector and enterprise development.

The Facility will continue to target enhancement of the quality of the higher education system putting education and research in a lead position to address national development needs, regional integration and international cooperation in global market. With an active interest for an EU-Thai dialogue the Ministry of Education has established a Bologna Process Working Group. The One-Tambon-One-Scholarship Programme initiated by the RTG complements the EU's Erasmus Mundus Programme as regards student mobility and internationalisation.

Environment and climate change interventions supported by the Facility will promote policy level dialogues with the government so that the trends in the loss of environmental resources could be reversed. Awareness raising and building knowledge and capacity, focusing on vulnerable ecosystem and biodiversity protection, fight against illegal logging/FLEGT and deforestation, as well as promoting policies which mitigate, prepare for or fight against climate change, in line with the Commission's environment integration strategy will be fostered. Local and national strategy towards waste minimisation by mainstreaming sustainable production and consumption, including integrated life cycle approach, resource efficiency and other economic instruments will be promoted.

The actions on good governance and human rights take into account the recent developments including the growing political tensions and instability which have marked the Thai political scene over the last few years and the worsening of the human rights situation in the provinces of Yala, Patani and Narathiwat where the conflict has caused more than 3 500 deaths in the last five years. Addressing governance and rule of law issues have an important role in facilitating resolutions to the conflict. Moreover it takes into consideration the need for more engagement with Thailand on both economic

migration and the situation of the over 135 000 Burmese refugees living in the camps along the Thai-Burmese border.

The recent developments in the Thai political context justify more dialogue with and support to the Royal Thai Government in at least 4 areas:

Public and Private Good Governance. Political tensions have grown leading into mass demonstrations and political violence. Political arena is getting more polarised and this diminish the possibility of finding broad political consensus on social and administrative reforms to promote public and private governance.

Management of Migration flows. Thailand continues to be strongly concerned by migration as it is both a country of origin and a country of destination and transit. There have been cases where migrants have not been treated in accordance to the international standards such as the recent deportation of the 4 700 Lao H'Mong refugees to Lao PDR and more than half of the 3 000 Karen refugees to Burma/Myanmar. There is room for engagement with the Royal Thai Government on both the issue of economic migration and on the issue of human trafficking. Policy dialogue in these fields complements development and cooperation programmes funded by thematic budget lines.

Burmese Refugees along the Thai-Burma border. The EU and the donors have been trying to engage with the Royal Thai Government to find a more sustainable and comprehensive solution to the issue of the over 135 000 Burmese refugees along the Thai-Burmese border. The protracted encampment of these refugees is having serious consequences on the social structures and social diseases such as crime and alcoholism have been worryingly increasing in the camps. The lack of sustainability of the current approach has led ECHO to adopt a strategy of gradual disengagement, while more resources will be given under the Aid to Uprooted People. The move from humanitarian aid to development cooperation aimed at promoting social re-integration of refugees is necessary to successfully engage in a comprehensive dialogue with the Government.

Situation in the Three Southern Provinces. Despite a massive displacement of security forces (more than 162,000 units) violence is continuing in the Provinces of Yala, Patani and Narathiwat. Violence and instability is both the cause and the consequence of underdevelopment as shown by all the main human development indexes. In this light, there is a need for supporting reconciliation and development in the South. However, so far, due to political reasons, the EU has been able to provide support only under the Non State Actors Programme and the Instrument for Stability. Political dialogue and engagement with the Royal Thai Government provide opportunities to explore ways to promote peace, stability and development in the South in a more systematic and structured way.

The priority areas below should all be understood in the broad context of supporting either an enhanced economic partnership, or a sector-specific policy dialogue.

2. 1. 1 2 Specific objectives and target beneficiaries

The **Overall Objective** is to further advance Thailand's constructive dialogue and cooperation with the European Commission to support Thailand achieving sustainable economic and social development and its integration to the world economy.

In addition to the priority areas mentioned in 3.1.1, any other area of importance in advancing

Thailand's development agenda or strategic to support policy dialogues between the EU and Thailand, as outlined in the draft Partnership and Co-operation Agreement, is eligible for support.

Major emphasis will continue to be placed on **I) Economic and Trade cooperation**. To this aim the programme will pursue the following three specific objectives:

- 1/ enhanced expertise of Thai public and private sectors to facilitate economic reforms and trade and investment, thus increasing Thailand's competitiveness.
- 2/ Enhanced understanding, awareness and visibility in Thailand of EU Trade policies and regulations.
- 3/ enhanced capacity of Thai stakeholders to contribute to the negotiations of bilateral (EU-Thailand), regional (ASEAN) and Multilateral (WTO) Trade Agreements and to support Thailand's integration into the regional and global economy. In pursuance of this the programme will provide support to areas covered by EU-ASEAN FTA negotiations and/or EU-Thailand bilateral negotiations on PCA and FTA.

