

*Evaluation of the European Commission's  
Co-operation with Thailand*

Final Report

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*The evaluation was managed by the evaluation unit who also chaired the reference group composed by members of the services (EuropeAid, DG Dev, DG Relex), the EC Delegations to Thailand and representatives of the Royal Thai Embassy in Brussels.*

*Full reports of the evaluation can be obtained from the evaluation unit website:  
[http://ec.europa.eu/europeaid/how/evaluation/evaluation\\_reports/index\\_en.htm](http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/index_en.htm)*

***The opinions expressed in this document represent the authors' points of view, which are not necessarily shared by the European Commission or by the authorities of the countries concerned.***

# Evaluation of European Commission's Cooperation with Thailand

## Country Level Evaluation

### Final Report

The report consists of 2 volumes:

Volume I: FINAL report

Volume II: Annexes

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1. Introduction
2. Methodology
3. Background
4. Findings
5. Conclusions
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## ACRONYMS

AI	Amnesty International
bn	billion
CCF	Country Cooperation Framework
CRIS	Common Relex Information System
CSP	Country Strategy Paper
DfID	Department for International Development (UK)
DG	Directorate General of the EC
EC	European Commission
ECHO	EC Humanitarian Aid Department
EIB	European Investment Bank
EIDHR	European Initiative for Democracy and Human Rights
EQ	Evaluation Question
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GSP	EU General System of Preferences
HDI	Human Development Index
IFIs	International financial institutions
IfS	Instrument for Stability
IMF	International Monetary Fund
IOM	International Organisation for Migration
IRC	International Rescue Committee
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
JC	Judgement Criteria
MDG	Millennium Development Goals
MIC	Middle Income Country
MoU	Memorandum of Understanding
MTEF	Medium -Term Expenditure Framework
NGO	Non-governmental Organisation
NIP	National Indicative Program
OECD	Organisation for Economic Cooperation and Development
PCA	Partnership and Cooperation Agreements
RG	Reference Group
RIP	Regional Indicative Programme
RSP	Regional Strategy Programme
RTG	Royal Thai Government
SIDA	Swedish International Development Cooperation Agency
SME	Small and Medium Enterprises
SOM	Senior Officers Meetings
SPF	Small Projects Facility
SWOT	Strengths, Weaknesses, Opportunities, Threats
TA	Technical Assistance
TBBC	Thailand Burma Border Consortium
TIPO	Thailand Intellectual Property Office
ToR	Terms of Reference
TRT	Thai Rak Thai
UN	United Nations
UNHCR	United Nations Refugee Agency
UNDP	United Nations Development Programme
UNICEF	The United Nations Children's Fund

USAID	US Agency for International Development
USD	United States Dollar
WB	World Bank
WHO	World Health Organisation
WTO	World Trade Organisation

## EXECUTIVE SUMMARY

### Objectives of the evaluation

The main objectives of this evaluation is to provide an overall independent and accountable assessment of the European Commission's cooperation relations with Thailand during the 1997-2007 period, to identify lessons learnt from past cooperation and thus to assist the implementation of the present strategy and preparation of future strategies.

During the period, European Commission's disbursement totalled some € 110 million.

### Country context

Thailand is the fourth most developed ASEAN Member State (behind Singapore, Brunei and Malaysia). Its GDP per capita is US\$3,289 (current prices). Among all Asian countries in this category Thailand has the highest Human Development Index (HDI) score and might be able to cross the threshold of high human development in the near future. Thailand is therefore a middle income country but with a wide disparity between rural and urban areas. In 2006, Thailand recorded the second largest Foreign Direct Investment (FDI) inflow - US\$ 10.8 billion.

After becoming a constitutional monarchy in 1932, Thailand took a bumpy road towards democracy interrupted by frequent military coups (18 military coups since 1932). For almost five decades, the country was ruled by military-led governments. The military gave bureaucrats an almost free hand to manage the country, particularly on macroeconomic policy.

### Methodology

The evaluation methodology follows the approach recommended by the European Commission (EC), which starts with the reconstruction of the intervention logic to identify prioritised cooperation objectives and intended effects. Derived from the logical diagram, Evaluation Questions (EQs) were proposed, comprising judgement criteria, each of which are assessed based on quantitative and qualitative indicators.

Among the evaluation tools applied were; the examination of some 200 documents, interviews with over 50 persons, augmented by a detailed review of 30 projects in focal and non-focal sectors.

### Overall Assessment

European Commission cooperation with Thailand successfully tackled the challenge of answering the Government request of aligning to a partnership of equals, with limited resources (€11 million annually upon which the Delegation influenced less than half). Innovative solutions were found to promote policy dialogue on priority government sectors, whilst mobilising Non-State Actors (NSAs) through the Small Projects Facility (SPF). A focus on trade issues was kept for development resources, still opening a constructive dialogue on sensitive issues such as refugees from Burma and human rights.

### Findings

European Commission interventions focus on **trade and economic issues** through bilateral and regional programmes. They targeted a wide array of stakeholders, from government services (particularly for intellectual property rights) to Small & Medium-sized Enterprises (SME), supporting them to adjust to new regulations for accessing the European Union market. The outcomes of each intervention were achieved but with limited impact. The SPF programme attracted far more academics than entrepreneurs. Impact on trade issues and economic partnership was achieved more through publicising and lobbying done by Delegation personnel on the Generalised System of Preference (GSP) and trade disputes that arose regularly. EC visibility related more to those disputes than to its cooperation interventions.

The Thai components of regional programmes (such as the ASEAN standards programme, ECAP, Asia Pro Eco, Asia Trust Fund etc.) and to a lesser extent bilateral programmes (such as SPF), have had indirect effects on resolving and - equally importantly - preventing trade conflicts by helping Thai stakeholders to comply with international and EU norms, standards and regulations. These interventions contributed to a more **balanced partnership** than the one that would have occurred in the absence of

EC cooperation programmes. The limited resources available to the EC made this contribution marginal.

EC interventions in **higher education** generated stable academic networks between the EU and leading Thai Higher Education Institutions (HEI), based on ASEAN regional programmes. Bilateral funds were fully allocated to the global Erasmus Mundus programme for Thai students. Higher Education (HE) programmes have become readily recognisable and successful “European brands”. While effectively promoting intercultural understanding and awareness among immediate beneficiaries, the select nature of these programmes precluded a wider diffusion of these benefits. Overall, this sector of EC support did not generate significant short-term economic return.

The main EC intervention supporting the **health sector** targeted the health care reform process. This support covered two programming periods and provided Technical Assistance and training to the Ministry of Health (MoH) at central level. The EC contribution to decentralisation, to health care budgeting, as well as to set liability criteria for doctors, accreditation procedures and examination standards for health teaching institutions are widely recognised. It definitely developed MoH capacity and has thus had an impact on sustainability and can be seen as a contribution to universal coverage, even if the Thai Government's “30 Baths scheme” -- key for the universalisation of access -- has indeed had more far-reaching impact.

EC **environmental** interventions kept a two-pronged approach, supporting on the one hand biodiversity and energy programmes, while promoting more involvement of the Government in tackling global challenges faced at a regional level. To a large extent, synergies between those two lines of support stayed elusive, notably given the numerous management shortfalls faced while implementing coastal habitat projects. Increased public concern about global environment challenges was more effective in extending the Government's environmental agenda.

The relationship between changed views of successive governments on **gender, governance and human rights** and EC mainstreaming of cross-cutting issues is not able to be traced. Here again, owing to limited bilateral cooperation resources, such an impact was not expected. However, ECHO and EC budget lines provided significant resources to the country over the last decade in order to manage Burmese and other refugees from ethnic minorities as well as migration issues. Those direct interventions were well coordinated and effective in supporting not only the maintenance of camps but also the respect for human rights and also the enhancement of gender through various projects mainly on education and health. Moreover, those interventions were also effective in maintaining the status quo with the Royal Thai Government (RTG) on those issues but did not lead to an enhanced governance agenda. EC interventions have clearly paved the way for future collaboration.

From 2003 onwards, the challenge of moving towards a **partnership of equals** was tackled, at the request of the Government. The Government's priorities were proactively taken into account by EC interventions in policy dialogue based on a daily working relationship with the Delegation, targeted Technical Assistance and projects implemented through Calls for Proposals for Thai NSAs. The implementation modalities, and particularly timeliness and targeting of projects showed a sound understanding of the country's needs and changing contexts.

Faced with the challenging quest for a “partnership of equals” not defined by a shared Partnership and Cooperation Agreement (PCA), the EC maximised its limited resources by adequately promoting **policy dialogue** through its regional programmes while keeping in touch with other stakeholders through the SPF. Budget line programmes, mainly focused in human rights issues and refugees, were however hard to consistently link to sector policy dialogue and raised conflictive issues; they were seen as supplementary in EC Country Strategy Papers (CSP).

The limited resources, whether bilateral or regional, did not allow for an extensive mix of approaches, financing modalities and channels of disbursement.

Upon the request of reaching a partnership of equals, most of the EU Member States (MS) and other donors phased out their development cooperation interventions, keeping only cultural and economic cooperation. The leading role of the EC in **coordinating with the Member States** followed the same pattern. Monthly coordination meetings are now focused on trade and political issues. The division of



labour and complementary interventions was merely previously in use. Only rare examples of a lack of harmonised initiatives were identified. Outsourced projects with UN agencies or the World Bank stayed consistent with EC goals.

## Conclusions

The five main conclusions of this evaluation exercise over the 1997-2007 period are the following:

- From 2003 onwards, EC interventions in Thailand paved the way for an innovative approach to tackling the challenge of shifting from traditional development assistance to a partnership of equals.
- The strategic response formulated by the EC took into account shrinking bilateral resources (€13.2 million under the National Indicative Programmes covering 2002-2006, €8 million for the Multi-annual Indicative Programme 2007-2010) and the flexibility required by the lack of agreement upon the Partnership Cooperation Agreement. Wide-scope fiduciary funds were set-up besides the long-standing projects in health and the environment.
- This approach of bilateral cooperation through calls of proposals allowed the EC to use its financial resources partly by building working relationships with technical ministries, partly with Non State Actors, while the negotiations on the Partnership Cooperation Agreement were proceeding extremely slowly with the Ministry of Foreign Affairs.
- The EC's strategic response to development and growth challenges, is strongly related to the RTG's priorities in a clear and particularly articulated way. Senior Officers Meetings (SOMs) were instrumental for this up to 2003. The discontinuation of those meetings since 2003 left the EC somewhat on its own. Since then, the EC's close alignment with sectoral needs has weakened, partly due to a lack of direct involvement by Government departments in selecting and implementing projects funded by fiduciary funds.

The main lesson learnt is that in a context in which both trade and political stakes for the EC are high, the EC's intricate instruments and funding modalities cancelled each other out and brought the EC-Thailand partnership to a standstill. This was not a major hindrance to the implementation of each instrument, and generally efficiently so, but at a loss of impact of the financial resources engaged and the visibility of the EC itself. Bilateral development cooperation was the first victim of this situation, as the lack of joint selection and management of interventions with the RTG did not allow for the achievement of either convergence or sustainability.

## Main Recommendations

Recommendations are based upon conclusions, prioritised and structured in clusters on the strategy, the implementation and the cooperation sectors.

Four recommendations appear to be of special significance for continuing support to Thailand.

1. Development cooperation should be considered in further programming cycles with Thailand, under an instrument fully dedicated to middle income countries<sup>1</sup>.
2. An alternative to the Development Cooperation Instrument (DCI) should consider the rationale and implementing modalities of EC support to the EU enlargement process, intending to share EU experience on trade, investment regulations and an opening up to the world market. This sharing should employ on the one hand targeted technical assistance programmes and, on the other, twinning programmes within a policy dialogue framework based on a jointly monitored Memorandum of Understanding (MoU).
3. Senior Officers' Meetings are instrumental to ensuring the EC strategy's relevance, impact and sustainability. Their participants and institutional framework should be re-assessed to make sure that

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<sup>1</sup> Such decision was taken by the EC during the evaluation by extending to Thailand the Industrial Cooperation Instrument; a pilot phase is foreseen by end 2009.

those meetings can tackle both comprehensive sector policy dialogue and institutionalised partnerships in implementing EC interventions, particularly the Thai-EC Cooperation Facility. The PCA, once established, should become the strategic framework for SOMs.

4. Apart from dedicating the remaining resources of the Thai-EC Cooperation Facility to twinning projects with EU institutions, its impact should be enhanced by reinforcing its targeting on a few major issues on which dialogue on poverty reduction should come first. The next Senior Officers Meeting would be the best opportunity to introduce such targeting. A focus on research, whether with direct applications or not, and on climate change would be a proper step towards a broader foreseeable interaction on scientific end research cooperation.
5. Taking into account the conflict situation in the South of Thailand, and its potential impact on the overall development process of the country, the use of the EC Instrument for Stability should be considered.

## 1 INTRODUCTION

The evaluation of the Commission's cooperation with Thailand is part of the 2007 evaluation programme as approved by External Relations and Development Commissioners and aiming at ensuring accountability for the management of the allocated funds as well as the promotion of a lesson-learning culture throughout the organization.

In the context of the programmes of the so-called Relex Family of Directorates-General<sup>2</sup> and of greater concentration of external cooperation and increasing emphasis on result-oriented approaches, particular attention needs to be paid to the provision of the reliable evaluation of impact.

The scope of the evaluation is the Commission's cooperation strategies and their implementation for the period 1997-2007.

The evaluation process assessed:

- the relevance, coherence and complementarity of the Commission's cooperation strategies for the period 1997-2007;
- the consistency between programming and implementation for the same period;
- the implementation of the Commission's cooperation, focusing on effectiveness and efficiency for the period 1997-2007 and on intended effects for the period under the programming cycle 2007-2013.

Based on the purpose of the evaluation to identify relevant lessons and to produce recommendations for the current programme, the process was focused on the following areas of cooperation: (1) economy and trade; (2) higher education and research; (3) environment; (4) gender and human rights.

The complete cooperation framework with Thailand was taken into consideration encompassing the main agreements and other official commitments between the EU and Thailand.

This evaluation was undertaken in close coordination and synergy with the three other ongoing evaluations of EC cooperation with 1) ASEAN; 2) Malaysia, and 3) the Lao PDR. The evaluation of EC cooperation with Thailand also covered certain aspects of EC cooperation with ASEAN as defined jointly with the team undertaking the latter evaluation. The evaluation was intended, in particular, to assess possible similarities and draw common lessons with the evaluation of EC- Thailand cooperation.

## 2 METHODOLOGY

### 2.1 Evaluation process

The evaluation followed a detailed methodological design, based on the evaluation guidelines set forth by the Joint Evaluation Unit. The evaluation process was divided into three phases, each of which entailed the implementation of a number of methodological steps, and culminated in a synthesis report.

The Final Report at hand provides a synthetic answer to the 9 evaluation questions (EQs) and related conclusions and recommendations. The logical path followed to answer the EQs was proposed at the earliest stage of the process (inception report) and agreed upon, after several rounds of revision, by the Reference Group. It is detailed in the information matrix (judgement criteria and related indicators) presented in the appendices. This logical path was followed as closely as possible, during both the documentary phase and the field phase, where it was used as a guide for interviews and focus groups. The EQs are as follow:

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<sup>2</sup> Directorates General of External Relations, (RELEX), Development (DEV), Enlargement (ELARG), Trade (TRADE) and the EuropeAid Cooperation Office (AIDCO)

- 1 To what extent have the Commission's interventions contributed to improved trade and economic partnership with the country?
- 2 To what extent have the Commission's interventions in the sector of higher education contributed to increase mutual understanding and awareness?
- 3 To what extent have the Commission's interventions in the sector of public health and health services contributed to the universal health care coverage?
- 4 To what extent were the EC programmes in the country consistent with the global objectives of EC response to global challenges faced by ASEAN, particularly environment issues?
- 5 To what extent has EC mainstreaming of gender, governance and human rights into its cooperation programmes resulted in enhanced governance in the country?
- 6 To what extent did the EC assessed and considered (i) the government's priorities, (ii) the needs of the country and, (iii) the evolving context in programming its strategic response, including the follow-up of the implementation strategy?
- 7 To what extent did the combination of instruments, approaches, financing modalities and/or channels of disbursement used by the EC contributed to achieve EC aid objectives?
- 8 To what extent has the EC coordinated and cooperated with EU Member states and IFIs intending to improve the complementarity of their interventions?
- 9 To what extent did the EC approach result in progress toward a balanced economic partnership between Thailand and the EU that would not have occurred absent EC cooperation programmes?

The following table presents the coverage of each evaluation criteria by the selected evaluation questions.

*Table 1 Cross-table of EQs and evaluation criteria and key issues*

	Evaluation questions								
	1	2	3	4	5	6	7	8	9
<b>DAC Evaluation criteria</b>									
Relevance				■		■			
Effectiveness	■	■							
Efficiency							■		
Impact	■	■	■						
Sustainability			■						
<b>EC Evaluation criteria</b>									
Coherence				■		■			
EC added value									■
<b>EC Evaluation key issues</b>									
3Cs									■
Cross-cutting issues					■				
EC visibility	■		■						

The documentary phase covered an extensive analysis of the documents found and made available to the evaluators. Those documents comprise EC programming, bilateral and regional documents, and reporting on EC projects and programmes (policy documents, implementation and evaluation reports, mid-term reviews, ROM reports). Documents on policy context and socioeconomic data and analysis were looked for through the Internet, as well as other potential ODA providers' reports. In the case of Thailand, by the end of the evaluated period, the level of documentation became the one that is usually encountered on country-level EC cooperation. Interviews with Desk officers in Brussels and an exploratory mission of the team leader to Bangkok were particularly helpful. They provided valuable background information on the EQs, and helped to identify and fill gaps in the data available up to this point. They have also been useful in identifying contacts for further interviews during the field phase. The draft desk report was approved as it was by the Reference Group (RG), allowing for the next phase, the field mission and later the synthesis phase, to begin.

Prior to the field visit, the evaluators presented a detailed methodology to the RG, identifying hypothesis to be checked, a list of projects to analyse in particular, respondents to meet, methodological tools to be employed by type of respondent and EQ. This framework (see appendices) was agreed upon by the RG as a sound basis for the next phase.

Following the field phase, all the gathered evidence was synthesised and carefully analysed, to arrive at the current draft final report. This draft final report will again be shared and commented upon by the RG, allowing for yet another round of feedback and improvement.

## 2.2 Evaluation limits

Political instability during 2008 postponed the scheduling of the field mission for months. When the opportunity arose, it was not possible for most of the members of the team to make themselves available as per the initial workload. The field mission has been shortened to fit into contractual deadlines. Therefore, the field mission (January 2009) did not allow the evaluation team to fulfil all methodological commitments made.

