

URGENTNo. 0204/ **727**

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3 April, B.E. 2550 (2007)

Dear Ms. Monique Barbut,

**Subject: Project Submissions from Thailand under the GEF-4
Resource Allocation Framework**

Please refer to our letter dated 15 September 2006 submitting a list of GEF 12 projects for approval under the RAF allocation for Thailand.

We have reviewed the list of projects in accordance with comments provided by the GEF Secretariat following our teleconference consultation on November 27th, 2006. We have also consulted with GEF Agencies and relevant national agencies, and re-assessed the projects in meeting national priorities enshrined in the 10th National Economic and Social Development Plan, (2007-2011) attached herewith. On this basis, we are pleased to re-endorse the following 10 projects:

	Project Titles	BD	CC	IA	Type
1	Catalyzing sustainability of Thailand's Protected Area System	3.800		UNDP	FSP
2	Support to Alignment of NBSAP with CBD Obligations and to Development of CHM	0.395		UNDP	EA
3	Sustainable Management of Biodiversity Conservation in Thailand	2.225		UNDP	FSP
4	Facilitating Innovative Networks For Promoting Access and Equitable Sharing of Benefits from Indigenous Genetic Resources	0.723		UNDP	MSP
5	Smallholder Biodiversity Food Certification Project	0.350		UNDP	MSP

/ Project ...

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	Project Titles	BD	CC	IA	Type
6	Exploring Renewable Energy Responding to Sufficiency Economy in Mae Hong Son		3.083	UNDP	FSP
7	Sustainable Urban Transportation in Chiang Mai		0.810	WB	MSP
8	Planning and Implementing a Participatory sustainable Transportation System in Krabi Province		0.710	WB	MSP
9	Knowledge Networking on Renewable Energy and Energy Efficiency in Community-based Initiative		0.925	UNDP	MSP
10	Transforming Industrial Energy Efficiency Markets		4.092	UNIDO	FSP
	Total	7.493	9.620		

We are at an advanced stage of considering other projects under the Biodiversity and Climate Change RAF allocations, and also projects in other Focal Areas not subject to the RAF, and anticipate being able to send a further list of projects to be endorsed in the near future.

Please be assured of our full cooperation.

Yours sincerely,



Mr. Peripong Pongbun Na Ayudhya,
Permanent Secretary of the Ministry of Natural
Resources and Environment

The 10th Five-Year Plan – Guiding Thailand's Development and the Partnership with the GEF through Support to the Sufficiency Economy

The Vision

Thailand's national development strategy, as described in the 10th National Economic and Social Development Plan, 2007-2011, is broken down into five strategies. Three of these strategies are particularly relevant to the protection of the local, national and global environment, and therefore to the goals of the GEF. These are the strategies on **environmental issues, building strong communities, and good governance.**

The 10th National Economic and Social Development Plan is guided by the thinking of Thailand's monarch, His Majesty King Bhumiphol Adulyadej, who throughout his reign has carefully observed the patterns and process of development in the country. His observations led to the formulation of a development philosophy that has come to be termed the Sufficiency Economy. This represents a dramatic evolution in government policy that will shape the future of Thailand's economy, society and environment.

An Outline of the Sufficiency Economy

The term "Sufficiency Economy" should not be confused with the concept of self-sufficiency. Rather, the Sufficiency Economy refers to a culturally and socially appropriate development path.

At its simplest level, the Sufficiency Economy seeks to introduce moderation and reasonableness at every level of society, starting with families and communities, and ultimately applying to the nation itself. However, the vision of the Sufficiency Economy may best be illustrated by considering different paths of development, particularly those followed by countries with developed economies.

- Many countries of Western Europe, particularly the United Kingdom, France, Spain, the Netherlands, Portugal, Belgium, and even to some extent Denmark, Austria and Germany, based their economic development on the exploitation of natural resources of other countries through a process of colonization. The benefits of this path were that these countries had access to vast natural resources while viewing themselves as having little moral obligation either towards the local inhabitants or for sustainable management of the resources.
- In countries like the United States and northern countries like Canada, Norway, Sweden, Finland and Russia, very low population densities and small populations relative to the size of the country, allowed economic development to be based on the exploitation of national natural resources without major negative impacts at the national level.

Both of these paths of development are "easy", in that they do not require sophisticated or diversified economic strategies.

