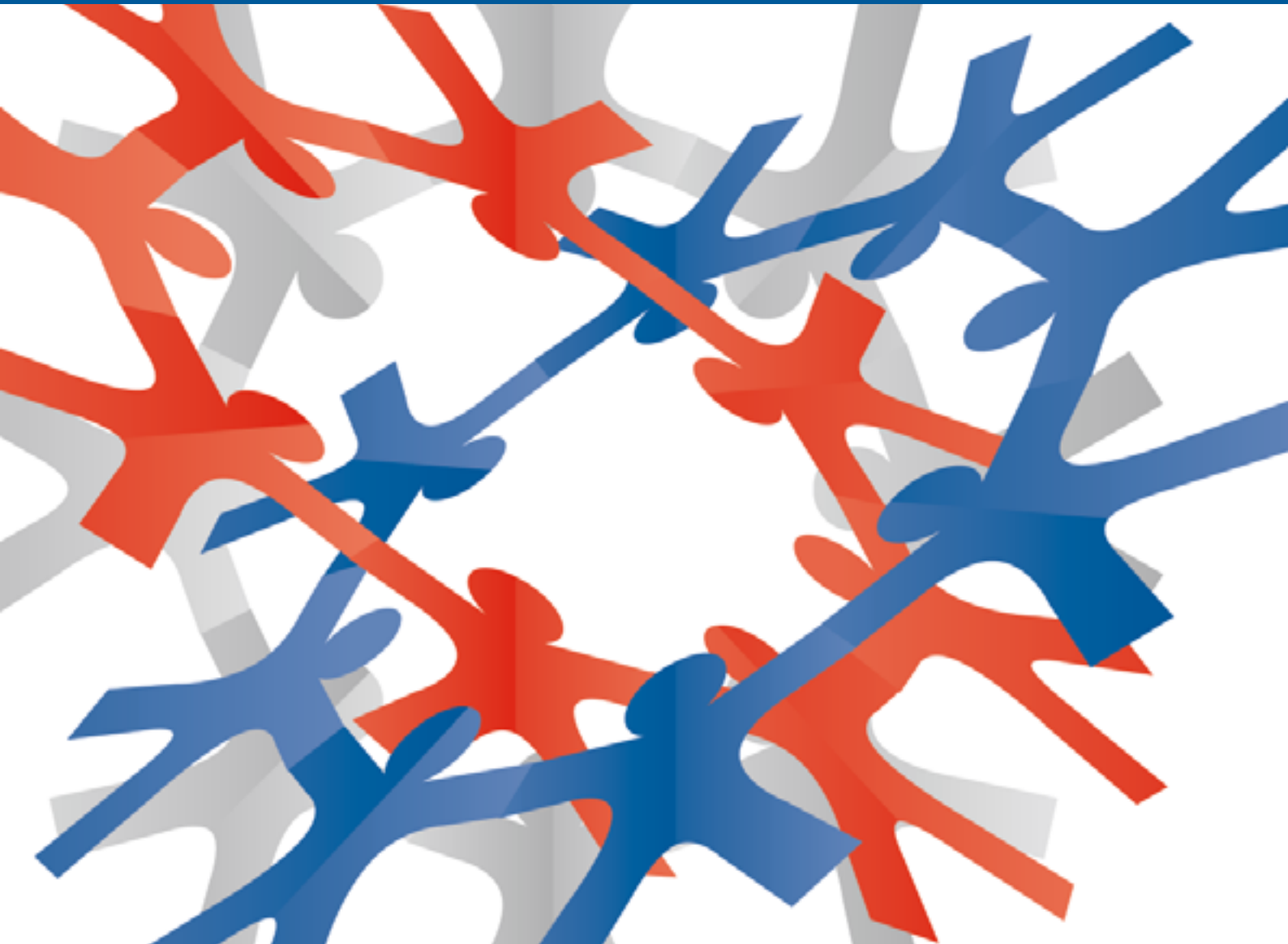


Global Partnership for Development

Thailand's Contribution to
Millennium Development Goal 8



Global Partnership for Development

Thailand's Contribution to Millennium Development Goal 8

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United Nations Country Team in Thailand**

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Foreword

His Excellency Dr. Kantathi Suphamongkhon

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The High-Level Plenary Meeting of the sixtieth session of the United Nations General Assembly, or “the 2005 World Summit”, to be held in New York from 14 to 16 September 2005 is expected to be the largest gathering of world leaders. The Summit will be a defining moment for the world leaders to take courageous action to reduce poverty, promote security, protect human rights and reform the United Nations.

The Royal Thai Government looks forward to participating actively in this World Summit. We congratulate the UN Secretary-General for his visionary report entitled, “In Larger Freedom: Towards Development, Security and Human Rights for All”. This important report will provide a solid basis for the deliberations at the Summit.

For its part, Thailand remains fully committed to the Millennium Development Goals (MDGs), as contained in the Millennium Declaration. Thailand’s first Millennium Development Goals Report published in 2004 demonstrates that it has made remarkable progress to meet most, if not all, of the MDGs well in advance of 2015. Based on this report, the Royal Thai Government committed itself to a set of even more ambitious development targets – called MDG Plus – that go well beyond the internationally agreed MDGs. The Government also set out a vision for Thailand to reach out far beyond its borders to assist other countries to reach the MDGs by 2015.

Published on the eve of the 2005 World Summit, this report “Global Partnership for Development: Thailand’s Contribution to Millennium Development Goal 8,” accounts how Thailand has contributed official development assistance to other countries. This includes the opening up of Thailand’s market to Least Developed Countries, as well as the provision of foreign direct investment for the building of essential infrastructure.

The report suggests that such a middle-income country as Thailand has an increasingly important role to play in the global campaign to achieve the MDGs by 2015. It shows that the global partnership for development called for in Goal 8 is not only about the North helping the South, but also about solidarity and cooperation among countries of the South.

The Royal Thai Government acknowledges the active involvement of the United Nations Country Team in Thailand and appreciates the leading role of the United Nations Development Programme (UNDP) in supporting the production of this report. We look forward to continuing this partnership with the United Nations Country Team in the future.



(Dr. Kantathi Suphamongkhon)
Minister of Foreign Affairs of Thailand

Preface

This report is a tribute to Thailand's strong commitment to the Millennium Development Goals, not only to their attainment within its own borders, but also across the globe. Thailand has become an important emerging donor, trading partner, and provider of foreign direct investment for the benefit of Least Developed Countries in the region and beyond. It is clear that Thailand is already making a significant contribution to the global partnership for development called for in the eighth Millennium Development Goal.

Thailand is the first middle-income country to join several OECD countries in publishing a report on its contribution to Goal 8. The message is clear: the global partnership for development is not just about rich countries helping poor countries. It is also about South-South cooperation and middle-income countries sharing their rich development experience and lessons learnt with other developing countries.

Framing its development cooperation as a contribution to the global partnership for development called for in Goal 8 is an opportunity for Thailand to look beyond economic cooperation for mutual benefit, towards a broader vision of helping to reduce poverty, improve health and education, protect the environment, and attain the Millennium Development Goals beyond its borders. Such a paradigm shift is precisely what is being advocated in the UN Secretary-General's report "In Larger Freedom: Towards Development, Security and Human Rights for All".

On behalf of the UN Country Team in Thailand, I would like to congratulate the Royal Thai Government, in particular the Ministry of Foreign Affairs, for leading the process of producing this report. Through a series of "MDG 8 Cluster Meetings", the report benefited from a long and participatory process involving a wide range of government, non-governmental, academic, and UN agencies.

As a joint publication of the Ministry of Foreign Affairs and the United Nations Country Team, we hope that this report will make a valuable contribution to the policy debate here in Thailand on the future direction of Thai development cooperation with Least Developed Countries in the region and beyond. We also hope that it will have a significant impact outside Thailand as a source of ideas and inspiration for other middle-income countries committed to contributing to the global partnership for development called for in Goal 8.



Joana Merlin-Scholtes
UN Resident Coordinator in Thailand

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MDG 8 Cluster Group

The production of this report was guided by a national MDG 8 Cluster Group that met on numerous occasions during the last 18 months. This group was chaired by the MDG 8 Cluster Champion, Mr. Manop Mekprayoonthong, Deputy Director-General, Department of International Organizations, Ministry of Foreign Affairs. The following agencies participated in this process:

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Other agencies

Thai Bankers' Association, Federation of Thai Industries, Board of Trade of Thailand, and Kasikorn Research Center

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Contents

Foreword	iii
Preface	v
Acknowledgements	vii
List of Abbreviations	xi
Executive Summary	1
Chapter 1 Thailand as a Partner for Global Development	3
Thailand and the Millennium Development Goals	3
Thailand's contribution to Goal 8	6
Chapter 2 Regional and Sub-regional Cooperation for Development	9
Chapter 3 Thai Development Assistance	13
Comparisons with OECD countries	13
Infrastructure development in the Greater Mekong Sub-region	15
Technical assistance	20
Other ODA and financial initiatives	24
Chapter 4 Trading with Least Developed Countries	25
Trade and MDGs	25
Lowering trade barriers	26
Intensifying trade	27
Exporting essential drugs	30
Promoting tourism	33
Trading informally	33
Migrating labour	35
Keeping the course	35
Chapter 5 Foreign Direct Investment	37
Profile of Thai investment	38
Varying impacts of Thai FDI on the MDGs	38
Links between FDI, trade and development	40
Chapter 6 The Way Forward	41
Annex I Thai ODA Calculations	45
Annex II United Nations Millennium Declaration	49
Annex III Millennium Development Goals, Targets and Indicators	55
References	59

Boxes

1.1	What are MDGs?	4
1.2	Sufficiency economy	5
1.3	Millennium Development Goal 8	7
3.1	Infrastructure development for the attainment of MDGs	16
3.2	Sharing the Philosophy of Sufficiency Economy: A humble path towards sustainable development	22
3.3	The International Institute for Trade and Development (ITD): A knowledge-based initiative	22
3.4	Reaching out to Africa	23
4.1	Exporting affordable HIV drugs	32
4.2	Thailand doing business with the UN	34
5.1	Electricity and MDGs	39

Figures

1.1	Thailand's MDG Plus timeline	6
4.1	Trade-weighted average tariffs imposed by selected ESCAP members and associate members (2002-2004)	26

Tables

1.1	Progress toward the Millennium Development Goals in Thailand	3
2.1	Regional and sub-regional cooperation frameworks	10
3.1	Thai Official Development Assistance in 2002/2003	14
3.2	Official Development Assistance: Thailand and selected OECD-DAC countries (2003)	15
3.3	Official Development Assistance to Least Developed Countries: Thailand and selected OECD-DAC countries (2003)	15
3.4	Thai International Cooperation Programme	21
4.1	LDC imports – Thailand and selected OECD and middle-income countries (2003)	25
4.2	Trade barriers to imports from LDCs (2002-2004)	27
4.3	Thailand's estimated applied tariff rates (2001)	28
4.4	Product categories given AISP preference by Thailand in 2002-2005 by country	28
4.5	Size of agricultural sectors, and LDC preferences of selected OECD countries (2002-2003)	29
4.6	Trade to GDP ratio	29
4.7	Trade Intensity Index among ASEAN	30
4.8	CLMV countries' merchandise trade with Thailand	31
4.9	Thailand's merchandise imports from the LDCs and Viet Nam, 2001	33
4.10	International tourist arrivals, 1998-2003	34
5.1	FDI inflows into ASEAN from ASEAN by source country, 1995-2004	37
5.2	Thai FDI aggregate amount and sectors – Selected ASEAN countries, 1995-2001	38
A1.1	Grants in 2002/2003	46
A1.2	ODA qualified loans in 2002/2003	46

List of Abbreviations

ACD	Asia Cooperation Dialogue
APCD	Asia-Pacific Development Center on Disability
ACMECS	Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy
ADB	Asian Development Bank
AFTA	ASEAN Free Trade Area
AISP	ASEAN Integrated System of Preference
AITC	Annual International Training Courses Programme
AMTA	Agency for Coordinating Mekong Tourism Action Activities
APEC	Asia-Pacific Economic Cooperation
APMRN	Asia Pacific Migration Research Network
ARV	Anti-Retroviral
ASEAN	Association of Southeast Asian Nations
ASEAN+3	ASEAN, Japan, China, and Republic of Korea
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
CLMV	Cambodia, Lao PDR, Myanmar, and Viet Nam
DAC	Development Assistance Committee
EGAT	Electricity Generating Authority of Thailand
EMEAP	Executives' Meeting of East Asia and Pacific Central Banks
ESCAP	Economic and Social Commission for Asia and the Pacific
EWEC	East-West Economic Corridor
FDI	Foreign Direct Investment
FEALAC	Forum for East Asia-Latin America Cooperation
FFT	Friends from Thailand
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GMS	Greater Mekong Sub-region
GNI	Gross National Income
GNP	Gross National Product
GPO	Governmental Pharmaceutical Organization
GSP	Generalized System of Preferences

HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immuno Deficiency Syndrome
IL	Inclusion List
IOM	International Organization for Migration
ITD	Institute for Trade and Development
LDCs	Least Developed Countries
LIBOR	London Inter Bank Offering Rate
MFA	Multi-Fiber Agreements
NECF	Neighboring Countries Economic Development Cooperation Fund
NEDA	Neighboring Countries Economic Development Cooperation Agency (Public Organization)
NEPAD	New Partnership for Africa's Development
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PPP	Purchasing Power Parity
RCA	Revealed Comparative Advantage
TCDC	Technical Cooperation among Developing Countries
TCTP	Third Country Training Programme
TDRI	Thailand Development Research Institute
TEL	Temporary Exclusion List
TICA	Thailand International Development Cooperation Agency
TICAD	Tokyo International Conference on African Development
TICP	Thai International Cooperation Programme
TII	Trade Intensity Indices
TIPP	Thai International Postgraduate Programme
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIFEM	United Nations Development Fund for Women
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

Executive Summary

As a successful middle-income country with decades of experience and lessons learnt in advancing human development, Thailand is well-positioned to contribute to the global partnership for development called for in Millennium Development Goal 8.

By engaging in South-South development cooperation and taking a leading role in sub-regional and regional cooperation initiatives, Thailand is actively sharing with other countries its own knowledge of what it takes to rapidly reduce poverty, improve health and education, and face the challenges of environmentally sustainable development. By opening up its markets to imports from Least Developed Countries (LDCs) and providing significant amounts of foreign direct investment, Thailand is also contributing to progress towards the Millennium Development Goals in the region and beyond.

This report shows that middle-income countries such as Thailand have an increasingly important role to play in the global campaign to achieve the Millennium Development Goals by 2015. It shows that a global partnership for development is not just about the North helping the South but also about solidarity and cooperation between countries of the South.

With this report, Thailand joins several OECD countries in reporting on their contributions to Millennium Development Goal 8 in the lead-up to the 2005 World Summit at the United Nations headquarters in New York.

Building partnerships through regional cooperation

Thailand's contribution to the global partnership for development is guided by principles of self-help, partnerships, and sharing of development experience. Under its foreign policy of "forward engagement", and guided by a strong commitment to support neighbouring countries to develop and prosper, Thailand has helped to establish bilateral and sub-regional cooperation frameworks and trade agreements. Thailand is also actively pursuing the "Look West" policy with a view to enhancing

cordial relations and promoting constructive cooperation with countries in South Asia and Africa. Reaching beyond the region, Thailand has established wider partnerships and agreements that include countries in the Pacific and elsewhere.

Offering development assistance

Thailand offers a significant amount of Official Development Assistance (ODA), most of it to Least Developed Countries in the region. In fiscal year 2003, Thai ODA was conservatively estimated at US\$ 167 million, or 0.13 percent of Thailand's Gross National Income (GNI).

Nearly all – 93 percent – of Thai ODA is going to LDCs, in comparison with an average of 33 percent for OECD countries. As a result, Thai ODA to LDCs is estimated at 0.12 percent of Thailand's GNI, higher than Australia, Japan, the United States, and several other OECD countries.

Most Thai ODA is in support of basic infrastructure development in Cambodia, Lao PDR, Myanmar, and the Maldives, such as construction of roads, bridges, dams and power stations. This type of infrastructure is an important part of longer-term economic development helping to pave the way for the attainment of the Millennium Development Goals in these countries.

The remainder of Thai ODA is in the form of technical assistance and training in the areas of education, public health, agriculture, transportation, economics, banking, finance, and science and technology, as well as contributions to the UN System and the Asian Development Fund of the ADB.

Opening up markets

By opening up its markets to imports from Least Developed Countries, Thailand makes an important contribution to economic and human development in these countries. Thai imports from LDCs in the region include agricultural products, labour intensive

manufactured goods, primary products, electricity from Lao PDR, and natural gas from Myanmar.

Thailand’s imports from LDCs make up 3.1 percent of its total imports – more than any other middle-income country and more than any OECD country.

Increasing trade between Thailand and LDCs is the result of special trade concessions offered by Thailand under the ASEAN Integrated System of Preferences. Thailand’s trade-weighted tariffs on imports from the LDCs in the region are by far the lowest of any developing country in the region. And its trade preferences on agricultural imports from the LDCs are at least as favourable as those offered by some of the OECD countries.

Thailand also contributes to the achievements of the MDGs in the LDCs in the region directly and indirectly by receiving labour from neighbouring countries on a large scale. Efforts are underway to try to regularize the status of these workers through registration and provision of work permits, in recognition that there is high unmet demand for labour in Thailand, and that the sending countries benefit from remittances. It is increasingly recognized that regularization will benefit all and also reduce exploitation and abuse.

Providing foreign direct investment

Thailand’s private sector is increasingly investing abroad. Much of the Thai Foreign Direct Investment (FDI) in the neighbouring LDCs is channelled into the agriculture and food processing, manufacturing, and tourism sectors. These sectors have a high potential for employment generation and play an important role in the advancement of human development and the attainment of the MDGs in the host countries.

From 1995 to 2001, Thailand was the largest single investor in Lao PDR (30 percent of all FDI). In Myanmar, Thai investment ranked fourth (6 percent) and in Viet Nam ranked ninth (2.7 percent), and in Cambodia eighth (5 percent). Thai investments over the period were equal to 2.8 percent of GDP in Myanmar, 1.3 percent of GDP in Lao PDR, and 0.9 percent of GDP in Cambodia.

Looking into the future

As an emerging donor, Thailand has now a great opportunity to “leap-frog” and adapt international best practices to guide its future development assistance to LDCs. As Thai ODA matures, it is hoped that a greater proportion will be allocated in support of key social sectors development such as health, education, drinking water and sanitation. Thailand can also apply the highest international standards to the management of development assistance, introducing cutting edge results-based management, monitoring and evaluation. In addition, every effort is needed to ensure that development assistance is supportive of MDG-based national development and poverty reduction strategies and key priorities and needs of the partner country, with special attention to ensuring national ownership and sustainability of programmes.

Framing development cooperation as a contribution to the global partnership for development called for in Goal 8 has offered Thailand an opportunity to move beyond traditional economic cooperation of mutual benefit, towards a broader vision of helping to reduce poverty, improve health and education, protect the environment, and attain the Millennium Development Goals in the region and beyond.

