

Thailand Environmental Fund ***by Krisana Choeypun***

I. Background/History

Thailand, with an economy expanding at an annual rate of 7% to 8%, has emerged as one of the world's fastest growing economies. The agricultural sector – Thailand's major source of growth in the past – was replaced by the industrial sector in the 1980s. This growth has brought increased urban environmental problems. Public utilities in urban centers have inevitably lagged behind urban population growth. Residential wastes are commonly discharged into waterways, at such rates that the water in major rivers has become unsuitable for domestic use. Industries also have increasingly released effluents into waterways.

Before 1982, there was no legislation for environmental management. Environmental agencies merely monitored and reported ambient levels of pollutants in the water stream. The breakthrough came in 1992 with the enactment of the Enhancement and Conservation of National Environmental Quality Act (B.E. 2535) (1992). The Act attempts to manage environmental problems in an integrated manner through an interdisciplinary ministerial committee with short and long term plans. It decentralizes authority and delegates environmental management to provincial authorities (Changwats). It recognizes and encourages the participation of private sector and nongovernment organizations (NGOs) in environmental protection. Finally, the Thailand Environment Fund was set up to promote investment in pollution control and to enforce the "Polluter Pays Principle" under the Environmental Act.

II. Goals

The fund aims to acquire and channel financial sources from the Government, international organizations and other funding sources for the protection and improvement of the environment.

The objectives are:

- to support government agencies, local administration, state and private sector enterprises with loans or grants for wastewater treatment or solid waste disposal facilities, including the acquisition and procurement of land, material, equipment, etc. necessary for the operation and maintenance of such facilities;
- to support the promotion and conservation of environmental quality; and
- to efficiently administer the fund.

III. Legal Structure

The fund was established under the Enhancement and Conservation of National Environmental Quality Act whose salient provision is the establishment of an Environmental Fund with substantial money to support environmental protection projects of the private and public sectors in Thailand.

IV. Governance/Administration

The fund is supervised by the National Environmental Board (NEB) established by the National Environmental Act and composed of the Prime Minister as Chairperson and the Cabinet as members. The fund is managed by a special interministerial "Environmental Fund Committee" chaired by the Permanent Secretary of the Ministry of Science, Technology and Environment (MOSTE), with the Secretary-General of the Office of Environmental Policy and Planning (OEPP) as a secretary. Members include the Permanent Secretary of the Ministry of Agriculture and Cooperatives; the Secretary-General of the National Economic and Social Development Board; the Director of the Bureau of Budget; the Director-General of the Department of Local Administration; the

Comptroller-General of the Comptroller-General's Department; the Director-General of the Department of Public Works; the Director-General of the Department of Industrial Works; the Director-General of the Department of Mineral Resources; the Director-General of the Pollution Control Department; the Director-General of the Environmental Quality Promotion Department and five qualified members appointed by the NEB.

Under Section 14 of the Environmental Act, qualified members appointed by the Cabinet hold office for three years and may be reappointed for not more than one consecutive term. Qualified members appointed during the term of members already serving complete their term at the same time as those members already appointed.

The Environmental Fund Committee is responsible for allocating funds to appropriate environmental improvement activities.

The Office of the Environmental Fund, a division of the OEPP, is responsible for administration, management and coordination of the fund as well as mobilization of funding according to the principles of the Environmental Act.

The Department of Comptroller-General under the Ministry of Finance acts as Fund Manager for grants to local administrations, governmental agencies and NGOs and is responsible for disbursement and investment in government financial institutions.

The Industrial Finance Corporation of Thailand (IFCT) and Krung Thai Bank (KTB) act as financial intermediaries or "Fund Managers" for credit facilities. IFCT is responsible for the private sector/industries while KTB is responsible for local administrations, state enterprises and private sector/common facilities.

V. Funding

The fund was established in the Ministry of Finance with an initial capital endowment of US\$19.231 million and boosted to US\$192.31 million by the US\$173.08 million transferred from the Oil Fund to facilitate the implementation of environmental policies and regulations.

VI. Fundraising

The Royal Thai Government in 1994 received a US\$100 million loan for environmental protection from the Overseas Economic Cooperation Fund of Japan. The fund also received grants from Government in fiscal years 1993, 1994 and 1995 in the total amount of US\$48.08 million. Other funds come from the Fuel Oil Fund in the amount determined by the Prime Minister; the Revolving Fund for Environmental Development and Quality of Life; service fees and penalties collected; grants from the Government from time to time; monies or properties from donors in the private sector, both domestic and foreign, and by foreign governments and international organizations; interest and benefits accrued from the fund; and other monies received for the operation of the fund.

VII. Investment Policy

The fund's assets, managed by the Department of the Comptroller-General, Ministry of Finance, are deposited in fixed income securities. All monies earned by the fund according to the Environmental Act are paid into its account for the purposes indicated in the Act and not remitted to the Treasury as general revenue of the Government.