For developing countries like Thailand, there are pressures to attempt to follow similar development paths. The pressures arise firstly from the fact that, as noted above, these paths are "easy", and secondly due to the spread of western cultural values – as desire to emulate the forms of development seen in western countries. As there are no opportunities for the colonization path in the modern world^{*}, the path that Thailand has followed in recent decades

* The exploitation of resources in countries having little effective control over their resources, or facing a desperate need for income from foreign investment, may be viewed philosophically as a form of "modern" colonization.

has been based on wholesale exploitation of its own natural resources, even though population density does not allow such a path without serious impacts on the country's natural wealth.

But there are alternative paths. Countries like Switzerland and Singapore have followed alternative paths, involving much more diversified economic strategies, which were particularly suited to their national conditions. At its core, this is what the Sufficiency Economy seeks to achieve – to turn Thailand off the simple but inappropriate development path followed by many western countries, and pursue a more balanced path that is culturally and socially appropriate.

The 10th National Economic and Social Development Plan, 2007-2011

The 10th National Development Plan states that Thailand needs to upgrade the standard of environmental management by protection of the natural resources base and ... by improving the environmental management mechanisms through people's participation increase the efficiency of energy consumption and develop renewable energy in response to in-country energy demands.

The Mission and Vision of the 10th Plan includes the need to establish a "balance between conservation and wise use, using the local body of knowledge for environmental surveillance, community rights protection, and promotion of community-based natural resources and environmental management, adjustment of production modes with environmentally friendly consumption ..."

The 10th National Development Plan consists of five strategies. The first strategy calls for **human and social development**, and visualizes a knowledgeable and virtuous Thai society that is resilient to change. The second strategy plans to **build strong communities** to serve as building-blocks for the nation and to develop a dependable community-level economy to co-exist harmoniously with nature and surrounding environment. The third strategy deals with **the national economy**. Thailand needs to create value-added goods while retaining Thai identity to differentiate from competitors, and improve economic and investment infrastructures. The fourth strategy focuses on **environmental issues**. The aim of this strategy is for people to co-exist happily with the environment to ensure good quality of life and to preserve as well as to protect nature for the future generations. The final strategy concentrates on **good governance**. This strategy calls for sustainability and superior government management and good governance to distribute income and authority to rural communities. Clearly, GEF support is most relevant to the fourth strategy (environmental issues), but progress in this area requires simultaneous progress in building strong communities, the second strategy, and good governance, the fifth strategy.

The 10th National Economic and Social Development Plan, is guided by the principles of the Sufficiency Economy, focusing on well-being rather than wealth, making sustainability the very core of thinking, and concentrating on building people's capabilities to develop their potential. Three principles are central to this focus:

- **Moderation** – conveying the idea of the middle way between want and extravagance, between backwardness and impossible dreams; it implies both self-reliance and frugality, and it also implies *equity*, with a special obligation to assist the poorest sectors of society
- **Reasonableness** – implies both evaluating the reasons for any action and understanding its full consequences, not only on oneself, but on others, society, and the environment
- **Self-immunity** – means the ability to withstand external shocks, to be adaptive and develop coping strategies

In order to apply these three principles, two Conditions are necessary:

- **Knowledge** – accumulating information with the insight to understand its meaning and the prudence needed to put it to use
- **Integrity** – including not only virtue and ethical behaviour, but also tolerance, equity and perseverance

The GEF's contribution to the vision

The UN system is providing active support to the Royal Thai Government in developing the principles and practices of the Sufficiency Economy, as a means to achieve the goals of the 10th National Economic and Social Development Plan. As part of the multilateral assistance system, the GEF can make an important contribution in two ways:

1. Demonstrating the application of the principles of the Sufficiency Economy in the field of environmental management (GEF funds serving as “seed” money); and
2. Assisting Thailand to disseminate lessons to other developing countries faced with similarly inappropriate development paths.

In support of the implementation of programmes under the 10th National Economic and Social Development Plan and the application of the Sufficiency Economy approach, the Ministry of Natural Resources and the Environment has developed a work plan within which interventions that are eligible for funding through the GEF and which are consistent with the Principles and Conditions of the Sufficiency Economy have been identified.