Thailand as a Partner for Global Development

1

As a middle-income country with decades of experience in advancing social and economic development, Thailand is a valuable partner in the global partnership for development. As this report shows, Thailand gives high priority to sharing this rich experience and accumulated knowledge with its neighbours and the world at large, as a contribution to global efforts to attain the Millennium Development Goals by 2015.

Thailand and the Millennium Development Goals

In September 2000, the Government and people of Thailand joined the international community in pledging their support for the Millennium Declaration that sets out a global agenda for human development (*see Box 1.1*).

Table 1.1 Progress toward the Millennium Development Goals in Thailand

MDG Target	Scorecard
1. Halve the proportion of people living in extreme poverty between 1990-2015	Already achieved
2. Halve the proportion of people who suffer from hunger between 1990-2015	Already achieved
3. Ensure that by 2015, boys and girls alike will be able to complete a full course of primary schooling	Highly likely
4. Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	Already achieved
5. Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	Not applicable¹
6. Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	Not applicable²
7. Have halted by 2015 and begun to reverse the spread of HIV/AIDS	Already achieved, but signs of possible reversal
8. Have halted by 2015 and begun to reverse the incidence of malaria, tuberculosis, and other major diseases	Already achieved for malaria; Potentially for TB
9. Integrate the principles of sustainable development into country policies and programmes and reverse the losses of environmental resources	Potentially
10. Halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation	Already achieved
11. By 2020 to have achieved a significant improvement in the lives of slum dwellers	Likely

Source: Thailand Millennium Development Goals Report 2004

¹ Under-five mortality already approaching OECD levels, too low to reduce by two-thirds

² Maternal mortality already approaching OECD levels, too low to reduce by three-quarters

Box 1.1 What are MDGs?

The **United Nations Millennium Declaration** was adopted by 190 nations during the UN Millennium Summit in September 2000. The declaration sets forth fundamental and universal values of people-centred and sustainable human development:

- **Freedom.** Men and women have the right to live their lives and raise their children in dignity, free from hunger and from the fear of violence, oppression or injustice. Democratic and participatory governance based on the will of the people best assures these rights.
- **Equality.** No individual and no nation must be denied the opportunity to benefit from development. The equal rights and opportunities of women and men must be assured.
- **Solidarity.** Global challenges must be managed in a way that distributes the costs and burdens fairly in accordance with basic principles of equity and social justice. Those who suffer or who benefit least deserve help from those who benefit most.
- **Tolerance.** Human beings must respect one other, in all their diversity of belief, culture and language. Differences within and between societies should be neither feared nor repressed, but cherished as a precious asset of humanity. A culture of peace and dialogue among all civilizations should be actively promoted.
- **Respect for nature.** Prudence must be shown in the management of all living species and natural resources, in accordance with the precepts of sustainable development. Only in this way can the immeasurable riches provided to us by nature be preserved and passed on to our descendants.
- **Shared responsibility.** Responsibility for managing worldwide economic and social development, as well as threats to international peace and security, must be shared among the nations of the world and should be exercised multilaterally. As the most universal and most representative organization in the world, the United Nations must play the central role.

The **Millennium Development Goals (MDGs)** – eight ambitious goals to be achieved by 2015 – are drawn directly from the actions and targets contained in the Millennium Declaration. The MDGs contain 8 Goals and 18 Targets that are monitored through 48 Indicators.

Goal 1: Eradicate extreme poverty and hunger	Goal 2: Achieve universal primary education
Goal 3: Promote gender equality and empower women	Goal 4: Reduce child mortality
Goal 5: Improve maternal health	Goal 6: Combat HIV/AIDS, malaria and other diseases
Goal 7: Ensure environmental sustainability	Goal 8: Develop a Global Partnership for Development

The MDGs are not business as usual:

- The MDGs constitute an **accountability framework**, agreed on by the leaders of 190 countries including Thailand, against which all actors – governments, donors, international agencies, private sector organizations, and NGOs – are assessed.
- They are a globally agreed **framework for monitoring of human development** and the achievement of time-bound and measurable targets, providing an opportunity to improve data and statistics at both national and international levels.
- They are **pro-poor** because they focus on the most disadvantaged with the largest obstacles to overcome.
- They help promote a **broad-based and people-centred perspective** of human development that focus not only on improving incomes and economic growth, but also address priorities for health, education, gender equality, and the environment.
- They provide a universal set of goals, agreed on by all, that can be used as a **rallying point** for people and civil society organizations and a basis for advocating change and fostering partnerships.
- They bring together, in the eighth Goal, the responsibilities of developed countries with those of developing countries, founded on a **global partnership** endorsed at the International Conference on Financing for Development in Monterrey, Mexico in March 2002, and again at the Johannesburg World Summit on Sustainable Development in August 2002.

Source: Thailand Millennium Development Goals Report 2004

When the Cabinet of the Royal Thai Government subsequently approved the Thailand Millennium Development Goals Report on 22 June 2004, it further committed Thailand to an ambitious development agenda going well beyond the internationally set targets. It also set out a vision for Thailand's contribution to the global partnership for development called for in the eighth Millennium Development Goal. The report was thus groundbreaking in three respects.

First, the report was a tribute to Thailand's success in reaching most, if not all, the MDG targets well ahead of schedule. Some targets – such as poverty, hunger and safe water – were already achieved more than five years ago (See Table 1.1). At the same time, the report provided a frank assessment of the remaining challenges of addressing persistent disparities among regions and groups within the country, ensuring inclusive economic growth, improving quality of social services, and addressing environmental issues.

Second, the report established a set of ambitious targets – called MDG Plus targets – that go well beyond the internationally agreed MDG targets. For example, having already reached the international MDG target of halving the proportion of people living in poverty between 1990 and 2015, Thailand has set an MDG Plus target of reducing the proportion of poor people below four percent by 2009. If successful, this will represent a stunning four-fifths reduction in poverty since 1990, six years ahead of 2015. MDG Plus targets have also been set for education, health, gender equality and environment, as laid out in Figure 1.1.

Third, the report set out a vision for Thailand's contribution to MDG 8, a global partnership for development, making Thailand the first developing country to do so. The report specifies how a middle-income country like Thailand can help to promote MDGs beyond its borders through South-South development cooperation, foreign direct investment, opening up its markets to poor countries, and regional and global cooperation.

The success of Thailand in achieving the Millennium Development Goals can be attributed to a powerful mix of national harmony, astute policy-making, strengthening of democratic governance, industriousness of Thai people, rapid economic expansion, public investment in social services for all, and advantageous historic and geopolitical circumstances. In general, Thailand has proven to be resilient in weathering storms and adept at repositioning itself in a fast-changing, global context. Thus, the financial crisis in the late 1990s eroded, but did not overturn prior human development progress. Since then, assiduous macroeconomic and domestic reforms have poised Thailand for continued economic growth.

In retrospect, the most influential development of the 1990s was the democratisation of development and strengthening of civil society. The 1997 Constitution opened enormous opportunities for further democratisation and progress in human development especially in health and education. The shift in institutional approach extends to the 8th and 9th National Economic and Social Development Plans, which embrace the principles of “people-centred development” and “sufficiency economy,” providing broad-based strategies for human development, poverty reduction, and reducing vulnerabilities to external shocks (see Box 1.2).

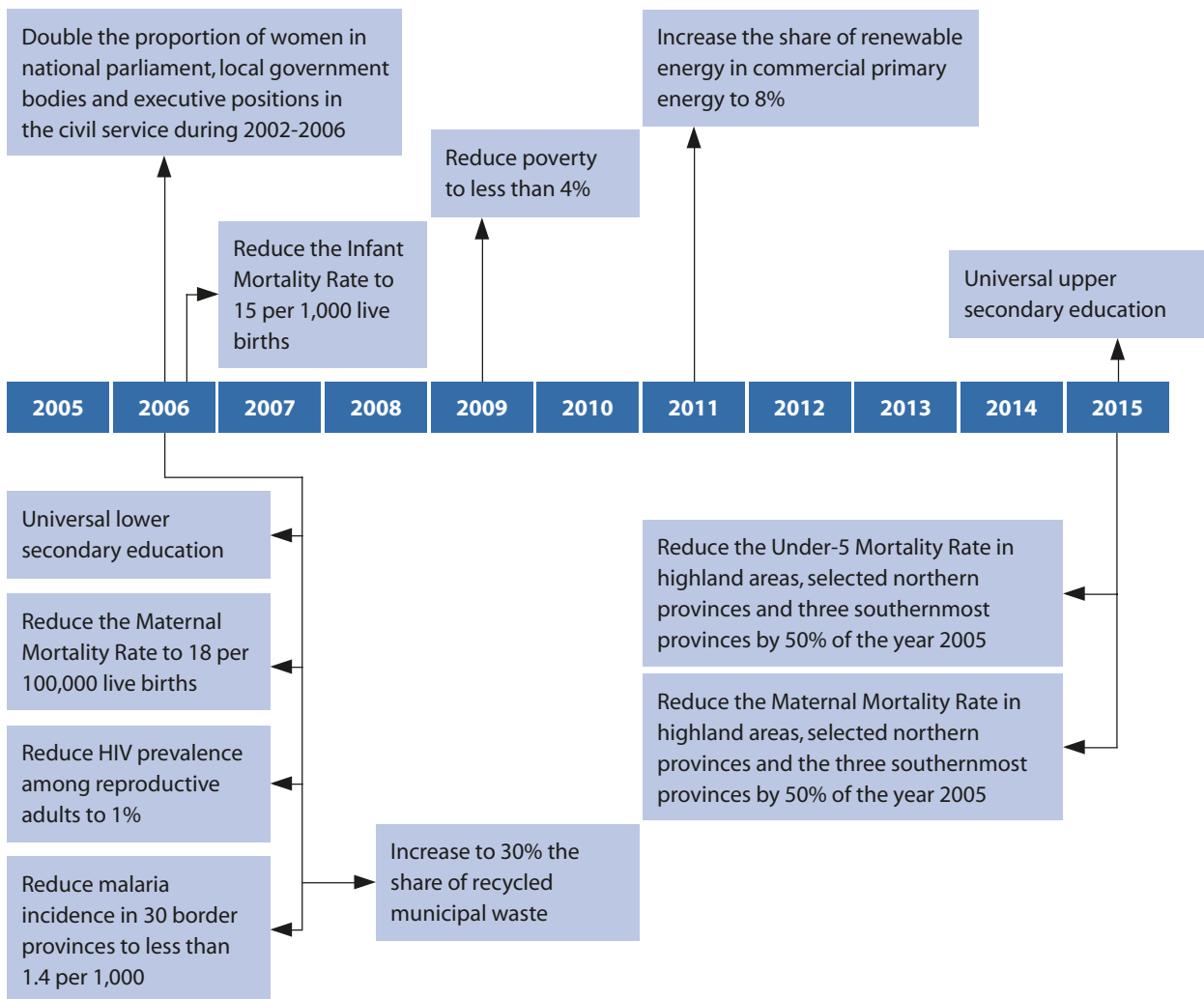
Box 1.2 Sufficiency economy

The philosophy of “sufficiency economy” stresses the middle path as an overriding principle for appropriate conduct by the populace at all levels. This applies to conduct starting from the level of the families, communities, as well as the level of nation in development and administration so as to modernize in line with the forces of globalization. “Sufficiency” means moderation, reasonableness, and the need of self-immunity for sufficient protection from impact arising from internal and external changes. To achieve this, an application of knowledge with due consideration and prudence is essential. In particular, great care is needed in the utilization of theories and methodologies for planning and implementation in every step. At the same time, it is essential to strengthen the moral fibre of the nation so that everyone, particularly public officials, academics and business people at all levels, adheres first and foremost to the principle of honesty and integrity. In addition, a way of life based on patience, perseverance, diligence, wisdom and prudence is indispensable to create balance and to develop the capacity to cope appropriately with critical challenges arising from extensive and rapid socioeconomic, environmental, and cultural changes in the world.

Unofficial translation. A working definition compiled from remarks made by His Majesty The King on various occasions and approved.

Source: Thailand Millennium Development Goals Report 2004

Figure 1.1 Thailand’s MDG Plus timeline



Thailand’s contribution to Goal 8

Building on its rich development experience, Thailand is becoming an important contributor to the global partnership for development called for in Millennium Development Goal 8. Through its foreign policy of “forward engagement,” Thailand is increasingly reaching out to other developing countries in support of human development and poverty reduction. In addition, Thailand continues to explore, with its partners, potential areas of cooperation including in trade and investment, tourism, human resource development, transport, and telecommunication. Thailand continues to open up its markets for imports from developing countries and promote foreign direct investment in countries in the region and beyond.

As a long-time recipient of foreign aid, Thailand has accumulated aid recipient experiences and is sharing the successes, lessons learned, as well as the challenges the country has faced in the past four decades of development. The Royal Thai Government considers South-South cooperation to be of great importance both in terms of reinforcing economic well-being and promoting cultural exchanges and trading relationships with other developing countries.

Thailand has for many years been a valuable development partner by providing technical assistance and training and supporting development efforts in other countries. Set up over two decades ago, the Thai International Cooperation

Box 1.3 Millennium Development Goal 8

The eighth and final Millennium Development Goal – to develop a global partnership for development – calls on rich countries to relieve debt, increase aid and give poor countries fair access to their markets and technology. In order to create necessary conditions for the achievement of the other seven goals in developing countries, rich nations commit to:

- Increase official development assistance to 0.7 percent of gross national income and improve its effectiveness
- Provide greater development assistance to social sectors – education, health, water and sanitation
- Develop further an open trading and financial system, by removing obstacles to free market access of goods and services from developing countries
- Deal comprehensively with developing countries' debt problems
- Ensure access for developing countries to modern technology, with special focus on narrowing the digital divide
- Ensure access to affordable essential drugs in developing countries
- Address the least developed countries' special needs, and those of the landlocked and small island developing countries

The Monterrey Consensus was adopted in 2002 at the International Conference on Financing for Development with an aim to achieve the internationally agreed development goals, including those contained in the Millennium Declaration. As part of the Consensus, member countries committed to mobilizing domestic resources, attracting international flows, promoting international trade as an engine for development, and increasing international financial and technical cooperation for development and sustainable debt financing. In addition, the Consensus urges member countries to increase trade and foreign direct investment in order to boost economic growth and provide significant source of employment.

Programme (TICP), financed by the Government's own budget, implements South-South cooperation activities with the purpose of sharing Thailand's expertise and experiences with other developing countries, as well as enhancing capacities and internationalization of Thai national institutions in cooperating with developing countries and international organizations. South-South cooperation is also a valuable means for Thailand in promoting inter-country dialogues on cross border issues and multi-country concerns, given the sub-regional nature of many issues identified, particularly environment, trafficking of women and children, HIV/AIDS, migration, and drugs.

It is clear, however, that the contribution of middle income countries such as Thailand to the global partnership for development called for at the Millennium Summit in 2000 warrants more recognition by the world community. Goal 8 is usually framed as a matter for North-South cooperation, with emphasis placed on the

responsibilities of rich countries in offering development assistance, debt relief, and fair trade (*see Box 1.3*). For example, the 2004 report of the UN Secretary General on Financing for Development concentrates almost exclusively on the OECD countries. Only one sentence refers to middle-income countries as providers of aid, stating that additional ODA might come from an increase in the number of "smaller aid programmes (of) middle-income countries". Even less attention is being paid to the role of middle-income countries in opening up their markets to imports from Least Developed Countries and providing much needed foreign direct investment for crucial infrastructure development.

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The next chapters provide a detailed account of Thailand's contribution to the global partnership for development called for in MDG 8 – through regional cooperation, development assistance, trade, and foreign direct investment.

Regional and Sub-regional Cooperation for Development

2

Through its foreign policy of “forward engagement”, Thailand is an active development partner in a wide range of regional and sub-regional cooperation frameworks aimed at promoting economic and social development. Guided by the principles of self-help, cooperation, and “strength from diversity”, Thailand’s development strategy builds upon the inner strengths of its culture and society. Thailand approaches both national policies and regional initiatives by building partnerships involving a wide range of stakeholders including government, private sectors, and civil society organization.

As a successful middle-income country, Thailand is following a policy of “Prosper Thy Neighbour,” realizing that its neighbours must not be left behind and that regional cooperation is crucial to support their development efforts. Thailand is therefore playing a major role in assisting its neighbours to achieve sustainable growth, which in turn helps promoting peace and prosperity in the sub-region and Southeast Asia in general.

Thailand is an original and active member of the Association of Southeast Asian Nations or ASEAN, which aims to accelerate economic growth, social progress and cultural development and to promote regional peace and stability in the region through joint endeavours in the spirit of equality and partnership.

The elimination of tariff and non-tariff barriers among the member countries under ASEAN Free Trade Area (AFTA) is expected to promote greater economic efficiency, productivity, and competitiveness. Other than trade and investment liberalization, regional economic integration is being pursued through the development of Trans-ASEAN transportation network consisting of major inter-state highway and railway networks, principal ports and sea lanes for maritime traffic, inland waterway transport, and major civil aviation links. Today, ASEAN economic cooperation covers trade, investment, industry, services, finance, agriculture, forestry, energy, transportation and communication, intellectual property, small and medium enterprises, and tourism, serving as fundamental basis for

a single market and production base and the establishment of an ASEAN Economic Community by the year 2020.

To further strengthen partnerships for development, at the initiative of the current Prime Minister, Thailand started a new economic sub-regional cooperation framework called ACMECS (Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy) with its immediate neighbours, namely Cambodia, Lao PDR, Myanmar, and Viet Nam, aiming to reduce economic disparities and to bring faster and sustainable development on the principles of partnership and self-help. Thailand’s contribution to the development of its partners includes also the sharing of development experience. The ACMECS alone comprises over 40 common development projects and more than 200 bilateral projects between each pair of its members in the areas of trade and investment, agriculture and industry, transport linkages, tourism and human resource development. Moreover, several developed partners such as France, Germany, Japan, and New Zealand as well as the Asian Development Bank have expressed keen interests to work in trilateral partnership under the “North-South-South” cooperation framework with Thailand in the ACMECS projects.

In the spirit of exchanging experiences and best practices among developing regions under the South-South cooperation, Thailand is also reaching out to form partnerships with South Asian neighbours, under BIMSTEC, with Bangladesh, Bhutan, India, Nepal, Myanmar, and Sri Lanka. BIMSTEC is a network of partnership covering several sub-regions of the continent as building blocks for a continent-wide multilateral cooperation in Asia.

Realizing the vast potential and resources of the continent, Thailand initiated the Asia Cooperation Dialogue (ACD) in 2002 to promote Asia-wide cooperation linking Northeast, Southeast, South and West Asia. The ACD, now comprising 28 member countries from all corners of Asia, has within three years proved itself as a promising forum in fostering partnership for Asia-wide cooperation.