Figure 1: Field mission dates

Date	19/1	20/1	21/1	22/1	23/1	24/1	25/1	26/1	27/1	28/1	29/1	30/1	31/1	1/2	2/2	3/2	4/2	5/2	6/2	7/2	
MH	Preparation																				
JD	Preparation																				
CLS	Preparation																				
SN	Preparation																				
FB	Preparation																				
National Expert	Planning																				
Overall visit																					

Nonetheless, with the support and cooperation of the EC Delegation and the logistical support of the team's national expert, more than 50 interviews were successfully conducted - covering all sectors under scrutiny:

- M. Hennion (relevance, coherence, etc.): 17
- J. Dosch (Trade & investment): 9
- S. Ney (Environment & Higher Education): 11
- C. Schuftan (Health): 5
- F. Burban (Cross-cutting issues): 10

The shortened mission didn't allow the team to visit many project PIUs or to conduct project site visits. Interviews mainly covered EC Delegation staff, MSs and IFIs representatives, project managers and RTG departments; some beneficiaries too, but mainly institutions benefiting from SPF and EC-Thai co-op facility. For the same reason, it was not possible to organise the initially planned focus groups (trade and environment).

Another limit worth mentioning is that the Thailand-EU Partnership Cooperation Agreement (PCA) is still under negotiation, just as the Free Trade Agreement (FTA). It was therefore difficult to take them into account in conclusions and recommendations. These are the outcomes of the team's analysis only, with no means for having them put in perspective or corroborated with what is presently in the pipeline.

## 3 BACKGROUND

### 3.1 EC cooperation context

Thailand is the fourth most developed ASEAN member state (behind Singapore, Brunei and Malaysia). Its GDP per capita of US\$3,289 (current prices) is roughly 1.7 times larger than the ASEAN average of US\$1,900. The most recent HDI identifies Thailand as a country of medium human development (tables 2.5 and 2.6). Among all Asian countries in this category Thailand has the highest HDI score and might be able to cross the threshold of high human development in the near future. However, with regard to most key indicators of economic and human development Thailand lags significantly behind Malaysia which recently managed the upgrade to high human development. In 2006 Thailand recorded the second largest FDI inflow in 2006 (behind Singapore) - US\$ 10.8 billion, according to ASEAN data which is based on national statistics. In the same year, the country's trade volume (US\$ 248.7 billion) was the third largest in ASEAN (behind Singapore and Malaysia).

After becoming a constitutional monarchy in 1932, Thailand took a bumpy road towards democracy interrupted by frequent military coups (18 military coups since 1932). For almost five decades, the country was ruled by military-led governments. The military gave bureaucrats an almost free hand to manage the country, particularly in macroeconomic policy. The most recent took place on 19 September 2006, when the Thai Rak Thai (TRT) administration led by Thaksin Shinawatra was removed from power.

### 3.2 Economy

Over the past three decades, Thailand has become one of the most dynamic and diversified economies in Southeast Asia. Since recovering from the Asian crisis of 1997–1998, Thailand's solid economic growth (real GDP grew by 4.8% in 2007), financial stability, and significant gains in reducing poverty have contributed to its continued emergence as a middle-income country (MIC). The post-crisis period also brought about a considerable change in the role of the international financial institutions (IFIs) in supporting Thailand to address the development issues and challenges it faces as a MIC. Since Thailand graduated from an IMF stand-by arrangement in 2000, its engagement with the IFIs and other major development organisations has no longer been based on traditional broad-based public sector borrowing programs. Recent development partnerships have primarily involved the transfer of knowledge and skills rather than the transfer of financial resources (ADB, 2007<sup>3</sup>).

#### 3.2.1 Trade

Since the early 1980s the composition of Thailand's exports has changed dramatically. In 1980 80.1% of export earnings were derived from the primary sector; by 2004 85.6% of export earnings were accounted for by manufactured goods. This remarkable expansion of manufactured exports was associated with an increase in the share of import expenditures on machinery, components and raw materials (excluding fuels and lubricants), from 48.5% in 1980 to 74.5% in 2004. Between 1998 and 2005 export growth averaged a very respectable 9.7%, compared with an extraordinary average of 18.6% for the period 1986-95 (Dixon, 2007, p.1216).

Thailand ran a merchandise trade surplus of US\$13.9 billion in 2006, up from US\$3.2 bn in 2005, pushing the current account into surplus to the tune of US\$ 2.2 bn, from a deficit of US\$7.9 bn in 2005. The country has a diversified export base comprising agricultural commodities and manufactures, but 80% of exports now consist of manufactured goods, many of which depend to a large extent on imported inputs. Thailand is heavily reliant on imported oil (ADB, 2007).

The EU is Thailand's third largest trading partner and export destination, accounting for nearly 11.6% of its external trade and 13.9% (amounting to € 11.96 bn) of its exports in 2005. In the absence of a Preferential Trade Agreement between the EU and Thailand, trade relations are governed by the EU's

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<sup>3</sup> Detailed bibliographical references can be found in volume 2, annexe 2 « List of documents consulted ».

General System of Preferences (GSP). Thailand is one of the 10 largest benefactors of the GSP. Since the 1997 major Asian financial crisis Thailand has consistently enjoyed an annual bilateral trade surplus vis-à-vis the EU (amounting to € 3.3 billion in 2005). Bilateral trade relations are generally smooth with occasional irritants such as market access issues to be resolved. Thailand has concerns on certain aspects of the EC's policy on food safety and environmental standards while the EC has shown concern on the enforcement of intellectual property rights, limitations in liberalising the services sector and working conditions in some parts of the economy.<sup>4</sup>

Table 2: EU-27 Trade with ASEAN and Thailand

Million euros	EU27 exports		EU27 imports		EU27 balance	
	2000	2006	2000	2006	2000	2006
ASEAN	41 856	49 395	75 386	78 887	-33 530	-29 491
<b>Thailand</b>	<b>6 628</b>	<b>7 340</b>	<b>13 545</b>	<b>14 748</b>	<b>-6 917</b>	<b>-7 408</b>

Source: EUROSTAT

Although the country's economic development path shows a strong emphasis on industrialisation, agriculture still serves as the underpinning of the Thai economy. In 2005, Thailand ranked as the world's eighth leading exporter of agricultural products. Thailand's share in the world's agricultural market nearly doubled over 25 years, from 1.2 percent in 1980 to 2.1 percent in 2005 – a growth rate second only to China (FAO/WHO, 2006). The agricultural market in the EU is very important to Thailand, since the region was the world's largest importer of agricultural products in 2005.

Despite Thailand's impressive performance in the global agricultural market, the contribution of food and agriculture to total exports declined from 56 percent in 1982 to only 21 percent in 2007 (Ministry of Agriculture and Cooperatives, p.23). As such, Thailand's food and agricultural policies have not been supportive of international trade. In particular, policy making on food and agriculture has often been contradictory. As a result of conflicting food and agricultural policies, farmers' poverty has become a major problem (Kunnamas, 2008).

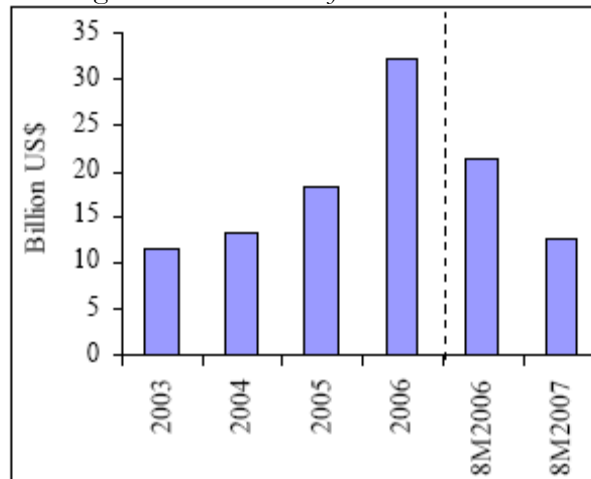
Since 2000 Thailand has negotiated several bilateral free trade agreements, notably with Australia, Bangladesh, Chile, China, the European Free Trade Association, India, Japan, the Republic of Korea, Mexico, New Zealand, South Africa and the USA (Dixon, 2007).

### 3.2.2 *Investment*

Gross inflows of FDI have been increasing since 2000 and reached record high of US\$32 bn in 2006. According to figures published by Thailand Board of Investment (BOI), in 2006 net FDI applications originating from the EU accounted for nearly 10% of total applications in terms of value (Bt 30.5 of 307.7 bn) and 15.3% in terms of share of total projects (126 of 823). The EU is currently the third largest investor (down from the second rank in 2005) behind Japan and the US (Thailand Board of Investment).

<sup>4</sup> European Commission, [http://ec.europa.eu/external\\_relations/thailand/intro/index.htm](http://ec.europa.eu/external_relations/thailand/intro/index.htm). As for the latest "irritant", in January 2008 the EU formally requested consultations at the WTO over Thai customs valuation practice of rejecting the declared price of EU products imported into Thailand and applying an arbitrary value instead. The measures are having a significant impact on EU companies, especially exporters of wines and spirits ([http://ec.europa.eu/trade/issues/sectoral/mk\\_access/pr270108\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/mk_access/pr270108_en.htm)).

Figure 2: Gross FDI Inflows 2003-2007



Source: World Bank, based on Bank of Thailand (BOT) data, comparison of 2006 and 2007 figures: first eight months.

In its World Investment Prospect Survey 2007-09, the United Nations Conference on Trade and Development put Thailand in the 11th spot for FDI inflows forecast for that period. The country trailed regional competitors China (first), India (second) and Vietnam (sixth) (UNTAC, 2007).

### 3.2.3 *Poverty*

Poverty fell between 2004 and 2006, but at a relatively slow pace. The poverty headcount ratio fell from 11.2% in 2004 to 9.6% in 2006, leaving 6.1 million people living below the national poverty line of 1,386 Baht/person/month. Since the financial crisis, Thailand has achieved considerable progress in reducing poverty and advancing social development. It has already reached the MDG poverty target of halving the proportion of people living in poverty. It has also achieved the MDG targets of (i) improving maternal health; (ii) reducing child mortality; (iii) increasing access to safe drinking water and sanitation; and (iv) combating HIV/AIDS, malaria, and other diseases. In terms of education targets, Thailand has eliminated gender disparity in primary and secondary education, and will probably achieve universal primary education by the 2015 deadline. It is expected that Thailand will reach most of the MDG targets by 2015.

However, poverty reduction continues to be the foremost development challenge. Although less than 2% of Thailand's population lives below the \$1-a-day poverty line, just under a third, more than 20 million people, subsists on less than \$2 a day. In other words, a large segment of Thai society remains extremely vulnerable and may fall back into extreme poverty if economic growth is not sustained and its benefits distributed more equitably.

Some regions and social groups have clearly not benefited from Thailand's economic expansion. The vast majority of the poor (more than 85%) live in rural areas, and there are striking income disparities across regions. For example, in 2004 the incidence of poverty in the north was 16.2%, while in the northeast it was 17.2% (compared with the national incidence of 11.3%). Poverty in Bangkok and its vicinity was only 1.6%. More than one third of Thailand's poor are children, and more than 10% are elderly. Income inequality is also pronounced; less than 7% of total income goes to the poorest 20% of the population and more than 33% goes to the top 10% (ADB, 2007).

In 2001 the government declared a 'war' on poverty. The current goal, as expressed in the MDG-Plus target as approved by the Cabinet, is to reduce the incidence of poverty to less than 4% by 2009.



### 3.3 Social Sectors

#### 3.3.1 *Health*

Over the past three decades Thailand has achieved good progress in basic-health care, with significant declines in infant and maternal mortality rates, to the effect that the country is projected to meet many of MDGs. The total population size has tripled between 1960 and 2000, and the mortality rate has declined. Life expectancy at birth for males and females has increased from 60 and 66 years in 1980 to 70 and 75 years in 2000, respectively. The infant mortality rate decreased from 84.3 per 1,000 live births in 1960 to 16.3 per 1,000 live births in 2007. This is mainly the result of a successful immunization programme and the provision of maternal and child health services.

The five major causes of death among Thai people of all ages, as of the year 2005, were malignant neoplasms, accident and poisonings, hypertension and cardiovascular disease, disease of the heart, and diseases of the respiratory system (Bureau of Policy and Strategy Ministry of Public Health, 2007). Overall Thailand's health indicators are better than the average within the group of lower middle-income countries except in terms of human resources for health.

The Universal Coverage Scheme was launched in 2002 to ensure access to care as a basic right for the entire population.

#### 3.3.2 *Education*

According to the 2000 census, the average number of years of education that had been received by those aged 15 years rose to 7.8 in 2000, up from 5.7 in 1990. Government efforts at improving education have resulted in a 91% enrolment rate in primary schools, as well as a considerable rise in enrolment in secondary schools. Attendance at secondary schools, although still relatively low by regional standards, has risen from 17% in 1970 to 45.5% in 1990 and 65.7% in 2000, according to the census. Furthermore, about 22% of the college-age population is enrolled in a tertiary education institution.

Although the adult literacy rate, at 92.6% in 2004, according to the UNDP, is one of the highest in the region, nearly 80% of the current labour force has received only primary education, and, most importantly, the quality of secondary and higher education does not meet the requirements of an expanding economy aiming to remain internationally competitive. The majority of students in tertiary education are enrolled in vocational colleges rather than universities, and curriculum standards are generally poor. Consequently, the skills required for a shift to higher value-added and high-technology industries are still in short supply.

Thailand has a well-developed state system of primary and secondary education. Having achieved near-universal primary education, current reforms are focusing on expanding secondary enrolment and upgrading the quality of education. However, participation rates in secondary education are below those of less-developed neighbours such as Vietnam. The greatest challenge lies in improving quality. The education system is currently weak in both skills and creative critical thinking.

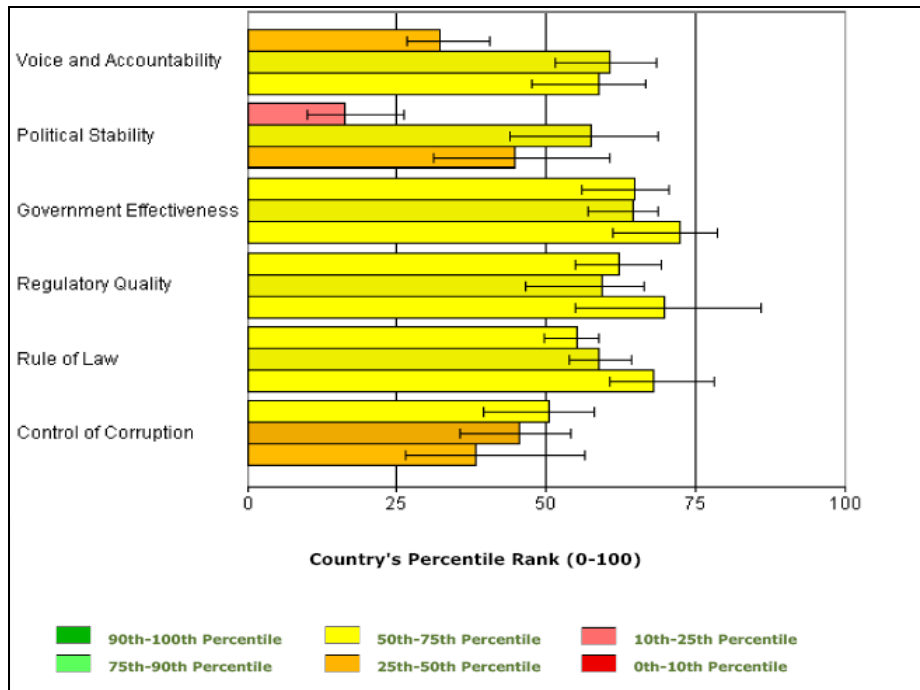
During the past few years, there has been a growing demand for a radical reform in education, seen as indispensable for Thailand to keep up with the pace of change in the world community. There have been strong efforts to push educational reforms by the both public and private sectors—for instance, the Office of the National Education Commission, the Ministry of Education, the Ministry of University Affairs and the Commission on Thailand's Education in the Era of Globalization. The issues of educational reform have become a priority of Thai education in 1997. However, the university system is still inadequate and plagued with severe quality shortcomings (World Bank, April 2008; Bertelsmann; Southeast Asian Ministers of Education Organization (SEAMEO)). The shortcomings in the higher education sector are reflected by the small number of Thais working in R&D as compared to other East Asian economies. During the period 2000-2005 public expenditure on R&D (% of GDP) was only about one-third of Malaysia's.

### 3.4 Major cross-cutting issues

#### 3.4.1 Governance

Thailand's main political challenge is the urgent need to improve the quality of governance. In 2006, Thailand scored lower on most governance indicators than a decade earlier (as compared to other countries). Solely the control of corruption improved (chart 2.2). Transparency's International Corruption Perception Index ranks Thailand at 84<sup>th</sup> position among 179 states or the third least corrupt state in ASEAN - behind Singapore (4<sup>th</sup>) and Malaysia (43<sup>rd</sup>). However, Thailand is considered to be more corrupt than China or India (both 72<sup>th</sup>).<sup>5</sup>

Figure 3: Governance Indicators Thailand, Comparison 2006, 2002, 1996 (top-bottom order)



Source: Compiled from World Bank, Worldwide Governance Indicators 2007, [http://info.worldbank.org/governance/wgi2007/sc\\_chart.asp#6](http://info.worldbank.org/governance/wgi2007/sc_chart.asp#6)

Any discussion of democracy and governance in the Thai context has to take into account the role of the armed forces. The military in Thailand is first and foremost an armed bureaucracy. Military officers have preferred to devote their energies to the professions of business and politics. In politics, they have consistently claimed for themselves high political office (many of Thailand's prime ministers have had a military background), and a share in the running of the country. The pursuit of security, as understood from the perspective of the Thai military, has sometimes amounted to finding strategies to avoid having to fight anyone. The Thai military presented itself as a central player in creating the modern Thai state, thanks to its role in the ending of the absolute monarchy.

#### 3.4.2 Security and Human rights issues

Thailand's most pressing security challenge is the situation of ongoing violence in the southern provinces of Narathiwat, Yala and Pattani. These provinces have a population of around 1.78 million of which 79% are Muslim. More than 3,000 people have been killed since the current cycle of violence

<sup>5</sup> [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2007](http://www.transparency.org/policy_research/surveys_indices/cpi/2007)

<sup>6</sup> Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations.

erupted in January 2004. While the views and interpretations of the root causes and reasons for violence vary, the underlying factors that feed the insurgency are likely to be due to the several perceived discriminatory actions by the Thai state and related to failed processes of nation-building and decentralisation, the perception of “internal colonialism” and economic underdevelopment in the South. There does not seem to be international involvement in the conflict on the part of the Al Qaida network at present as the conflict is still very much of a domestic nature.<sup>7</sup>

In view of concerns about the state institutions' handling of the conflict in the South and regular testimonies of about human rights abuses, it is debatable whether Thailand has made overall progress on human rights in recent years. On the one hand, Thailand is party to a number of international human rights treaties and conventions. In recent years it has established a National Human Rights Commission, a National Child Protection Committee and a National Reconciliation Commission that is charged with seeking peaceful solutions to the situation in the Southern provinces. In 2003 it passed a Child Protection Act and has also prepared a National Plan of Action on Human Rights. On the other hand, serious human rights issues are still reported, such as instances of arbitrary arrest and detention, and involuntary disappearances. Some vulnerable groups, such as unregistered children and women, are also at risk of trafficking, violence and discrimination. This requires concerted efforts to fulfil the government's obligations under the various human rights conventions to which Thailand is party.<sup>8</sup> There recently an increased resort to the death penalty, which the Government has declared as an integral part of the war on drugs.