As set in the priorities of Thai government, **II) Education, Science and Technology** will remain a priority area for support. The following specific objectives apply:

- 1/ Enhance EU-Thailand dialogue and facilitate knowledge flow, experience sharing and capacity development in higher education and science-technology.
- 2/ Enhance capacity of higher education and science & technology institutions to address national development goals and to participate in the global context.
- 3/ Enhance knowledge intensive cooperation at regional and international level.

In the high priority areas of **III) Environment, climate change, energy and sustainable management of natural resources**, the following specific objectives will be targeted:

- 1/ enhanced capacity of Thai institutions to implement both national and international environmental policies/agreements and priorities, including FLEGT and REDD
- 2/ increased energy Efficiency and alternative energy exploration, development (including research) and acquisition as well as the regulatory environment of these
- 3/ improved sustainable management of natural resources and environmental conservation by a wide range of stakeholders (institutions, civil society, private sector)

The Facility will also provide support to a constructive dialogue in the field of **IV) Good Governance and Human Rights**. The specific objectives are:

- 1/ Improved Thai public and private sector in implementation of good governance standards

2/ Improved management of migration flows in respect of the international standards by Thai authorities

3/ progress towards a more comprehensive and strategic approach to the issue of the Burmese Refugees along the Thai-Burma Border

4/ advanced reconciliation and human rights enforcement in the Three Southern Provinces

Finally, joint efforts with the RTG will be continued to Enhance trilateral development cooperation and compliance with Aid Effectiveness principles (Paris/Accra Declarations) with a view to improve alignment of Thai ODA with national development needs and priorities of recipient countries, including national poverty reduction strategies.

2.1.1.3 Expected results (outputs)

The implementation of the Facility is expected to provide support and facilitate dialogues that would contribute to achieving the following expected results:

I) Economic and Trade cooperation

- Awareness, knowledge and capacities of Thai organisations raised on the regulatory aspects of doing business in the EU Single Market, both mandatory and voluntary requirements of the Single Market such as food safety and consumer protection requirements (particularly SPS), as well as industrial standards and norms.
- Enhancement of Thai-EU customs cooperation
- Private sector compliance improved with new Thai and EU policies
- Facilitation and improvement of policy and regulatory environment for public private partnerships (PPP)
- Enhancement of favourable environment for business to business cooperation (Thailand-EU private sector cooperation)
- Facilitation of government policies, regulations and accompanying measures conducive to a more open markets and increased growth potential for the Thai economy
- Enhancement of Thai-EU cooperation on competition policies
- Promotion of sustainable production and consumption, including integrated life cycle approach and clean technologies, among Thai businesses and consumers
- Ad hoc assistance and capacity building to address emerging needs
- Capacity building in trade areas covered under a potential FTA with the EU

Indicators of Achievement:

- Number of Thai government policies or regulations in the pipeline in line with or converging with EU policies/ regulations in areas supported by the programme
- Number of industry best practises promoted and implemented to meet EU market requirements and facilitate domestic market openness.
- Progress achieved in harmonisation or convergence of Thai customs policies and regulations with EU policies and regulations
- Number of follow-up initiatives by the beneficiary institutions putting into practice the know how and lessons acquired through the actions implemented and the services provided
- Progress achieved towards better understanding of the implications of a potential FTA with the EU and/or its implementation

II) Education, Science and Technology

- Enhancement of quality assurance of education
- Capacity development and dissemination of best practises
- Development of policies conducive promoting ICT skills and innovative capacities
- Facilitation of favourable environment for Public-private-partnerships (PPP) and cooperative education
- Human Resources Development (HRD) and Capacity increased in view of Thailand increasingly becoming a partner in development cooperation and assistance to LDCs
- Knowledge sharing on accreditation and credit systems (credit accumulation and credit transfer systems), and on competency based curricula and life-long learning, and consequently development of the such systems
- Development of institutional quality, quality assurance and mobility schemes

Indicators of Achievement:

- Number of universities enforcing quality assurance measures and external monitoring/inspection reports
- Number of educational programmes incorporating cooperate education, number of PPP education programmes established and male and female students obtaining directly related employment

- Number and quality of workshops supported
- Number of established CS and CTS and extent of implementation
- Number of follow-up initiatives by the beneficiary institutions putting into practice the know how and lessons acquired through the actions implemented and the services provided
- Number of students and academic benefiting from mobility (national and Europe)
- Proportion of female students and academic benefiting from mobility (national and Europe)

III) **Environment, climate change, energy and sustainable management of natural resources**