Table 2.1 Regional and sub-regional cooperation frameworks

Initiatives	Description
Asia Cooperation Dialogue (ACD)	Thai Prime Minister Thaksin Shinawatra initiated ACD in 2002 with the aim of developing a knowledge-based society within Asia and enhancing community and people empowerment. The ACD is also expanding the trade and financial markets within Asia and seeks to improve the economic competitiveness of Asia in the global market. There are 28 member countries (from East to West Asia) in the ACD. Member countries volunteer to be prime movers in 19 identified areas of cooperation, with Oman recently proposed as a prime mover in road safety. Other examples of prime movers are Thailand, Cambodia, Myanmar and Pakistan in tourism; Thailand in financial cooperation; Singapore in SME cooperation; Republic of Korea in IT development; China, Pakistan and Kazakhstan in agriculture; and India in biotechnology.
The Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS)	The ACMECS is a new framework of cooperation initiated by Prime Minister Thaksin Shinawatra of Thailand in April 2003. It is guided by the principle of self-help and partnership and aims to: increase the competitiveness of Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam; generate growth along the borders; facilitate relocation of agricultural and manufacturing industries to areas of comparative advantage; create employment opportunities; reduce income disparity among the five countries; and enhance peace, stability and good neighbourliness in a sustainable manner. The ACMECS programme has more than 200 projects in five areas of cooperation: trade and investment facilitation, agricultural and industrial cooperation, transport linkages, tourism and human resource development.
Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)	BIMSTEC (previously named BIST-EC and BIMST-EC) was established in Bangkok in June 1997. The grouping currently has seven members: Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand. BIMSTEC’s objectives stretch from creation of economic and social prosperity based on equality, to enhancement of mutual economic, social and technological benefits. BIMSTEC’s programme focuses on five areas of cooperation: trade and investment, technology, energy, transport and communication, tourism, and fisheries. In addition, during the First BIMSTEC Summit in Bangkok in July 2004, the Leaders also endorsed further areas of cooperation, namely: poverty eradication, counter terrorism, culture, and protection of biodiversity and traditional knowledge.
The Mekong-Ganga Cooperation (MGC)	The MGC was established on 10 November 2000 and is a scheme of cooperation among six neighbouring countries, namely Cambodia, India, Lao PDR, Myanmar, Thailand, and Viet Nam. The cooperation, as envisaged in the Hanoi Programme of Action, emphasizes four areas of cooperation, namely tourism, culture, education, and transport and communication. At present, the leading area of cooperation is transport linkages (India-Myanmar-Thailand Trilateral Highway Project).

Table 2.1 Regional and sub-regional cooperation frameworks (continued)

Initiatives	Description
Initiative for ASEAN Integration (IAI)	The Initiative for ASEAN Integration (IAI) is a regional framework for development cooperation, aiming at narrowing the development gap within ASEAN and enhancing regional integration. Thailand has played an active role in the implementation of this initiative. Thailand organized the Joint IAI Project on Capacity Building for Civil Service of Cambodia, Lao PDR, Myanmar and Viet Nam and training courses on electricity generation, power transmission and power plant construction for CLMV countries in 2003-2004. During 30 May-3 June 2005, Thailand, together with UNESCAP, organized a seminar on "Sustainable Capacity Building and Training in Freight Forwarding, Multimodal Transport and Logistics," which is under the sub-programme entitled "Educational Programme to Assist CLMV in Implementing the Multimodal Transport Operation" in Bangkok, and a follow-up national workshop to be carried out in each of the CLMV countries. Also, on 15-16 June 2005, Thailand as a Co-shepherd on Transport with Cambodia, conducted a Co-shepherd Workshop on Transport in Krabi Province, Thailand.
The Greater Mekong Sub-region (GMS)	The GMS, consisting of Cambodia, Lao PDR, Myanmar, Thailand, Viet Nam, and Yunnan Province of the People's Republic of China, was established in 1992 with the assistance of the Asian Development Bank. It focuses on economic development and cooperation designed to help achieve higher connectivity, increased competitiveness, and a closer community. The GMS Programme has identified nine sectors of cooperation: transport, energy, telecommunications, the environment, human resource development, tourism, trade, investment and agriculture.
Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT)	IMT-GT was established in 1993 with an aim of promoting a growth area under a new trilateral scheme of sub-regional economic cooperation. Its focus is on investment, technology transfer, production cooperation and use of natural resources in southern Thailand, northern Malaysia and most of Sumatra Island. It also seeks to promote development of infrastructure and transportation linkages in the triangular area. The leading area of cooperation is the Seamless Songkhla-Penang-Medan Economic Corridor.

With ASEAN countries playing a pivotal role, the ACD comprises two dimensions, namely dialogue and development projects. Coordinated by Thailand, the ACD continues to make progress through annual ministerial dialogues and joint projects in 19 areas of functional cooperation. Thailand believes that a strong and more prosperous Asia would make a better partner for the rest of the world and the building of an Asian community forms an integral part in strengthening partnership with other regions for multilateralism to be effective.

Thailand also gives great importance to its "Look West" policy, aimed at enhancing cordial relations and promoting constructive cooperation with countries in South Asia, Africa and beyond. Reaching beyond the

region, Thailand has also established wider partnerships and agreements that include countries in the Pacific and elsewhere.

The exchange of experiences and best practices among developing regions can reinforce multilateral efforts in promoting sustainable development, particularly in striving toward the UN Millennium Development Goals. To further strengthen global partnership for development, Thailand and fellow Asian countries are cooperating with countries in Latin America, Africa and the Pacific islands, and the African Union and Francophone countries in sharing development strategies and capacity-building programmes, covering both security and development.

Thai Development Assistance

3

“Official development assistance (ODA) plays an essential role as a complement to other sources of financing for development, especially in those countries with the least capacity to attract private direct investment. ODA can help a country to reach adequate levels of domestic resource mobilization over an appropriate time horizon, while human capital, productive and export capacities are enhanced” (Monterrey Consensus).

Thailand is increasingly reaching out to other developing countries in support of human development and poverty reduction. As an emerging donor, Thailand offers a significant amount of Official Development Assistance (ODA) mainly to Least Developed Countries in the region. In fiscal year 2003, Thai ODA was conservatively estimated at US\$ 167 million, or 0.13 percent of its Gross National Income (GNI). Over 90 percent of Thai ODA is going to Least Developed Countries.

Thai development cooperation programmes are based on common principles and goals. Above all, the Royal Thai Government sees South-South cooperation and “partnerships for development” as key guiding principles for its regional and global engagements. Thai development cooperation is also based on shared goals of achieving mutual benefits and prosperity for the well-being of the people in the region and beyond.

About 90 percent of Thai ODA is in support of infrastructure projects in Cambodia, Lao PDR, Myanmar, and the Maldives, such as construction of roads, bridges, dams and power stations. Such infrastructure development is an important part of longer-term economic development that will pave the way for the attainment of the Millennium Development Goals in these countries (see Box 3.1). The remainder of Thai ODA is in the form of technical assistance and training in areas of education, public health, agriculture, transportation, economics, banking, finance, and science and technology, as well as contributions to the UN System and the Asian Development Fund of the ADB.

Thai ODA is provided by many Government ministries and agencies including the Thailand International Development Cooperation Agency, the Export-Import Bank of Thailand, and the Ministries of Foreign Affairs, Finance, Agriculture, Education, Public Health, Transport, Interior, and others.

Table 3.1 provides an overview of Thai ODA in 2002/2003, divided up as grants and soft loans that qualify as ODA.

These estimates for Thai ODA are significantly understated as a result of incomplete data availability and the lack of a central monitoring mechanism. Important components of ODA counted by the OECD countries are not yet collected in Thailand, including the costs of administration of ODA, support provided to displaced persons in Thailand, disaster relief provided to neighbouring countries, and subsidies provided to students from other developing countries studying in Thailand. In addition, there is incomplete information on the individual ODA activities of line ministries. As a result, available information does not provide the full picture of all Thai ODA (see Annex 1 for ODA definitions and detailed calculations of Thai ODA).

Comparisons with OECD countries

Thailand’s ODA can be assessed using the MDG 8 indicators and Monterrey targets for the ODA programmes of the OECD countries. These targets include:

- Level of ODA as percentage of GNI – the target is 0.7 percent; (MDG indicator 33-1)
- The percent of ODA to be provided to LDCs – the target is at least 20 percent; (MDG indicator 33-2)
- Proportion of ODA for LDCs to be provided as grants – the target is 100 percent;
- The percentage of ODA to be provided to the social sectors – the target is at least 20 percent; (MDG indicator 34)

Table 3.1 Thai Official Development Assistance in 2002/2003 (current US\$)

Grants	Countries and/or Purposes	Amounts
Ministry of Foreign Affairs	Contributions to the UN	7,800,000
Thailand International Development Cooperation Agency (Ministry of Foreign Affairs) and other Ministries	Bilateral programmes, scholarships and training programmes, and contributions	5,765,000
Ministry of Finance	Contributions to the Asian Development Fund of the ADB	841,700*
Ministry of Education	Scholarships and training of teachers	68,800
Ministry of Public Health	Contribution to the Global Fund, ARV drugs, and condom supplies	1,061,500
Ministry of Transport	Bridges in Lao PDR and Myanmar, and a road in Cambodia	4,422,000
Total ODA Grants		19,959,000
Concessional Loans	Countries and Purposes	
Ministry of Finance	Cambodia, Lao PDR, Myanmar: Infrastructure	48,820,000
Export-Import Bank of Thailand	Lao PDR: Dams and power stations	60,000,000**
Export-Import Bank of Thailand	Maldives: Infrastructure and housing	30,000,000**
Export-Import Bank of Thailand	Cambodia: Hotel and housing	8,400,000**
Total ODA Loans		147,220,000
Loan repayments		none
Total Net ODA Loans		147,220,000
Grand Total Net Thai ODA		167,179,000

Sources: Ministry of Foreign Affairs, Ministry of Finance, Export-Import Bank of Thailand, and other Ministries of Thailand.

Note: In addition, the Export-Import Bank of Thailand also provides technical and assistance and training. In 2003, training programmes were provided to Viet Nam and Pakistan.

* The ADB draws on the overall amount provided by Thailand to the Fund. The amount shown is a prorated estimate of the amount drawn by the ADB in the year 2002-2003.

** Figures from the Export Import Bank of Thailand are from calendar year 2002, the latest complete data available. For all other agencies, the figures are from fiscal year 2003 (1 October 2002 to 30 September 2003). See Annex I for further details.

Table 3.2 Official Development Assistance: Thailand and selected OECD-DAC countries (2003)

Country	ODA as % of GNI	% of ODA to LDCs
Norway	0.92	39
Sweden	0.79	34
Belgium	0.60	59
France	0.41	41
United Kingdom	0.34	36
Germany	0.28	37
Australia	0.25	21
Japan	0.20	22
Italy	0.17	45
United States	0.15	28
Thailand	0.13	93
OECD-DAC average	0.25	33

Source: Data for OECD DAC countries: OECD quoted in UNDP Human Development Report 2005

Note: Thai ODA data from 2002/2003. See Annex 1 for details.

- The percentage of ODA that is untied – the target is 100 percent (MDG indicator 35).

As a percentage of GNI, Thailand's ODA (0.13 percent) is at the heels of the United States (0.15 percent), Italy (0.17 percent) and Japan (0.20 percent). This is a significant aid commitment from a middle-income country (see Table 3.2).

However, a more important measure of donor country commitment to the MDGs is the level of ODA that they provide to the poorest countries, not just developing countries in general. Both the Millennium Declaration and the Monterrey Consensus commit the OECD countries to do more to address the special needs of the LDCs and to increase their ODA allocations to these countries. Many LDCs are struggling to make headway in attaining the MDGs and some are even experiencing reversals and setbacks.

It is therefore of great significance that at least 93 percent of Thai ODA goes to LDCs, compared to a 2003 OECD-DAC average of 33 percent. As a result, Thailand's ODA to LDCs as a percentage of its GNI is as high as 0.12 percent. This is higher than Germany (0.10 percent), Italy (0.08 percent), Australia (0.05 percent), Japan (0.04 percent) and the United States (0.04 percent) (See Table 3.3).

Still, Thailand has some catching up to do with regards to the remaining targets. Eighty-six percent of its ODA goes to infrastructure projects. About 9 percent can be said to benefit the social sectors directly, far short of the OECD target of 20 percent. Most of Thai ODA to LDCs is in the form of soft loans, not grants. And most of it is still tied to the procurement of Thai goods and services.

Table 3.3 Official Development Assistance to Least Developed Countries: Thailand and selected OECD-DAC countries (2003)

Country	ODA to LDCs as % of GNI
Belgium	0.35
Norway	0.35
Sweden	0.29
France	0.17
Thailand	0.12
United Kingdom	0.12
Germany	0.10
Italy	0.08
Australia	0.05
Japan	0.04
United States	0.04
OECD-DAC Average	0.08

Source: Data for OECD DAC countries: OECD quoted in Human Development Report 2005

Note: Thai ODA Data from 2002/2003.

Box 3.1 Infrastructure development for the attainment of MDGs

The importance of the development of infrastructure in LDCs for the attainment of the MDGs is supported by recent research finding of the UN Millennium Project, the Asian Development Bank and other studies. For example, an analysis of obstacles to attaining the MDGs indicated that investments in roads, energy, and ICT, played a crucial role in the effort to achieve the Millennium Development Goals. Deficient investment in these areas is particularly acute in low income countries – and major increases in investment of nearly double the levels of the 1990s are needed. With regards to landlocked countries, better roads and communications can trounce many of the disadvantages of distance, facilitate integration with neighbouring countries, and provide the requisite scale of markets necessary to generate income opportunities.

But there is evidence that ODA for roads would have a much higher payoff for the MDGs (with returns of up to 50 percent) if connecting feeder and rural roads are also built. These roads reduce the costs of inputs and of marketing of products (including exports), and increase access to information, health services, education, and energy supplies including reduced costs via easy rights of way for rural electrification.

Sources: UN Millennium Project 2005, ADB 2004, Mode 2003, Van de Walle 2000, Jacoby 1998

Infrastructure development in the Greater Mekong Sub-region

A large component of Thai ODA – 73 percent of the total – supports infrastructure development in Cambodia, Lao PDR, and Myanmar – the three LDCs in Southeast Asia. Most of the infrastructure ODA has been given through the Neighbouring Countries Economic Development Cooperation Fund (NECF) established in 1999. In April 2005, the Neighbouring Countries Economic Development Cooperation Agency - Public Organization (NEDA) was set up to replace NECF to assist the development programmes of Thailand’s neighbouring countries. Thai contributions are also coordinated with ADB loans and other development partners’ investments under the GMS cooperation, IAI, BIMSTEC and ACMECS.

Most of these Thai grants and soft loans are helping to build paved roads, bridges and railroads and to improve airports in Thailand’s neighbouring countries. These infrastructure projects include:

The East-West Economic Corridor

The Mae Sot-Myawaddy-Kawkareik Road (58 kilometres): this project is a part of the East-West Economic Corridor (EWEC). This road will be one of the last missing links of EWEC connecting the port of Mawlamyine, Myanmar and the port of Danang, Viet Nam, via Thailand and Lao PDR. Thailand is providing a grant to Myanmar for the construction of the first 18 kilometres of the road and is considering assistance for a further 40-kilometer section.

The North-South Economic Corridor

The Boten-Houayxai Road in Lao PDR (228 kilometres): this project is part of the North-South Economic Corridor connecting Chiang Rai, Thailand with Kunming, China via Lao PDR. Thailand is contributing a 1,385 million baht loan for this project, with the remaining loans to come from the ADB and the government of China.

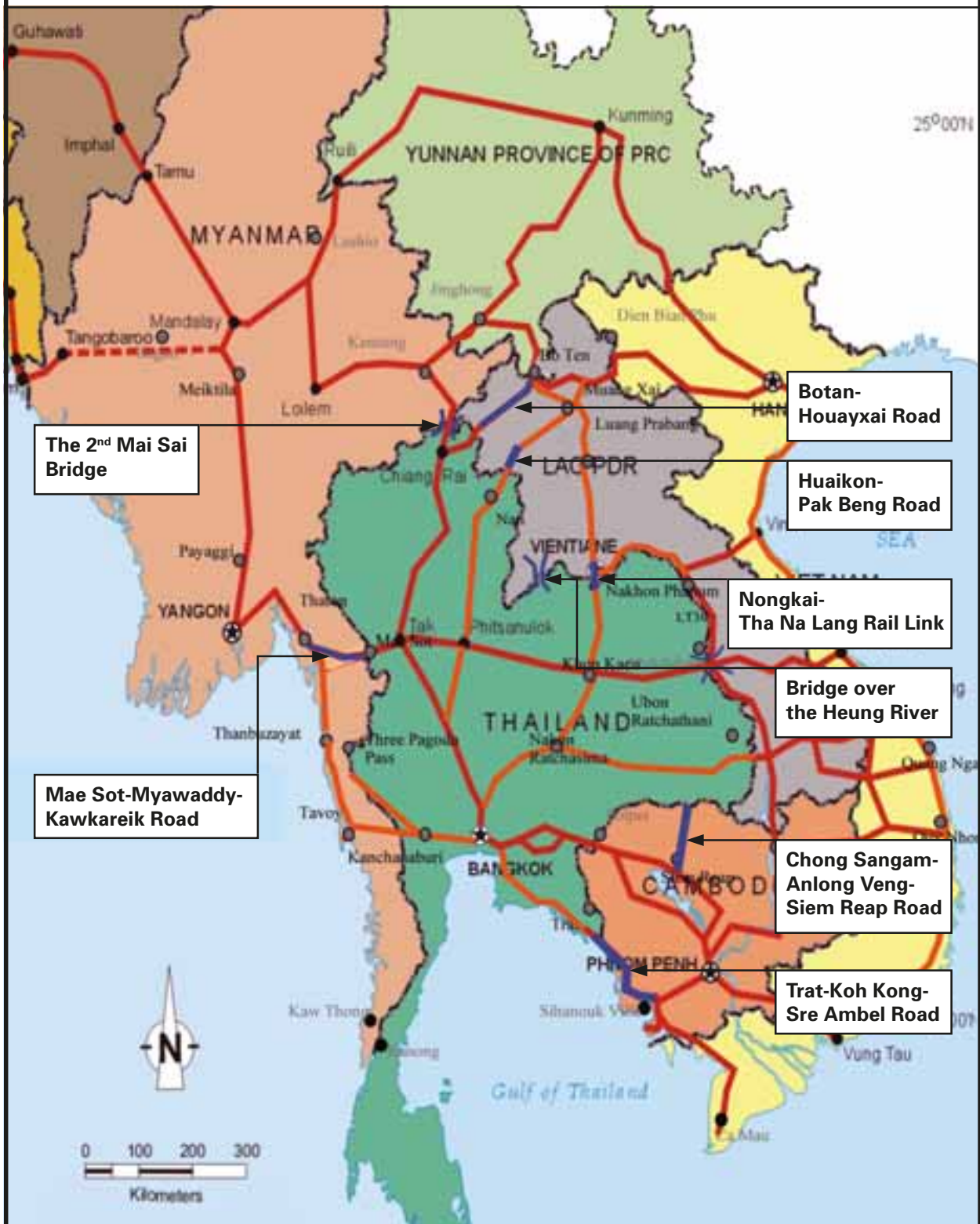
The Second International Bridge over the Mae Sai River (Chiang Rai, Thailand-Tachilek, Myanmar): this project is a part of the North-South Economic Corridor connecting Chiang Rai-Myanmar-Kunming. Thailand has provided a grant of 38 million baht to construct a bridge and a connecting road which were completed in April 2004.