### **3.4.3 *Environment***

As a fast-growing middle-income country, Thailand has faced many of the environmental problems that typically arise from industrialisation. It has lost much of its forested area and biodiversity has been shrinking: Thailand is home to as much as 7% of the world's animal and plant biodiversity. However, of 3,978 wild animal species 14 have recently become extinct, 572 are ‘near extinction’, and 63 are ‘endangered’. The country has also suffered from increased levels of pollution. In 2004 the Ministry of Natural Resources and Environment tested the water in 44 major rivers and 4 fresh water lakes. It found that in 23% of cases water quality was good, 51% moderate, 21% bad, and 5% very bad.

Approximately 34% of the total agricultural area, or 174,203 sq.km, has experienced serious soil erosion, and it has also been estimated that 44% of the agricultural land is of poor quality. However, these two categories overlap to some extent so the total of degraded land is less than the sum of these two figures. There are also concerns about lack of holistic approach in ecosystem management, and insufficient capacity at local levels to effectively manage natural resources.

There is now, however, much greater awareness of environmental priorities thanks both to a strong environmental movement and to greater government commitment. At the administrative level, Thailand has reorganised the national institutions that deal with the environment and natural resources, while also decentralising management to local authorities. It has also exercised greater discipline by improving law enforcement and pollution control. At the operation level, Community-based natural resources management has been promoted with increasing co-management between government officials and communities. To increase integration and promote a more holistic approach, the government has brought together the agencies dealing with resource management under the new Ministry of Natural Resources and Environment. This ministry has 16 regional offices to act as its technical arms and has appointed one senior environmental officer in each of the 75 provinces. Ecosystem approaches have

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<sup>7</sup> For current analyses of the conflict see for example, McCargo, Duncan, ed. *Rethinking Thailand's Southern Violence*, Singapore: NUS Press, 2007; Dosch, Jörn, *The Changing Dynamics of Southeast Asian Politics*, Boulder and London: Lynne Rienner, 2008, chapter 2; Croissant, Aurel, *Unrest in South Thailand: Contours, Causes and Consequences of Post-2001 Violence*, *Contemporary Southeast Asia*, vol. 27, no. 1 (2005).

<sup>8</sup> United Nations Country Team in Thailand, *Thailand Common Country Assessment*, Bangkok: 2005, p. 13

been applied, for example, in wetland, river basin, and watershed areas, where trans-boundary environmental issues and livelihood aspects are taken into account.<sup>9</sup>

### 3.5 EC strategic response

Over the years, EU-Thailand relations primarily took place within the larger framework of the EU-ASEAN relations. In the beginning, EC's interventions fell under the 1980 EU-ASEAN cooperation Agreement<sup>10</sup>. Its emphasis was on commercial, economic and development cooperation. Commercial cooperation aimed at granting a reciprocal most-favoured treatment and overcoming trade barriers. Economic cooperation encouraged closer links through investment and technological progress. Development cooperation objectives were to contribute to economic resilience and social well-being.

#### 3.5.1 Principles

The “*Europe and Asia: a strategic framework for enhanced partnerships*” (EC, 2001) Communication introduced a new strategic framework from 2001 onwards. Trade related cooperation went one step further in 2001 with the introduction of a revised Generalised System of Preference (GSP) covering the 2002-2004 period.

In the early years of the period covered by this evaluation, the EC-Thailand cooperation program could be characterized as a traditional development assistance program. The main sources of information on the period 1996-2001 available to the evaluators are (i) the 2002 ALA regulations evaluation (EVAL-EU Consortium, 2002), and (ii) the section on past EC cooperation in the 2002-2006 CSP.

The evaluation of the ALA Regulations described EC cooperation with Thailand over the period 1993-2000 as follows: “During the period 1993-2000 a total of € 98.3 millions was committed on a bilateral basis through 50 programmes or projects. Furthermore, resources for EU-Thailand cooperation were committed through sub-regional as well as inter-regional programmes and projects. (...) Four Macro-sectors utilize nearly equal shares of the overall programme, with the humanitarian sector being the largest (29.7 per cent), followed by the social sector with 25.0 per cent, the economic one in the third place (24.3 per cent) and the natural resources and environment utilizing just below 20 per cent.

Main features are that:

- *humanitarian assistance focuses on the politically sensitive issue of Myanmar/Burma refugees on the Thai-Burma border;*
- *the social sector comprise different components, including health sector reform aiming to improve the quality and accessibility of primary health care;*
- *economic cooperation includes a wide range of small projects such as technology workshops, commercial information, urban planning, with a focus on trade facilitation as well as research and development; and*
- *natural resource management involves the rehabilitation of coastal habitats and interventions to shore up agricultural productivity, mainly in the poorest northeastern provinces.”*

The content of ASEAN policy dialogue was the main source for programming the 2002-2006 CSP, with the major concern being the relatively high level of Thailand's economic and social development. This implied that EC cooperation focused on the economy. Aid-related instruments were to be mobilized only in exceptional circumstances, as it was the case after the Tsunami. Emergency and humanitarian interventions funded by ECHO and thematic programmes were also mobilized to tackle specific human rights or displaced persons' issues related to the Myanmar situation.

The promulgation of the first CSP for Thailand in 2002 is seen by the Delegation as a milestone in terms of shifting the focus from providing assistance, to forming a partnership, in which each party has an equal interest. The fact that Thailand became a net contributor of ODA is another significant mile-

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<sup>9</sup> United Nations Country Team in Thailand, Thailand Common Country Assessment, Bangkok: 2005, p. 25

<sup>10</sup> Council Regulation 1440/80 of 30 May 1980, OJ L 144, 10.06.1980

stone and induced a clear change in bilateral relations with EU (Thailand International Development Cooperation Agency, 2006).

The EC-ASEAN agreement of 1980 appeared no longer sufficient as a basis for EC - Thailand cooperation relations. The way to a bilateral agreement was opened by the 2003 Commission's Strategy for Southeast Asia. Such agreement would promote a relationship based upon a modern policy agenda with an appropriate institutional framework, enabling policy dialogue on a wide range of policy issues. The Council granted negotiating directives for a bilateral Partnership and Cooperation agreement (PCA) with Thailand in November 2004. The PCA process is still underway more than four years later (with the 8<sup>th</sup> round of negotiations to be held in March 2009)<sup>11</sup>.

The PCA intended to provide a broad based agreement for cooperation and to serve as the platform for an enhanced partnership between Thailand and the EU in years to come, encompassing trade (with the aim of eventually moving towards a Free Trade Agreement). Major stumbling blocks still lay in the draft from the point of view of the RTG Ministry of Foreign Affairs.

### 3.5.2 Resources

From the OCDE-DAC ODA database, the cumulative amount of EC disbursements from 2000 to 2006, at 2006 constant prices, is of €78 million. This amount gathers resources under NIPs and budgetary lines. Shares of regional programmes spent specifically for Thailand are not captured. On an average annual basis, financial resources were of €11 million for Thailand-EC cooperation, on which the EC Delegation, through MIPs, managed roughly half of this. Those estimates are confirmed by the list of past and present projects included in the 2002-2006 CSP (see annex).

Comparatively, EU member States assistance during the same period amounts to €155 million and USA was of €104 million.

THAILAND	2000	2001	2002	2003	2004	2005	2006
All Donors, Total	698,21	281,14	294,17	- 943,65	45,99	- 165,35	- 215,59
DAC Countries, Total	682,85	270,85	279,58	- 969,28	- 3,59	- 214,15	- 292,74
Multilateral, Total	17,53	15,02	17,36	24,10	48,10	40,30	74,49
DAC EU Members, Total	17,17	19,48	7,73	- 8,49	23,91	49,43	122,95
<b>EC</b>	<b>12,04</b>	<b>9,74</b>	<b>13,36</b>	<b>12,48</b>	<b>18,34</b>	<b>19,93</b>	<b>30,56</b>
Non-DAC Countries, Total	- 2,17	- 4,73	- 2,77	1,53	1,48	8,50	2,66
Australia	13,75	11,96	7,76	10,51	9,99	6,13	3,17
Japan	635,25	209,59	222,43	- 1 002,22	- 55,59	- 313,89	- 453,33
United States	12,64	24,65	36,44	27,10	10,11	20,72	24,97

Source: DAC Online database., in US\$ million, at 2006 constant prices

The 2007-2011 MIP foresees a maximum annual allocation of €2 million under the Thai-EC Cooperation Facility.

### 3.5.3 EC intervention logic

In order to provide a general framework for designing EQs, the evaluation team re-built an effects diagram of the 2002-2006 programming period as representative of the overall EC response strategy for the whole period under evaluation. From 1996 up to 2006, general areas of engagement remained trade and economic development, policy dialogue, institution strengthening and capacity building, civil society development, and cooperation in diverse fields such as health care, higher education, sciences & technology, energy, and the environment.

EC Cooperation in Thailand followed during the whole period under evaluation ALA regulations. The sector-wise framework of cooperation shown by the 2002 ALA Regulation stayed almost unchanged up to 2007 and the EC carried on with humanitarian operations along the Myanmar border (refugees camps), health and higher education support, trade-related small projects, and individual natural resources projects devoted to the coastal areas.

<sup>11</sup> No bilateral PCA was achieved with any ASEAN countries till 2003.

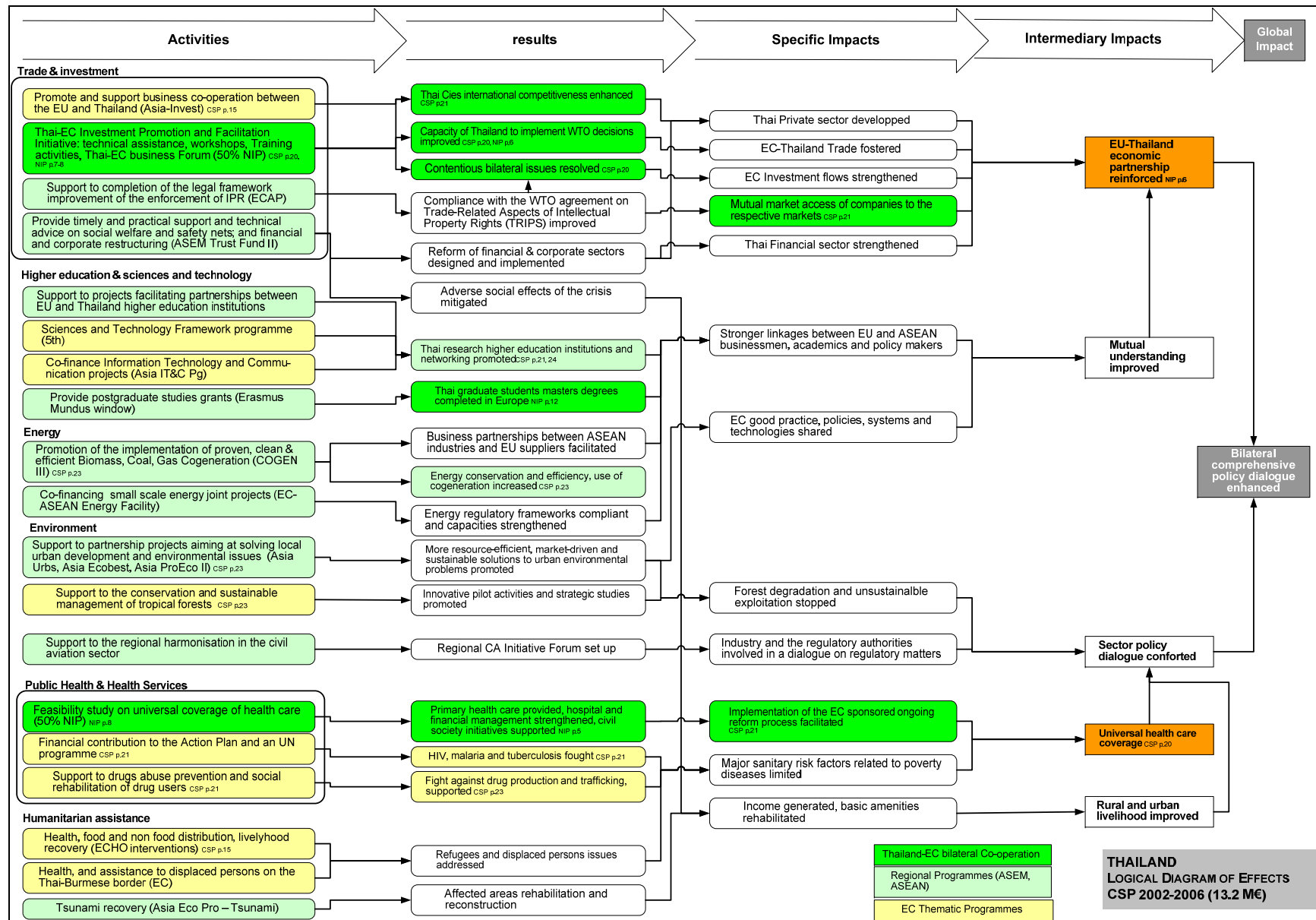
Humanitarian EC assistance (ECHO and uprooted people budget line) can be considered aside this main thrust, related to the specific issue of refugees from Burma, but still relatively even across the programming periods.

Activities carried out under the regional (ASIA, ASEM<sup>12</sup>, ASEAN) cooperation programmes or Trust Funds, as well as activities implemented out under other instruments such as thematic programmes (EIDHR, NGO co-financing), should all be understood in the broad context of supporting either enhanced economic partnership, or sector-specific policy dialogue. The successive numbering of most of the regional programmes demonstrates a strong continuity in contents and scope.

A schematic presentation of the intervention logic, through a diagram of effects, is as follows.

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<sup>12</sup> The Asia-Europe Meeting is a multilateral dialogue process that was founded in Bangkok, Thailand, in 1996 to address “dis-connectivity” and initiate and smoother relations on various fronts of mutual interest among the member states of the two regions, Asia and Europe.



Starting from 2007, a new regulation framework is applied (DCI) to EC interventions and strategic response with put poverty reduction as the global impact looked for. The relevance of this change is questioned in the context of the partnership sought in the other hand with middle-income countries with elaborated political and economical agenda.

### **3.6 Other assistances and coordination**

Donor activity in Thailand has seen a steady decline over the last years in response to the country's successful socio-economic development and decreased need for external support. Consequently, external assistance is becoming increasingly selective. Donors are now focusing on providing policy advice, technical assistance, and capacity building, with financial resource transfers playing a much less prominent role. The majority of interventions focus on cooperation in sectors such as enterprise competitiveness, environmental management, higher education and research collaboration where technical assistance can still provide a real value added.

#### ***3.6.1 EU Member States***

Denmark's environmental assistance is focussing on Natural Resource management, urban environmental management, sustainable energy and Clean Development Mechanism. The Partnership Facility Programme encourages the involvement of the private sector in environmental activities.

Germany: Extending back over 40 years, aggregate development assistance amounts to over EUR 1 billion. In the spring of 2002, the promotion of eco-efficiency in small and medium-sized enterprises was agreed as a priority area of bilateral cooperation for the next 8 to 10 years. The corresponding agreement was signed on 14 July 2005<sup>13</sup>.

France: The Franco-Thai cooperation programme concentrates on higher education, research collaboration, capacity building and human resource development in a wide range of areas. At the core is the 2004-2008 French-Thai action plan. France is examining the possibility of engaging in trilateral cooperation activities with Thailand in its neighbouring countries<sup>14</sup>.

#### ***3.6.2 Other bilateral Cooperations***

Australia's assistance to Thailand amount to approximately € 4.5 million in 2005-2006, of which an estimated € 1.3 million is provided through a bilateral programme with a focus on strengthening Thailand's capacity to address economic and public sector governance issues. The Australian Asia Regional Programme addresses trans-boundary development challenges and strengthening regional cooperation and economic integration. The current strategy supports cooperation through ASEAN and APEC, and prioritises programmes in human trafficking, narcotics, and cross border communicable diseases such as avian influenza and SARS.

Japan's (JICA) assistance to Thailand focuses on the priority areas of (1) bolstering competitiveness, (2) social development and poverty reduction, (3) sustainable development and environmental protection, and (4) regional cooperation<sup>15</sup>.

#### ***3.6.3 IFIs***

Asian Development Bank: Thailand's relationship ADB dates back to 1966 when it was one of ADB's 31 founding members. It is the 17th largest shareholder, with cumulative lending totalling US\$5.4 billion for 84 loans as of 31 December 2006. The energy sector has received the greatest share of lending (31%), followed by transport and communications (23%); finance (12%); and water supply, sanitation, and waste management (10%), with the balance consisting of projects in health and education, agricul-

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<sup>13</sup> German Foreign Office, <http://www.auswaertiges-amt.de/diplo/en/Laenderinformationen/01-Laender/Thailand.html#t3>;

<sup>14</sup> France Diplomatie, [http://www.diplomatie.gouv.fr/en/country-files\\_156/thailand\\_597/index.html](http://www.diplomatie.gouv.fr/en/country-files_156/thailand_597/index.html);

<sup>15</sup> ICA, <http://www.jica.go.jp/english/countries/sea/thailand.html>;



ture and natural resources, and industry and trade. Although Thailand has not borrowed from ADB's public sector window since 2000, continued engagement with ADB has primarily consisted of technical assistance and knowledge-sharing activities. As of 31 December 2006, about \$56.5 million has been provided for more than 150 technical assistance projects covering a wide range of sectors and activities.

United Nations system: Under the United Nations' Development Assistance Framework (UNDAF) for 2007-2011, the UN will focus on several priority areas, such as (i) social protection and improved access to quality social services, (ii) good governance, (iii) management of natural resources and environment and (iv) HIV/AIDS prevention, treatment and care.

The World Bank's role concentrates on facilitating knowledge sharing and providing policy advice on medium-term structural issues. In this context, the World Bank focuses on diagnostic and monitoring work and provides a limited amount of implementation support which concentrates on areas such as public sector reform and governance as well as poverty analysis and monitoring.

### ***3.6.4 Donor co-ordination***

Thailand participates alongside other donors within partner countries in Consultative Group Meetings, Roundtable Meetings, and Sector Working Groups. This has led to the involvement of Thailand in a growing number of joint initiatives.