- Capacities increased for climate change mitigation, adaptation and preparedness including the Clean Development Mechanism (CDM) of the Kyoto Protocol
- Waste and chemicals management enhanced
- Environmental and health safety standards developed further
- Energy conservation and management improved
- Use of renewable and clean energies increased
- Bio-fuels produced in a more sustainable manner, and EU sustainability standards promoted
- Progress made towards low carbon economy
- Industry engagement in Corporate Social Responsibility (CSR) progressed
- Enhanced protection and management of forests
- Animal and plants biodiversity conservation enhanced
- Coastal and Marine resources management strengthened
- Land use efficiency in relation to climate change mitigation and adaptation measures

Indicators of Achievement:

- Increased knowledge / awareness of local authorities on good environmental practices
- including sustainable waste management, biodiversity conservation, and climate change
- impact and adaptation measures

- Number of healthier species following sustainable management practices
- Area of forest (including mangroves) rehabilitation/ reforestation
- Number of CDM projects
- Number of industry groups engaging in CSR
- Rates of compliance; improved information management and sharing; enhanced trade of certified products
- Number and social reach of renewable energy promotion campaigns
- Number of energy conservation and energy efficiency projects implemented
- Number of energy units saved or/and produced in local communities
- Gender balance (professional and local community) during implementation,
- follow-up and promotional activities

IV) Good Governance and Human Rights

For activities on governance

- Core labour rights and standards implemented
- Employment and social policy developed
- Capacities to fight against illegal trafficking including human trafficking with increased focus on Children trafficking
- Women's participation in decision making promoted
- Civil society strengthened
- Data protection laws and regulations improved
- Capacity to fight against corruption progressed
- Transparency in public administration increased
- Decentralisation implementation progressed
- Urban and rural poverty reduction making further progress
- Sustainable solutions for Burmese refugees in Thailand found

For activities on human security and human rights

- Protection of civil rights and Rule of Law enhanced
- Freedom and security issues improved
- Mine action taken
- Migration, Asylum and sustainable strategy for the refugees with particular focus on children
- Protection of disabled
- Reconciliation among different societal and ethnic groups in the Southern Provinces progressed

Indicators of Achievement for governance and human rights:

- Core labour rights implemented in the framework of an improved legislative and regulatory framework for employment and social policy;
- Child protection mechanisms strengthened and coordination between Thai authorities and responsible authorities in the neighbouring countries (particularly in the Mekong sub-region) to fight human trafficking and other kinds of trafficking improved;
- Rate of Women participation in decision making also in the three Southern Provinces;
- At least 30% shift of funds from humanitarian aid to development in the assistance to the Burmese refugees in Thailand;
- At least 5 new pilot projects aimed at finding durable solutions to the issue of the refugees are launched;
- An open dialogue on decentralisation is started in the country ;
- Thailand develops better system to respect the international standard in terms of incoming migration and refugees' management.

Given the nature of the Facility providing support to policy dialogues, the broad coverage of areas and the necessary flexibility needed to respond to the policy challenges and priorities of the day, that it is not possible to establish indicators at the programming stage. Indicators and baselines will nevertheless be required for individual actions to be funded by the Facility and are to be closely followed in monitoring the implementation.

2. 1. 1.4 Programme to be implemented in pursuit of these objectives and the type of assistance to be provided

The Commission intends to allocate funding available under the Facility through a provision of

technical assistance and awareness raising activities. The technical assistance contracts should be sufficiently flexible to allow implementation of support to the policy dialogues so that emerging issues elemental to these dialogues can be addressed. The types of activities foreseen include conferences, seminars, workshops (excluding individual scholarships), specific studies, media events and products, capacity building, training, business and policy related research activities and other activities which promote best practises from the EU and Thailand and raise awareness in these geographical areas.

2. 1. 1.5 Cross-cutting issues

In line with the "European development consensus" cross-cutting issues such as climate change, environmental sustainability, democracy and human rights, good governance, and gender equality will receive specific attention and will be systematically mainstreamed in all activities funded by the Facility.

2. 1.1.6 Risks and conditions

Thailand has experienced political instability in recent years. Despite that main policy lines have mostly remained. Given the deep division of the country, governments look to have at least somewhat uncertain future. Government's commitment to trade and market liberalisation, climate change, environment and other key areas is essential. The risk of a new government abandoning the main policy lines is rather low. Nevertheless, given the unstable political situation governments may exercise certain cautiousness in implementing reforms.

2.1.1.7 Financial envelopes

It is foreseen to allocate 100% of the indicative budget, i.e. € million, to the activities under this focal area.

2.1.1.8 Indicative timeframe

It is proposed that one Policy Dialogue Support Facility (50% of funding envelope) is established in the beginning of the MIP period and another one towards the end of the period (50% of funding envelope).