The Huaikon-Pak Beng Road (50 kilometres): this road will connect Thailand’s Nan province with Pak Beng, Udomxai province in Lao PDR. The road is a spur link to the North-South Economic Corridor connecting Thailand-Lao PDR-Kunming. Thailand is providing a grant of 252 million baht and a loan of 588 million baht to Lao PDR for the construction of this project.

The Southern Economic Corridor

The Chong Sangam-Anlong Veng-Siem Reap Road (151 kilometres): Thailand is providing a grant of 128 million baht for rehabilitation of this road, which will connect Thailand with the World Heritage city of Siem Reap in Cambodia. Further loan assistance for the construction of paved roads is under discussion between Thailand and Cambodia.

THAILAND'S ASSISTANCE TO INFRASTRUCTURE DEVELOPMENT IN NEIGHBOURING COUNTRIES







05-gms corridors-ew-dm RM



05-gms corridors-ew-dm RM

The Trat-Koh Kong-Sre Ambel Road (151 kilometres): this road is part of the Southern Economic Corridor connecting coastal cities of Thailand, Cambodia and Viet Nam. Thailand is providing a grant of 288 million baht and a loan of 868 million baht to the government of Cambodia for the construction of this road.

These road corridors are shown on the maps.

Other Projects

The Bridge over the Heung River (Loei, Thailand-Kanthao, Lao PDR): Thailand provided a grant of 43 million baht for the construction of this bridge, which opened for use in October 2004. The bridge connects Thailand’s Northeastern region with Lao PDR’s Northern region and is designed to facilitate border trade.

The Nongkai-Tha Na Lang Rail Link (3.5 kilometres): this project will be the first railroad in Lao PDR, which will run from the middle of the Thai-Lao Friendship Bridge to the

suburbs of Vientiane. Thailand is providing a grant of 39 million baht and a loan of 138 million baht for this project.

Thailand is also providing ODA for the improvement of Vientiane’s Wat Tai International Airport (320 million baht), the improvement of an inland water port in Khammouan province (54 million baht), and a feasibility study on the construction of the Mekong Bridge connecting Nakhon Phanom with Thakhek (20 million baht). All of these projects are in Lao PDR.

Technical assistance

Thailand is firmly committed to supporting South-South Cooperation and has implemented this approach for over three decades following the adoption of the Buenos Aires Plan. Since then, Thailand has contributed to Technical Cooperation among Developing Countries (TCDC) and promoted partnership cooperation on a cost-sharing basis with other developing countries.

The oldest Thai ODA programme is the Thai International Cooperation Programme (TICP), managed by the Thailand International Development Cooperation Agency (TICA). The programme started in the 1960s when Thailand was itself a large recipient of ODA. The transition from a recipient to a donor country continued over a 30-year period.

United Nations Development Programme (UNDP) is one of the major partners under the TICA multilateral programme. A main component of the UNDP-Thailand current Country Partnership Programme 2004-2006 focuses on developing and utilizing the capacity in Thailand for an expanded international partnership for development programme, aimed at promoting South-South collaboration for the achievement of the MDGs in partner

countries. Entitled "Support to Thailand International Partnership for Development (IPDP)", this initiative aims at enhancing Thailand's contribution to the eighth MDG. It also reinforces a tradition whereby Thailand applies its own resources to support activities of technical cooperation among developing countries (TCDC) in the region.

TICA is now implementing partnership programmes with several other key partners such as Japan, under the "Japan-Thailand Partnership Programme, Phase II" or JTTP II. The principle of JTTP II is equal partnership. There are many cooperation frameworks under JTTP II, namely ACMECS, GMS, ASEAN, BIMSTEC, Africa and post-conflict reconstruction countries. The modalities of JTTP II include training for third countries, dispatch of Thai experts to third countries, and new cooperation modalities such as triangular cooperation.

Table 3.4 Thai International Cooperation Programme (millions of current baht)

Sub-region	2000	2001	2002	2003	2004
1. Ministry of Foreign Affairs Neighbouring Countries					
Cambodia	48.80	36.65	29.24	69.61	30.54
Lao PDR	14.58	22.15	30.49	31.21	47.87
Myanmar	16.70	3.95	2.71	2.91	5.54
Viet Nam	9.10	21.49	13.27	15.85	17.57
Southeast Asia¹	1.58	2.94	6.81	19.77	22.46
East Asia²	4.34	7.69	10.016	5.72	8.62
South Asia³	0.97	10.60	15.54	29.83	19.94
The Pacific⁴	0.97	0.05	0.016	0.069	0.069
Africa⁵	0.24	0.41	2.143	4.191	2.137
Others	15.90	7.07	7.299	13.11	16.26
Sub-Total	113.18	113.04	117.54	192.10	170.47
2. Other Ministries	n.a.	n.a.	n.a.	35.94	160.00
Total	113.18	113.04	117.54	228.04	330.47

Source: TICA, Ministry of Foreign Affairs

Notes: 1. Indonesia, Malaysia, Philippines, and Timor-Leste.

2. China; Korea, Dem. Rep.; Korea, Rep. of; Mongolia.

3. Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka.

4. Fiji, Micronesia, Papua New Guinea, Samoa, Solomon Islands, Vanuatu.

5. Djibouti, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Morocco, Mozambique, Senegal, Seychelles, Somalia, Tanzania, Uganda, Zimbabwe.

Box 3.2 Sharing the Philosophy of Sufficiency Economy: A humble path towards sustainable development

Thailand is fully committed and determined to share with other countries the Philosophy of Sufficiency Economy (PSE), devised by His Majesty King Bhumibol Adulyadej as a means to help meet regional and sub-regional challenges arising from globalization and the changes in technological, cultural and social environment (*see also Box 1.2*). The PSE was heralded as an effective approach towards sustainable development at the UNCTAD X Mid-term Review Conference in 2002, which was attended by 18 countries at high level from Asia, Africa and Latin America. Many countries have expressed their interest to have study visits in Thailand on the PSE and the Thai Government has responded to their requests. As a result, a number of such study visits have been arranged for various countries since 2002.

Source: Press Release on the Ministerial Conference on Alternative Development: Sufficiency Economy, 8-10 November 2004

Table 3.4 shows commitments for the TICP budget since 2000. The largest recipients were Cambodia, Lao PDR, Viet Nam, Myanmar, Timor Leste, and Indonesia – in that order. Almost 83 percent of the TICP budget in 2003 supported bilateral programmes mainly for the LDCs in the region.

Projects are designed in close consultation with partner countries and include technical assistance such as volunteer dispatches, provision of Thai experts and equipment, and training in the host country and in Thailand. Annual meetings are held with partner countries to assess the cooperation, identify and solve problems, and plan future activities. Additional technical assistance is supported in the form of tri-party technical cooperation such as between ASEAN-Japan-Cambodia and Thai-Japan-Laos. In these cases, the Government of Japan provides the funding and ASEAN members provide the technical expertise to the recipient countries.

The technical assistance and training are concentrated on activities and fields in which Thailand has technical expertise and important development experience – in education, public health, and agriculture. More recently, as Thailand’s own development has evolved, the activities and fields have expanded to include transportation, economics, banking, finance, and science and technology.

The remainder of the TICP budget in 2003 supported a variety of other training programmes. In order of budget size, these include:

- **The Annual International Training Courses Programme:** Thailand’s Annual International Training Courses Programme (AITC) transfers knowledge and skills to participants from developing countries through a variety of specialized training courses.

Box 3.3 The International Institute for Trade and Development: A knowledge-based initiative

One major contribution of Thailand to partnership for development is its efforts in promoting knowledge development and capacity building. The International Institute for Trade and Development (ITD) was established in Thailand as one of the major outcomes of UNCTAD X in 2000. Entrusted with a significant mission aiming at building the capacity of the human resources of Thailand and other developing countries in the region in the fields of economics and international relations, the Institute has provided a forum in which personnel from developing countries can exchange experiences, share their views, learn new issues, and adapt their perspectives in planning and decision making processes. The Institute established an expanding network, including partnership with the WTO, UNIDO, The Colombo Plan, UNESCAP, ADB, and TICA. It has also established linkages with a number of donor organizations, including AusAID (Australia), DFID (Britain), and IDRC (Canada) as well as engaged in cooperative ventures with various projects such as the UNDP/Asia-Pacific Trade Initiatives, and APEC/Ministry of Economy, Trade and Industry of Japan. As an example of remarkable successes, the Institute has established a strong academic network of Thai, Singapore, India, Japan, Switzerland, Korea, Argentina, and South Africa. In the year 2003, the Institute organized 14 different activities, bringing over 460 participants from Asia and beyond for capacity-building activities. It also made progress in the area of information services, where four publications were completed and disseminated worldwide.

Source: Annual Report 2003, International Institute for Trade and Development (ITD)

Box 3.4 Reaching out to Africa

Special efforts are being made to enhance technical cooperation, through South-South cooperation, on bilateral or multilateral levels, with African countries in the context of initiatives such as the Tokyo International Conference on African Development (TICAD) and the New Partnership for Africa's Development (NEPAD).

Thailand extended technical cooperation programmes to Africa already in 1978. The main aid components under those early programmes comprised mainly of training and study visits to Thailand, and dispatch of Thai experts to Africa. Thailand also made contributions to countries affected by natural disasters as well as provided assistance in terms of training and study visits, both as annual courses and per individual requests.

Based on Thailand's strengths and ability of knowledge transfer as well as the needs and development priorities of African countries, Thailand has since offered four types of programmes:

Annual International Training Courses Programme (AITC)

The AITC programme offers a number of training courses in various fields where Thailand has strengths and capacity. The fellowships are announced through the Royal Thai Embassies in most developing countries.

Technical Cooperation among Developing Countries (TCDC)

The TCDC programme is based on the cost sharing concept between Thailand and African countries where Thailand bears all the local costs while international costs (e.g. air travel) are borne by African countries. Main activities include the organization of training and study visits in Thailand in the fields of mutual interests.

Third Country Training Programme (TCTP)

The TCTP programme provides training courses and study visits in Thailand for African countries as per requests of the international organizations or other governments who will be responsible for all costs.

Trilateral Cooperation

The Trilateral Cooperation programme is a cost-sharing component under bilateral technical cooperation programmes between Thailand and donors or international organizations, whereby the two sides provide training course and study visits in Thailand for African countries.

During 1997-2003, Thailand provided a total of 126 fellowships to 18 African countries in various fields of mutual interests. The focus of these fellowships was in the areas considered beneficial to economic and social development of Africa such as agriculture, education, health, social development, industry, and public administration.

Source: TICA, 2003

- **The Trilateral Cooperation Programme:** This programme, the Royal Thai Government in cooperation with other countries or international organizations, provides opportunities for participants from developing countries to participate in-group-training courses, study programmes and sub-regional cooperation programmes with emphasis on human resource development.
- **The Third Country Training Programme:** The Third Country Training Programme (TCTP) offers opportunities for participants from other developing countries, particularly those from the Asia Pacific region, to attend training courses in Thailand. The programme is fully funded by international organizations such as WHO, ESCAP, UNFPA, SIDA but administered by the Thailand International Development Cooperation Agency (TICA).
- **Technical Cooperation Among Developing Countries:** The Technical Cooperation Among Developing Countries (TCDC) programme promotes "South-South" cooperation via study tours, seminars, training and joint research projects.

Other training programmes include the Thai International Postgraduate Programme (TIPP) that began in 2000, which is funded by the Thai Government and is providing a range of long-term postgraduate degree courses to students from developing countries. Other key training programmes include those offered by the International Institute for Trade and Development (*see Box 3.3*) and the Mekong Institute.

The Mekong Institute was set up in 1994 with support from New Zealand and the Royal Thai Government. To date, the Institute has provided training for over 1200 participants from the public and private sectors of the Mekong countries.

Most of the technical assistance and training have been provided to neighbouring countries – Lao PDR, Cambodia, Myanmar and Viet Nam. In 2003, the four countries received 62 percent of the TICP budget. The remainder is spread over a number of training and cooperation activities with the other countries listed in *Table 3.4*.

Moreover, to further strengthen global partnership for development, Thailand is extending its cooperation to share development strategies and capacity-building programmes, covering both human security and development, beyond Asia. It is now making cooperative connections with countries in Africa, Latin America, and the Pacific Islands, and the African Union and Francophone countries (*see Box 3.4*).

Other ODA and financial initiatives

Thailand contributes to the operations of international organizations such as the United Nations, the International Monetary Fund, World Bank and Asian Development Bank. In 2002/2003, Thailand made a total contribution of 313 million baht or about US\$ 7.8 million towards various organizations and activities under the United Nations. Recently, Thailand committed to provide US\$ 1 million per year to the Global Fund to Fight AIDS, Tuberculosis and Malaria for a period of five years.

The Ministry of Social Development and Human Security has made financial contributions to the United Nations Development Fund for Women (UNIFEM) since 1976. From 2002, Thailand has contributed US\$ 10,000 every year. The Ministry also has made yearly contributions of US\$ 3,000 to the International Research and Training Institute for the Advancement of Women (INSTRAW) since 1990. Furthermore, it has actively been involved in activities of the Asia-Pacific Development Centre on Disability (APCD).

During 2003-2005, various training sessions have been arranged with funding from the Royal Thai Government and JICA. There were more than 140 participants from Asia-Pacific countries.

Thailand is an active contributor to the Asian Development Fund (ADF) that is managed by the Asian Development Bank to assist developing countries in the region. Thailand is one of the six developing countries that contribute to the ADF. Since 1997, it has committed to contribute over 321 million baht or US\$ 8 million to the ADF.

With an aim to reduce the probability of a second Asian financial crisis that could greatly undermine efforts to reach the MDGs in the region, the Chiang Mai Initiative and the Asian Bond Fund were launched by Thailand and its Asian partners to pool foreign exchange reserves and to invest in regional bond markets. Progress on these initiatives has taken place under various cooperative frameworks, including APEC, ASEAN+3, and EMEAP, with ACD providing political support.

With a Cabinet-approved fund, the Thai Ministry of Finance is currently serving as the Asian Bond Market Secretariat to facilitate the integration process of the Asian Bond Fund. The Secretariat acts as a centre to monitor and coordinate debt market developments in Asia, to create better understanding and cooperation in the region’s capital market, and to promote saving in Asia to invest in Asian bonds. As a promoter of the initiative, the Royal Thai Government itself is planning to invest as much as 40 billion baht into the fund.

Thailand launched a new bilateral programme, called “Friends From Thailand” or FFT in 2002, with a firm belief in the significant role of networks among the younger generation. With an emphasis on human resource development and cultural exchanges, FFT aims to foster better understanding and relationship at people-to-people level by dispatching young Thai volunteers to live and work on development-related issues with local communities in other developing countries.

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By framing its development assistance as a contribution to the global partnership for development called for in Goal 8, Thailand has an opportunity to move beyond traditional economic cooperation of mutual benefit, towards a broader vision of helping to reduce poverty, improve health and education, protect the environment, and attain the Millennium Development Goals in the region and beyond.

Trading with Least Developed Countries

4

By reducing barriers to trade with Least Developed Countries (LDCs), Thailand makes an important contribution to economic and human development in these countries. Through increased exports, LDCs can earn much needed foreign currency and generate employment opportunities for their people.

As a percentage of total imports, Thailand imports more from LDCs than any other middle-income country in the world – and more than any OECD country – according to the UN's Comtrade Database (*See Table 4.1*).

Thailand's trade-weighted tariffs on imports from the least developed countries in the region are by far the lowest of any developing country in the region. And its trade preferences on agricultural imports from LDCs are at least as favourable as those offered by some of the OECD countries.

Trade and MDGs

The Monterrey Consensus acknowledges the concern of LDCs about unfair trading practices by OECD countries that undermine the achievement of the MDGs. The issues include trade barriers, trade-distorting subsidies and other trade-distorting measures, particularly in sectors of special export interest to developing countries, including trade liberalization in agricultural products and labour intensive manufactures, and non-tariff barriers such as the movement of natural persons. Thailand is in many respects more advanced than OECD countries in addressing these concerns.

Gains from trade are often the largest source of external resources for attaining the MDGs. Trade based on comparative advantage can make a nation's economy more efficient, reward abundant factors of production, reduce prices to consumers, increase reinvestment of firms, and increase the tax revenues of central and local tax authorities for investment in human development.

Similar to the benefits of Foreign Direct Investment (FDI), the benefits of trade for development and for attaining

Table 4.1 LDC imports – Thailand and selected OECD and middle-income countries (2003)

Country	Imports from LDCs as % of total imports (2003)
Thailand	3.1
China	1.5
Belgium	0.9
United States	0.9
France	0.7
South Africa	0.7
Korea, Rep. of	0.5
Malaysia	0.5
Japan	0.4
United Kingdom	0.4
Sweden	0.2
Australia	0.2
Brazil	0.1

Source: UN Statistical Division, Comtrade Database, 2005

the MDGs depend on the goods and services traded and the country's comparative advantage. For instance, the export of oil and raw materials may yield small benefits to the domestic population unless the revenues are used and distributed efficiently and with great care. Production that uses abundant labour has strong positive effects on income distribution and thus on poverty reduction and attainment of MDGs. One can expect that if the country's comparative

advantage is in tourism, agriculture, and labour-intensive manufactures, then the benefits can be large.