A workshop on aid effectiveness in Thailand in 2006 concluded, "*The working system of Thailand's ODA programmes needs further development: policies, procedures, rules, and guidelines for planning, formulation, implementation, monitoring and evaluation. Policies and procedures need to have at their core principles of aid effectiveness, national ownership, results-based management and accountability, as set down in the Paris Declaration. An Action Plan should be established that sets down a programme of coordinated capacity-building support designed to increase aid effectiveness, to be provided to Thailand's aid organizations and line ministries involved in aid by traditional partners and international agencies.*"<sup>16</sup>

EU donors co-ordination is facilitated by the EC Delegation to Thailand which has organised regular meetings with the Member States' Development Cooperation Counsellors in order to ensure harmonisation and consistency of approach. However, since 2005 those meetings changed in scope and frequency as development cooperation is not anymore a focus subject (due to the level of development of Thailand), cooperation is now more focussed on economic issues.

A specific middle income country issue is that Thailand has made significant efforts to become a donor country itself, assisting in the development of poorer countries, both within and outside the immediate region. The country's "aid diplomacy" focuses on South-South cooperation, while exploring triangular North-South-South cooperation. The EC involved itself in this triangular approach to ODA. Key areas of cooperation are agriculture, education and public health, especially on malaria and HIV/AIDS.

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<sup>16</sup> Report of the Workshop: Aid Effectiveness: "From Paris to Bangkok", by Thailand International Development Cooperation Agency, European Commission, World Bank. 2006, p.2

## 4 FINDINGS

**Below follows a presentation of the findings for each EQ. Further information is developed at indicator level in the information matrix (see volume 2).**

### 4.1 EQ1 - To what extent have the Commission's interventions contributed to improve trade and economic partnership with Thailand while improving EC visibility?

EC interventions focus on trade issues through bilateral and regional programmes. They targeted a wide array of stakeholders, from government services (for IPRs particularly) to SMEs, supporting them to adjust to new regulations for accessing the EU market. The outcomes of each intervention were achieved but with limited impact. The SPF programme attracted far more academics than entrepreneurs. Impact on trade issues and economic partnership was achieved more through publicising and lobbying done by Delegation personnel on the GSP and trade disputes that arose regularly. EC visibility related more to those disputes than to its cooperation interventions.

Trade relations between the EU and Thailand have increased significantly between 1996 and 2007. This development was entirely due to the increase in the volume of Thai exports to the EU (JC 1.1). During this period, overall trade between EU-27 and Thailand increased by 52% from € 16.1bn to €24.48bn (I 1.1.1). However, by comparison, trade between Thailand and the US over the same period grew more strongly by 68% from US\$18.53 bn (Thai exports to the US: US\$ 11.34bn; Thai imports from the US\$ 7.19bn) to US\$ 31.21bn (exports: US\$22.75bn; imports US\$8.45bn). While the EU had a trade surplus of €0.9bn in 1996, the EU had a trade deficit of € 8.72 bn in 2007. The considerable increase of Thai exports to the EU since 2004 (after a decline in 2001-2003) was mainly the result of the easing of trade restrictions as far as the access of Thai (agricultural) products to the EU market are concerned (I 1.2.1).

In 2003 the EC relaxed food safety testing requirements for prawns imported from Thailand. In 2005 the EC completed its switchover to a new rice regime when it struck an agreement with Thailand on new, more preferential tariffs for the import of Thai rice into the EU; In 2006 a new quota for Thai cooked poultry was set. In the same year, the EC introduced a new GSP regime, which restored GSP benefits for Thailand in the following sectors: fishery products, edible preparations and beverages, plastic and rubber, leather and fur skins, footwear, and consumer electronics. The full suspension of the GSP on Thai shrimp exported to the EU spanned over six years (1999-2005) (I 1.2.1).

The EC has been particularly successful in resolving disputes on tariff and non-tariff matters which shaped bilateral relations in the second half of the 1990s and first two year of the current decade (JC 1.2). Close and regular contacts between various departments within the Thai Ministry of Commerce and the EC Delegation/DG Trade have been instrumental in overcoming policy and legislative obstacles on the Thai side in trade relations. Examples include Thailand's customs regimes (and implementation of customs legislation) and the upgrading of Thai laboratories to facilitate the efficient and effective measurement of food residues to comply with EU health and safety standards for agricultural products, such as shrimp. As a response to food residue disputes with the EC, the Royal Thai Government (RTG) adjusted outdated laws with the main purpose to ban prohibited veterinary drugs, the establishment of new Food Safety and Standard Authority, and the adoption and purchasing of the European technology of residue detection. The Thai government also showed that a tough crack-down on prohibited drug distributors could effectively reduce the cases of residue found (I 1.2.2).

The Delegation has played a significant role on health and safety matters in bilateral trade relations, by helping Thailand to adopt new regulations and comply with standards, for example through training programmes/seminars for government officials. However, both European and Thai stakeholders em-

phased the general difficulty in drawing a clear line between development cooperation (as prescribed by DCI) – which by definition must only benefit the recipient – and two-way trade facilitation. For a middle income country like Thailand, which has very small capacity building and TA needs in the trade/economics sector(s), DCI does not provide a sufficient instrument for bilateral relations with the EC.

Various projects funded under the EU-Thailand Economic Cooperation Small Project Facility (SPF) have addressed issues related to the improvement of trade relations. SPF projects in general have proved to be a suitable tool for fast and flexible responses to Thai stakeholders' needs, for responding and adapting to EU legislation. But there is no hard evidence of a direct impact on trade relations. The impact has at best been indirect, in the sense of the provision of help for Thai stakeholders to comply with EU regulations. Overall only a small number of SMEs benefited from the SPF. Academic and research institutions have been the main beneficiaries of SPF (the same applies to the Co-op facility). Thai SMEs, without prior contacts/involvement in EU-Thai cooperation networks, have found it difficult to respond to the SPF call for proposals due to both problems in finding an EU partner and the cost involved in drafting a bid.

Thailand has markedly profited from the EC's regional programmes with ASEAN. Since 1997, Thai stakeholders have participated mainly in the following regional programmes under various budget lines (EC, 2005):

- ASEM Trust Fund which aimed at Asia's economic recovery after the 1997-98 crisis. While the Trust Fund is not explicitly directed at the improvement of trade relations, it contributes to economic relations in general through the strengthening of competitiveness. The Trust Fund Review Meeting concluded that the grants in Thailand helped the government prepare for international negotiations on trade and financial liberalization of services (ASEM, 2006, p.2).
- EC-ASEAN Energy Facility (EAIEF) (ASIE/ASE/RELEX/2000/0053)
- ASEAN programme for regional integration support (ASI/2002/0499)
- EC-ASEAN intellectual property rights cooperation programme (ECAP II) (ALA/96/25);
- EC-ASEAN programme on standards, quality and conformity assessment (ALA/96/24);
- EU-Southeast Asia civil aviation project (ASI/B7-3010/IB/98/0171);
- Policy research for sustainable shrimp farming in Asia (ICA4-CT-2001-10042).

ECAP II is of particular importance to Thailand as ASEAN's Local Coordinating Unit (LCU) is based in the Thailand Intellectual Property Office (TIPO). As a result of the programme, Thailand introduced TRIPs compliant IPR legislation (CE, 2003). ECAP can be singled out as the most significant EC intervention in terms of its contribution to Thai policy-making and legislation. However, while ECAP had been the most beneficial for the modernisation and strengthening of Thailand's IPR regime, synergies for ASEAN cooperation (as envisioned by the programme) had been very limited due to the development divergences within ASEAN.

During the assessment period, various joint EU-Thai initiatives had been taken to improve the capacity of Thai firms in their trade relations with the EU (JC 1.3). The EC Delegation in Bangkok in collaboration with the RTG, the Board of Trade of Thailand and the Federation of Thai Industries has been increasingly active in informing Thai firms about new EU legislation and its impact on trade relations (I 1.3.2). The Delegation's Business Information Centre (BIC) has regularly organised high profile seminars and workshops (capacity building and dissemination of information) for government officials (usually at directors' level) and the private sector: they have been attended by more than 4000 participants to date.

Generally, support to Thai SMEs has been an important focus of the EC and individual EU member states (I 1.3.3). The impressive number of information campaigns on various aspects of EU-Thailand relations has increased the visibility of the EC and the EU in general. Interviewees of Thai government agencies said that EC visibility had also increased as a result of the ongoing negotiations for an EU-ASEAN Free Trade Agreement. However, MoFA respondents clearly stated a lack of visibility of

EC interventions. The EC Delegation acknowledged that it was difficult to strengthen or even achieve EC visibility in and through multi-donor projects. Various activities within the ASEM framework increased the EU's visibility in Thailand, and the most important push in terms of visibility came from the introduction of the EURO. Some interviewees stressed that the EU was more visible in Thailand than in ASEAN as a whole (JC 1.5).

European FDI (net applications) grew from 21,821 million Baht (€ 584m) to 74,145 million Baht (€1,674m) between 2000 and 2007 (no official pre-2000 data is currently available). While the share of European FDI (net applications) in Thailand's GDP increased markedly from 0.46% in 2000 to 0.95% in 2007, overall EU investments in Thailand have not recovered from the global post-2001 FDI slowdown to the same extent as other Asian countries have. In 2006, Thailand's share of total EU FDI in ASEAN accounted for only 4.9% (€ 651.7 million of € 13,361 million) (JC 1.4). This figure indicates that Thailand has not yet developed into a hub for European FDI in ASEAN as envisioned by the EU and the RTG. There are no specific programmes within the context of EC-Thailand cooperation with an explicit focus on the promotion of European FDI and improvement of investment conditions in Thailand and the finding of the 2002 ALA evaluation are still broadly valid "The tapering off of FDI into the region and Thailand would represent a great threat to national and regional development. Investment facilitation should remain a very major component of the cooperation, to be addressed with both aid and non-aid instruments" (EVAL-EU Consortium, 2002, p.57).

The promotion of European FDI – and interventions aimed at creating favourable investment conditions for European enterprises – has mainly been the domain of MS Embassies and bilateral chambers of commerce and industry. There was widespread consensus among interviewed European stakeholders that the lack of an EU-Thai Chamber of Commerce has hindered coordination and consorted EU initiatives directed at FDI promotion. The founding of a European-ASEAN Trade Centre in Bangkok that would have similar functions is currently being considered to overcome resistance at local level.

The Thai media has published some 600 major news items on relations between the EU and Thailand since 1 January 2000, about 60% of which focused on economic relations. However, while media reports may have increased EC visibility, there is no hard evidence that they have positively or negatively impacted on Thailand's exporting capacity and EC-Thailand economic cooperation and dialogue.

#### **4.2 EQ2 - To what extent have the commission's interventions in the sector of higher education contributed to increase mutual understanding and awareness?**

The EC interventions in higher education generated stable academic networks between the EU and leading Thai HEIs, based on ASEAN regional programmes. Bilateral funds were fully allocated to the global Erasmus Mundus programme for Thai students. HE programmes have become readily recognisable and successful "European brands". While effectively promoting intercultural understanding and awareness among immediate beneficiaries, the select nature of these programmes precluded a wider diffusion of these benefits. Overall, this sector of EC support did not generate economic significant return.

The European Commission's HE programmes have positively shaped mutual understanding and awareness between Europe and Thailand. Although, HE policy-making was ranked as a non-focal policy sector in the formal strategising of the European Commission, this seems to underestimate the fundamental importance support for Higher Education plays in the Commission's strategy for Thailand. During the reporting period, the European Commission used a range of mostly bottom-up, demand-driven HE programmes at bi-lateral (i.e. the PTS or the CUESP), regional (the AUNP), pan-Asian (e.g. AsiaLink) and global level (i.e. Erasmus Mundus, Framework Programmes).

Overall, these programmes have successfully achieved immediate programmatic as well as wider strategic aims.

First, collaborative projects funded by programmes such as the FWPs, AsiaLink and the AUNP have forged stable and, in part, sustainable networks of researchers, academics and, to a lesser extent, HE policy-makers (JC 2.1). In doing so, it is likely that the European Commission's HE interventions have shaped HE cooperation between Thailand and Europe. In the reporting period, observers point to a qualitative shift in the mode of cooperation between European and Thai HEIs. In this time, stable networks between Thai and European HEIs have developed that feature a distinct research agenda and institutional identity. As a result, collaborative projects with these Thai HEIs are no longer about one-sided capacity-building but are rather based on real partnership. In some cases, Thai HEI's are lead partners in collaborative research and curriculum development projects. Consequently, European HEIs are beginning to realise that collaboration with Thai HEI's offers value added in terms of research and curriculum development.

Second, initiatives such as the Erasmus Mundus have promoted intercultural understanding by providing high quality student and faculty exchanges (JC 2.2). European Commission support for institutions such as the Centre for European Studies at Chulalongkorn University has promoted a deeper understanding of the Europe, the European Union and the European HE landscape.

Third, the European Commission's HE interventions have strengthened relations in a range of sectors. Here, cooperation has been more pronounced in areas relating to the sustainable use of resources, the environment and health than in fields of more direct economic relevance, such business studies or engineering (JC 2.3). Part of the reason, commentators argue, is that the Thai economy is not yet knowledge-driven and that effective university-industry linkages are still developing. Another part of the reason may be that combination of demand-drive HE instruments, the strengths of European HEIs in the field of environmental and sustainability research as well as the European Commission's own environmental policy agenda in Thailand conspired to direct cooperative focus towards these sectors.

Evaluators and commentators agree that, during the reporting period, the European Commission's HE programmes have become readily recognisable and successful "European brands". Among the HEI actors aware of AsiaLink, Erasmus Mundus, the AUNP and the FWPs, the specific benefits and costs of these programmes are well known and well understood. (I 2.1.3)

However, the positive impacts of the European Commission's HE interventions have not spread far beyond the group of immediate beneficiaries of the diverse programmes. Although participation in European HE programmes – whether the AUNP, AsiaLink, Erasmus Mundus or the FWPs – is generally highly valued by Thai HE actors, impacts of these programmes has yet to spread beyond acknowledged islands of HE excellence, concentrated predominantly in about 10 of the lead HEIs.

First, evidence suggests that European HE interventions have made little impact on the Thai policy-debate. Commentators argue that this may have more to do with the priorities of HE policy debate in Thailand than any intrinsic failure of European programmes. However, there is some indication that European HE practices –such as problem-oriented and interdisciplinary research in collaborative networks, cost-sharing models, as well as QA approaches– have been adopted by some leading HEI's and policy-makers in Thailand (I 2.1.4).

Second, while European HE programmes promoting joint research and curriculum development have brought about a wide range of substantive and institutional benefits for participating Thai HEIs, the majority of Thai researchers and teachers has not had access to these benefits. While observers point to a wide range of reasons starting with institutional culture and ending with linguistic competences, the underlying problem, it appears, is that many Thai HEIs still need to develop basic capabilities in order to participate in and benefit from European HE programmes. It would seem, then, that European HE programmes have been successful in helping Thai HEI's with existing potential for excel-

lence realise this potential. Conversely, European HE programmes have been less successful in generating potential for excellence where it has not yet developed (I 2.1.2).

Third, effective branding of the HE programmes has yet to reshape perceptions of the European HE landscape far beyond the group of immediate beneficiaries. Despite the overall success of programmes such as Erasmus Mundus in providing a highly quality educational and cultural experiences, this seems to have made little impression on Thai student's preferences for American, Australian or British universities. Similarly, the European Union – particularly as a place to study and conduct research – remains poorly understood. Moreover, while the general perception of European countries (individually and as a whole) among Thais is predominantly positive, the success of European programmes has not replaced country-level stereotypes (i.e. Germans are good at engineering) with more accurate perceptions. As a result, Thai students and parents do not conceive of Europe as a place to study. (I 2.2.1)

In sum, the European Commission's interventions in the HE policy domain have laid a solid foundation for future RTD and HE cooperation. The impacts of the European HE programmes on research practice and perceptions of Europe in Thailand have demonstrated that the programmatic tools in place are capable of effectively promoting intercultural understanding and awareness. However, since the impacts remain limited to a highly selective group of Thai HEIs, the challenge for the future is to find ways to extend impacts beyond the immediate community of beneficiaries.

#### **4.3 EQ3 - To what extent have the commission's interventions in the sector of public health and health services contributed to the universal health care coverage?**

The main EC intervention supporting the health sector targeted the health care reform process. This support covered two programming periods and provided TA and training to the MOH at central level. The EC contribution to decentralisation, to health care budgeting, and its contribution to set liability criteria for doctors, and accreditation procedures and examination standards for health teaching institutions are widely recognised. It definitely developed MOH capacity and has thus had an impact on sustainability and can be seen as a contribution to universal coverage, even if the Thai government's "30 Baths scheme" -- key for the universalisation of access -- has indeed had more far reaching impact.

EC support to the health care reform process that aims at universal coverage in Thailand has been indeed important. Thailand has had a health care reform project (HCRP) ongoing for long and the EC has supported this MOH initiative through two programming periods since 1996 to the present (ALA/TH/94/28 and ASIE/2002/002-641). The EC has provided technical support in the areas of health care financing and management, of IT and of social marketing; providing the EC with high visibility, it has also been significantly involved in capacity building at central level by sponsoring in-country and overseas training in Europe –the latter being highly appreciated by the MOH.

Central has been the EC's support to the MOH and a group of national consultants in their efforts to decentralize curative primary health care that was previously only provided in district hospitals. This decentralization is not yet completed, but is rather ongoing with only one district having so far actually budgeted for curative PHC at health center level. Although showing somewhat slower measurable results, hospital management strengthening also received EC support, especially in all aspects related to decentralizing their financial management. Moreover, the EC contributed to make the concept of family medicine better known in Thailand, as well as contributed to set liability criteria for doctors, and accreditation procedures and examination standards for health teaching institutions.

The concept of universal access to health has been advanced during the period of EC support. As a result, the Thai health system has been clearly strengthened. The trend to universal coverage has been particularly visible since the 2002 "30 baht scheme or insurance system" that charges a flat 30 baht per visit covering all expenses. This policy lowered the out of pocket expenditures for health from 18 to 2% of household budget for people in the lowest 20% income tranche. (It is noted, that in 2008, the



30 baht scheme was abolished with the GoT slightly increasing the national health budget; this has brought about an additional decrease, though marginal, in the out of pocket expenditures). The social insurance scheme covers prescription drugs at no cost for all Thai citizens (JC 3.1). The sale/dispensing of prescription medicines in pharmacies without needing a prescription is widespread. The EC's support to reforming the national health care financing system is judged to be successful; it has resulted in a model national health budget that is being adopted from the 2010 budget on. This has clearly upheld the key policy of the Thai government has had for at least a decade.

Noteworthy is the fact that health policies from Europe were often used as models for the health care reform process in Thailand –and this is acknowledged by the MOH staff, but not necessarily known by the media and/or the general public (JC 3.3).