2.1.2 Activities under other European Commission budgetary instruments in Thailand

Thai organisations are also eligible to participate in the European Commission's regional and thematic programmes which will complement the bilateral Thailand-EU policy Dialogue Facility. Under these other programmes support could be provided to activities regarding democracy and human rights, environment, climate change, civil society strengthening, decentralised cooperation, migration,

uprooted people and higher education. Thai researchers and research institutions can also benefit from the Commission's 7th Framework Programme for research, technological development and demonstration activities such as networking and exchange of researchers.

In addition, at the initiative of the European Parliament, the European Commission is identifying "preparatory action for middle income Asian countries" – Thailand in 2009. The possible action, the European ASEAN Business Centre, would support European business interests in Thailand and Southeast Asia with a European Community funding of €2 million. This non-DCI action allows responding to pure European interests. Hence, it fills a gap regarding Thailand, for which the current financial instruments (DCI or ICI) could not respond.

List of abbreviations

AFD	Agence Française de Développement
ASEAN	The Association of Southeast Asian Nations
CDM	Clean Development Mechanism
CSO	Civil Society Organizations
CSR	Corporate Social Responsibility
DCI	Development Co-operation Instrument
EIDHR	European Instrument for Democracy and Human Rights
ENRTP	Environment, Sustainable Management of Natural Resources, including energy
FLEGT	Forest Law Enforcement, Governance and Trade
FTA	Free Trade Agreements
GHG	Greenhouse Gas
GTZ	German Technical Cooperation
HRD	Human Resources Development
ICI	Industrialised Countries Instrument
ICT	Information & Communication Technologies
IfS	Instrument for Stability
IOM	International Organization for Migration
JICA	Japan International Cooperation Agency
LDCs	Least Developed Countries
MIP	Multi-annual Indicative Programme
MONRE	Ministry of Natural Resources and Environment
MTR	Mid-term Review
NSA/LA	Non-State Actors and Local Authorities
ODA	Official Development Assistance
PCA	Partnership and Cooperation Agreement
PPP	Public-Private Partnerships
RTG	Royal Thai Government
SENSA	Swedish Environmental Secretariat for Asia
SP	Strategy Paper
TGO	Thailand Greenhouse Gas Management Organisation
USAID	U.S. Agency for International Development
WTO	World Trade Organisation

Country at a glance

a) Macro-Economic Indicators

		2005	2006	2007	2008 ^p	2009 ^t	2010 ^t	source
Basic data								
1	Population (m)	65,10	65,30	65,70	66,30	67,50	67,90	EIU
	- annual change in %	5,05	0,31	0,61	0,91	1,81	0,59	
2a	Nominal GDP (in billion Baht)	7.092,8	7.841,3	8.493,3	9.102,7	n.a.		BOT
	Nominal GDP (in billion US\$)	176,4	207,0	246,1	273,3	246,70	253,40	EIU
2b	Nominal GNP per capita (Baht)	103.667,8	114.748,0	123.673,4	130.616,9	n.a.		BOT
	Nominal GNP per capita (in €)	n.a.						
3a	Real GDP (annual change in % 1988 price)	4,6	5,2	4,9	2,6	-4,5	1,9	BOT, f by EIU
3b	Real GDP per capita (annual change in % 1988 price)	3,9	4,5	4,6	2,0	n.a.		calculate from BOT data
4	Gross fixed capital formation (in % of GDP)	23,39	23,09	22,29	n.a.	n.a.		NESDB
International transactions								
5	Export (billions of US\$)	109,3	127,9	150,0	175,3	43,6		BOT
	- of which the most important: ... (in % of GDP)	n.a.	n.a.	n.a.	n.a.	n.a.		
6	Trade balance (billions of US\$)	-8,2	0,9	11,5	0,2	8,4		BOT
	Trade balance (in % of GDP)	-4,6%	0,4%	4,7%	0,1%	3,4%		
7	Current account balance (in % of GDP)	-4,3	1,1	5,7	0,0	n.a.		BOT
8	Direct investment in Thailand (millions of US\$)	60.408,00	77.162,00	94759 ^p	n.a.	n.a.		BOT
9	Total external debt (millions of US\$)	n.a.	59.643	61.738	64.846	n.a.		BOT