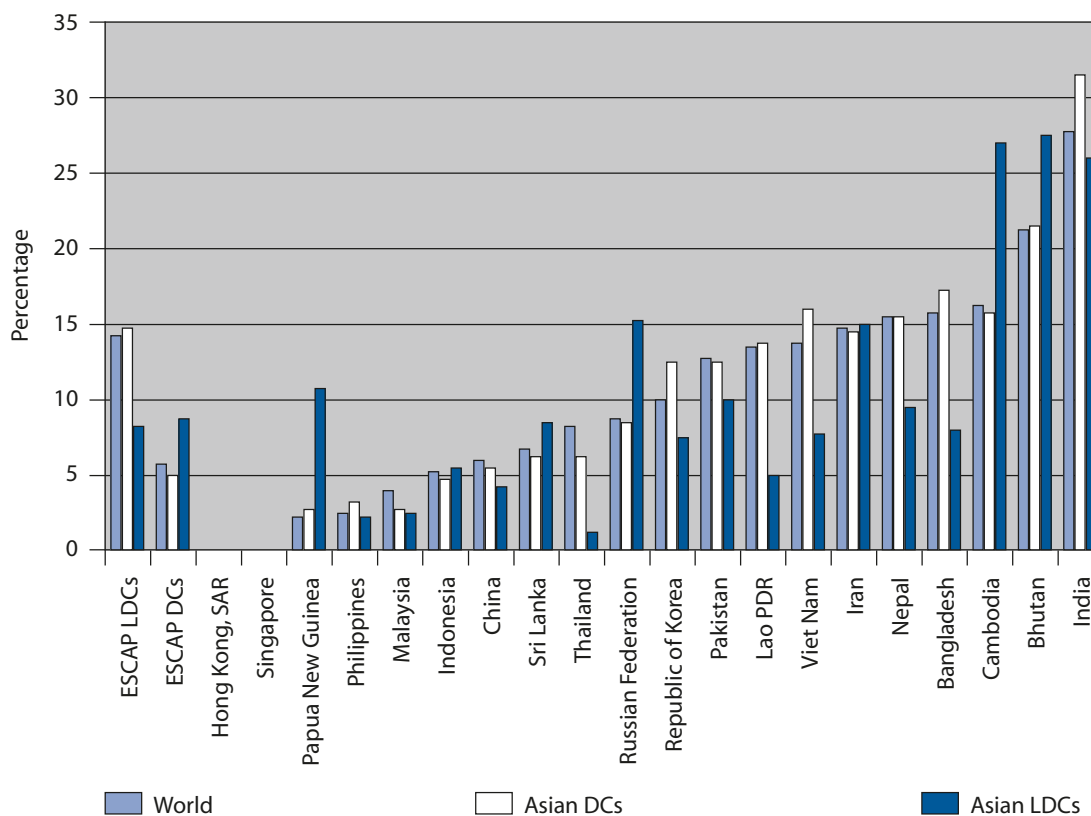
The patterns of trade between Thailand and the neighbouring countries are diverse. These patterns include both formal and informal trade. The formal trade of goods is exactly what would be expected between a middle-income country and LDCs. Based on comparative advantage, primary products and simple labour-intensive manufactured goods are imported by Thailand. Manufactured skill-intensive capital goods, intermediate and consumer goods are exported to the LDCs. Informal trade patterns are also based on comparative advantage and are of special interest. This type of trade includes, for example, contract farming across borders with Lao PDR, an integrated and informal trade in garments with Cambodia, formal and informal re-exports of goods to Thailand from Lao PDR, Viet Nam, and China, Thai purchases of tourist services in the three countries, informal agricultural and cattle exports to Thailand from Lao PDR, and large-scale migration of unskilled labour to Thailand from all three countries.

Lowering trade barriers

Of all developing countries in Asia, Thailand has the lowest trade barriers to imports from LDCs. As shown in Figure 4.1 and Table 4.2, Thailand’s weighted average tariffs for imports from the Asian LDCs is 1.1 percent. This compares to an average of LDC tariffs among developing countries in the UNESCAP region of 9.0 percent. The Republic of Korea imposes tariffs of 7.1 percent, Viet Nam 7.5 percent and India over 26 percent. Only the two city states, Hong Kong SAR and Singapore, offer lower rates – in their case, zero tariffs on imports from the Asian LDCs. Of course, Hong Kong and Singapore have no agricultural sectors to protect.

Thailand’s trade with its neighbours is structured by ASEAN and the ASEAN Free Trade Agreement (AFTA). As part of the ACMECS cooperation, Thailand offers trade concessions to Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV Countries).

Figure 4.1 Trade-weighted average tariffs imposed by selected ESCAP members and associate members (2002-2004)



Source: ESCAP Secretariat calculations from TRAINS database

Note: Latest available data for each country

Table 4.2 Trade barriers to imports from LDCs (2002-2004)

Country	Trade-weighted average tariffs on imports from LDCs
Thailand	1.1
Philippines	2.3
Malaysia	2.8
China	4.3
Indonesia	5.4
Korea, Rep. of	7.1
Viet Nam	7.5
India	26.3

Source: ESCAP Secretariat calculations from TRAINS database

Note: Latest available data for each country

When the CLMV countries joined ASEAN, the tariff structure under AFTA agreements was applied to exports from countries that are on their Inclusion List (IL). A comparison of Thailand's MFN and AFTA rates – calculated for products under chapter 01 to 97 (HS 2 digits) – is shown in [Table 4.3](#). The AFTA tariffs for the eligible exports from these countries are remarkably low.

Under the ASEAN Integrated System of Preference (AISP), founding ASEAN member countries agreed to provide trade preference to new members Cambodia, Lao PDR, Myanmar and Viet Nam. In 2004, Thailand provided AISP preferences with tariff rates of zero to five percent on multiple exports from Cambodia, Lao PDR, Myanmar, and Viet Nam, including some products that are not on the AFTA IL lists of these countries. The number of product categories given AISP preference in 2002-2005 are shown in [Table 4.4](#).

Under the ACMECS, Thailand agreed to provide not only "One Way Free Trade" with Cambodia, Lao PDR, and Myanmar, which applies a 0-5 percent tariff rate on eight agricultural exports from these countries such as corn, sweet corn, eucalyptus, cashew nut, castor bean, soy bean, ground nut, and potato, but also technical assistance for those agricultural products aimed at promoting market opportunities for contract farming and increasing

productivity. Moreover, Thailand is considering including two more items, pearl barley and mung bean, from these countries.

The utilization rate of the AISP is still low due to the fact that the trade preferences are new. Exports to Thailand under these preferences totalled US\$ 9.7 million in 2004. This amount is expected to increase in subsequent years, particularly if these countries improve trade facilitation in areas such as the issuing of forms at the border and through the development of a Single Stop Service. AISP under the ASEAN Free Trade Agreement and One Way Free Trade under ACMECS will strengthen the formal trading system and help decrease economic disparities between Thailand and Cambodia, Lao PDR and Myanmar.

Even though the utilization rates of the trade preferences are low, the trade concessions offered by Thailand are innovative and perhaps unprecedented for a middle-income country. Thailand is offering concessions to products in agriculture and in garments which it also produces and exports. Of course, imports of raw agricultural products may be needed for Thai processing industries and garment imports may be part of a supply chain leading to re-exports elsewhere. Even so, LDCs benefit from these preferences from exports to Thailand.

[Table 4.5](#) presents the size of agricultural sectors and the LDC preferences of selected OECD countries in 2002-2003. Despite the fact that 10 percent of the Thai GDP is in agriculture and 44 percent of the Thai labour force works in agriculture, Thailand applies low tariff rates of 0.0-5.0 percent to agricultural imports from CLMV. Most tariff rates applied to these agricultural imports are 0.0 percent. As such, the Thai agricultural import preferences on CLMV are more favourable than most of the OECD preferences offered to LDCs.

Thailand's preferences are even more favourable to LDCs when subsidies are taken into account. Many of the OECD countries subsidize their agricultural exports while Thailand does not. Without the subsidies, OECD agricultural exports would be lower, creating more export opportunities for LDCs and developing countries in OECD markets and other markets. There was an agreement in principle in the Doha Round of July 2004 for the OECD countries to eliminate export subsidies and reduce domestic subsidies. So far, that has not yet happened.

Intensifying trade

The percentage of trade to GDP is used as a measure of the openness of an economy. As would be expected from the growth of Thai FDI, the impact of ASEAN/AFTA and "gravity

Table 4.3 Thailand’s estimated applied tariff rates (2001)

	Simple average tariff rate		
	Applied rate (2001)	Agricultural products (HS 01-24)	Industrial products (HS 25-97)
Applied MFN tariff	17.19%	26.26%	14.17%
AFTA	4.53%	5.42%	4.23%

Source: Wisarn 2004, based on information from the Ministry of Finance

models” of trade between neighbours the openness of the Thai economy and of all neighbouring countries has increased. During 1990-2002, thus defined, the openness of the Thai economy increased by about 61 percent (see Table 4.6).

Trade intensity indices (TII) between Thailand and ASEAN countries are shown in Table 4.7. The TII is greater than one in almost every case.³ This indicates that Thailand and its ASEAN trading partners trade more intensively with each other than with non-ASEAN trading partners. Furthermore, the indices show that Thailand trades more intensively with the CLMV countries than with the other ASEAN countries.

The trends and amounts of imports and exports between Thailand and the neighbouring countries are shown in Table 4.8.

During 1985-2002, import growth has been impressive while export growth from the LDCs has been variable. However, some of the unevenness in the trends may be due to exchange rate changes, or to data problems. During 2001-2002, Thailand had a merchandise trade surplus with Lao PDR, Cambodia and Viet Nam. It had a trade deficit with Myanmar due to energy imports. It is normal for LDCs to run trade deficits with some of their trading partners and often to run a deficit in overall trade when the demand for imports of capital goods, intermediate goods, and consumer goods exceeds their exports. The deficit is typically covered by ODA and FDI, both of which should eventually help exports to increase with some import substitution taking place as a result of the increased exports. The deficit may also be offset by some trade in services, particularly international tourism, and by informal exports, particularly of unskilled labour. Informal trade and international labour migration are taken up later in the section.

Table 4.4 Product categories given AISP preference by Thailand in 2002-2005 by country

Year	Number of product categories given AISP preference to:			
	Cambodia	Laos	Myanmar	Viet Nam
2002	48	26	72	19
2003	49	27	72	19
2004	309	187	160	34
2005	340	300	850	63

Source: The Ministry of Commerce

Note: For detailed information, refer to website: www.customs.go.th

³ The Trade Intensity Index (TII) determines whether the value of trade between two countries is greater or smaller than average by measuring the proportion of one country’s exports going to a particular trade partner divided by the proportion of world’s exports going to the trade partner. TII greater than one indicates that the bilateral trade flow between the two countries is larger than average, i.e. the two countries are favorable trade partners. If TII is less than one, the bilateral trade flow is smaller than would expected, the two countries are not favorable trade partners.

Table 4.5 Size of agricultural sectors, and LDC preferences of selected OECD countries (2002-2003)

	Agriculture as a % of GDP	% of the labor force in agriculture	Tariff rates (%) applied to agricultural imports from LDCs
France	3.3	1.0	2.2 (EU)
Switzerland	1.6	4.0	5.8
Japan	1.4	5.0	12.0
Italy	1.4	5.0	2.2 (EU)
United States	1.4	2.0	3.1
Germany	1.2	3.0	2.2 (EU)

Sources: Relative sizes of agricultural sectors from: *The Economist: World in Figures 2004*. Tariff rates applied to agricultural imports from LDCs in OECD countries: from WTO and UNCTAD – shown in Government of the Netherlands (2004)

Table 4.6 Trade to GDP ratio (%)

Year	Cambodia	Lao PDR	Myanmar	Viet Nam	Thailand
1990	10.84	40.78	5.58	81.32	75.78
1991	10.47	42.34	4.42	66.95	78.47
1992	12.44	46.92	3.59	73.58	77.95
1993	49.21	72.61	3.37	66.21	80.16
1994	65.61	75.84	2.91	77.47	82.59
1995	79.95	70.09	2.54	74.72	90.43
1996	70.66	73.25	2.18	92.71	84.78
1997	80.94	76.37	1.86	94.34	94.60
1998	77.36	96.81	1.47	97.00	101.87
1999	89.18	82.40	1.06	102.79	104.02
2000	113.86	73.19	1.08	112.53	125.08
2001	118.88	63.83	1.00	111.56	125.70
2002	126.59	64.38	Na	115.00	122.30

Source: Calculated using Asian Development Bank, Annual Report, various issues

Table 4.7 Trade Intensity Index among ASEAN (TII)

	1997	1998	1999	2000	2001
TII(TH-CAM)	22.30	23.77	24.10	17.48	22.58
TII(CAM-TH)	6.11	2.88	1.40	0.50	0.72
TII(TH-LAO)	46.64	56.75	59.20	53.80	60.69
TII(LAO-TH)	13.23	10.00	17.34	19.10	23.30
TII(TH-MM)	13.93	11.94	13.30	18.14	11.13
TII(MM-TH)	5.99	6.05	7.71	12.07	26.22
TII(TH-VN)	3.72	4.36	3.89	4.06	3.81
TII(VN-TH)	1.49	2.68	1.84	1.93	1.76
TII(TH-BN)	2.58	2.77	–	–	–
TII(BN-TH)	2.36	1.11	–	–	–
TII(TH-IN)	2.36	3.14	3.23	3.00	3.40
TII(IN-TH)	1.22	1.94	2.11	1.75	1.96
TII(TH-MA)	2.52	2.61	2.61	2.61	2.88
TII(MA-TH)	2.78	3.20	2.76	2.87	2.84
TII(TH-PH)	1.42	2.03	2.27	2.41	2.85
TII(PH-TH)	1.61	2.25	2.16	2.46	2.84
TII(TH-SG)	3.81	3.93	3.65	3.37	3.52
TII(SG-TH)	1.85	2.33	2.41	2.08	1.90

Source: Calculated using PC-TAS database

Note: CAM= Cambodia, LAO= Lao PDR, MM= Myanmar, VN= Viet Nam, BN= Brunei, IN= Indonesia, MA= Malaysia, PH= the Philippines, SG= Singapore, and TH= Thailand

The overall extent of Thai imports from LDCs is one measure of potential contributions to attainment of the MDGs in the LDCs. Another measure is what is imported and the likely consequences in the LDCs to produce and export the products to Thailand.

Table 4.9 shows that the CLMV countries differ in their exports to Thailand, and thus in the potential contributions of Thailand to attaining of the MDGs in these countries. The exports from Lao PDR and Myanmar are mainly of energy and primary products, which are not labour intensive, do not generate much income for local

populations, and thus may require astute government intervention, good governance, and fiscal transfers to help attain the MDGs.

Exporting essential drugs

A great contribution of Thailand towards attaining the MDGs in other developing countries lies in the increased exports of essential drugs. Thailand is a large and low-cost producer of generic essential drugs – some still with patent protection under the TRIPS agreement. Following a 2003

Table 4.8 CLMV countries' merchandise trade with Thailand (millions of current US\$)

Year	Cambodia		Lao PDR		Myanmar		Viet Nam	
	Export to	Import from	Export to	Import from	Export to	Import from	Export to	Import from
1985	–	0.4	1.1	21.7	2.4	1.5	–	–
1986	–	–	1.2	32.9	2.3	1.7	–	–
1987	–	–	5.4	40.9	1.7	1.5	–	0.2
1988	–	0.7	20.4	56.4	1.2	1.3	–	3.8
1989	2.2	0.1	39.7	70.2	1.7	1.1	–	2.3
1990	8.6	0.9	40.3	72.3	48.9	19.8	–	17.0
1991	10.5	5.1	42.7	84.3	–	4.2	–	14.2
1992	84.7	72.4	37.3	133.1	–	–	–	41.2
1993	94.9	197.3	74.8	164.8	–	–	–	99.5
1994	114.7	286.4	77.2	270.3	28.8	–	–	225.7
1995	146	367.5	83.3	287.8	36.5	–	–	439.8
1996	43.4	398.9	96.7	310.0	–	–	–	494.5
1997	131.5	198.1	34.3	336.7	–	–	186.1	575.2
1998	77	168.5	28.8	411.3	–	–	233.6	673.5
1999	18.5	195.2	51.6	452.0	102.6	435.3	229.1	561.8
2000	22.9	221.8	68.9	419.1	233.0	554.7	331.0	810.9
2001	7.6	503.9	81.0	451.7	735.4	390.5	326.9	876.8
2002	9.6	544.0	85.0	444.0	831.2	355.9	–	1042.0

Source: Asian Development Bank, Annual Report, various issues

WTO agreement, Thailand can now legally export many of these drugs to other developing countries, including the Southeast Asian LDCs, that do not have capacity for domestic production themselves.

These Thai exports can have a huge positive impact on health and preventive health in the poor countries. Serious illnesses can be prevented or treated. Services for the poor can be cheaper, or even free. The essential drugs may also reduce over-consumption and misuse of other pharmaceuticals, particularly antibiotics. Such misuse can

create resistance strains that threaten health. By preventing disease, the generic essential drugs can also reduce consumption of expensive curative services that can crowd out preventive health care of infants and young children, and price-out the poor.

Most importantly, Thailand is a low cost producer of antiretroviral drugs to treat HIV/AIDS. These potential exports are life-saving medications that would otherwise be unaffordable to governments and people living with HIV/AIDS in the poor countries of the region (*see Box 4.1*).

Box 4.1 Exporting affordable HIV drugs

Thailand is one of the first countries to achieve the 6th Millennium Goal: to significantly reverse the spread of HIV/AIDS. Although still faced with serious challenges in sustaining this response, Thailand has demonstrated that committed political leadership, explicit and proactive national policy and nationwide mobilization of both resources and institutions can lead to pragmatic responses yielding extraordinary results.

Thailand has recognized both their role and their responsibility in maintaining this position as a “leader” in the field, and has taken practical steps to promote effective partnership with other countries in the Southeast Asia region as well as globally so that other countries might benefit from the lessons and experience of the country’s response to the challenges of HIV and AIDS. One such area of good practice and leadership is the development and provision of affordable anti-retroviral medications for those infected with HIV.

Thailand currently produces one of the most affordable generic fixed-dose triple-drug combination anti-retroviral (ARV) therapies in the world, and is in the process of formulating and producing others. The most ubiquitous product to date – GPOVir[®], produced by Thailand’s Governmental Pharmaceutical Organization (GPO) – costs less than a dollar a day, is efficacious and safe, and will soon be complemented by other locally-produced and cost-effective triple-therapy combination. GPOVir[®] is currently the mainstay of the Thai Ministry of Public Health’s efforts to scale-up anti-retroviral treatment and access in the country.

Thailand has booked remarkable success in the scaling-up access for both adults and children to ARVs in the country, with a ten-fold increase (from approximately 5,000 persons receiving treatment to more than 50,000 persons receiving treatment) in less than a year’s time. Further access, based on the integration of ARVs into the National Health Insurance Scheme, is hoped to facilitate greater access to medications and community-based treatment services in the coming year. Likewise, Thailand’s effective scaling-up of the Prevention of Mother To Child Transmission (PMTCT) program with locally-produced paediatric formulations of GPOVir[®] also being finalized for widespread use in Thailand and, eventually, abroad.

In light of these experiences, Thailand has demonstrated a clear willingness to share its expertise with its neighbours and other countries in need. Efforts to date include:

- The provision of support for human and institutional capacity development for both public and civil society actors, through study visits to Thailand as well as expert teams sent to other countries. These initiatives help partner countries design and develop effective treatment systems initiatives. Support has been provided to various African countries as well neighbouring Mekong Basin countries.
- Design and implementation of successful pilot programmes to address care and treatment issues for marginalized and migrant or cross-border populations in Northern and Southern Thailand, providing particular benefits to migrants from Myanmar.
- Donations of ARV drugs and other commodities (such as condoms) to partner countries in Africa and Asia are regularly on the agenda. Technical cooperation with several African countries for ARV production is currently under discussion with a number of potential partners, with early commitment from the Research & Development Institute of GPO since 2002 in countries like Ghana, Zimbabwe, Nigeria, Kenya, Cameroon, Eritrea, DRC, and Tanzania.
- A series of workshops on sharing Thai experiences with African countries in managing the epidemic and exploring future areas of collaboration is being implemented during 2005.
- Negotiations with trade partners – including, most critically, the United States – to ensure that Thai generic ARVs are protected and can continue to be produced and made available at affordable cost to Thai citizens as well as the world community.

Affordable treatment and ARV access will make the difference between life and death for potentially millions of people infected with HIV, and Thailand continues to contribute as much as it can in helping partners develop the human, technical and material capacities necessary to ensure access to these critical interventions. It provides an example, if not a model, for partnership and collaboration in the field of HIV/AIDS prevention, care and treatment from which many lessons can be learned.