As relates to the EC holding a direct and periodic strategic dialogue with the MOH, one cannot say that it is actually 'direct'. It is more accurate to say that the EC Delegation has frequent interactions with the PIU of the HSRP. This contact does allow for some degree of influence, but cannot be defined as a formal policy dialogue. Many values are shared between Thai health authorities and the EC, e.g. values of equity, universal care and social protection. Senior MOH cadres are very clear about what they want and need and request such support/help from the EC in an assertive manner. This obviously facilitates discussing issues as equal partners. Health authorities are also keen to see donor funds being judiciously used. Noteworthy here is the fact that Thai professionals that were sent by the project to study in Europe now have direct contacts with colleagues and teachers there and can and do request technical assistance from them.

The advocacy component of the HCRP engaged an European social marketing technical assistance; the central idea of this advocacy is to promote the new concepts the Thai health sector reform is in the process of implementing; as a result, this evaluation found that MOH staff now is clear on the need and cost-effectiveness of decentralizing curative PHC services to the health center level. Another aim of this component is to make beneficiaries understand they should not bypass the health center level and seek care in the district hospital.

All in all, the EC has supported the MOH in its pursuit of greater equity, efficiency and quality of care; it has further supported the MOH in its efforts to increase accountability and contributing; through the Global Fund and its thematic funding, it has also contributed to combating the three poverty related diseases (JC 3.2). In these efforts, the EC funded both the government and NGO partners. As regards to improving the quality of PHC in health centers in the 20 pilot districts of the HCRP, so far the achievements have been less direct than those achieved by partner NGOs. For instance, the PHC model that the IOM applied for migrants proved successful and it is being replicated elsewhere.

Access to care for migrants and minorities that are not recognized as Thai citizens has remained a contentious issue with some improvements being documented over the period of this evaluation. These improvements involved the active lobbying by donors and NGOs –several of the latter EC partners. In the spirit of promoting universal coverage, already closed successful EC projects executed by Malteser, the Raks Foundation, MSF Belgium and the IOM were directed particularly vulnerable populations [villagers near the Burmese border, people living with HIV (PHAs) and migrants respectively]. Projects targeting PHAs and migrants deserve special mention for their success. Both groups now participate in decision-making bodies thanks to them having been empowered by, among other, EC-funded projects carried out by the partners above. These partner NGOs worked closely with local Thai NGOs –a factor important for sustainability.

It is well known that it is difficult to attribute measurable health impacts to particular interventions by specific donors. In the case of this evaluation, evaluators are of the opinion that EC-funded NGO interventions have more direct beneficiary impact to show for now than the support given to the HSRP. In both cases, though, EC interventions in health have contributed to achieve desired effects on the population in the supported districts; it is just less visible in the case of the HSRP.

Cross-border movements in the North and political instability in the South continue to make health interventions more difficult and expensive in these areas. More work is still needed in streamlining the decentralization process to reach these areas and in the improvement of the clinical and management

skills to the staff in these more difficult areas (the problem of high turn-over rates is one in particular need of attention).

Finally, more environmental health interventions and more proactive measures on smoking cessation and on alcohol consumption are still needed.

#### **4.4 EQ4 - To what extent were the EC programmes in the country consistent with the global objectives of EC response to global challenges faced by ASEAN, particularly environment issues?**

EC interventions followed a two-pronged strategy by supporting, on the one hand, biodiversity and energy programmes, while, on the other, promoting the government's growing interest in tackling global environmental challenges. To a large extent, synergies between those two lines of support remained elusive, in part due to the complexities of implementing coastal habitat projects involving local communities. Increasing public concerns about global environment challenges were effective in extending the government's environmental agenda.

During the reporting period, the EC's environmental interventions in Thailand successfully operationalised global environmental objectives in terms of national and local environmental policy priorities at programmatic and institutional level. Not only have EC-sponsored programmes and projects produced outputs and impacts relevant to local and national environmental needs, they have also provided Thai policy actors with the organisational and institutional capacity to address global environmental issues effectively. In that way, the EC's involvement in environmental policy contributed to an observable and significant intensification of Thai policy engagement with global environmental issues, most prominently global climate change. This was the case despite non-trivial project management issues caused by cross-cultural misunderstanding and miscommunication. During the reporting period, the mix of projects and instruments enabled the EC to frame global environmental objectives in ways that made them relevant and interesting for Thai environmental policy actors.

EC's environmental policy interventions in Thailand during the reporting period successfully addressed global environmental concerns – most notably Global Climate Change (GCC) – in terms of the programmatic and institutional priorities of the Thai environmental agenda. By only indirectly linking economic development in Thailand to climate change (via national policy priorities such as natural resource depletion), the EC's strategic programming documents arguably set up a sufficiently flexible and adaptable policy framework. In terms of programmatic priorities, the aims and impacts of EC-sponsored environmental projects helped Thai policy-makers grapple with environmental policy issues concerning the sustainable use of natural resources, be it fisheries, forests, or energy. In terms of institutional priorities, bilateral (e.g. CHARM) and regional (e.g. COGEN III) European interventions successfully generated a range of institutional capacities for local co-management of environmental issues. This has resulted in tangible improvements to natural resources, institutional capabilities for the effective co-management of resources as well as new knowledge relevant to the implementation of environmental policy. (JC 4.1)

Despite misunderstandings between Thai and European partners throughout the life-cycles of EC sponsored projects, EC interventions have contributed to an intensification of concern for global environmental challenges. Cross-cultural misunderstanding frustrated the implementation of sequential programme management. Much of these issues resulted from the clash of two very different organizational cultures on the one hand, and, on the other, the inherent complexities created by involving local communities in the policy process. Standard EC practices of programme management and financial oversight as well as the perceived cultural insensitivity of their implementation have led to considerable misunderstandings that have strained good working relationships. In addition, the inherent complexity of involving a wide range of stakeholders in environmental conservation has challenged sequential, linear and top-down models of programme formulation and implementation. (JC 4.2)



Notwithstanding these problems though, evidence suggests that European interventions have contributed to the observable increase in concern for global environmental challenges. During the reporting period, concern for and engagement with global environmental challenges – particularly Global Climate Change (GCC) and biodiversity loss – have intensified in Thailand. Significantly, this is not only true for policy actors in the public and tertiary sectors but also for business and industry. Observers point out that firms have become increasingly aware of the business potential of environmentally sustainable products and practices. Rather than restructuring an already well-established and clearly formulated environmental policy agenda, Thai environmental policy actors have preferred to deepen existing GCC and biodiversity policy initiatives on the one hand and, on the other, mainstream global environmental concerns into exiting environmental policy priorities. (I 4.2.1.)

While difficult to quantify with any precision, European environmental interventions have contributed to this development in a number of practical ways. At a time when Thai policy-makers were highly sensitized to global environmental issues due to a number of high-profile triggering events (such as the Tsunami of 2004), European environmental programmes successfully directed policy-making attention towards challenges such as GCC. More importantly, however, the projects enabled Thai policy actors in public, private and tertiary sectors to develop and explore sustainable practices of resource use and management. In this way, the European projects provided access to best European resource practices and environmental technology. However, regardless of the recent surge in interest and activity, policy actors argue that, due to a lacking evidence-base, the Thai government has yet to formulate a coherent GCC strategy based on an appropriate policy debate about mitigation vs. adaptation. It is here that policy actors see an area of future cooperation between Thai and European partners. (I. 4.2.2)

The EC's balance and purpose of policy instruments reflected the need of the European Commission to operate within a well-developed institutional landscape and programmatic agenda of environmental policy. Environmental policy interventions in Thailand favour projects that support policy implementation rather than policy formulation. (JC 4.3) This balance reflects the accurate assessment on part of the EC that the RTG is capable of formulating coherent and innovative policy responses to global environmental challenges but still lacks institutional capacity to effectively implement these environmental policies. This is particularly the case at regional and local levels. (I 4.3.1) The EC has deftly exploited synergies between regional and national policy dialogues as well as regional and national programmes. In its policy dialogue with the RTG -- in the form of regular Senior Officials Meetings (SOM) -- the EC has concentrated in focal priority issues (i.e. trade and investment, public health, peace and security. Discussion about Thai environmental issues of interest to the EC (i.e. issues with a global dimension) take place in the EU-ASEAN policy dialogue as well as the ASEM dialogue process. At programmatic level, the EC has avoided duplication and redundancy by letting regional programmes carry much of the programming and funding weight of environmental policy interventions in Thailand. In particular, the Commission has used the synergies of the EU-ASEAN programmes (COGEN III, EAEF, ARCBC) and the Asia-wide programmes (Asia ProEco, Asia Urbs) to address Thai-specific environmental issues with a global dimension: these have included energy as well as biodiversity issues. (I 4.3.2)

#### 4.5 EQ5 - To what extent has EC mainstreaming of gender, governance and human rights into its cooperation programmes resulted in enhanced governance in the country?

The relationship between changed views of the successive governments on gender, governance and human rights and EC mainstreaming is not able to be traced. Limited bilateral cooperation resources do not allow expecting such an impact. However, ECHO and EC budgetary lines provided significant resources to the country over the last decade in order to manage the Burmese (Burmese and ethnic minorities) refugees and migrants issues. Those direct interventions were well coordinated and effective in supporting not only the maintenance of camps but also the respect for human rights and also the enhancement of gender through various projects mainly on education and health. Moreover, those interventions were also effective in maintaining the statu quo with the RTG on those issues but did not lead to an enhanced governance. EC's interventions have clearly paved the way for future collaboration.

Gender, Governance and Human rights have been well integrated into EC regional interventions. Those issues were also incorporated in interventions funded under thematic budget lines, which allocated the bulk of EC related resources.

At the regional level, EC programmes relating to cross-cutting issues were consistently aligned with the on-going EC-Thai dialogue. The CSPs mentioned a large number of relevant CCIs that could be addressed in Thailand, to maximise the possibilities for demand driven approaches of Thai stakeholders. Gender and Governance feature as core cross-cutting issues of EC cooperation in Thailand. And there have been achievements on both issues through systematic EC's capacity building and women preference programmes in several sectors, even if this is not monitored as such. Based on extensive consultation with NGOs coming from diverse sectors at bilateral, regional and global levels, the modality of interventions chosen (project approach), clearly helped to maximise civil society participation. Based on the ROM Reports of all considered projects, it was found that EC support has to some extent prepared the ground for a more structural approach for a mutual Thai-EC framework towards enhancing CCIs. Employing a demand-driven, rather than a top-down approach to programming, where CSOs identify and respond to needs themselves, has certainly been of added value, and has been significant in ensuring increased CSO participation.

At the bilateral level, Human Rights, Gender and Governance have been key components for EC cooperation since 1995, especially on refugee issues on the Thai/Myanmar borders, even if this is not explicitly stated in the CSPs and NIPs. Actually, financial resources focused on refugee issues as a whole, were much more important than ALA funded development cooperation. From 1995 onwards, the EC has provided a total of EUR 123.1 million in support of the refugees living in camps along the Thai-Burma border. 60% or EUR 73.3 million of those resources were provided through DG ECHO and the remaining 40% by thematic programmes. Over the reporting period, EC strategic documents on Gender, Governance and Human rights have never put a special emphasis on the situation of refugees, whereas all thematic programmes were specifically employed to reinforce the EC assistance on Burmese Refugees on the Thai/Myanmar border. Human Rights, Gender and Governance have therefore been constantly enhanced.

As is commonly the case, activities related to CCIs have not been initially understood as a long term process, leading to a lack of specific indicators and benchmarks to assess EC mainstreaming performances at both national and regional levels.

CCIs were also addressed through a broad political dialogue between the EC and donor community, and Thai authorities. The EC not only championed the aid effectiveness agenda amongst donors, but also engaged in a political dialogue with the Thai Government on a long term strategy to find alternative pathways regarding the refugee question.

As a matter of fact, however, the EC's and other donors interventions on refugee issues have had little impact on the Thai policy debate on this issue until now, as the RTG did not open a space for that. Thus it might be feared that the refugee's issues would not be solve in the short-medium term.

**4.6 EQ6 - To what extent has the EC assessed and considered (i) the government's priorities, (ii) the needs of the country and, (iii) the evolving context in programming its strategic response, including the follow-up of the implementation strategy?**

From 2003 onwards, the challenge of moving towards a partnership of equals on the request of the government was tackled. The government's priorities were proactively taken into account by EC interventions in a policy dialogue based on a daily working relationship with the Delegation, targeted TA and projects implemented through calls of proposals for Thai NSAs. The implementation modalities, and particularly timeliness and targeting of projects showed a sound understanding of the country's needs and changing contexts.

Before 2002, the objectives of EC programmes were neither fully consistent with the RTG views and priorities, nor with the needs of the country. The internal coherence of the bilateral EC-Thai programme was limited because the strategy was more an aggregation of comparatively small and uncoordinated projects, implemented in an ad-hoc fashion, rather than an approach focusing on RTG priorities. The weak internal consistency of the EC strategy in Thailand was also partly a consequence of the comparatively large share of the resources emanating from the horizontal budget lines, designated from Brussels for highly specific types of interventions.

At the 7<sup>th</sup> Senior Officials' Meeting, held in Bangkok in March 2001, it was agreed to shift bilateral relations from a project-based approach to an enhanced policy dialogue in areas of mutual interest. This comprehensive policy dialogue oriented EC bilateral support mainly to two focal areas, with the first focussing on initiatives aimed at fostering trade, investment, and related areas for sustained cooperation links. The CSP 2002-2006 and NIPs 2002-2004 and 2005-2006 were, thus, more effectively focused on Thailand's priorities and needs. Many priority areas are covered by the rainbow of projects funded both nationally and regionally by the EC and the focus on economic co-operation, universal health care coverage and higher education reflects national policy priorities and needs(see EQ1, 2, and 3 for further evidences).

At sector level, EC intervention goals are consistent with country needs. Higher education programmes all addressed the issue of quality in Thai HE institutions – be it teaching or research, widely acknowledged as major issues. In health, many priority areas of the government agenda have been covered by the rainbow of projects funded both nationally and regionally by the EC. The EC's environmental policy interventions addressed global environmental concerns in terms of national environmental priorities at the programmatic and institutional level (I 6.1.1).

The very specific context of dialogue with Thailand, as an emerging economy in a particularly sensitive geo-political area, irritants are numerous and enjoy a higher priority for the EC in some ways than the 2M€ a year dedicated to development co-operation. The EC first engages in trade regulation debates, which are often not related to the needs of the partner country but instead to unilateral EU needs and then decides on their global nature, without consideration of their impacts on the Thai economy. The same issue arises for governance and human rights, where global concerns, translated into projects funded by NGOs and HR budget lines, are propelled into EC-Thai co-operation without much consideration of other components of EC strategy.

In this context, sector policy dialogue is hard to establish. The limited resources of the NIP did not help very much in addressing these deficits. For all sectors, apart from health, policy formulation support is mainly carried out by EC regional programmes (and through the EC support to the ASEAN Secretariat). Bilateral projects are focused more on implementation of the policy framework (biodiver-

sity through improving coastal habitat management), compensation of impacts of new policies (particularly EC trade regulations) and the exploratory phase of future or desirable policy changes (tackling global climate change, improving HE quality, etc.).

EC bilateral interventions covered both policy dialogue and implementation only for universal health care coverage, at the price of a long-term involvement (see EQ3) in this sector. For other sectors, the balance was aimed at targeting, on the one hand, regional programmes supporting ASEAN-level policy dialogue and at national level implementing capacities (ECAP being a good example), and on the other hand, bilateral programmes mostly focused on implementation (SPF). According to each sector, the balance was unevenly reached. The balance has been reached for the economy and trade sectors, as the SPF can be considered the most flexible and potentially efficient tool for the development of trade between the EU and Thailand. For HE, the lion share of policy interventions aimed at strengthening institutional capacities. For the health sector, policy formulation came first but was complemented by support for implementation of the reform and for NGO projects for refugees. In the environmental sector, policy implementation prevailed (I 6.1.2).

Two sections of the 2002-2006 CSP relate to Thai policy agenda and country analysis, as well as providing the general information needed for strategic programming in order to correspond to national needs. Considerable information is provided on choices made and their grounds. The documents are based on an accurate analysis of the political and economic situation and trends. Furthermore, relevance and consistency with the Thai national agenda is highlighted. The EC analysis proved to be relevant and truthful (I 6.2.1).

Thailand was the first country to have an EC Delegation in Southeast Asia and therefore, there has been a long cooperative relationship. As the documents were adopted at Senior Officials' Meetings (SOM) it may be said that the documents show both consistencies with the situation they address and flexibility to the changes witnessed. The SOMs, organised regularly up to 2003, were instrumental in keeping EC interventions in line with national needs. As far as possible, which means as far as EC programming regulations may allow, a flexible approach was adopted to gear projects towards Thai shareholder demands, particularly with the SPF and to a lesser extent for environmental projects. In the health sector, the follow-up of the reform support through two programming cycles demonstrated that EC programme aims were closely related to national needs, explicitly stated in fruitful sector dialogue with the MoH. The consistency of EC strategy and interventions with national needs is not questioned by EM representatives.

In all sectors but higher education, co-operation strategies are drawn from informed analysis on national needs. Information was not generated by an EC projects, but expertise to use existing data and fact-findings missions were specifically intended to produce EC view on Thailand needs and priorities (I 6.2.1).

In trade, health and environment, synergies were achieved by EC interventions between policy dialogue and co-operation programmes, playing mainly between regional and bilateral levels. That was not the case for higher education where policy dialogue over HE between Thailand and the EC is sporadic and disjointed. Synergy was more difficult to achieve with projects funded using budget lines, which are strongly targeted towards beneficiaries and do not leave much room for policy dialogue. This aspect is left, to a large extent, solely to the Delegation's political section (I 6.2.2).

The EC's strategic response evolved using lessons learnt and good practices, as well as government policies. Integrating emerging policy issues was not explicit, except for health reform issues, until the CSP 2002-2006. Several factors can be related to this change, some of these reasons have their origin at the national level (such as the 2001 SOM, 2003 midterm review), and others at a more regional (2002 ALA regulation evaluation) or global level (WTO Doha declaration). It is out of the scope of this evaluation to weight each factor, as it seems that it was the result of all of the factors considered together that induced a major change in EC strategy in Thailand. Since then, however, strong emphasis has been placed on emerging policy issues when arising, particularly in the sectors trade, the econ-

omy and the environment. Indeed, in sectors where there were not many developments during the period in terms of emerging policy issues, like for higher education, no significant change was introduced in EC implementing strategy. (I 6.3.1).

The only available monitoring/evaluation report covering the period until 2000 is the Evaluation of the ALA regulation 443/92 (Consortium Eva-EU, *Evaluation of ALA regulation 443/92 – Final Report*, vol. 1, 2002) (This is not necessarily hard evidence of insufficient monitoring at that time but more related to the fact that the evaluators were not given access to the complete set of publications, information). The programmes implemented afterwards are relatively well documented by ROMs and evaluations, with a thrust towards the end of the reporting period (as 2009 mid-term review comes closer). Health, higher education, and environmental projects were particularly closely monitored and evaluated. The monitoring was less close for the SPF as a whole (evaluated only in 2005) but this should be related to the numerous projects covered, which does not assist the attainment of global findings. CCIs' mainstreaming was not specifically monitored.