In particular, GEF funding will be used to support interventions that benefit the global environment, as well as local development, primarily in the following two areas:

- Interventions promoting the Principles of **Moderation** and **Reasonableness**; and
- Interventions promoting the Condition of **Knowledge**

The niche for GEF support can be illustrated with reference to the initial list of priorities in the Biodiversity and Climate Change focal areas, which will be further developed in early 2007 with additional projects in Biodiversity, Climate Change and other Focal Areas. These initial priorities include:

1. Projects promoting the Principles of Moderation and Reasonableness:
 - Catalyzing Sustainability of Thailand's Protected Area System
 - Smallholder Biodiversity Food Certification Project (SBFCP)
 - Exploring Renewable Energy Responding to the Sufficiency Economy in Mae Hong Son
 - Sustainable Urban Transportation in Chiang Mai
 - Planning and Implementing a Participatory sustainable Transportation System in Krabi Province
 - Transforming Industrial Energy Efficiency Market
2. Projects promoting the Condition of Knowledge:
 - Support to Alignment of the NBSAP with CBD Obligations and Development of the CHM
 - Sustainable Management of Biodiversity Conservation in Thailand
 - Facilitating Innovative Networks For Promoting Access to, and Equitable Sharing of Benefits from Indigenous Genetic Resources

- Knowledge Networking for GEF-funded Small Grants Projects (as part of the Small Grants Programme strategy)

The Strategic Approach

While the niche for GEF support is defined by the 10th National Economic and Social Development Plan and the principles of the Sufficiency Economy that underlie it, maximizing the impact of GEF funding requires a strategic approach that ensures that individual projects form an integrated programme that not only demonstrates innovative solutions to local and global problems, but also creates the necessary conditions for replication and scale-up. This strategic approach, which will ensure that Thailand's GEF portfolio is focused and efficient, involves the following elements:

- An area-based approach. Within each focal area, interventions will address problems at the level of the appropriate administrative unit. For example, under the Decentralization Act (1999) responsibility for rural energy services is devolved to provincial administrations. Therefore projects supporting (for example) renewable energy will use provinces as the unit for demonstration of innovative solutions. The use of watershed units for planning of natural resource use has been promoted by the Royal Thai Government, so biodiversity and land degradation projects will utilize watersheds or sub-basins as the unit of demonstration.
- Horizontal learning. A major focus will be on establishing the conditions and institutions necessary to allow local innovations to be exchanged and disseminated. This will promote learning and opportunities for still greater innovation, and will increase the efficiency with which institutions governing natural resources in Thailand work.
- Vertical linkages between policy and practice. A major shortcoming in past policy development has been the highly decentralized policy formulation processes. Although recent government strategies, including the 10th National Economic and Social Development Plan, seek to rectify this shortcoming, there are still few mechanisms to ensure that practice informs policy. GEF support will assist in creating such mechanisms.

Measuring Impact

Although the changes required to bring government policy fully in line with the principles of the Sufficiency Economy can only be achieved over a time-scale that is longer than the 10th National Economic and Social Development Plan, or the duration of GEF-4, it is nevertheless possible to define measurable changes that can be effected over the coming four years.

For example, some of the key performance indicators (KPI) in the three strategies of the 10th National Economic and Social Development Plan relevant to the goals of the GEF are:

Environmental issues (Strategy 4):

- The area of forest should reach 33% of the territory
- The coverage of protected area should reach 18% of the territory
- Carbon dioxide emissions should be reduced by 5% compared with 2001 values, and should be less than 3.5 tonnes per person per year

Building strong communities (Strategy 2):

- Development of local government organizations
- Reduction of the poverty rate to below 4% by 2011

Good governance (Strategy 5):

- The transparency score among government officials (as measured by the International Transparency Institution scoring system should reach 5.0 by 2011 (from 3.8 in 2006)
- The number of government officials in central agencies will be reduced by 10% by 2011, substituted by more cost-effective management.

The Ministry of Natural Resources and Environment (MONRE) (www.mnre.go.th) will play a leading role in achieving the targets of the 10th Plan as they apply to the environment and natural resources. The Ministry's ambitious goal is to preserve, conserve and restore natural resources and the environment and to manage natural resources in a sustainable manner. MONRE is committed to play a significant role at all levels of environmentally sound management, as part of a strong commitment to the multilateral environmental agreements (MEAs) such as the UNFCCC (United Nations Framework Convention on Climate Change), CBD (Convention on Biodiversity), the Stockholm Convention on POPs (Persistent Organic Pollutants), etc. MONRE, as GEF Operational Focal Point (OFF) has a mandate to ensure that all GEF projects are country-driven, reflect national priorities, and generate benefits to the global environment.

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