Source: UNAIDS and Ministry of Public Health

Table 4.9 Thailand's merchandise imports from the LDCs and Viet Nam, 2001

Country	Major imports-by value
Cambodia	Scrap iron and steel, hides, cattle, wood and lumber, manufactures, rattan and bamboo, waste paper and paper board, seafood, plant products, fishing vessels
Lao PDR	Electricity, logs and lumber, other forestry products, cattle and hides, tin and zinc ores, diamonds, plant products
Myanmar	Natural gas, logs, lumber, other wood products, scrap copper, coal, cattle and hides, oil, seafood, tin ore
Viet Nam	Electrical control panels, other electrical parts, coal, groundnuts, hides, seafood, zinc ore, suitcases, yarn, kitchenware

Source: Wisarn 2004

The Thai contribution may grow rapidly in future years if Thailand could sell these essential drugs to the United Nations System. In fact, it has already become a supplier of other goods and services to the UN system (*see Box 4.2*).

Promoting tourism

Thai FDI has supplemented local investment and helped to build tourist facilities in Lao PDR and Cambodia. Tourism promotion in the sub-region is part of GMS, ACMECS, and other agreements. The potential contributions of international tourism to growth with equity, poverty reduction and attaining the MDGs have already been described.

International tourism has indeed grown in Lao PDR and in Cambodia, even with some setbacks from SARS, bird flu, and local unrest. Tourism has been steady at a low level in Myanmar. [Table 4.10](#) shows international arrivals since 1998.

International tourism is the biggest export of Lao PDR and of Thailand. It is the second largest in Cambodia. What is interesting is that Thai ODA has helped build tourist services in these countries, and now Thai tourists increasingly are buying them. In 2001, Thai tourists were the largest single country buyers of tourist services in Lao PDR, accounting for 26 percent of all international arrivals, and spending 40 percent more among all foreign passport holders than the average. In 2003, Thai tourists accounted for 4 percent of international arrivals in Cambodia (but border visits to casinos were not counted) and 10 percent in Myanmar.

Trading informally

The official information on Thailand's trade with its neighbours does not tell the whole story. There is more trade between these countries – and it may be more balanced – than the official numbers show. This additional trade is informal – crossing borders without being recorded and without payment of official tariffs. These informal trades have been shown to contribute to the attainment of the MDGs.

Some recent sectoral studies and case studies of cross-border trade show that the extent of informal trade may be quite large. An ADB study of cattle exports from Lao PDR estimated that these exports supply 20 percent of the beef consumed in Thailand, and that most of the exports enter Thailand informally.

An estimated 80 percent of cross border agricultural trade between Houasai in Bokeo province in Lao PDR and Chiang Khong, in Chiang Rai Province is informal.

Some of the trade results from cross-border contract farming. Thai companies provide credit, seeds and fertilizer to Lao farmers and purchase their outputs. Much of this produce enters informally. The products are then processed in Thailand. Some of the processed food products are re-exported to Lao PDR and exported to other countries. The rest is sold in Thailand.

Another case study analyzed garment exports from Poipet in Banteay Meanchey province in northwest Cambodia to Ban Khlong Lueck in Sa Kaeo Province in Thailand. The garments, mainly shorts and trousers, are made by low-

Box 4.2 Thailand doing business with the UN

By becoming an important supplier of low cost, high quality goods and services to the United Nations, Thailand has a golden opportunity to contribute to humanitarian and development operations across the world. The core UN agencies – UNDP, WFP, UNICEF, UNFPA, and WHO – alone procure goods and services worth over US\$ 4.5 billion a year. The biggest supplier countries are USA, India, Belgium and France, followed by Italy, Switzerland, UK and Japan.

Thailand’s share of this market is still very small, less than one percent, selling about US\$ 30 million worth of goods and services to the UN in 2003. Most of the goods and services supplied by Thailand include IT equipment, condoms, pharmaceuticals, educational supplies and printing, water & sanitation equipment, medical/hygiene kits, food stuffs for humanitarian relief.

Considering this major opportunity of a mutually beneficial partnership between Thailand and the UN System, the Ministry of Foreign Affairs, the Federation of Thai Industries and UNDP have launched an initiative called “Doing Business with the UN”. The objective is to promote Thailand as a source of procurement for the UN System and assist Thai private sector companies access the necessary information and advice to be able to compete on an equal footing with suppliers from other countries.

The Federation of Thai Industry has set up a special unit to help facilitate business opportunities between Thai companies and the UN system, through provision of information about market opportunities and advice on UN requirements and bidding and procurement procedures. This unit will also help Thai companies facilitate their access to the “UN Global Market Place” and help in the registration process.

The development and humanitarian business is “big business”. By becoming a competitive and reliable supplier, Thailand can both benefit economically and contribute to the success of humanitarian and development programmes across the world.

Source: UNDP

Table 4.10 International tourist arrivals, 1998-2003

Country	1998	1999	2000	2001	2002	2003
Cambodia	186,333	262,907	351,661	408,377	522,978	455,972
Lao PDR	500,200	614,278	737,208	637,823	735,662	636,361
Myanmar	197,726	198,765	206,243	201,993	217,212	205,610
Thailand	7,764,930	8,580,332	9,508,623	10,060,950	10,872,976	10,082,109

Source: PATA Annual Statistics Reports

income women in small informal household firms of 10 to 20 workers by put-out contractors in Poipet and other towns. The garments are made using imported Thai fabric and zippers and buttons made in China and Taiwan. The women cut the fabric and sew the garments. Some of these garment exports go through informal channels. An estimated 50 to 100 tons of garments (more than half newly made) are exported to Thailand – some sold to low-income consumers in Thailand. The rest are re-exported from Thailand to neighbouring countries.

Shoe trade benefits more than 6,000 low-income workers in Cambodia. Worker pay per pair ranges from 10 to 16 baht, compared to put-out contractors’ profits per pair of 4 to 5 baht. The trade also benefits workers who make fabric in Thailand and low-income consumers in Thailand. Such informal patterns of trade may best be left alone until more formal patterns can protect the positive effects on human development.

The case studies also looked at garlic re-exports to Thailand mainly from Viet Nam through Lao PDR and found that because of high Thai import duties, some of this enters through informal channels as well. The same was true of clothing re-exports that originated in Viet Nam.

Migrating labour

Thailand contributes to the MDGs indirectly through receiving labour migrants from neighbouring countries. It was estimated that there were 2.2 million migrant workers from Myanmar, Cambodia and Lao PDR in Thailand in 2003 or equivalent to seven percent of the total Thai workforce. Almost all of these migrant workers entered Thailand illegally and worked in labour intensive sectors, such as agricultural, food processing, fishing, construction, garments and domestic household work.

Thailand has recognized the fact that anywhere in the world, people from less developed countries migrate, regularly and irregularly, to more developed countries in the hope of finding better opportunities, and that there is a local demand for migrant workers in some business sectors. Thailand has therefore adopted a pragmatic attitude and practical approach in addressing the issue of illegal migrant workers from these neighbouring countries.

Strategies and measures undertaken in recent years include:

- (1) **Promoting legal and regular channels for labour migration:** In 2003, Thailand signed three separate Memoranda of Understanding on Cooperation in the Employment of Workers with Lao PDR, Myanmar and Cambodia. The three countries agreed to send their officials to Thailand to conduct the nationality verification and issue identity documents for their nationals currently in Thailand.
- (2) **Regularization of illegal migrant workers and families:** In July 2004, Thailand undertook a nationwide registration programme which registered some 1.3 million illegal migrant workers from Myanmar (921,492), Lao PDR (179,887), and Cambodia (183,541), allowing them and their families to temporarily reside and be employed in Thailand on a yearly basis. As a result, 850,000 registered migrant workers, inclusive of 634,000 Myanmar nationals, were issued work permits in 2004 to work with over 200,000 registered employers. In June 2005, the Government decided to extend the stay and work permits for those who registered in 2004 for another year until 30 June 2006. This programme has essentially regularized the presence of these illegal migrant workers in Thailand and made them more

accessible to protection. This undertaking is also consistent with Mode 4 of Trade in Services and very much responsive to the need of the LDCs in the Doha Development Round which called for more liberalization and regularization of labour migration. However, it is believed that at least 800,000 unregistered migrant workers, of which 540,000 are from Myanmar, 80,000 from Cambodia, and 80,000 from Lao PDR are still residing and working illegally in Thailand.

- (3) **Enhancing the capacity of countries of emigration:** Thailand believes that enhancing the capacity of countries of emigration to reduce the development gap would address the root causes of irregular migration. In this connection, Thailand has promoted the economic cooperation strategy in the border areas with neighbouring countries or ACMECS to develop an enabling environment for the economic activities and creation of employment. It is hoped that this strategy could alleviate emigration pressure among economically and socially vulnerable populations in neighbouring countries as well as address some concerns related to other transnational crime, such as, human trafficking and drug trafficking.

Informal sectors usually draw irregular migrants both for employment and for illegal activities while irregular migration fuels the development of informal sectors. Although informal sectors have shown to contribute to the attainment of the MDGs to a great extent for the local economy, they are not without costs. The Royal Thai Government has therefore tried to minimize the negative consequences of the informal sectors by adopting various measures to regularize those sectors through encouraging the promotion of SMEs, initiating village fund programmes, and stimulating government investment.

Keeping the course

Trade concessions to Least Developed Countries run the risk of opposition from producers within Thailand that perceive that they are being hurt by competition from producers in other countries. Defending concessions and new trade agreements takes political fortitude.

But there are strong arguments why trade concessions benefit Thailand in the long run. They are good for both Thailand as well as the LDCs. Assuming that trade agreement deadlines are kept, there will be zero to five percent duty trade within AFTA in 2008, completely free trade with China in 2010, and completely free trade in goods, services, capital, and labour within AFTA by 2020 or earlier. It is indeed better for Thailand to start adjust

gradually to this new reality. Importantly, Thai consumers benefit greatly from healthy competition and lower prices of goods.

Market opening should be further expanded geographically within the region for the same set of reasons. Thailand has been a leader in seeking broader trade agreements and some are now nearing agreement

on tariff reductions. These agreements include the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, Mekong-Ganga Cooperation, and the Bangkok Agreement. Longer-range, there are also the prospects of ASEAN +3, and ASEAN-India. Early openings would give Thailand time to adjust to increased competition and might also prompt reciprocity.

Foreign Direct Investment

5

Thailand's private sector is increasingly investing abroad. Much of the Thai Foreign Direct Investment (FDI) in the neighbouring LDCs is channelled into the agriculture and food processing, manufacturing, and tourism sectors. These sectors have a high potential for employment generation and play an important role in the advancement of human development and the attainment of the MDGs in the host countries.

During 1995-2003, Thailand ranked third among ASEAN countries in providing FDI into other ASEAN countries. During this nine-year period, Thailand invested a total of US\$ 5.8 billion in other ASEAN countries (*see Table 5.1*).

Foreign direct investment has made a major contribution to development in Southeast Asia, including development in Thailand. FDI has direct effects through employment, training, and the "multiplier effect" – households with increased income from employment spend more for education and health, and also buy more local goods and services. More importantly, FDI generates spill-over of knowledge, techniques, quality standards, and favourable patterns of trade that are favourable to domestic firms.

The problem in most of the LDCs is that they tend to attract far too little, if any, FDI and that they have to depend instead on ODA for external inputs. One

Table 5.1 FDI inflows into ASEAN from ASEAN by source country, 1995-2004 (US\$ million)

Source Countries	1995	1996	1997	1998	1999	2000	2001	2002	2003	1st Qtr 2004	1995-2003
Brunei Darussalam	311.3	353.1	384.9	247.2	4.3	10.6	10.6	21.2	36.8	2.5	1,380.0
Cambodia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	608.9	193.3	272.5	-38.4	-427.8	-232.6	-240.0	1,336.6	384.0	66.0	1,856.5
Lao PDR	6.5	102.6	64.4	28.3	31.4	13.7	3.1	7.9	3.0	2.1	260.8
Malaysia	1,676.5	1,475.8	2,261.5	469.9	536.0	258.1	80.0	0.0	251.1	345.8	7,009.0
Myanmar	96.7	228.6	323.3	153.9	41.2	74.0	67.4	25.1	28.6	0.0	1,038.7
Philippines	241.6	74.9	142.9	106.9	110.9	126.5	222.3	37.9	175.1	101.4	1,239.0
Singapore	1,165.1	1,206.7	941.6	794.6	632.1	353.0	356.9	704.7	420.0	0.0	6,574.6
Thailand	160.6	308.1	297.5	569.6	572.0	389.0	1,650.0	1,223.0	670.0	56.0	5,839.8
Viet Nam	387.3	328.7	547.2	398.7	289.3	202.4	241.5	200.4	100.4	0.0	2,695.8
ASEAN	4,654.4	4,271.8	5,235.7	2,730.8	1,789.3	1,194.9	2,391.7	3,556.9	2,068.9	573.9	27,894.4

Sources: ASEAN Secretariat: ASEAN FDI Database (Balance of Payments Basis). Compiled from the respective ASEAN Central Banks and National Statistical Offices.

Table 5.2 Thai FDI aggregate amount and sectors – Selected ASEAN countries, 1995-2001

Country	Millions of US\$	Sectors of investment in order of amounts
Cambodia	193.1	Food and beverages, garments, ICT, services (includes hotels and banks)
Lao PDR	146.7	Electricity generation, ICT, wood products, leather, garments, food products and beverages, services (includes hotels and banks)
Myanmar	183.6	Energy, construction, manufacturing, services
Viet Nam	317.4	Food products and beverages, manufacturing, services

Sources: UNCTAD, ADB, IFS, ASEAN Secretariat, Bank of Thailand, The World Economics Outlook Database, China Foreign Economic Statistical Yearbook, Myanmar Investment Commission, Cambodia Investment Board, Council for the Development of Cambodia, and National Bank of Cambodia

explanation for the lack of FDI, particularly FDI from the rich countries is that the LDCs lack the critical levels in supporting infrastructure, human development, good governance, and financial systems.

Profile of Thai investment

Even though a large proportion of Thai private firms’ investment are in high-income countries such as US and Singapore,⁴ Thai firms are now making large investments in the LDCs and Viet Nam. Part of the reason for the increase in these investments is the impact of Thai ODA (and complimentary investments by the ADB and other sources) on improving the infrastructure that creates investment opportunities. If ODA leads to FDI, and FDI leads to trade, then prospects are enhanced for growth, human development, and the attainment of the MDGs. Much depends not only on these linkages, but also on the sectors in which the investment is concentrated.

Between 1995 and 2001, Thai FDI in the CLMV countries averaged US\$ 113 million per year. Thailand was the largest single investor in Lao PDR (30 percent of all FDI), in Myanmar, Thai investment ranked fourth (6 percent), in Viet Nam ranked ninth (2.7 percent), and in Cambodia eighth (5 percent). Thai investments over the period were equal to 2.8 percent of GDP in Myanmar, 1.3 percent of GDP in Lao PDR, and 0.9 percent of GDP in Cambodia. This FDI is a significant contribution to the CLMVs by supplementing scarce domestic savings and investment (see Table 5.2).

Varying impacts of Thai FDI on the MDGs

Thai investments in neighbouring countries include sectors with high potential for employment, human development, and attainment of the MDGs, as well as sectors that employ fewer people and may have weaker connections to the MDGs. Unlike the labour-intensive sectors, obtaining positive benefits for the MDGs from investments in non-labour-intensive sectors depends much more on astute government intervention, good governance, and fiscal transfers in the recipient countries.

Thai investments are focused on the following sectors, with varying impact on MDGs:

- **Tourism:** Thai investments have improved tourist facilities and services particularly in Lao PDR and Cambodia. Tourism is the largest “export” (measured by total international tourist expenditures) in Lao PDR and the second largest in Cambodia, with strong linkages to the domestic economy for food products, handicrafts, transport, restaurants, entertainment and other services. Tourism has the largest domestic employment multiplier; and employs a lot of women. Green tourism in Lao PDR benefits rural communities.
- **Manufacturing:** Thai investments in labour-intensive manufacturing in Lao PDR, Cambodia and Viet Nam, including in garments for export and other products both for export and domestic consumption have strong positive human development effects on (mainly) women employees directly and on rural and other communities via remittances sent or carried home.

⁴ In 2002, Thailand’s largest investment in developing countries was in China, with a total of US\$359.6 million.

Garment production had been affected by the Agreement on Clothing and Textiles, but Thai investments, and linkages to Thai textile and garment production has helped save part of the industry in the LDCs.

- **ICT:** Thai investments in ICT are likely to have positive benefits for the MDGs because of enhanced access to information about economic opportunities, health services, and education. Recent research shows that access to mobile phones – often rented one call at a time – for the poor may have much larger initial impacts than computers and access to the internet.
- **Agriculture:** Thai investments in agriculture and food processing in these countries mainly involve products produced by small holder agriculture, and labour-intensive processing. These investments are pro-poor, with positive impacts on the MDGs.
- **Banking:** Thai investments in banking, and establishment of branches of Thai Banks in the LDCs help address one of the threshold problems in LDCs – weak financial sectors with lack of credit and other banking services. These investments are supplemented by bilateral agreements, for example between Thailand and Lao PDR for payments and settlements. Moreover, Thai Banks contribute to the capacity building of banking personnel in the CLMV countries to a great extent. Trainings to banking personnel in the CLMV countries have been held under various MOUs using private-sponsored funding. These activities include, for example, training bank personnel and assisting in the establishment of a training facility for the Industrial and Commercial Bank of Viet Nam, and sending trade finance experts to train bank personnel in the Lao PDR.
- **Electricity:** This sector currently accounts for a quarter of exports from Lao PDR. While the negative impacts include environmental destruction, loss of arable land, downstream losses of fisheries, and reduced soil fertility on alluvial plains, there are some potential benefits for human development and the MDGs. These may include flood control, expanded irrigation (with more marketed surplus and perhaps exports), and most importantly the generation of government resources for investment in poverty reduction and social sectors. The extent to which income from hydro-electric dams is used for the benefit of reaching the MDGs is of course dependent on government policy, good governance, and capacity to use the additional resources effectively to scale up social services. In addition, the benefits of investments into the electricity sector depend on the degree to which the hydroelectric projects are also used to rapidly expand rural electrification. The importance of rural energy for the attainment of the MDGs has been clearly analysed by the UN Millennium Project (*See Box 5.1*).

Box 5.1 Electricity and MDGs

The United Nations Millennium Project Task Force 1 report (2003) shows that electricity has a strong comparative advantage among other energy choices for helping to attain the MDGs. Not only is electricity best for cooking and lighting, it is also best for its “versatility, scalability and low marginal usage costs.” Once the electricity connection is put in place, it is relatively easy and inexpensive to power radios, mobile phones, televisions, sewing machines, fans, and other additional tools. Economic and social benefits to individuals and households, as a result, are countless. For instance, having electricity allows students to study later, increases information and provides income opportunities, all of which help improve the quality of life of the local people.