10	Service of external debt (in % of exports of goods and non-factor services)	n.a.	n.a.	n.a.	n.a.	n.a.	
11	Foreign exchange reserves (billions of US\$)	52,1	67,0	87,4	111,0	116,8	BOT
Government							
12	Revenues (billions of Baht)	n.a.	n.a.	1.455,1	1.494,7	n.a.	BOT
	(in % of GDP)	n.a.	n.a.	17,13	16,42	n.a.	calculate from BOT data
13	Expenditure (billions of Baht)	n.a.	n.a.	1.629,1	1.597,8	n.a.	BOT
	(in % of GDP)	n.a.	n.a.	19,18	17,55	n.a.	calculate from BOT data
14a	Deficit (bilions of Baht)	n.a.	n.a.	-174,0	-103,1	n.a.	BOT
14b	Deficit (in % of GDP)	n.a.	n.a.	-2,05	-1,13	n.a.	calculate from BOT data
15	Debt (outstanding, in billions of US\$)	52,0	59,6	61,7	64,8	61,0	BOT
Other							
16	Consumer price inflation (annual average change in %) 2007=100	4,5	4,7	2,3	5,5	n.a.	NSO
17	Interest rate (prime rate, annual rate in %)	6.50-6.75	7.50-8.00	6.85-7.13	6.75-7.00	6.00-6.50	BOT
18	Exchange rate (annual average of national currency per 1 €, mid-rate)	50,24	47,55	47,26	48,93	Jun09=47.22	BOT
19	Unemployment (in % of labour force)	1,8	1,5	1,4	1,4	n.a.	BOT
20	Employment in agriculture (in % of total employment)	34,21	35,69	36,25	37,20	n.a.	BOT

source of information: BOT (Bank of Thailand), EIU (The Economist Intelligence Unit Ltd 2009), NESDB (Thailand's National Economic and Social Development Board), NSO (Thailand's National Statistical Office)
f = forecast; p = preliminary (for various national data)

Donors Matrix

	Education	Health	Population Policies	Water Supply and Sanitation	Government and Civil Society	Other Social Infrastructure and Services	Transport and storage	Communications	Energy
Sectors by DAC code									
Donors									
Thailand									
All present EU Donors									
Belgium									
Czech									
Denmark									
French	9.000.000	9.000.000			450.000				
Germany ⁵									
Luxembourg									
Spain	158.348			15.000					
EC			704.582		334.260				
Major Non-EU Donors									
Japan									
Canada	19.698	219.823	33.277		189.917	3.347			
Switzerland									
USAID	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
International Organisations									
ADB	340.136			40.816			1.088.435		680.272
FAO									
UN ²	1.904.762	297.959	1.582.177		531.114	2.030.894			
UNDP ⁶				4.492.517	508.844				885.034
UNHCR									

UNODC ³		860	860		717				
UNEP									
World Bank ⁷									
Total by sector	11.422.944	9.518.643	2.320.896	55.816	5.998.525	2.543.084	1.088.435	0	1.565.306
% EC	0,00%		30,36%		5,57%				
Regional programmes (figure could not break down for only Thailand)									
AusAID ⁸		17.664.671					8.263.473		
EC					1.000.000		5.000.000	12.000.000	
Finland ⁴				14.000.000					5.000.000
Switzerland ¹									
UNEP									

Sectors by DAC code	Banking and Financial Services	Business and other Services	Agriculture, Forestry and Fishing	Industry, Mineral Resources and Mining, Construction	Trade and Tourism	Multi-sector/Cross-cutting	Commodity Aid and General Programme Assistance	Action related to Debt	Emergency Assistance and reconstruction	support to NGOs	Unallocated/Unspecified	Total by donor (EUR)
Donors												
Thailand												
All present EU Donors												
Belgium						100.000						100.000
Czech								4.500				4.500
Denmark												0
French			3.600.000		450.000	1.500.000						24.000.000
Germany ⁵											24.000.000	24.000.000
Luxembourg						200.000				117.000		317.000
Spain			226.943					67.322			15.000	482.613
EC						25.686.976				5.418.433		32.144.251
Major Non-EU Donors												
Japan											35.210.884	35.210.884
Canada					128	104.844	0	0	266.219	66.555	3	903.811
Switzerland							301.205					301.205
USAID	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
International Organisations												
ADB	680.272		108.844									2.938.776
FAO			2.408.450									2.408.450
UN ²						2.133.605					200.340	8.680.852
UNDP ⁶						929.932					125.850	6.942.177
UNHCR								5.461.576				5.461.576
UNODC ³												2.438

UNEP						205.882						205.882
World Bank ⁷												0
Total by sector	680.272	0	6.344.236	0	450.128	30.561.240	601.205	0	5.799.617	5.601.988	59.552.078	144.104.414
% EC						84,05%			0,00%	96,72%		22,31%
Regional programmes (figure could not break down for only Thailand)												
AusAID ⁸					13.592.814						39.580.838	79.101.796
EC		6.000.000		7.000.000	40.000.000							71.000.000
Finland ⁴					4.000.000							23.000.000
Switzerland ¹										385.542		385.542
UNEP		490.361				14.706						505.067

Remark:

Exchange rate(Jan 08) at 1 EUR=1.47 USD; 1.44CAD; 1.66 CHF; 1.67 AUD

1support to NGO benefit to organisation in Thailand,Lao PDR,Myanmar,Cambodia

2 Estimated 2008 disbursement:data from the UN system based as per the UNPAF Annual Review Report 2008

3 Calculated the allocations for Thailand as a portion of the total project budgets

4 Tentaive figure for regional programme: allocation to Cambodia, Lao PDR, Myanmar, Thailand, Vietnam

5 GTZ data for year 2009-2012

6 Resources represent all sources of funding.

7 Possible new IBRD commitment for the period FY2009-2011 (Loan size:2.585 Million EUR)

8 Source: AusAID Annual program performance report for Asia 2007-2008

ANNEX 3. DESCRIPTION OF THE MTR DRAFTING PROCESS

1. Review of policy framework and lessons learnt from past cooperation

In January 2009 the Delegation of the European Commission to Thailand carried out an in-house review of the policy framework guiding the relations between the EU and Thailand. The Delegation also reviewed "horizontal" external EU/Community policies, in particular emerging new priorities. Thailand's overall situation and policy changes were also reviewed. The regional and international context, such as ASEAN integration, was also taken into account. Finally lessons learnt from past cooperation were analysed. Though there are only a limited number of donors remaining in Thailand, the activities of donors and possibilities for coordination and division of labour were considered.

The Strategy Paper for Thailand mainly consists of the Thailand-European Commission Cooperation Facility, which covers a large number of priority areas in a flexible manner. In addition, Thailand benefits from the Commission's thematic and regional programmes such as Non-State Actors and Local Authorities (NSA&LA), Aid for Uprooted People, Migration and Asylum Thematic Programme, Sustainable Production and Consumption (Switch-Asia), Environment and Sustainable Management of Natural Resources, including energy (ENRTP), Forest Law Enforcement, Governance and Trade (FLEGT) and Erasmus Mundus External Co-operation Window.

It was concluded that the strategy remains appropriate and capable of addressing the priorities.

2. Stakeholder consultations

In January to March 2009 the Delegation consulted key stakeholders in Thailand.

The Consultation process of civil society and the Parliament included:

1. Meeting with approximately 50 representatives from Local and International Non Government Organisations (NGOs) in Bangkok on 23 January 2009;
2. Meeting with more than 120 representatives from over 70 organisations, comprising NGOs, Community Based Organisations (CBOs), universities, networks, mosques and other religious institutions, youth groups and sub-districts administration offices in Pattani, in the South of Thailand on 18 February 2009;
3. Meeting with 10 representatives of other Non State Actors including NGOs, trade organisations and universities in Bangkok on 25 February 2009;
4. Meeting with Mr. Torphong Chaiyasan, Chairman of the Standing Committee on Foreign Affairs of the House of Representatives on 9 March 2009;
5. Submission of written requests for comments and other informal contacts with more than 100 other organisations including media organisations as well as representatives of the National Parliament.

In conclusion, approximately 250 organisations have been approached in this exercise and more than

half of them have actively participated in the consultation by either attending one of the meetings or sending written comments.

Besides the consultations with the civil society organisations and the Parliament consultation meetings took place with:

6. The EU Member States on 27 February 2009;
7. Donors and International Organisations including the World Bank, UNDP, UNICEF, UNHCR, USAid, JICA on 17 and 27 February;
8. Line Ministries and Agencies of the Royal Thai Government on 2 March;
9. Ministry of Foreign Affairs including Thailand International Development Cooperation Agency (TICA) on 5 March.

3. Summary and Conclusions of the Consultations

The Government, the EU Member States, the donors and the civil society confirmed that the existing Commission response strategy remains relevant as it is capable to address the priorities well. Overall, donors and the Government further emphasized and stressed the need to strengthen cooperation and capacity building on policy level.

The Government commended the European Commission that the SP's response strategies reflect its current policy framework. The Ministry of Foreign Affairs (MFA) highlighted the need to get even more assistance and capacity building to improve understanding on new standards and regulations coming into force in the EU. MFA also aligned with the EU in wishing further support to regional integration in the context of ASEAN. The Government also stressed the need to assist development in the neighbouring countries bordering Thailand, which would have positive impact on border areas and overall stability in Thailand.

The current economic downturn in Thailand has forced the government to provide stimulus packages to the economy. Actions in the SP to promote exchanges in trade and investment and market opening should support the government's measures and be beneficial to the economy. In times of economic crisis it is also important to build capacities and to promote decent work agenda and corporate social responsibilities as well as avoid possible pressures for protectionism. Most vulnerable groups of people require specific attention. The SP is able to support the government in governance dialogues and hence assist it to further develop social safety nets in Thailand.

The SP is also in a good position to assist the Government capacities in climate change related issues concerning preparedness and mitigation. Moreover, the SP covers measures which provide increased capacities to reduce green house gas (GHG) emissions through actions such as promoting the clean development mechanism (CDM), energy efficiency and renewable energies including biofuels. Environmental issues including climate change matters have also been mainstreamed as a cross-cutting issue in other policy areas.