The use of lessons learnt from experience and is also well emphasised in ROMs and evaluations, is mentioned in EC programming documents. It was also evidence by interviews, where project managers and their counterparts showed a good command of the content of the projects and the reasons for introducing adjustments over time according to lessons learnt and the changing context. However, some ROM recommendations, notably for health and environment projects, were found in several consecutive reports, showing a lack of proper reactions (or non-documented disagreement of the EC or project staff). (I 6.3.2).

The RTG requirement for donors to move towards a partnership of equals was the major evolution in national policies that directly affected EC interventions during the reporting period. Faced with this situation, it can safely be assessed that the EC responded by setting-up innovative demand-driven bilateral instruments (through the SPF) and a renewed combination of regional/bilateral projects with well specified purposes (policy formulation support / policy implementation or compensation support). It is not sure that the RTG request was the only driving factor for this change, as issues faced while negotiating the PCA and political instability were also instrumental in pushing for mobilising NSAs in a demand-driven approach.

Apart from maybe the trade sector, no RTG sector policy underwent a significant evolution during the reporting period, at least not one that would forcefully imply a dramatic change in EC cooperation instruments: health care reform retained the same fundamentals; environmental policy was not affected by major changes, unless a stronger commitment was pushed by an ever stronger public concern; higher education policy stayed unchanged. On trade, the demand-driven SPF was a wise move to stay aloof from conflicting issues, while allowing for compensation of controversial new EU regulations (I 6.3.3).

Under the ALA regulation, the main focus of EC assistance is seen as targeting mutual interest and understanding. This applied all over the reporting period. The new regulation, namely DCI, applied at the very end of the period and did not have any impact on EC programme outcomes covered by this evaluation.

In November 2003, the former PM Thaksin announced that from 2004 onwards, "*Thailand would (...) receive or request financial assistance (...) from foreign countries only if such assistance is given without any conditions, commitments or obligations which will make Thailand lose its negotiating power as an equal partner with that foreign country*". However, Thai authorities have indicated that technical assistance would in practice be welcome if such support was provided on the basis of partnership rather than taking the form of a traditional donor-beneficiary relationship (as quoted in the CSP 2007-2013, p. 12). The EC has responded to this change in outlook (and the underlying fact of Thailand's graduation from being an ODA recipient country) by turning towards providing technical assistance to support the achievement of Thailand's national development goals and by promoting economic co-operation in the mutual interests of Thailand and the EU. Overall, in line with the Thai government's political stance, the EC like other

donors have gradually shifted their emphasis from financial assistance for physical infrastructure to technical assistance for social infrastructure, focussing on human resource development, poverty alleviation, and the environment. On the other side, most MSs phased out from ODA with Thailand and focused more on cultural and scientific co-operation, keeping a strong involvement in traditional embassies' competencies such as education, trade and FDI issues.

In 2003, the EC's strategy for SE Asia calls for promoting policy dialogue in the spirit of partnership of equals. Negotiations to reach a bilateral Partnership Cooperation Agreement with Thailand, as with all ASEAN countries, started in November 2004 and are still on-going.

The Mid-Term Review (2003) of the implementation of the CSP/NIP 2002-2006 stated that it was mutually decided by the Thai authorities and the EC to '*move gradually from development co-operation to economic co-operation*' in which '*research and technological development co-operation and (...) educational issues*' play an essential part. The scope for cooperation goes increasingly beyond traditional development cooperation and covers issues like: trade & Investment, regional economic cooperation, migration, minority rights, and indigenous people. Traditional EC areas of cooperation such as the environment and the health sector were preserved. Development cooperation was to be envisaged only on an exceptional basis and only if it addresses key national development priorities where the EC has a distinctive added value.

In 2003, the Commission's Strategy for SE Asia calls for promoting policy dialogue in the spirit of a partnership of equals; a new bilateral Partnership & Cooperation Agreement (PCA) started in November 2004 and is under negotiation along these lines.

The EC-RTG Senior Officials Meetings (SOMs) provided the framework for joint strategic programming up to 2003-2004. Those meetings are reported as useful joint exercises. Since 2003, SOMs were no longer organised. Allegedly, their continuous postponing is mainly due to political instability. There is, however, some ground for analysing this also in the light of the numerous negotiation rounds on the PCA: even if most technical or sector-wide issues are said to be resolved, MoFA keeps pointing to governance issues as major obstacles to reaching any agreement. The 9<sup>th</sup> negotiation round, held in March 2009, acknowledged progresses, but did not allow to sign the PCA.

There is no doubt about the good working relationships entertained by the EC Delegation with line ministries when dealing with project formulation. This was checked for all the main sectors of intervention (health, environment, economy) and is consistent with the close link acknowledged between RTG sector policy agenda and EC programmes. Higher education is removed from this finding. Programmes applied in Thailand are either global (Erasmus Mundus) or regional (AUNP, Asialink, etc.), without direct involvement by the line ministry in formulating the activities (I 6.4.1).

With regard to co-evolution of cooperation programmes and sector policy dialogue there are huge differences between sectors. For example, EC interventions in health care supported directly the universal coverage reform process, at least in relation to its key financial issues while for higher education, no policy dialogue was established. On the environment, EC programmes were directly involved in defining the implementation of the policy, which was not really a matter of dialogue (which was taking place at ASEAN level). In trade co-operation programmes and thus mainly SPF, no policy dialogue was explicitly considered: most small-scale projects were focused on very technical issues (I 6.4.2).

The sequencing of policy dialogue, TA, capacity building, pilot projects and major programmatic interventions is more adjusted to development co-operation than to the partnership of equals progressively established between Thailand and the EC. It can be implemented only when related financial resources are made available across several programming periods, which was not the case in Thailand where only minimal bilateral resources are available compared with the needs of the country. Such sequencing had not taken place during the assessed period.

Therefore, if almost all those approaches can be found across the evaluated period in Thailand, they are not encompassed in a chronologically logical path. They are mainly related to the RTG's standing

on limiting ODA to TA. Financial opportunities picked from various EC sources of funds at different times were another important issue for formulating projects. Programmatic interventions had rather been predominantly the result of trial and error and lessons learnt in the evolution of development cooperation (I 6.4.3).

**4.7 EQ7 - To what extent was the EC mix of instruments (regional and thematic budget lines), approaches (fiduciary funds, project approach, macro-level programmes, SWAP), financing modalities (specific procedures, budget support, joint funding) and/or channels of disbursement (government, private sector, NSAs, multilateral organisations) appropriate to the national context and EU strategic policy aims?**

Faced with the challenging quest for a “partnership of equals” not defined by an shared Partnership and Cooperation Agreement, the EC maximised its limited resources by adequately promoting policy dialogue through its regional programmes while keeping in touch with NSAs through the SPF. Budget lines programmes, mainly focused in HR issues and refugees, were however hard to consistently link to sector policy dialogue and raised conflictive issues. The limited resources, whether bilateral or regional, did not allow for an extensive mix of approaches, financing modalities and channel of disbursement.

Lessons from the weakness and overall ineffectiveness of the cooperation programme until the end of the 1990s resulted in a much improved approach in terms of instruments and financing modalities during the period under evaluation. The EC's moved from an ‘ad-hoc project approach’ before 2002 to a sector-specific focal approach since 2002 in response to the changing economic context (Thailand's upgrade to a middle income country and becoming an ODA provider) has been particularly appropriate. Over the evaluated period, EC co-operation demonstrated the ability to combine, with limited means at bilateral level, instruments, approaches and financing modalities.

To appreciate the adequacy to EC strategic goals, one has first to define them. The main strategic goal of co-operation with Thailand during the period was implicit: to be present, visible and effective, as much as the progressive move towards a partnership of equals is allowed, being mainly focused on technical assistance. This implicit goal was particularly strong when PCA negotiations started (2003). It partly overcame strategic goals enunciated in the CSP, their achievement being somehow postponed until the PCA would provide the needed comprehensive framework for co-operation. In this, the EC co-operation, through its various instruments and approaches (fora, involvement in trade policy advocacy, SPF, environmental projects, support to NGOs co-financed support to Burmese refugees, etc;) and their combination, demonstrated a strong consistency with the implicit strategic goal, staying indeed in-line with explicitly stated goals.

Limiting factors such as the paucity of resources of the NIPs and the 2003 shift towards a partnership of equals were used by the EC as a chance to design an innovative mixture of instruments, approaches and financing modalities that can be seen as good practices for other regions.

A clear-cut distribution of roles and functions was implemented between instruments, namely bilateral and regional programmes; the later, less open to national issues and more focused on long-term SE Asia - EU relations, was focused on policy issues, while the former took on board some targeted aspects of their implementation. Budget lines were more solicited for sensitive issues along the lines of governance, gender, and other cross-cutting issues, as well as humanitarian issues.

For approaches, an innovative mix was also reached by mobilising fiduciary funds (Trust Fund I and II, the Global Fund), at first based on emergencies (financial, then related to the tsunami) and then to set-out a demand-driven approach through SPF. On the other hand, resources, as well as the partnership of equals did not allow opting for macro-programmes and sector-wide approaches, which are underlined by the dominant position of the EC in policy dialogue.



Apart from joint funding through the Trust Funds I and II designed in the early period, the EC did not find a new mixture of financing modalities that have possibly allowed going beyond projects implemented to-date.

With the establishment of the SPF in response to the changing economic context conditions, the EC moved from an 'ad hoc project approach' before 2002 to a sector-specific focal approach since 2002. In other major co-operation areas (health, HE, environment), EC projects stayed unchanged during the two programming periods covered by this evaluation (I 7.1.1).

The SOMs and the proactive behaviour of the EC Delegation were effective in building policy dialogue and cooperation programmes on emerging issues until 2003. After this year, SOMs were regularly postponed due to, on the one hand, political instability, and on the other hand, PCA negotiations that cover the same topics. Or in the case of bilateral co-operation, the calls for proposals of the SPF allow for a close connectedness to emerging issues by mobilising NSAs.

The fact that major policy changes were pushed through ASEAN, for which the EC remained a significant partner all along the evaluated period, was instrumental in reaching that capacity of adjustment. This capacity was shown also for emergency (tsunami in 2004) and humanitarian issues (I 7.1.2).

The EC used an extensive range of instruments and approaches in Thailand. As the financial contribution of each is roughly around the same range, there is a balance between each instrument/approach/financing modality that is very specific to Thailand (and other ASEAN middle-income countries). The situation is extremely different from more EDF-dependent EC strategy in poorer countries, and might bring useful insights on EC efficiency. With the combined effect of MSs and IFIs phasing out from their usual ODA programmes, the EC was not in a position to mobilise various financing modalities, usually related to SWAP and joint funding.

EC strategy here is based on the combination of bilateral and regional programmes as well as projects supported under specific budget lines imposed by bilateral annual resources of some 2 M€. This combination proved to be instrumental in achieving EC goals in Thailand, with synergies particularly in environmental advocacy, universal health coverage and refugees issues. Combinations reached less convincing results for the trade and higher education sectors. On trade, international regulations and EU unilateral requirements did not give much weight to projects on contributing but marginally to achieving EC goals. In HE, resource constraints were too high compared with needs that whatever combination would overcome them.

The EC used various approaches in the same way, but no sector-wide approach was employed due to limited resources and the partnership of equals looked for by the RTG. Both project/programme approach and funds/facilities were used, the latter on bilateral resources (SPF), regional (trust funds for economic recovery, emergency funds after the Tsunami) and global resources (global fund for poverty diseases). Whatever the results and impacts of each approach wielded, the EC would not have achieved its goals with only one of them, therefore their combination was instrumental. All of them proved to be efficiently implemented, beyond operational issues that are inherent to such endeavours.

Considering the limited amount of money and human resources devoted to the management of EC interventions at the Bangkok Delegation, a high level of efficiency was achieved during the evaluated period, mainly from 2003 onwards (I 7.2.1).

EC co-operation with Thailand tried, and was successful to some extent, at overcoming regulations which were poorly adjusted on the specific context of the country, among which, a high level of capacity of NSAs comes first.

The main drivers for combinations used in Thailand were first the limited resources available under the NIPs and the RTG call for a 'partnership of equals'. That was therefore not to suit partners' capacity first. However, the choice of the calls for proposals approach for bilateral and regional programmes was definitely based on an assessment carried out by the EC on the NSAs' capacities in



Thailand, and more widely in the ASEAN countries. Whether the EC was a bit overoptimistic about it is another issue, but, from world-wide experience of EC programming, the use of NIP resources mainly through a fiduciary fund (the SPF) was clearly an innovation brought in more to widen EC partnership to NSAs than to narrowly suit usual NIP project allocations.

The SPF is the best case, which uses funds, dedicated to well pre-identified projects, funded by fiduciary funds totally open to any sort of demand-driven initiatives. This move was justified by the capacity of beneficiaries (mainly SMEs), provided a minimum of control is kept by the EC Delegation. This flexibility was allowed by ALA regulations and supported by a relatively tight network of persons in charge at Brussels HQ and the EC Delegation in Bangkok (I 7.2.2).

**4.8 EQ8 - To what extent has the EC coordinated and cooperated with EU Member states and IFIs intending to improve the complementarity of their interventions?**

Upon the request of reaching a partnership of equals, most of the MS and IFIs phased out from their development interventions, keeping only cultural and economic cooperation. The leading role of the EC in coordinating with the MS followed the same pattern. Monthly coordination meetings are almost now focused on trade and political issues. The division of labour and complementary interventions was formerly effective. Only rare examples of a lack of harmonised initiatives were identified. Outsourced projects with UN agencies or the World Bank stayed consistent with EC goals.

In the CSP (2002-2006), the EC committed itself to “*an approach providing for complementarity in co-operation programmes at EU and international level*” (p. 24). The EC led monthly coordination meetings for development co-operation for years on the one hand and for trade issues on the other. The latter are still going on and are highly appreciated by MS representatives while the former stopped a few years ago due to a lack of scope for coordination: as MS phased out, meetings turned to be only informative about EC programmes. The ASEM Trust Fund was coordinated under Thailand’s In-Country Steering Committee from 2002 to 2006. ICSC established a trouble-shooting team in 2005 (I 8.1.3).

Missed opportunities in terms of coordination were however reported on organic agriculture projects that had been implemented at the same time (2005-2006) under the Asia Trust Fund and the SPF but were not harmonised (International Trade Centre/EC, Asia Trust Fund, Mid Term Review, Final Report, 31 August 2006, p. 59). A similar point can be made on IPR, supported by both EC ECAP2 and a French initiative. Apart from those two cases, EC leading contribution to coordinating MSs’ ODA in the covered period avoided potential conflicts (I 8.1.1) and resolved inconsistencies (I 8.1.2) between its co-operation programmes and MSs interventions. The phasing out of MSs from their previous ODA involvement with RTG progressively reduced the scope for coordination.

Cooperation and coordination in the trade/economy sector is formalised and facilitated by the monthly meeting of the Delegation’s and MS commercial counsellors. Both the Delegation and the three interviewed trade counsellors (of the German, French and UK Embassies) expressed a high level of satisfaction with the Delegation’s approaches to coordination and information sharing with the MS Embassies. However, when it comes to the national economic interests of individual MS (for example with regards to large investment projects and market access for enterprises), Embassies regularly lobby the Royal Thai Government based on their own national interests with little coordination. Based on the assessment of Thai government stakeholders, the EC and MS had not always coordinated their views in the process of (the currently stalled) negotiations for an EU-ASEAN Free Trade Agreement.

No joint programmes (I 8.2.1) or efforts to establish a common platform for policy dialogue (I 8.2.2), at least at sector level (such as health, global change, etc.) have been established. The framework of a ‘partnership of equals’ sought by the RTG is contradictory to any effort from donors to elaborate a common platform for policy dialogue which implies some sort of influence on national policy issues. This framework allows for individualised policy dialogue, based on know-how or valuable experience

recognised by the Government, as is the case for universal health care coverage with the EU. The phasing out of most MS and IFIs from cooperation left the EC largely on its own in relation to policy dialogue, which in a way is inherent to the goal of poverty reduction.

As an emerging economy and slightly more than that for some exports, trade policy dialogue is more about solving conflicting interests than about carrying a global reform. For this, the EC have taken a leading role, acknowledged by MS representatives.

EC funded trust fund or facilities managed by international agencies (WB, UN agencies) stayed consistent with EU long-term goals (I 8.3.2). As for consistency with EC co-operation interventions, implementation strategies, in the case of global or regional facilities or funds, do not take explicitly on board EC country strategy or ASEAN strategy but are still consistent with the agreed overall framework. In the case of outsourced projects, like with the UNCHR in Thailand, there is a clear consistency in implementing the project (I 8.3.1) and a better regards has been taken towards EC visibility requirements (I 8.3.3).

#### **4.9 EQ9 - To what extent did the EC approach result in progress toward a balanced economic partnership between Thai and EU within the overall process of integration into the world economy that would not have occurred absent EC cooperation programmes?**

The Thailand components of regional programmes (such as the ASEAN standards programme, ECAP, Asia Pro Eco, Asia Trust Fund etc.) and to a lesser extent bilateral programmes (such as SPF) have had indirect effects on resolving and - equally importantly - preventing trade conflicts by helping Thai stakeholders to comply with international and EU norms, standards and regulations. These interventions contributed to a more balanced partnership than the one that would have occurred in the absence of EC cooperation programmes. The limited resources available to the EC made this contribution marginal.

As there are no Preferential Trade Agreements between the EU and Thailand (bilateral trade relations are instead governed by the GSP) and the draft bilateral Partnership and Cooperation Agreements has not been signed yet, the evolution of the economic partnership during the assessment period was based on trade negotiations and cooperation programmes within the framework of the CSP. As outlined under EQ1, the resolution of several trade disputes and irritants between the mid 1990s and 2002 was first and foremost achieved through negotiations between the representatives of the RTG (“Team Thailand”) and the EC. There was little, if any, direct impact of the EC cooperation programmes on the easing of trade conflicts. However, there is evidence that the SPF helped Thai stakeholders to deal with issues related to the improvement of trade relations by focussing mainly on non-tariff matters. The EC-ASEAN intellectual property rights cooperation programme (ECAP II) (ALA/96/25) resulted in Thailand introducing TRIPs compliant IPR legislation. The two NIPs (2002-2004 and 2005-2006) strong focus on economic cooperation and Thailand’s integration into the global economic system (Focal area 1: Trade and investment in the NIP 2005-2006) was, inter alia, directed at providing technical assistance and capacity building to help Thailand in implementing its WTO commitments, specifically in key areas agreed at Doha (NIP 2005-2006, p. 4). Meetings, workshops and seminars have regularly taken place during the assessment period at various political and expert levels and have at least increased transparency and confidence in EU-Thai relations.