Improved access to energy, particularly electricity, in rural areas can:

- Save time, enhance productivity and support economic activities and growth that reduces poverty – pumps for irrigation, power for storage and processing of agricultural products and other primary products.
- Reduce burdens on women for collection of fuel and water, by using electricity for cooking and pumping water.
- Reduce the same burdens on girls and thus increases their likely enrolment in schools.
- Improve the health of women and girls in particular by reducing indoor air pollution from wood and other biomass cooking fuels.
- Reduce pressures on the environment from fuel-wood cutting and burning.

Source: Millennium Development Project, Task Force 1

Links between FDI, trade and development

The extent of trade and the benefits of trade depend, in part, on domestic conditions, policies, and reforms. Trade opportunities may be missed because of supply-side constraints. Agricultural exports may fail for lack of irrigation, access roads, processing plants or storage. Manufactured exports may fail for lack of quality and scale economies, or because of high transport costs. Tourism exports may fail for lack of promotion, visa waivers, transport, hotel rooms, restaurants, health care or other facilities. FDI (and ODA) can help ease these constraints and thus help poor countries meet quality standards, participate in production and supply chains, find new markets, employ more people, and invest more to attain the MDGs

Investment is most needed in LDCs, where the supply problems are greatest. To date, Thai private investors have successfully invested in LDCs – where most rich country investors fear to tread – because of proximity, more country knowledge, greater cultural “comfort,” and a high level of pay-off because of increased trade.

The many and strong connections between FDI and trade, particularly FDI in small economies, are shown in many studies. Many of the Thai investments in these economies are based on expectations of trade opportunities with the rest of the world. Thai investments can also be seen as part of a normal pattern of regional restructuring, in which the most labour-intensive production is gradually relocated by FDI to countries with the most abundant and low-cost labour.

To give some examples, Thai investments in garment production have benefited from lower labour costs in Cambodia and Lao PDR and from exports to the US and the EU. Thai investments in tourism benefit from tourists from all over the world. For example, tourists to Lao PDR in 2004 came from more than 30 countries. Thai investments in agriculture and food-processing benefit from exports to countries elsewhere in ASEAN, and beyond. A Thai/Lao food canning plant in Vientiane exports 95 percent of its production to Viet Nam, UK, France, Germany, Poland, and to Thailand.

The Thai investments in these LDCs have had strong effects on trade with Thailand. As Thai investments in Lao PDR, Cambodia, and Viet Nam have increased, so has international trade between these countries and Thailand – with the expected lag as investment projects are built and come on line.

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In many cases, the benefits of FDI to the source countries are apparent while the benefits to the host countries and its factors of production are not as clear. As a result, a new paradigm in foreign direct investment calls for the host developing countries to be cautious and even-handed, having policies that aim to maximize the benefits (for example, through profit-sharing, equity-sharing, and some types of technology transfer arrangements) and to minimize risks, especially potentially large drains on foreign exchange through high import content and large profit repatriation. This new paradigm, if successfully implemented, will provide opportunities for the host countries to maximize the benefits from FDI, leading to more employment and more revenue for attaining the MDGs.

The Way Forward

6

Thailand has become an important emerging donor, trading partner, and provider of foreign direct investment for the benefit of Least Developed Countries in the region and beyond. As such, Thailand is already making a significant contribution to the global partnership for development called for in the eighth Millennium Development Goal.

By endorsing the Millennium Declaration and the Millennium Development Goals, Thailand has committed itself to a set of time-bound goals and targets that span the entire spectrum of human development, from poverty reduction to protection of environment, from universal schooling to improved child health, from gender equality to reversing the spread of HIV/AIDS. Thailand is acting on this commitment within its borders by applying this broad range of goals and targets to its own development strategies at both national and sub-national levels, including the adoption of the more ambitious and far reaching "MDG Plus" targets.

Thailand's commitment to the goals and spirit of the Millennium Declaration also has implications for its development assistance offered to other countries. Framing development cooperation as a contribution to the global partnership for development called for in Goal 8 is thus offering Thailand an opportunity to expand its vision beyond traditional economic cooperation for mutual benefit, towards a broader paradigm of helping to reduce poverty, improve health and education, protect the environment, and attain the Millennium Development Goals beyond its borders.

Looking into the future, and focusing mainly on the ODA part of the story, Thailand has a great opportunity to "leap-frog" by adapting international best practices and lessons learnt from OECD countries to guide its development assistance programmes and regional cooperation:

More focus on social sector development

A likely and desirable evolution of Thai ODA would be more emphasis on the social sectors – expanding development assistance beyond economic cooperation and infrastructure development. Thailand's commitment to the Millennium Development Goals now provides an opportunity to broaden the scope of Thai ODA and increase the importance given to supporting the development of key social sectors such as health, education, community development, and safe drinking water.

Currently, the proportion of Thai ODA allocated towards social sector support is about 9 percent, assuming that the programmes managed by Thailand International Development Cooperation Agency (TICA) can be counted as such. The OECD target is to reach 20 percent of ODA allocated to the social sectors, and some OECD countries are now exceeding that target.

With its rich experience in poverty reduction, improvement of health and education, and community-based development, Thailand has a lot to offer other countries in terms of expertise and knowledge sharing in these areas. This implies an expanding role for Thailand's social sector ministries as well as non-governmental organization in development cooperation.

Cutting-edge approaches to ODA

As Thai ODA progresses, Thailand has an opportunity to adopt the highest international standards in managing and implementing its development assistance, applying cutting edge approaches to results-based management, programme design and monitoring. Good ODA practice will ensure that assistance is supportive of key priorities and needs of the recipient country, is in line with MDG-based national development and poverty reduction strategies, and enjoys full national ownership by recipient countries and institutions. This is crucial for achieving maximum impact and sustainable results.

Strengthening monitoring and evaluation

Good monitoring and evaluation practices are also crucial elements of effective development cooperation. In terms of infrastructure development, the Asian Development Bank and others have conducted effective evaluations – with outside experts – of the impacts and results of road, hydroelectric power, and ICT development projects. For example, these evaluations have made powerful recommendations about the importance of rural and feeder roads and rural electrification to maximize the benefits for the people of the recipient countries.

Thailand can add to these findings by using its own more collaborative model for evaluation. TICA holds annual meetings with partner countries to assess the cooperation, identify and solve problems, and plan future activities. This pattern should now extend to cooperative evaluations by Thai and host country analysts of the impacts of Thai ODA programmes. This approach would not imply less rigour or less quantitative data gathering and analysis. But what it would add to these techniques is the full and equal participation of people in the recipient country and the special and important findings that only they can contribute.

Better data collection and coordination

A key priority for Thailand is to improve the collection of data on its development cooperation initiatives with other countries and ensure good coordination between government agencies and other stakeholders within Thailand. This is an important step to avoid duplication and establishing more congruent and mutually reinforcing programmes of support. Perfect coordination of all ODA activities may not be possible – it is not in most of the OECD countries. But better coordination – less duplication, fewer activities working at cross purposes – will improve impacts in the recipient countries.

Data collection is also important in order to be able to monitor the overall extent and scope of Thai ODA. Lack of information and central monitoring of development cooperation means that current estimates for Thai ODA quoted in this report are significantly understated.

Providing more grants and getting ready for debt relief

In view of its commitment to the eighth Millennium Development Goals, Thailand has an opportunity to gradually increase the still relatively small grant element of its ODA. In addition, there may also need to be some

easing of debt burdens or even debt relief as the existing Thai ODA loans begin to mature. At a minimum, existing grace periods may need to be added or extended for loan recipient countries where economic and exchange rate circumstances so require.

Untying aid

Much of Thai ODA is tied to purchases of Thai goods and services. This is common among new donors, and when there are new and large increases in ODA. Even some of the more established donors such as the United States and Australia still have large proportion of their ODA tied to purchases of their goods and services.

But untied aid makes much better business sense than tied aid. If procurement of goods and services for aid programmes are procured internationally, thus more competitively, much of the procurement will end up being done from the often cheaper local market of the recipient country. This is not only a more efficient use of Thai tax payers money, but also gives added benefit to the recipient country by boosting the local economy.

Gradually untying Thai aid would also be in line with similar efforts by OECD countries, following their commitments made in the Monterrey Consensus.

Trading with LDCs

Thailand can now build on its excellent track record and go even further in opening up its markets for trade with LDCs. Open markets are good for both Thailand and its poorer trading partners. It is certainly beneficial for Thai consumers who gain access to lower priced essential goods. In addition, staying a few steps ahead of region-wide trade liberalization, such as those being negotiated in the context of AFTA and other trade agreements, gives Thailand time adjust to the new terms of trade, thus mitigating any negative impact on some producers.

Market openings should now be further expanded geographically within the region for the same set of reasons. Thailand has been a leader in seeking broader trade agreements and some are now nearing agreement on tariff reductions. These agreements include the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, Mekong-Ganga Cooperation, and the Bangkok Agreement. Longer-range there are also the prospects of ASEAN+3, and ASEAN-India. Early openings would give Thailand time to adjust to increased competition and might also prompt reciprocity.

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As an emerging donor, Thailand has indeed a golden opportunity to learn from the successes and mistakes of decades of development cooperation by the established donors, apply the most effective approaches and techniques to its own development assistance programmes, and thus further enhance its already important contribution to the global partnership for development.

Annex I

Thai ODA Calculations

1. Definition of ODA

The Organization for Economic Cooperation and Development (OECD), Development Assistance Committee (DAC) defines Official Development Assistance (ODA) as aid flows to developing countries, and to multilateral organizations, provided by donor government agencies. The eligible countries are specified in Part 1 of the DAC List of aid recipients. Aid to countries not on the Part 1 List is not to be counted as ODA.

The aid must be concessional in character and be provided for “the promotion of economic development and welfare of developing countries” (OECD, DAC). “Concessional” is defined as grants, and the full face value of loans that have a grant component of at least 25 percent at a discount rate of 10 percent (ibid).

Grants

Grants to countries on the DAC Part 1 List to promote economic development and welfare and grants to multilateral organization are straightforward and counted as ODA, with one exception. Only percentages of grants to some UN agencies are counted as ODA because not all of their activities are in developing countries on the Part 1 List. For example, only 3.3 percent of grants to the World Meteorological Organization are counted as ODA; while 100 percent of grants to UNDP are counted.

Loans

Analysis of whether a loan to a country on the DAC Part 1 List qualifies as ODA requires two calculations of the present value of the loan. The first is done using the term of the loan (number of years) and the interest rate of the loan. The second uses the same term (number of years) but a discount rate of 10 percent.

For example, if the interest rate on the loan is 10 percent, then the two calculations would yield the same present

value of the loan. There would be no concessional component and the loan would not count as ODA. But if the difference between the first calculation of present value using the loan interest rate, and the second using the 10 percent rate, is equal to or greater than 25 percent, then the full face value of the loan is counted as ODA.

When the interest rate charged is significantly below 10 percent and/or the term of the loan is long, the loan will always be found to have a grant component far in excess of 25 percent. The use of a fixed 10 percent discount rate for this calculation is criticized in many papers on ODA (See for example: Chang and Fernando-Arias 1998).

A prevailing market interest rate for the currency of the loan at the time the loan is made would be a better choice. But the OECD DAC still specifies the 10 percent discount rate and OECD donors still use it for their calculations of ODA. It is thus used for the Thai calculations as well.

Net ODA

A final component of the definition is “net ODA.” This is calculated by subtracting any loan repayments to a donor country received in a given year from the total ODA provided for that country in that year (OECD DAC).

2. Calculation of Thai ODA in 2002/2003

Year used and data limitations

The calculations of Thai ODA in this report are based on the latest available data from a wide range of Royal Thai Government agencies. All except one of the agencies use the Thai fiscal year, from 1 October to 30 September. The one exception is the Export-Import Bank of Thailand, the largest provider of ODA, which uses the calendar year from 1 January to 31 December. The ODA calculations are thus based on the latest complete available data from the Export-Import Bank of Thailand from calendar year

2002. The information used for all the other agencies and ministries is from fiscal year 2003 (from 1 October 2002 to 30 September 2003). In other words, the ODA calculations cover only one year for each agency, but they spread over a 21 month period in 2002 and 2003. This approach is normal practice when estimating government expenditure across several agencies using different financial years. The calculation of ODA as a percentage of GNI is based on weighted 2002 and 2003 GNI figures.

The numbers shown are not the total of Thai ODA, only the information that is available. Section 3 below lists all the components of ODA that are not included in the available information. Thai ODA is substantially undercounted.

Grants

Thai ODA consists of grants to developing countries on the DAC Part 1 List, and grants to the United Nations system, the Global Fund, and the ADB. These are summarized in the

following table (Thai baht are converted to US\$ at a rate of 1 US\$ = 40 baht).

The grants totalled US\$ 19.959 million, and clearly qualify as ODA under the OECD definition. The one possible exception is that a small portion of the US\$ 7.8 million to the United Nations system may have gone to agencies where only some of the support counts as ODA. There is no information on how the Thai support for the UN System was distributed; therefore, the total is counted in the report. There is ample evidence in Section 3 below that Thai ODA is undercounted by missing information.

Loans

The rest of the Thai ODA counted in the report consists of the Ministry of Finance loans made for infrastructure projects in Cambodia, Lao PDR and Myanmar, and the Export-Import Bank of Thailand’s loans to Cambodia, Lao PDR, and the Maldives – all countries on the DCA 1 List. The Export-Import Bank of Thailand’s loans are also mainly

Table A1.1 Grants in 2002/2003 (US\$ millions)

Contributions to the UN	7,800,000
TICA (Ministry of Foreign Affairs) grants, scholarships and training programmes	5,765,000
Contributions to the Asia Development Fund (of the ADB)	841,700*
Ministry of Education: scholarships and teacher training	68,800
Ministry of Public Health: Global Fund, and medical supplies	1,061,500
Ministry of Transport: roads and bridges	4,422,000
Total Grants	19,959,000

Sources: Ministry of Foreign Affairs, Ministry of Finance, Ministry of Transport, and other Ministries

* The contribution to the Asian Development Fund is a prorated estimate.

Table A1.2 ODA qualified loans in 2002/2003 (US\$ millions)

Ministry of Finance	48,820,000: GMS countries
Export-Import Bank of Thailand	60,000,000: Lao PDR
Export-Import Bank of Thailand	30,000,000: Maldives
Export-Import Bank of Thailand	8,400,000: Cambodia
Total ODA Loans	147,220,000

for infrastructure projects, and to cover services provided by Thai companies to those projects.

The Ministry of Finance loans are for 20 years at an interest rate of 1.5 percent per year, with an additional 10 year grace period. These loans qualify as ODA because they have a grant equivalence component far in excess of the OECD required 25 percent using the OECD 10 percent discount rate.

The Export-Import Bank of Thailand's loans have varying rates above LIBOR and are also for varying periods of years. The loans shown in the table all qualify as ODA by exceeding the OECD requirement of a 25 percent grant equivalence component using the OECD 10 percent discount rate.

The total of ODA loans in 2002/2003 was US\$ 147.22 million (Thai baht are converted to US\$ at a rate of 1 US\$ = 40 baht. Some of the Export-Import Bank of Thailand's Loans were US\$ loans).

Net Thai ODA calculation

Almost all of the Thai loan programmes are new and there was no repayment in 2002/2003. As a result, net Thai ODA for 2002/2003, adding together grants and loans – based on the OECD definition – totalled US\$ 167.179 million.

The report uses the Thai GNI in 2002 (US\$ 123.2 billion) and in 2003 (US\$ 135.9 billion) to calculate the percentage spent on ODA by Thailand. The calculation uses GNI in 2002 for the Export-Import Bank of Thailand loans and a weighted fiscal year 2003 GNI for the remaining ODA. The result of this calculation is 0.13 percent of GNI. GNI figures are from the World Bank.

3. Thai ODA is undercounted

The Thai ODA presented here is understated for two reasons. First, data collection on the full ODA activities of Thai ministries and other agencies is still incomplete. Thus some programmes were not counted that should have been. In addition, there are no estimates of in-kind contributions to the United Nations in Thailand. For example, the annual rent ESCAP pays to the Royal Thai Government for the occupation and use of the land for its office and conference centre in a prime location in Bangkok is only 1 Thai baht (2.5 US cents) per year.

Second and more important, the Thai calculation does not include many items which OECD countries now count as ODA. The cost of administration of ODA programmes is now counted by OECD donors. These costs are not included in the Thai ODA calculation. Some OECD countries count commitments made for future grants and loans when they are made, even if later they are not met in full. All of the Thai ODA counted in the report consists of real grants and loans. No future Thai commitments are counted. OECD countries now count emergency and disaster relief to developing countries, and the costs of assistance to refugees from recipient countries as ODA. Thailand still provides support for displaced persons, most recently from Myanmar. None of this support was counted in Thai ODA presented in the report. Finally, the OECD countries now count as ODA the imputed subsidy of developing country students in their universities. No such calculation was made for Thailand, which hosts many foreign students from other developing countries.

Annex II

United Nations Millennium Declaration

Resolution 55/2 of 8 September 2000

The General Assembly adopts the following Declaration:

United Nations Millennium Declaration

I. Values and principles

1. We, heads of State and Government, have gathered at United Nations Headquarters in New York from 6 to 8 September 2000, at the dawn of a new millennium, to reaffirm our faith in the Organization and its Charter as indispensable foundations of a more peaceful, prosperous and just world.
2. We recognize that, in addition to our separate responsibilities to our individual societies, we have a collective responsibility to uphold the principles of human dignity, equality and equity at the global level. As leaders we have a duty therefore to all the world's people, especially the most vulnerable and, in particular, the children of the world, to whom the future belongs.
3. We reaffirm our commitment to the purposes and principles of the Charter of the United Nations, which have proved timeless and universal. Indeed, their relevance and capacity to inspire have increased, as nations and peoples have become increasingly interconnected and interdependent.
4. We are determined to establish a just and lasting peace all over the world in accordance with the purposes and principles of the Charter. We rededicate ourselves to support all efforts to uphold the sovereign equality of all States, respect for their territorial integrity and political independence, resolution of disputes by peaceful means and in conformity with the principles of justice and international law, the right to self-determination of peoples which remain under colonial domination and foreign occupation, non-interference in the internal affairs of States, respect for human rights and fundamental freedoms, respect for the equal rights of all without distinction as to race, sex, language or religion and international cooperation in solving international problems of an economic, social, cultural or humanitarian character.
5. We believe that the central challenge we face today is to ensure that globalization becomes a positive force for all the world's people. For while globalization offers great opportunities, at present its benefits are very unevenly shared, while its costs are unevenly distributed. We recognize that developing countries and countries with economies in transition face special difficulties in responding to this central challenge. Thus, only through broad and sustained efforts to create a shared future, based upon our common humanity in all its diversity, can globalization be made fully inclusive and equitable. These efforts must include policies and measures, at the global level, which correspond to the needs of developing countries and economies in transition and are formulated and implemented with their effective participation.
6. We consider certain fundamental values to be essential to international relations in the twenty-first century. These include:
 - **Freedom.** Men and women have the right to live their lives and raise their children in dignity, free from hunger and from the fear of violence, oppression or injustice. Democratic and participatory governance based on the will of the people best assures these rights.
 - **Equality.** No individual and no nation must be denied the opportunity to benefit from development. The equal rights and opportunities of women and men must be assured.
 - **Solidarity.** Global challenges must be managed in a way that distributes the costs and burdens fairly in accordance with basic principles of equity and social justice. Those who suffer or who benefit least deserve help from those who benefit most.
 - **Tolerance.** Human beings must respect one other, in all their diversity of belief, culture and language. Differences within and between societies should be

neither feared nor repressed, but cherished as a precious asset of humanity. A culture of peace and dialogue among all civilizations should be actively promoted.