As regards the Aid for Uprooted People Programme financed from outside the SP, both civil society and donors are supportive of the Commission efforts to engage the Government in a policy dialogue for a more strategic and comprehensive approach to the issue of the Burmese Refugees living in the camps along the Thai-Burma border. This dialogue would be primarily aimed at moving from a situation of

protracted encampment to more integration of the Refugees into Thai society. This would, of course, open a window of opportunity for shifting resources from humanitarian aid to development cooperation moving from maintenance of the status quo towards more innovative and sustainable initiatives.

The consultation with Civil Society Organisations also highlighted a growing concern on the Good Governance trend in the country. The Commission was recommended to increase its activities in this field with a particular focus on the three Southern Provinces where, due to the complex security situation, the issue of the rule of law is central. In this light the recent launch of the Non State Actors Programme, specifically reserved for the Southern Provinces, was strongly welcomed as this will provide funding opportunities in crucial areas such as health and education as well as in the sector of the rule of law. Activities in the Southern Provinces are also supported by the Instrument for Stability (IfS). Civil Society organisations shared further a number of other concerns which go from the impact that the present economic situation could have on the employment to the problem of finding a better way to deal with migratory fluxes. In this regard the Commission was also recommended to strengthen technical cooperation with the government on the issue of migration and border management.

1.8. ANNEX 4: COUNTRY ENVIRONMENTAL PROFILE

1. Summary

Thailand is classified as a lower middle income country with an economy relying largely on industry, tourism and agricultural production. Thailand witnessed in the last decades a remarkable economic growth and a substantial decrease in poverty. However, the fast economic growth has been a major factor contributing to widespread environmental degradation and pollution. Forest depletion, loss of biodiversity, land change, urban pollution (water and air pollution, waste and hazardous waste), coastal erosion and decline of marine fishery resources, water pollution and growing energy consumption are identified as serious environmental concerns which should be addressed.

A number of legal and policy reforms currently being implemented aim for a more effective and integrated approach to Thailand's persistently serious environmental issues. However major challenges in the field of environmental protection consist in improving institutional capabilities at central and local level, fostering the translation of policies into strategies/action plans, and strengthening the enforcement of environmental legislation.

2. Background

Thailand occupies a land area of 513,115 km². The population is estimated at 65 million (2005), and is mostly rural and concentrated in the rice growing areas of the central, north-eastern and northern regions. Around 32% of the population live in the urban areas².

3. State of the Environment

Forest Degradation:

In 2006, the total forest area was 31% compared to 53% in 1961³. It is to be noted that forest area is increasing since the year 2000 as the result of Government's reforestation and forestation activities and promotion of economic plantations. The National Forest Policy was adopted in 1985. It highlighted the need to achieve a 40 percent of land under forests into 25 percent for economic forests and 15 percent for conservation forests.

There is a "total logging ban" in natural forests since January 1989. Despite the ban, the protection and conservation measures, and the promotion of investments in forest plantations, illegal logging, land conversion and forest fires continue to pose a threat to natural forest resources in Thailand.

Biodiversity and Protected Areas:

Thailand has a rich biodiversity but few endemic plants and animal species. Decades of forest exploitation and clear cutting have been responsible for significant habitats and biodiversity losses. Thailand's abundant and diverse marine biodiversity has also suffered from destructive fishing gears in

² Human Development Report 2007/2008 by UNDP

³ Royal Forest Department website

the open sea and coastal areas. There are currently 223 protected areas in Thailand including National Parks and Wildlife Sanctuaries. However, management skills and financial resources available for these protected areas appear to be insufficient.

Marine and Coastal Natural Resources⁴:

Thailand's marine and coastal resources (fish stocks, mangroves, wetlands, coral reefs, etc.) have become under threat as the population and economic activities in the coastal provinces have grown, in particular tourism, marine fisheries and aquaculture. Marine fishery resources are under increased pressure and decline, both in terms of quantities and the number of species. The declining availability of fish combined with increased competition is leading to conflicts between commercial operators and small-scale fishermen. The mangrove coverage which had declined tremendously as a result of conversion into shrimp farms is now increasing thanks to replanting efforts. Marine based pollution and run off is impacting in some location water quality. Finally erosion of coastline is significant and a prime challenge.

Land degradation:

In general, land is used in a manner not compatible with conservation principles causing soil degradation over an area of 21.4 million ha. Soil salinity has become a major problem as a consequence of irrigation and intense cultivation without adequate drainage⁵. Efforts to boost agricultural production through the use of chemical fertilisers and pesticides, as well as the technically inappropriate disposal of dangerous wastes from industries and communities, have led to an accumulation of toxic substances, resulting in serious soil contamination problems.