While cooperation programmes were indeed not directed at the easing of trade conflicts (this would not be possible under ALA and DCI anyway as development cooperation is supposed reap exclusive benefits for the recipient of aid), Thailand components of regional (such as ASEAN standards programme, ECAP, Asia Pro Eco, Asia Trust Fund etc.) and to a lesser extent bilateral programmes (such as SPF) have had indirect effects on resolving and - equally importantly - preventing trade conflicts by helping Thai stakeholders to comply with international and EU norms, standards and regulations (interviews with European and Thai stakeholders).

## 5 CONCLUSIONS

### 5.1 Global conclusions

- cG1.** *(from findings of EQ1, 2, 3 and 4):* From 2003 onwards, EC interventions in Thailand paved the way for an innovative approach to tackling the challenge of shifting from traditional development assistance (under ALA Regulations) to a partnership of equals. This shift was primarily induced by a strong political move of the RTG in 2003, stating that Thailand was no more an ODA recipient, political change that can reasonably be expected from all countries moving from relative poverty to a dynamic and innovative middle-income economy. The strategic response formulated by the EC took into account shrinking bilateral resources (€13.2 million under the NIPs covering 2002-2006, €8 million for the MIP 2007-2010) and the flexibility required by the lack of agreement upon the Partnership Cooperation Agreement (PCA). Wide-scope fiduciary funds were set-up besides long-standing projects in health and environment: SPF first, and now the Thai-EC Cooperation Facility that allow mobilising a large array of partners through calls of proposals. *[no related recommendations]*
- cG2.** *(from findings of EQ1):* Both European and Thai stakeholders emphasised the general difficulty in drawing a clear line between poverty-oriented development cooperation (as prescribed by DCI from 2007 onwards) – which by definition must only benefit the recipient – and two-way trade facilitation. For a middle income country like Thailand, which has now only small or highly specific capacity building and TA needs left, the DCI global framework does not provide a sufficient instrument for a comprehensive framework of partnership. *[related recommendations: rG1]*
- cG3.** *(from findings of EQ1, 6):* This approach of bilateral cooperation through calls of proposals allowed the EC to use its financial resources partly by building working relationships with technical ministries, partly with NSAs, while the negotiations on the PCA were proceeding extremely slowly with the Ministry of Foreign Affairs (MoFA). The discontinuation of Senior Officers Meetings (SOMs) since 2003 left the EC somewhat on its own. The facility approach can be seen as a way, while waiting for an agreement on the PCA, to keep relations alive with longstanding partners and extend the network of partners to NSAs. A probably unanticipated consequence of this strategic choice was that the amount of work induced by small projects selection, management and monitoring almost overtaxed the Delegation's staff capacity with only limited impact and visibility in turn. *[related recommendations: rG2]*
- cG4.** *(from findings of EQ6):* EC programming documents and interviews have shown an excellent command of the context (both national and regional), with an up-to-date understanding of the policy agenda of the RTG, as well as of NSAs. The EC's strategic response to development and growth challenges is strongly related to RTG priorities in a clear and particularly articulated way. SOMs were instrumental for this up to 2003. Since then, the EC's close alignment of its interventions with sectors' needs has weakened to some extent, partly due to a lack of direct involvement of government departments in selecting and implementing projects funded by fiduciary funds. *[related recommendations: rG2]*
- cG5.** *(from findings of EQ1 to 5 and 7):* EC interventions employed an extensive range of instruments and financing modalities, from small humanitarian projects to trade negotiations leading to renewed GPS. They covered a large scope that served intricate and in some sense contradictory goals. In poorer countries, EC support to governance and development cooperation share the same goal of poverty reduction and stability (in the long run). In the case of Thailand, the EC position on human rights and good governance, on issues such as displaced persons and migration, is no longer linked to cooperation relating to health or economic development. As

PCA negotiations reveal, development cooperation, marginal compared to amount spent on refugees, suffered for a lack of clear framework and an insufficient involvement of government partners due to issues relating only to the political sphere. In some ways, development cooperation was counterproductive in term of EC visibility and the consistency of the overall EC strategy. However, the EU policies, even if not well-known, enjoy a certain esteem from senior Thai officials. *[related recommendations: rG1]*

- cG6.** *(from findings of EQ7):* The range of approaches was limited as no sector programme was implemented, which is consistent with the ALA regulation and a cooperation that tends to be more demand-driven than pro-actively promoting best practices or EU “acquis communautaire”. Under DCI regulatory framework, establishing a constructive policy dialogue is the only way to maintain a working relationship with government departments. This was made possible in health and environment through successive bilateral cooperation projects which were properly targeted (for health on the reform process and EU added value, and for natural resources on natural resource management: forestry, coastal and energy resources). Many line DGs of the EC have policy dialogue with the Government and cooperation programmes have often supported this dialogue. Besides that, the SPF appeared to be weak vehicles for policy dialogue and partnership. The new Thailand-EC Cooperation Facility has an Ad Hoc component for targeted technical assistance besides the demand-driven call for proposals component as well as for EC visibility. *[related recommendations: rG3]*
- cG7.** *(from findings of EQ1):* Waiting for an overall framework of cooperation expected from the PCA, more flexible and open ways were set-up to mitigate the impact of PCA negotiations on the EC’s ability to use bilateral resources, by mobilising pro-active NSAs (local NGOs and enterprises), the “call for proposals” approach being a case in point. This solution, probably initially envisioned as much more temporary than it proved to be, partly failed, due to the disproportion between needs and bilateral means, as no top-down targeting was considered during the reporting period. SPF projects are too small, their implementing agents too focussed on the technical side, and their direct impacts (regardless of their results) too limited, to reinforce the partnership with the RTG. The call for proposals process turned out to be too cumbersome, costly and hazardous to attract the expected array of partners. The amount of resources available for these was too limited to allow for a wide publicity, leading to the inability of the EC in bringing clear sector consistency into its support. The fiduciary fund instrument made the EC appears more NGO-like, rather than as an equal partner of the RTG. *[related recommendations: rG4]*
- cG8.** *(from findings of EQ1, 2, 3, 4):* Yet in spite of the limited scope, reach and visibility of EC interventions during the reporting period, projects and programmes have generated networks and working relations at operational policy-making levels, that may serve as a useful foundation for building a more elaborate policy partnership in the medium term. In a very real sense, the reporting period has successfully established the credibility of European best practices in policy and programme management on a wide range of issue domains at lowest possible cost. *[related recommendations: rG3]*
- cG9.** *(from findings of EQ7):* The fact that the EC Delegation in Bangkok was established first and enjoys a coordinating function over a large part of EC interventions in SE Asia, allowed to establish a regional convergence of approaches in designing EC programmes under the NIP/MIP for focal sectors such as higher education (Erasmus), economy (SPF), and to a lesser extent environment (focus on biodiversity). Various regional programmes directed at ASEAN (such as ECAP) have been based in Bangkok and the founding of an EU-ASEAN trade centre in Thailand is currently being considered. Given Thailand’s active role in ASEAN as one of the main drivers of regional integration, the choice of Bangkok as a hub for ASEAN-related interventions does make political and logistical sense. *[No related recommendations]*

**cG10.** *(from findings of all EQs):* The main lesson is that in a context in which both trade and political stakes for the EC are high, the EC's intricate instruments and funding modalities cancelled each other out and brought the EC-Thailand partnership to a standstill. This was not a major hindrance for each instrument to be implemented, and generally efficiently so, but at a loss of impact of the financial resources engaged and the visibility of the EC itself. Bilateral development cooperation was the first victim of this situation, as the lack of joint selection and management of interventions with the RTG did not allow achieving either convergence or sustainability. In this context TEC II will have a joint consultation process for Ad hoc actions, for 40 % of the TEC II funding. *[related recommendations: rG1]*

## 5.2 Specific Conclusions

Specific conclusions relate to the main areas of EC intervention: trade/economy, higher education, health care, environment and governance/human rights. More horizontal issues of this evaluation, such as coherence, co-ordination, and complementarity are also addressed.

### 5.2.1 *Trade/economy*

- cS1.** *(from EQ1):* The financial volume of development cooperation with Thailand is too small to have any measurable positive effect on trade or Thai SMEs' capacity. The DCI is no longer a sufficient instrument in bilateral relations with Thailand because the country has very small capacity building and TA needs in trade or SME development. *[related recommendation: rS1]*
- cS2.** *(from EQ1):* Trade relations between the EU and Thailand have increased significantly between 1996 and 2007. This development was entirely due to the increase in the volume of Thai exports to the EU. The considerable increase of Thai exports to the EU since 2004 was mainly the result of the easing of trade restrictions as far as the access of Thai products to the EU market is concerned. The EC has been particularly successful in resolving disputes on tariff and non-tariff matters, but since 2007 new irritants have emerged, evidencing the disconnection between EC projects (SPF) and commercial disputes. *[related recommendation: rS1]*
- cS3.** *(from EQ1, EQ9):* There was no direct impact of the SPF on trade relations. The impact has at best been indirect, in the sense of the provision of help for Thai stakeholders to comply with EU regulations. Overall, only a small number of SMEs benefited from the SPF. Academic and research institutions have been the main beneficiaries of SPF (the same for the Co-op facility). Thai SMEs, without prior contacts/involvement in EU-Thai cooperation networks, have found it difficult to respond to the SPF call for proposals due to both problems in finding an EU partner and the cost involved in drafting a bid. *[related recommendation: rS2]*
- cS4.** *(from EQ1):* Small projects (such as the ones supported by the SPF) are a relatively flexible and usually very effective way of responding to emerging and immediate needs among Thai stakeholders. Despite some shortcomings, SPF proved to be a suitable tool for fast and flexible responses to Thai stakeholders' needs, for example in responding and adapting to EU legislation. Equally important, for a country that is still in the process of forming a robust research infrastructure, the involvement of academic institutions in many SPF projects provided a valuable contribution to the training and capacity building of young academic researchers. *[related recommendation: rS3]*
- cS5.** *(from EQ1):* The BIC's website ([www.deltha.ec.europa.eu/bic/](http://www.deltha.ec.europa.eu/bic/)) is an excellent tool, as it provides comprehensive, complete, very well structured and easily accessible information about access to the EU Market (customs duties and procedures; agricultural goods; industrial goods; EU law); EU funding; trade policy issues. *[related recommendation: rS4]*

### **5.2.2 Higher Education**

- cS6.** *(from EQ2):* Overall, during the reporting period, the EC's HE programmes have successfully established themselves as recognisable brands. They have successfully transferred European best HE practices to Thailand and have enabled formative educational as well as cultural experiences. However, it would seem as if this recognition has had little impact on the way the majority of policy-makers, students and faculty in Thailand perceive Europe as a place to study. The future challenge will be to sustain and build on this momentum in order to make these instruments more effective vehicles for intercultural understanding. The EC programmes for forging sustainable links between HE researchers and policy have been shown to work as vehicles for transporting European best practices into the Thai HE landscape. *[related recommendations: rS5]*
- cS7.** *(from EQ2):* The EC's HE programmes used to promote intercultural understanding have been effective means of portraying Europe as a good place to study and conduct research. However, these very positive impacts have been highly localised both in a geographical as well as social sense. The positive perceptions of the European HEI landscape that programmes such as Erasmus Mundus and the FWPs manage to convey, does not penetrate into the Thai HE policy domain much further than the programme beneficiaries. By the same token, while HE European programmes have proven to be effective vehicles for transporting best European HE practices into the Thai HE policy domain, they have been less successful in propagating these practices either to the wider HE community or shaping the Thai national HE policy debate. *[related recommendations: rS6]*
- cS8.** *(from EQ2):* The EC's HE programmes promoted closer cooperation between Thai and European HEIs in the field of environmental science and sustainable development. While there was some cooperation of direct economic significance, there were too few projects to significantly impact economic relations. *[related recommendations: rS7]*

### **5.2.3 Health care**

- cS9.** *(from EQ3):* EC support to the health care reform towards universal health care coverage has been a key component of EC aid through two programming periods (1996-2009). It has made a significant and acknowledged contribution to achieving the objectives of the reform and promoting European financing models for public health policy. The EC can rightly claim that it has supported perhaps the key policy aim of the health sector in Thailand in the last ten years. *[related recommendations: rS8]*
- cS10.** *(from EQ7):* The articulation and synergies between bilateral and thematic instruments or budgetary lines are hard to trace with any certainty since they are devoted to clearly different issues, particularly in the health sector. In this sector, all resources of budget lines or thematic instruments are devoted to the refugees and the migrants while bilateral resources are mainly focused on supporting the universal coverage reform. This two-sided approach by the EC can make strategic sense in the short run (and to cope with humanitarian emergencies that last for 40 years), but makes it even more difficult to come to an agreement when negotiating the PCA. *[related recommendations: rS9]*
- cS11.** *(from EQ3):* Looking with hindsight, it is really difficult to say if the EC could have achieved as much as it did in Thailand with less financial and human resources, but having public health personnel in the Delegation was definitively both instrumental and cost-effective. *[related recommendations: rS8]*
- cS12.** *(from EQ3):* Smaller projects by Malteser, the Raks Foundation, MSF/B and the IOM targeted particularly vulnerable populations (villagers near the Burmese border, people living with HIV/AIDS and groups at risk, as well as migrants respectively). They reinforce the concept of universal coverage. *[related recommendations: rS9]*

#### 5.2.4 *Environment*

- cS13.** *(from EQ 4):* During the reporting period, the EC's environmental interventions in Thailand successfully operationalised global environmental objectives in terms of national and local environmental policy priorities at programmatic and institutional level. In that way, the EC's involvement in environmental policy contributed to an observable and significant intensification of Thai policy engagement with global environmental issues, most prominently global climate change. This was the case despite non-trivial project management issues caused by cross-cultural misunderstanding and miscommunication. *[related recommendations: rS10]*
- cS14.** *(from EQ 4)* The sector balance of environmental policy interventions in Thailand reflects an engagement of the EC's global environment objectives with local environmental concerns at both programmatic and institutional level. At the programmatic level, European policy interventions have successfully addressed global environmental challenges by linking them to focal issues on the Thai environmental policy agenda, most notably sustainable use of forestry, coastal/ marine, and energy resources. At the institutional level, bilateral and regional programmes funded by the EC aimed at generating and fostering local environmental governance capacity, a central policy priority in Thailand since decentralisation in the early 1990s and constitutional reform in 1997. Here, the bilateral projects generated local capacity for the sustainable co-management of endangered natural resources. *[related recommendations: rS10]*
- cS15.** *(from EQ 4)* Cross-cultural misunderstanding frustrated the implementation of sequential programme management. On the one hand, the top-down formulation of project goals at SOM level proved impractical for the implementation of projects aimed at building local community capacity for environmental co-management. Both the EC's project management culture (articulated through practices such as cost-sharing) as well as, more importantly, exacting financial auditing and project management procedures, caused considerable friction between Thai and European partners. For the bilateral environmental projects in Thailand, these misunderstandings have potentially strained good working relations between European and Thai environmental policy actors. *[related recommendations: rS11]*
- cS16.** *(from EQ4):* Despite significant cross-cultural misunderstandings between Thai and European partners, EC interventions have contributed to an intensification of concern for global environmental challenges in all sectors in Thailand. While difficult to quantify with any precision, EC environmental interventions have contributed in a number of practical ways. At a time where Thai environmental policy-makers were sensitized to global environmental issues due to a number of high-profile triggering events (such as the Tsunami of 2004), European environmental programmes successfully directed policy-making attention towards global environmental challenges. However, policy actors argue that, due to a lacking evidence-base, the Thai government has yet to formulate a coherent GCC strategy based on an appropriate policy debate about mitigation vs. adaptation. It is here that policy actors see an area of potential future cooperation between Thai and European partners. *[related recommendations: rS12]*
- cS17.** *(from EQ4):* In order to pursue global environmental objectives, EC projects and programmes needed to engage with the well-developed institutional and programmatic agenda of Thai environmental policy-making. For this reason, interventions concentrated on generating new and strengthening existing capacities for policy implementation, an area of perceived need. What is more, interventions have exploited synergies between regional and bilateral processes well in concentrating bi-lateral processes on local issues (such as forestry, wildlife, coastal and fishing resources) while leaving more generic regional challenges (such as energy provision) to regional and demand-driven programmes. *[related recommendations: rS13]*



### ***5.2.5 Governance and human rights***

- cS18.** (from EQ5): The EC has not achieved to establish strong synergies between its bilateral, regional, and thematic instruments. The public opinion about refugees has not evolved significantly over the reporting period. They are still considered as a “National Security Issue”, and the topic is thus not open to policy dialogue. Gender, Governance and Human Rights as such have not been explicitly and consistently incorporated into EC bilateral programmes, while CCIs’ mainstreaming has been a key component of EC aid since 1995. They have been given extensive attention with refugee issues on the Thai/Burma borders, even if it is not mentioned as such in EC CSPs. At ASEAN level, the EC addressed the full array of CCIs, while at the bilateral level, the sole focus on Burmese refugees. Thematic and regional instruments clearly maximise the participation of Thai stakeholders, whereas bilateral resources were primarily used through international NGOs. [*related recommendations: rS17, rS18*]
- cS19.** (from EQ5): At the strategic and programming levels, EC interventions concerning refugees successfully integrated Gender, Human Rights and Governance. The EC Delegation was instrumental in coordinating ECHO and EC development cooperation programmes in order to smoothen the transition from emergency/humanitarian actions and support, to development. EC development projects have successfully followed up ECHO grants dedicated to refugee camps. While ECHO decreased its support progressively, the EC has taken over coordinating all stakeholders, and building a consolidated and shared donor strategy on refugees. [*related recommendations: rS14, rS16*]
- cS20.** (from EQ5): While the official EC position has been very clear on Human Rights, Gender and Governance, the outcomes of EC projects have not been sufficiently translated into political dialogue and have made little impact on the Thai policy debate until now. A gap remains between the outcomes of EC projects for refugees, and what could be used to engage in a political dialogue with Thai authorities. This situation seems partly due to the nature of EC instruments, which are mainly translated into activities directly dealing with the refugees, rather than joint Thai/EC activities, which may create more appropriate institutional incentives. There is a need for more flexible instruments to reconcile the initiatives of the cooperation section with the political section at the Delegation. [*related recommendations: rS14, rS16*]
- cS21.** (from EQ5): There has been more of a quantitative rather than qualitative impact regarding CCI mainstreaming, although it is difficult to assess this impact due to a lack of dedicated monitoring indicators. At the regional level, capacity building and Gender issues were integrated into EC programmes, but there was no significant change on Governance, Human Rights and Gender in policy formulation and implementation in Thailand. At the bilateral level, EC interventions have had a significant impact of the refugee camps’ maintenance and on coordination between international stakeholders. However, there is still no political dialogue with Thai authorities on refugee issues. [*related recommendations: rS19, rS18*]