- **Respect for nature.** Prudence must be shown in the management of all living species and natural resources, in accordance with the precepts of sustainable development. Only in this way can the immeasurable riches provided to us by nature be preserved and passed on to our descendants. The current unsustainable patterns of production and consumption must be changed in the interest of our future welfare and that of our descendants.
 - **Shared responsibility.** Responsibility for managing worldwide economic and social development, as well as threats to international peace and security, must be shared among the nations of the world and should be exercised multilaterally. As the most universal and most representative organization in the world, the United Nations must play the central role.
7. In order to translate these shared values into actions, we have identified key objectives to which we assign special significance.

II. Peace, security and disarmament

8. We will spare no effort to free our peoples from the scourge of war, whether within or between States, which has claimed more than 5 million lives in the past decade. We will also seek to eliminate the dangers posed by weapons of mass destruction.
9. We resolve therefore:
- To strengthen respect for the rule of law in international as in national affairs and, in particular, to ensure compliance by Member States with the decisions of the International Court of Justice, in compliance with the Charter of the United Nations, in cases to which they are parties.
 - To make the United Nations more effective in maintaining peace and security by giving it the resources and tools it needs for conflict prevention, peaceful resolution of disputes, peacekeeping, post-conflict peace-building and reconstruction. In this context, we take note of the report of the Panel on United Nations Peace Operations and request the General Assembly to consider its recommendations expeditiously.
 - To strengthen cooperation between the United Nations and regional organizations, in accordance with the provisions of Chapter VIII of the Charter.

- To ensure the implementation, by States Parties, of treaties in areas such as arms control and disarmament and of international humanitarian law and human rights law, and call upon all States to consider signing and ratifying the Rome Statute of the International Criminal Court.
 - To take concerted action against international terrorism, and to accede as soon as possible to all the relevant international conventions.
 - To redouble our efforts to implement our commitment to counter the world drug problem.
 - To intensify our efforts to fight transnational crime in all its dimensions, including trafficking as well as smuggling in human beings and money laundering.
 - To minimize the adverse effects of United Nations economic sanctions on innocent populations, to subject such sanctions regimes to regular reviews and to eliminate the adverse effects of sanctions on third parties.
 - To strive for the elimination of weapons of mass destruction, particularly nuclear weapons, and to keep all options open for achieving this aim, including the possibility of convening an international conference to identify ways of eliminating nuclear dangers.
 - To take concerted action to end illicit traffic in small arms and light weapons, especially by making arms transfers more transparent and supporting regional disarmament measures, taking account of all the recommendations of the forthcoming United Nations Conference on Illicit Trade in Small Arms and Light Weapons.
 - To call on all States to consider acceding to the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-personnel Mines and on Their Destruction, as well as the amended mines protocol to the Convention on conventional weapons.
10. We urge Member States to observe the Olympic Truce, individually and collectively, now and in the future, and to support the International Olympic Committee in its efforts to promote peace and human understanding through sport and the Olympic Ideal.

III. Development and poverty eradication

11. We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected. We are committed to making the right to development a

- reality for everyone and to freeing the entire human race from want.
12. We resolve therefore to create an environment – at the national and global levels alike – which is conducive to development and to the elimination of poverty.
 13. Success in meeting these objectives depends, inter alia, on good governance within each country. It also depends on good governance at the international level and on transparency in the financial, monetary and trading systems. We are committed to an open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system.
 14. We are concerned about the obstacles developing countries face in mobilizing the resources needed to finance their sustained development. We will therefore make every effort to ensure the success of the High-level International and Intergovernmental Event on Financing for Development, to be held in 2001.
 15. We also undertake to address the special needs of the least developed countries. In this context, we welcome the Third United Nations Conference on the Least Developed Countries to be held in May 2001 and will endeavour to ensure its success. We call on the industrialized countries:
 - To adopt, preferably by the time of that Conference, a policy of duty- and quota-free access for essentially all exports from the least developed countries;
 - To implement the enhanced programme of debt relief for the heavily indebted poor countries without further delay and to agree to cancel all official bilateral debts of those countries in return for their making demonstrable commitments to poverty reduction; and
 - To grant more generous development assistance, especially to countries that are genuinely making an effort to apply their resources to poverty reduction.
 16. We are also determined to deal comprehensively and effectively with the debt problems of low- and middle-income developing countries, through various national and international measures designed to make their debt sustainable in the long term.
 17. We also resolve to address the special needs of small island developing States, by implementing the Barbados Programme of Action and the outcome of the twenty-second special session of the General Assembly rapidly and in full. We urge the international community to ensure that, in the development of a vulnerability index, the special needs of small island developing States are taken into account.
 18. We recognize the special needs and problems of the landlocked developing countries, and urge both bilateral and multilateral donors to increase financial and technical assistance to this group of countries to meet their special development needs and to help them overcome the impediments of geography by improving their transit transport systems.
 19. We resolve further:
 - To halve, by the year 2015, the proportion of the world's people whose income is less than one dollar a day and the proportion of people who suffer from hunger and, by the same date, to halve the proportion of people who are unable to reach or to afford safe drinking water.
 - To ensure that, by the same date, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling and that girls and boys will have equal access to all levels of education.
 - By the same date, to have reduced maternal mortality by three quarters, and under-five child mortality by two thirds, of their current rates.
 - To have, by then, halted, and begun to reverse, the spread of HIV/AIDS, the scourge of malaria and other major diseases that afflict humanity.
 - To provide special assistance to children orphaned by HIV/AIDS.
 - By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers as proposed in the "Cities Without Slums" initiative.
 20. We also resolve:
 - To promote gender equality and the empowerment of women as effective ways to combat poverty, hunger and disease and to stimulate development that is truly sustainable.
 - To develop and implement strategies that give young people everywhere a real chance to find decent and productive work.
 - To encourage the pharmaceutical industry to make essential drugs more widely available and affordable by all who need them in developing countries.
 - To develop strong partnerships with the private sector and with civil society organizations in pursuit of development and poverty eradication.
 - To ensure that the benefits of new technologies, especially information and communication technologies, in conformity with recommendations contained in the ECOSOC 2000 Ministerial Declaration, are available to all.

IV. Protecting our common environment

21. We must spare no effort to free all of humanity, and above all our children and grandchildren, from the threat of living on a planet irredeemably spoilt by human activities, and whose resources would no longer be sufficient for their needs.

22. We reaffirm our support for the principles of sustainable development, including those set out in Agenda 21, agreed upon at the United Nations Conference on Environment and Development.

23. We resolve therefore to adopt in all our environmental actions a new ethic of conservation and stewardship and, as first steps, we resolve:

- To make every effort to ensure the entry into force of the Kyoto Protocol, preferably by the tenth anniversary of the United Nations Conference on Environment and Development in 2002, and to embark on the required reduction in emissions of greenhouse gases.
- To intensify our collective efforts for the management, conservation and sustainable development of all types of forests.
- To press for the full implementation of the Convention on Biological Diversity and the Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa.
- To stop the unsustainable exploitation of water resources by developing water management strategies at the regional, national and local levels, which promote both equitable access and adequate supplies.
- To intensify cooperation to reduce the number and effects of natural and man-made disasters.
- To ensure free access to information on the human genome sequence.

V. Human rights, democracy and good governance

24. We will spare no effort to promote democracy and strengthen the rule of law, as well as respect for all internationally recognized human rights and fundamental freedoms, including the right to development.

25. We resolve therefore:

- To respect fully and uphold the Universal Declaration of Human Rights.
- To strive for the full protection and promotion in all our countries of civil, political, economic, social and cultural rights for all.

- To strengthen the capacity of all our countries to implement the principles and practices of democracy and respect for human rights, including minority rights.

- To combat all forms of violence against women and to implement the Convention on the Elimination of All Forms of Discrimination against Women.

- To take measures to ensure respect for and protection of the human rights of migrants, migrant workers and their families, to eliminate the increasing acts of racism and xenophobia in many societies and to promote greater harmony and tolerance in all societies.

- To work collectively for more inclusive political processes, allowing genuine participation by all citizens in all our countries.

- To ensure the freedom of the media to perform their essential role and the right of the public to have access to information.

VI. Protecting the vulnerable

26. We will spare no effort to ensure that children and all civilian populations that suffer disproportionately the consequences of natural disasters, genocide, armed conflicts and other humanitarian emergencies are given every assistance and protection so that they can resume normal life as soon as possible. We resolve therefore:

- To expand and strengthen the protection of civilians in complex emergencies, in conformity with international humanitarian law.

- To strengthen international cooperation, including burden sharing in, and the coordination of humanitarian assistance to, countries hosting refugees and to help all refugees and displaced persons to return voluntarily to their homes, in safety and dignity and to be smoothly reintegrated into their societies.

- To encourage the ratification and full implementation of the Convention on the Rights of the Child and its optional protocols on the involvement of children in armed conflict and on the sale of children, child prostitution and child pornography.

VII. Meeting the special needs of Africa

27. We will support the consolidation of democracy in Africa and assist Africans in their struggle for lasting peace, poverty eradication and sustainable development, thereby bringing Africa into the mainstream of the world economy.

28. We resolve therefore:

- To give full support to the political and institutional structures of emerging democracies in Africa.
- To encourage and sustain regional and subregional mechanisms for preventing conflict and promoting political stability, and to ensure a reliable flow of resources for peacekeeping operations on the continent.
- To take special measures to address the challenges of poverty eradication and sustainable development in Africa, including debt cancellation, improved market access, enhanced Official Development Assistance and increased flows of Foreign Direct Investment, as well as transfers of technology.
- To help Africa build up its capacity to tackle the spread of the HIV/AIDS pandemic and other infectious diseases.

VIII. Strengthening the United Nations

29. We will spare no effort to make the United Nations a more effective instrument for pursuing all of these priorities: the fight for development for all the peoples of the world, the fight against poverty, ignorance and disease; the fight against injustice; the fight against violence, terror and crime; and the fight against the degradation and destruction of our common home.

30. We resolve therefore:

- To reaffirm the central position of the General Assembly as the chief deliberative, policy-making and representative organ of the United Nations, and to enable it to play that role effectively.
- To intensify our efforts to achieve a comprehensive reform of the Security Council in all its aspects.
- To strengthen further the Economic and Social Council, building on its recent achievements, to help it fulfil the role ascribed to it in the Charter.
- To strengthen the International Court of Justice, in order to ensure justice and the rule of law in international affairs.
- To encourage regular consultations and coordination among the principal organs of the United Nations in pursuit of their functions.
- To ensure that the Organization is provided on a timely and predictable basis with the resources it needs to carry out its mandates.

- To urge the Secretariat to make the best use of those resources, in accordance with clear rules and procedures agreed by the General Assembly, in the interests of all Member States, by adopting the best management practices and technologies available and by concentrating on those tasks that reflect the agreed priorities of Member States.
- To promote adherence to the Convention on the Safety of United Nations and Associated Personnel.
- To ensure greater policy coherence and better cooperation between the United Nations, its agencies, the Bretton Woods Institutions and the World Trade Organization, as well as other multilateral bodies, with a view to achieving a fully coordinated approach to the problems of peace and development.
- To strengthen further cooperation between the United Nations and national parliaments through their world organization, the Inter-Parliamentary Union, in various fields, including peace and security, economic and social development, international law and human rights and democracy and gender issues.
- To give greater opportunities to the private sector, non-governmental organizations and civil society, in general, to contribute to the realization of the Organization's goals and programmes.

31. We request the General Assembly to review on a regular basis the progress made in implementing the provisions of this Declaration, and ask the Secretary-General to issue periodic reports for consideration by the General Assembly and as a basis for further action.

32. We solemnly reaffirm, on this historic occasion, that the United Nations is the indispensable common house of the entire human family, through which we will seek to realize our universal aspirations for peace, cooperation and development. We therefore pledge our unstinting support for these common objectives and our determination to achieve them.

*Resolution A/RES/55/2
8th plenary meeting
8 September 2000*

Annex III:

Millennium Development Goals, Targets and Indicators*

Indicator	Description
	<p>Goal 1. Eradicate extreme poverty and hunger Target 1. Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day</p>
1	Proportion of population below \$1 (PPP) per day
2	Poverty gap ratio (incidence x depth of poverty)
3	Share of poorest quintile in national consumption
	<p>Target 2. Halve, between 1990 and 2015, the proportion of people who suffer from hunger</p>
4	Prevalence of underweight children under five years of age
5	Proportion of population below minimum level of dietary energy consumption
	<p>Goal 2. Achieve universal primary education Target 3. Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling</p>
6	Net enrolment ratio in primary education
7	Proportion of pupils starting grade 1 who reach grade 5
8	Literacy rate of 15- to 24-year-olds
	<p>Goal 3. Promote gender equality and empower women Target 4. Eliminate gender disparity in primary and secondary education, preferably by 2005, and to all levels of education no later than 2015</p>
9-1	Ratio of girls to boys in primary education
9-2	Ratio of girls to boys in secondary education
9-3	Ratio of girls to boys in tertiary education
10	Ratio of literate women to men of 15- to 24-year-olds
11	Share of women in wage employment in the non-agricultural sector
12	Proportion of seats held by women in national parliament
	<p>Goal 4. Reduce child mortality Target 5. Reduce by two thirds, between 1990 and 2015, the under-five mortality rate</p>
13	Under-five mortality rate
14	Infant mortality rate
15	Proportion of 1-year-old children immunized against measles
	<p>Goal 5. Improve maternal health Target 6. Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio</p>
16	Maternal mortality ratio
17	Proportion of births attended by skilled health personnel

* Indicator not applicable for all countries/areas.

For detailed definitions and technical notes, see the Millennium Development Indicators web site, <http://www.millenniumindicators.un.org>

Indicator	Description
	<p>Goal 6. Combat HIV/AIDS, malaria and other diseases</p> <p>Target 7. Have halted by 2015 and begun to reverse the spread of HIV/AIDS</p> <p>18 HIV prevalence among 15- to 24-year-old pregnant women</p> <p>19 Condom use to overall contraceptive use among currently married women aged 15-49; percentage</p> <p>19a-1 Condom use; men aged 15-24 at last high-risk sex; percentage</p> <p>19a-2 Condom use; women aged 15-24 at last high-risk sex; percentage</p> <p>19b-1 HIV knowledge; men aged 15-24 who know that a healthy-looking person can transmit HIV; percentage</p> <p>19b-2 HIV knowledge; men aged 15-24 who know that a person can protect himself from HIV infection by consistent condom use; percentage</p> <p>19b-3 HIV knowledge; women aged 15-24 who know that a healthy-looking person can transmit HIV; percentage</p> <p>19b-4 HIV knowledge; women aged 15-24 who know that a person can protect herself from HIV infection by consistent condom use; percentage</p> <p>20 Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14</p> <p>Target 8. Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases</p> <p>21-1* Prevalence (notified cases) associated with malaria</p> <p>21-2* Death rates associated with malaria for all ages</p> <p>21-3* Death rates associated with malaria for 0-4 age group</p> <p>22-1* Malaria prevention: use of insecticide-treated bed nets in population younger than 5 years; percentage</p> <p>22-2* Malaria treatment: fever treated with anti-malarial drugs in population younger than 5 years; percentage</p> <p>23-1 Prevalence rates associated with tuberculosis</p> <p>23-2 Death rates associated with tuberculosis</p> <p>24-1 Proportion of tuberculosis cases detected</p> <p>24-2 Proportion of tuberculosis cases cured under directly observed treatment short course (DOTS)</p>
	<p>Goal 7. Ensure environmental sustainability</p> <p>Target 9. Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources</p> <p>25 Proportion of land area covered by forest</p> <p>26 Ratio of area protected to maintain biological diversity to surface area</p> <p>27 Energy use (kg oil equivalent) per \$1 GDP (PPP)</p> <p>28-1 Carbon dioxide emissions (per capita)</p> <p>28-2 Consumption of ozone-depleting CFCs (ODP tons)</p> <p>29 Proportion of population using solid fuels</p> <p>Target 10. Halve by 2015 the proportion of people without sustainable access to safe drinking water and sanitation</p> <p>30-1 Proportion of population with sustainable access to an improved water source, urban</p> <p>30-2 Proportion of population with sustainable access to an improved water source, rural</p> <p>31 Proportion of urban population with access to improved sanitation</p> <p>Target 11. By 2020 to have achieved a significant improvement in the lives of at least 100 million slum dwellers</p> <p>32 Proportion of households with access to secure tenure</p>

Indicator	Description
	<p>Goal 8. Develop a global partnership for development</p> <p>Target 12. Develop further an open, rule-based, predictable, non-discriminatory trading and financial system</p> <p>Target 13. Address the special needs of the least developed countries</p> <p>Target 14. Address the special needs of landlocked countries and small island developing States</p> <p>Target 15. Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term</p> <p><i>Official development assistance (ODA)</i></p> <p>33-1* Net ODA, total, as percentage of OECD/DAC donors' gross national income</p> <p>33-2* Net ODA, to LDCs, as percentage of OECD/DAC donors' gross national income</p> <p>34* Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services</p> <p>35* Proportion of bilateral ODA of OECD/DAC donors that is untied</p> <p>36* ODA received in landlocked countries as proportion of their GNIs</p> <p>37* ODA received in small island developing States as proportion of their GNIs</p> <p><i>Market access</i></p> <p>38-1* Market access, developed country imports from developing countries; admitted duty free; percentage</p> <p>38-2* Market access, developed country imports from the LDCs; admitted duty free; percentage</p> <p>39-1* Market access; average tariffs imposed by developed countries on clothing from developing countries</p> <p>39-2* Market access; average tariffs imposed by developed countries on textiles from developing countries</p> <p>40* Agricultural support estimate for OECD countries as percentage of their GDP</p> <p>41* Proportion of ODA provided to help to build trade capacity</p> <p><i>Debt sustainability</i></p> <p>42* Total number of countries that have reached their Heavily Indebted Poor Countries Initiative (HIPC) decision points and number that have reached their HIPC completion points</p> <p>43* Debt relief committed under HIPC initiative, US Dollars</p> <p>44 Debt service as percentage of exports of goods and services</p> <p>Target 16. In cooperation with developing countries, develop and implement strategies for decent and productive work for youth</p> <p>45-1 Unemployment rate of 15- to 24-year-olds, total</p> <p>45-2 Unemployment rate of 15- to 24-year-olds, men</p> <p>45-3 Unemployment rate of 15- to 24-year-olds, women</p> <p>Target 17. In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries</p> <p>46 Proportion of population with access to affordable essential drugs on a sustainable basis</p> <p>Target 18. In cooperation with the private sector, make available the benefits of new technologies, especially information and communications</p> <p>47 Telephone lines and cellular subscribers per 100 population</p> <p>48-1 Personal computers in use per 100 population</p> <p>48-2 Internet users per 100 population</p>

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