VIII. Relation to National Environmental Plans

The fund, is guided by the principles of the National Environmental Policy and the National Environmental Action Plan. The

Environmental Act embodies concepts of environmental conservation and pollution control in two distinct management areas. This represents a drastic change in the role of environmental management agencies, from an advisory role to a comprehensive role including planning, policy setting, regulatory, and promotional functions.

The responsibility of the OEPP is similar to that of the Office of the National Economic and Social Development Board (NESDB) in mapping out a master plan for national environmental management.

The OEPP, serving as the Secretariat of the Environmental Fund Committee, relates to national environmental plans in the following ways:

1. making policy and plans to improve the quality of the environment in accordance with overall national policy;
2. coordinating the management of natural resources according to the policy and planning guidelines established by the National Environmental Quality Promotion, the National Economic and Social Development Plan, and the Environmental Quality Management Plan;
3. recommending policy directions, administration and management coordination procedures of the Environmental Fund as well as mobilization of resources for the fund.

IX. Criteria for Grants

First priority is given to projects whose concessional loan revolves back to the fund. Grant requests are considered only when there is a clear necessity and no alternative financial sources.

Eligibility terms and conditions are:

- Local administration: Projects must be submitted through the Environmental Quality Management Action Plan of provincial agencies.

Grantmaking criteria include investments in wastewater treatment projects for projects in urgent condition without alternative sources. Support from the fund cannot exceed 10% of the total investment. Criteria for loans include investment in wastewater treatment in the local territories. Projects must be viable, ready for implementation, and approved by the Ministry of Interior.

Loan conditions include fixed interest rate of 6.8% per annum; grace period of up to two years; and a 10-year repayment period.

- State enterprises: Projects must be submitted to the MOSTE through the OEPP.

Loans are provided for financially viable wastewater treatment projects unable to receive soft loans from other sources. Loan conditions include a fixed interest rate of 8% per annum; a grace period of up to two years; and a seven-year repayment period.

- NGOs: Organizations registered as environmental or natural resource conservation organizations are eligible. Proposals have to be submitted directly to the OEPP.

Criteria for grants: projects must support local environment administration aiming to solve environmental problems, must demonstrate public support, have a definite time frame, show potential to be precisely evaluated, and must be urgent.

Grants do not exceed US\$194,000. Foreign NGOs must have at least 30% of total cost as additional funding from overseas.

Private sector: Small and medium sized industrial projects with total fixed assets not exceeding US\$15 million submit proposals to OEPP and IFCT. Non-industrial projects are submitted to OEPP and Krung Thai Bank.

Criteria for loans: investment in environmental protection systems; relocation of facilities to the appropriate areas; common facility projects with license from the Pollution Control Department. For relocation, loans may cover the cost of dismantling, transportation, and reinstalling.

Loan conditions: Must not exceed 20% of the total fixed assets or the pollution project investment budget. For common facilities projects, the maximum loan amount must not exceed 60% of the enterprise's total fixed assets. Interest rates are 8% to 8.5% per annum. There is a grace period of up to two years and a seven-year repayment period.

X. Disbursements to Date

The fund disbursements have been:

- Project under Action Plan for Reduction and Elimination of Pollution; US\$232.3 million;
- Action Plan for Environmental Quality Management of Provincial Agencies, US\$1.1 million;
- NGO projects, US\$3 million;
- Research projects by central government agencies, US\$3.6 million;

Total fund disbursements are US\$240 million.

XI. Monitoring and Evaluation System

The OEPP is responsible for monitoring and evaluating projects and proposals. It prepares and submits the fund's quarterly status

report to the Environmental Fund Committee, and the annual report to the National Environment Board.

The Department of the Comptroller-General, responsible in monitoring the management of the fund, prepares and submits the quarterly financial statements to the Environmental Fund Committee.

The OEPP has been developing the Monitoring and Evaluation System with the Mahidol University.

XII. Auditing Requirements

The government agencies, local administration and state enterprise projects are audited by the Office of Auditor-General of Thailand. Private sector and NGO projects are audited by independent auditors.

XIII. Perceived Needs

A. Long range planning for:

- Fund improvement: a continuous program aimed at efficient management and timely improvement of the fund operation. It is obvious that the demand for loans and grants from the fund will increase tremendously in the future.
- Fund administration improvement: a program involving financial planning for the fund which includes financial policy formulation, updating the interest rates and terms for loans, determining the suitable amount of reserved funds, determining the maximum amount of total annual loans, and setting up maximum total annual grants.
- The fund also needs access to engineering advisors to make technical engineering decisions and to prepare analyses regarding facilities.

- The fund needs adequate staff for effective fund management. At the very least the present staff should be doubled, then evaluated for effectiveness.
- Short range Action Plans: Identification of projects to attain the goals of the long range plans.

XIV. Computer Resources and Capabilities

The Internet will be used to improve the fund management. The fund has seven desktop computers and two portable computers, all of which use Microsoft Windows.

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1. The first part of the paper is devoted to a general discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the atom. The second part of the paper is devoted to a detailed analysis of the experimental results. It is shown that the results are in good agreement with the theoretical predictions. The third part of the paper is devoted to a discussion of the results and their implications. It is shown that the results are of great importance in the theory of the structure of the atom.

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