### ***5.2.6 Horizontal issues***

- cS22.** (from EQ7): The synergy between bilateral and regional programmes was uneven at sector level after 2002. The SPF was too widespread in its objectives to reinforce interventions implemented through Asia-Invest, ECAP, or Eco-Best. The bilateral health care universal coverage reform project had no respondents at the regional level. Erasmus Mundus under the NIP worked in complete isolation with initiatives regionally funded by the EC, such as Asia-Link, the AUNP, Asia ITC, etc. Greater coherence is evident in relation to environment issues with both bilateral and regional projects focusing on natural resources and biodiversity. On the other hand, no bilateral resources were allocated to energy issues, while regional programmes (COGEN particularly) were striving to have an impact on climate change. Moreover, if the outcomes of the regional programmes were in line with initial expectations, their impact and visibility were limited, partly due to their similarity with the facility instrument (apart from the



Higher Education fairs, that gained high visibility and renown) as in many cases they were employing the same call for proposals approach. *[related recommendations: rS20]*

- cS23.** (from *EQ8*): Coordination between the EC and MSs on development cooperation was lead by the EC Delegation up until approximately 2005, with monthly meetings being held. These appeared progressively more useless as most MSs phased out of development activities from 2003 onwards. Coordination on trade issues also took place during the period under evaluation and is still on-going. It is strongly appreciated by most MSs and is largely related to the capabilities demonstrated by EC staff. This coordination was set-up without the institutional support that an EU-Thai Chamber of Commerce could potentially be. Coordination on political issues is organized the same way and has been pursued throughout the reporting period. There is a strong agreement among MSs and the EC Delegation that trade and political issues are the only significant areas of donor coordination in Thailand. *[related recommendations: rG1, rS20]*
- cS24.** (from *EQ1 to 5*): EC added-value in Thailand is to be found in trade disputes, facilitating EU market access for Thai SMEs (particularly by explaining present and future green regulations), and support to refugees and migrants. The lack of added-value in the development cooperation field is directly related to the fact that MSs are phasing out on the request of the RTG. *[related recommendations: rS20]*
- cS25.** (from *EQ6*): The whole rationale is shared by all EC staff, desk officers in Brussels, as well as Delegation staff, showing an unusual level of commitment and personal involvement under dire constraints of limited resources. EC interventions in ASEAN involved a comparably rather limited number of staff, and there was an expressed feeling of community during the reporting period, which was instrumental in creating strong ties. Most of the desk officers in charge in Brussels of Thailand come from previous Bangkok Delegation positions and the reverse is true as well. *[no related recommendation]*
- cS26.** (from *EQ1, 2, 3, 4, 5*): The impressive number of information campaigns on various aspects of EU-Thailand relations has increased the visibility of the EC and the EU in general. EC visibility had also increased as a result of the ongoing negotiations for an EU-ASEAN FTA. However, MoFA respondents clearly stated a lack of visibility of EC interventions. The EC Delegation acknowledged that it was difficult to strengthen or even achieve EC visibility in and through multi-donor projects. Various activities within the ASEM framework increased the EU's visibility in Thailand, and the most important push in terms of visibility came from the introduction of the Euro. *[related recommendations: rS21]*

## 6 RECOMMENDATIONS

### 6.1 Global recommendations

Under the Development Cooperation Instrument (DCI), an indicative allocation of € 17 million has been earmarked for Thailand for the period 2007-2013, leading to an average of 2.4M€ a year. These resources are supplemented by projects and programmes financed under the regional programme for Asia and under thematic programmes.

- rG1.** (from *cG2, cG5, cG10*): Development cooperation, whether in mutual interest (under ALA regulations) or poverty oriented (under DCI regulation), should be considered in further programming cycles with Thailand, under an instrument fully dedicated to middle income countries, which is currently being considered by the EC. Thailand still being a Developing Country needs to continue making progress in number of areas requiring highly qualified expertise available in EU.

An alternative to the DCI should consider the rationale and implementing modalities of EC support to the EU enlargement process, intending to share EU experience on trade, investment regulations and opening to the world market. This sharing should use on one side targeted technical assistance programmes and, on the other side, twinning programmes<sup>17</sup> within a policy dialogue framework based on a jointly monitored MoU. The sector-specific “acquis communautaire” would provide a comprehensive framework for this. The main difference with the enlargement process would be that the partnership would not entail deadlines or rewards other than the right balance in achieving the RTG policy agenda.

The scope of the overall policy dialogue should encompass governance and human rights issues, but needs to be linked with more technical and institutional inputs rather than statements on values. The EU has substantial experience to share both on migration and border management (Schengen area). Both strengths as well as weaknesses must be acknowledged, which will help to build the foundation for one step further in a partnership of equals.

- rG2.** *(from cG3, cG4):* Senior Officers’ Meetings (SOMs) are instrumental to insure the EC strategy’s relevance, impact and sustainability. Their participants and institutional framework should be re-assessed to make sure that those meetings can tackle both comprehensive sector policy dialogue and institutionalised partnerships in implementing EC interventions, particularly the Thai-EC cooperation facility. SOMs should be disconnected from PCA negotiations. However, once the PCA is established, it should indeed become the strategic framework for SOMs.

Along with revitalising the SOMs, the EC should drastically focus its areas of intervention funded through bilateral resources. Health, higher education and environment should be left to regional programmes only, which are in more of a position to promote a policy dialogue. This dialogue should however be sustained and supported by the EC Delegation in Thailand, adequately staffed, as it was the case for health during the reporting period. The suitability of regional projects to the needs in Thailand could be further enhanced by decentralising design, formulation and selection to the Bangkok Delegation. The same should be applied to thematic instruments.

- rG3.** *(from cG6, cG8):* The limited resources available for bilateral development cooperation should be considered as seed money for involving EU institutions within the policy dialogue promoted by the EC Delegation. The mutual interest of Thai and EU partners in most sectors was widely evidenced during the period under investigation, but very often focused on academic discourse, and thus distant from real policy dialogue. Keeping in mind the enlargement framework, the EC should promote twinning projects with leading EU MS agencies in targeted sectors. The Thai-EC cooperation facility might be the right instrument for this.

- rG4.** *(from cG7):* Apart from dedicating the remaining resources of the Thai-EC cooperation facility to twinning projects with EU institutions, its impact should be enhanced by reinforcing its targeting on a few major issues. The next SOM would be the best opportunity to introduce such targeting. A focus on research regarding trade related issues, whether with direct applications or not, would be a proper step towards a broader foreseeable interaction on scientific end research cooperation.

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<sup>17</sup> Twinnings were already implemented in the health sector as well as through regional programmes such as Asialink or AsiaUrbs.

## 6.2 Specific recommendations

### 6.2.1 *Trade/economy*

- rS1.** (*from cS1, cS2*): Involvement of development cooperation in trade and economy should be moderated to enable the Delegation to play a more direct and visible role in facilitating trade and investment in EU-Thailand relations for the benefit of not only Thai stakeholders but also European enterprises.
- rS2.** (*from cS2, cS3*): Thailand should receive targeted support to enable the country to further develop its leadership role in areas such as the coordination of technical events and steering dialogue on specific trade and economy issues. An example of this approach is the role played by Thailand - during ECAP II - in sharing its experience with a specialised IP Court. As a country with a particular comparative advantage in key areas, the EC should encourage and support Thailand to take the lead in promoting exchanges of practical experiences in specific areas, for example in Geographical Indication (GI) registration and certification. Other examples for potential Thai regional leadership could be based on the Thai experiences in developing awareness campaigns targeted at the SME sector during ECAP II. These could be shared with Laos and Cambodia.
- rS3.** (*from cS4*): Opportunities for the flexible funding of small projects should be retained to support the process of forming a robust research infrastructure by contributing to the training and capacity building of young academic researchers.
- rS4.** (*from cS5*): The BIC's website ([www.deltheta.ec.europa.eu/bic/](http://www.deltheta.ec.europa.eu/bic/)) is an excellent tool as it provides comprehensive, complete, very well structured and easily accessible information about access to the EU Market (customs duties and procedures, agricultural goods, industrial goods, EU laws, EC funding, trade policy issues). The EC should consider using this website as a model of a 'one stop information tool' for other Delegations – even if they do not have a trade centre.

### 6.2.2 *Higher Education*

- rS5.** (*from cS6*): In order to find ways to diffuse best practices in transporting EU's HE best practices into the Thai HE landscape far more widely, the following three components should be developed to design further EC interventions in this sector :
- (a) Intensify EC support to existing regional HEIs, such as the AIT, as a strategic resource for diffusing European best HE practices. This should lead to explore option of outsourcing some collaborative HE initiatives to such institutions (short term), to integrate existing transnational institutions more closely into strategic HE programme design and implementation (medium term), and to establish and network new regional HEI's in Thailand and elsewhere.
- (b) Stimulate and promote policy dialogue about the role of HE in the emerging knowledge society in SEA by following-up on and, if necessary, revitalise AUNP NIS activities through workshops and conferences. In a more medium term view, organising one-off conferences on HEI challenges (i.e. quality or credit transfers) to bring together policy-makers and HEI practitioners from EU and Thailand/SEA (modelled on the Semmering Science and Technology Forum). EC should as well support high-profile, public science conference series that discusses cutting edge issues in science, technology and the knowledge society, (modelled on the Forum Alpbach).
- (c) Design and co-sponsor with the RTG HE and RTD cooperation instruments in Thailand and the ASEAN region on the basis of European best practices (for example, a collaborative research programme based on the FWPs at national or, possibly, at ASEAN level). This initiative should progressively scale-up in terms of regional and disciplinary scope.
- rS6.** (*from cS7*): In order to tackle the challenge of mutual understanding, the EC should expand the benefits of mobility programmes to a wider section of the Thai HEI landscape by finding ways to identify European HEI in general with the successful image of the Erasmus Mundus Programme. Joint EC-HEI or EC-National Scientific Association information campaigns and

common web-presence should be one step before expanding Erasmus Mundus funding to provide generic scholarships for non-EM postgraduate courses in Europe. In the long run, establishing a unified foreign exchange service (information, application, funding, etc.) for all post-graduate courses at European level should be considered.

Another priority here is to redress the asymmetry of the flow of students and faculty between the two regions by mobilising students and faculty already interested in an exchange to Thailand by removing financial and administrative disincentives in programmes such as Erasmus Mundus. Providing resources to support the development of joint curricula at under and post-graduate level as well as exchange programmes would drive one step further, as well as removing barriers to and provide resources for generating viable joint degree programmes at under and post-graduate level between European and Thai HEIs.

Last, EC should promote the view of decentralising the Centre for European Studies. This could be done by funding more European Studies programmes at other Thai universities or by establishing subsidiaries at other universities (that would provide a smaller range of teaching and publicity services). A first step could be to fund and design a Centre for European Studies "Roadshow Tour" to through Thailand. This tour could organise Roadshow events (such as a lecture or seminar from a European scientist or a public discussion on a topic of interest to Europe and Thailand), distribute informational material, etc. This might lead to establishing subsidiaries of the Centre for European Studies at universities in the Thai periphery that would provide a limited range of educational and intercultural services before to establish new fully-fledged Centres for European Studies at different universities across Thailand.

- rS7.** (*from cS8*): The challenge of fostering networks and cooperation in economically relevant sectors without jeopardising successful networks in the environmental policy field should be faced by EC by promoting the development of a sustainable knowledge-driven economy. This should be look for by supporting the generation of policy-relevant knowledge about environmental and economic challenges, tying in European and Thai HEIs closely into this process.

On the medium term, this should turn to develop innovative practices and organisations at the interface of the economy and the science-system. Another recommendation is to identify and encourage the exploitation of synergies between economic policy, S&T policy and HE policy in Thailand by introducing more elements of top-down thematic steering into existing programmatic instruments to encourage more research in economically relevant sectors.

It should then be considered providing resources and support for mobilising existing institutions and organisations for innovation-relevant research (e.g. science-parks or business incubators); lastly institutionalisation of an ongoing policy interaction between Office of S&T and an EU institution (possibly DG Research) would be a plus.

### **6.2.3 Health care**

- rS8.** (*from cS9, cS10*): Posting a public health person in Delegations where health care reform is planned or ongoing should be considered as a pre-requisite for impact, cost-effectiveness and sustainability. However, some caution should be taken in replicating EC achievement as applying European experiences in the public health care sector in developing countries worked in Thailand given its level of development, but it will not work to do the same in less developed countries. Between other issues, relating to a recipient country as a 'partner' requires a certain level of sophistication and maturity of the national EC counterpart. This is the case of Thailand. In establishing such partnerships, there is really a fine line between influence and policy dialogue; therefore, the local partner has to have a good dose of assertiveness to stand firm on what it wants (and does not want).
- rS9.** (*from cS10, cS12*): For the foreseeable future, there is no need to make health a focal point in next CSP. Demand-driven NGO co-financed projects should get priority EC attention in the

health sector; they now represent the best value-for-money in a middle-income developing country as Thailand. NGO projects have the flexibility to fill gaps where the government is failing. They will also focus the use of EC resources in the areas of greatest need and can work more directly with local governments. The mechanism to use could be request for proposals for health projects directed at serving underserved populations (mostly migrants and ethnic minorities, as well as high risk groups for HIV and AIDS especially HIV+ children). The policy priorities that still need more proactive interventions are the tobacco/alcohol areas and the more focused support to the health needs of migrants and ethnic minorities (not forgetting the myriad health needs of the refugees in the camps). The Delegation should take a more proactive role with the NGO/donor groups lobbying for migrants rights.

#### ***6.2.4 Environment***

**rS10.** (*from cS13, cS14*): In order to build on the success of environmental projects, the EC needs to consolidate and expand the programmatic and institutional impacts. In the short run, the EC may want to assess the way bilateral projects have evolved after completion to gauge needs and requirements. In the medium term, the EC may consider design processes for flexible and unbureaucratic funding of small projects. The EC could support Thai partners with a SPF-like fund dedicated to supporting local community co-management projects. In the long run, the EC will need to expand their successful approach to other challenging areas to tackle climate change, such as transport or construction. Here, EC projects and programmes should encourage two-way policy-oriented learning in the development of sustainable co-management practices.

**rS11.** (*from cS15*): In order to avoid implementation problems in the future, the EC will need to adapt programme management system to the requirements of messy and complex projects with a wide range of stakeholders. In the short term, this will entail introducing more flexibility into programme management, monitoring and evaluation criteria. For example, project and programme management should establish mechanisms of revising the project objectives as circumstances change and political contexts evolve. For complex projects involving a wide range of stakeholders, continuous monitoring and feedback may be more relevant than annual, bi-annual or even quarterly evaluations.

In the medium term, the EC will need to devise new and decentralized project management and control templates for projects aimed at broad stakeholder involvement. In particular, projects need to be more flexible and self-regulated. In the medium term, the EC may consider installing a formal or informal mediator (either a neutral person or organisation) that can help resolve or clear up miscommunications without causing undue embarrassment or discomfort to any of the involved parties.

**rS12.** (*from cS16*): In order to move on shifts in the Thai environmental agenda, the EC needs, in the short run, to relieve the Delegations of administrative burdens to concentrate on responding accurately to changing policy environments. This would allow, in the medium term, to develop strategies for contracting EC environmental agendas on climate change.

In order to shape the Thai GCC policy agenda with timely and policy-relevant knowledge, the EC should facilitate more collaborative knowledge-production between Thai and European researchers on policy-relevant GCC research. In the short run, the EC should organise a conference/ workshop/ meeting between European and Thai climate change policy researchers to fathom the scope of potential cooperation. This could form the basis for designing and implement a designated and more directed research programme. In the long run, the EC may consider establishing a European-Thai/ ASEAN climate policy research centre that focuses on research relevant to GCC policy-making.

**rS13.** (*from cS17*): In the field of the environment, the mix of instruments worked well. For this reason, the EC should retain and expand this mix of policy instruments. This implies, particularly at bilateral level, that the formulation and design of future projects at local level should include newly empowered local communities. Further down the road, the demand-driven programmes at national, regional and global level would profit from the measured introduction of some top-down steering. Here, the EC should aim to strike a judicious balance between bottom-up demand and gentle top-down direction. In the long run, the EC should consolidate the range of instruments at regional/ ASEAN level in order to further strengthen regional environmental networks as a model sector for ASEAN integration.

### ***6.2.5 Governance and human rights***

**rS14.** (*from cS18*): Regarding the highly politicised situation of refugee issues, the EC should intensify and promote more specific dialogue based on exchanges of experiences (including successful pilot projects) with MSs and the Thai Government in order to create a platform of exchanges.

**rS15.** (*from cS19, cS20*): The EC should capitalise on its position as a leading donor to play a greater role, not only concerning refugee issues but also on other governance and human rights issues. The EC cannot act unilaterally because the European response is ultimately a political one involving other actors. However, the EC could add value by working with EU MSs, to examine how migration policies are being implemented, to identify weaknesses, non-transparency, and to ensure that these issues are suitably tackled by decision-makers. The EC should be more proactive in Justice and Home Affairs (JHA), for example regarding a border management regulatory framework, building on the EU's Schengen area experience.

**rS16.** (*from cS18, cS19*): The EC should contribute more widely to the debate on the eventual end of refugees camps and anticipating refugee integration issues. More joint projects, studies and research with Thai stakeholders should be supported. One possible example may be a cost-benefit analysis to provide a convincing assessment of the consequences the status quo may have on the future of Thailand's economic development and social fabric.

**rS17.** (*from cS18, cS19*): The EC should put the refugee issue into its regional context and possibly address it through ASEAN level projects rather than bilateral ones. A comprehensive overview of the migration challenges is needed, including refugees issue but also migration trends and data, international migration law, migration and development, health and migration, counter-trafficking, labour migration, trade, remittances, irregular migration, integration and return migration and readmission, border management and asylum, admission and immigration policies, integration and re-integration, etc. A comparative analysis of the Bali process implemented in Asia and the EU Bucharest process would be of use to share and build on experiences and lessons learned.

**rS18.** (*from cS18, cS21*): For its support to ASEAN through regional programmes, the EC should identify strategic goals and synergies related to bilateral cross-cutting issues. At the same time, a monitoring framework should be designed so that progress on CCIs can be tracked.

**rS19.** (*from cS19*): The EC should prioritise its most flexible instruments in order to better support its partnership in the particular political context that Thailand is facing. Instruments such as twinning projects with EU political and regulatory institutions, and the Instrument for Stability could be used in term of conflict prevention in a rapid response perspective.

### ***6.2.6 Horizontal issues***

**rS20.** (*from cS22, cS24*): Coordination with MSs as IFIs should focus on knowledge sharing and publicising lessons learnt and best practices from EU enlargement and harmonising processes. Thailand's level of sophistication of its policy framework and research on policy issues implies a

need to scale-up proposed answers in terms of their elaboration, scientific backing and credibility.

- rS21.** (*from cS26*): The issue of visibility is always a part of EC evaluations. But the focus is frequently is placed on simple stationery, logos, billboards, signs, T-shirts, caps, etc. This is rather meaningless for European taxpayers and for the local populations who often do not even know what 'Europe' is or means. Instead, modern public media (such as television) may be used to create awareness among European populations.
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