Water Resources:

The water demand tends to increase but the potential for surface and groundwater development is limited and the efficiency of water storage is limited. Allocation of water does not conform to existing regulations, particularly due to the rapid increase in consumption for urban and industrial purposes. This eventually will affect the availability of water for agriculture as well as water quality.

Water pollution:

The water quality of the surface water, groundwater and seawater is of concern although the quality of fresh water resources is showing signs of improvement in several locations. Rivers and water course are contaminated by the agricultural sector, by industries, by lack of wastewater treatment facilities, etc.

Waste management:

The amount of solid waste is growing. In 2007, approximately 40.000 tons are generated per day. The absence of proper environmental control is posing health and environmental risks to the surrounding communities and waste workers. The volume of hazardous (chemical) waste is also increasing and a large part is still not dealt with in a separate and appropriate manner.

⁴ Thailand Environment Monitor 2006, World Bank

⁵ Personal communication with United Nations Environment Programme

Air pollution:

Air pollution continues to be an issue of serious concern in particular the level of PM10 in urban areas. In most cities and industrial areas of Thailand, noise pollution is also a serious issue.

Energy demand:

Thailand's energy consumption has been steadily growing at a rate of about 9% per year. Thailand relies heavily on imports for energy sources (gas, coal, oil). The Government has set a target for the use of renewable energy which should increase to 8% in 2011.

Climate change:

Thailand is the 7th largest emitter of CO₂ in Asia and 26th globally. Bangkok's per capita CO₂ emissions are also higher than other major cities in the world such as London or Tokyo⁶. In January 2008, the Government formulated and approved the Thailand's Strategic Plan on Climate Change (2008-2012) articulated along 6 components focusing on adaptation, mitigation, research and development, awareness raising, institutional strengthening and international cooperation. The government is currently awaiting the finalisation of the Climate Change Action Plan which is expected to translate the strategy into concrete activities. In 2007, the Thailand Greenhouse Gas Management Organisation (TGO) was created as an autonomous governmental body. TGO is in charge of approving Clean Development Mechanism (CDM) Projects and providing advice to project developers on CDM development and carbon trading.

4. Policies and Institutions

The Ministry of Natural Resources and Environment (MONRE) was created in October 2002 with the objectives of creating a unified institutional structure for environmental protection.

In line with the decentralization policies that were called for by the 1997 Constitution, MONRE has opened provincial offices in each of the 76 provinces of Thailand mostly in charge of monitoring environmental indicators and ensuring that environmental aspects are well integrated into the Provincial Development Plans. Nevertheless, the effective environmental management in Thailand is complicated by a number of challenges:

- ✧ Lack of environmental mainstreaming that lead towards effective integrated natural resource and environmental management;
- ✧ Lack of coordination and communication among ministries and agencies to effectively translate environmental policies and strategies into implementation and tackle environmental issues in an integrated and coordinated manner.
- ✧ Lack of capacity at local and provincial authorities' level to enable them to effectively implement environmental legislations in line with the decentralisation process.
- ✧ Weak enforcement and compliance with the rules and environmental standards.

5. Environment in the main sector

The Thailand EC Cooperation Facility will enable technical assistance in all sectors of mutual interest referred to in the bilateral Partnership and Co-Operation Agreement. This includes environment and

⁶ Action Plan on Global Warming Mitigation 2007-2012, Bangkok Metropolitan Administration

natural resources. As the major emphasis of the Facility is to promote economic cooperation, specific support can be provided to Thai companies in adapting to EU environmental legislation. Support for other activities in the area of environmental protection and sustainable management can be envisaged under the Facility.

In the area of support for higher education through Erasmus Mundus, Thai students wishing to pursue academic study in the area of environmental sciences and related fields are eligible for scholarships.

6. Analysis of aid

EU cooperation in the past has focused mainly on green issues (forestry and biodiversity).

Amongst the EU Member States, Denmark, Sweden, Finland, France and Germany are the most active in terms of environmental cooperation often through their agencies (GTZ, AFD, SENSEA, etc).

Other non-European agencies that are active in the environmental sector are JICA, USAID and the World Bank.

7. Conclusions and recommendations

To enhance the efforts to address the environmental concerns in Thailand, it is recommended to strengthen the capacity of local and provincial authorities in environmental management. Replication of successful community initiatives in natural resource management should be encouraged. The capacity of authorities to plan, enforce environmental laws and regulations, and monitor environmental indicators should be also improved. Another major interest from the Thai business sector and governmental offices is the need for a transfer of environmentally friendly technologies. These actions could take place under the cooperation facility and under regional and thematic programmes (SWITCH, FLEGT Asia, and ENRTP)