

**THE EFFECTS OF ENVIRONMENTAL LOANS FROM THE  
ENVIRONMENTAL FUND TO SMALL AND MEDIUM SIZED  
ENTERPRISES ON LOCAL COMMUNITY ECONOMY**

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**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF  
THE REQUIREMENT FOR THE DEGREE OF MASTER OF  
SCIENCE ON NATURAL RESOURCE MANAGEMENT  
FACULTY OF GRADUATE STUDIES  
MAHIDOL UNIVERSITY  
2005**

**ISBN: 974-04-6780-6  
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**ABSTRACT**

Small and medium sized enterprises (SMEs) have played major roles in the economic recovery of Thailand because of their big numbers, their high capacity to absorb labor and their economic contribution. SMEs also have a significant impact on the environment as they process raw material, produce products and discharge their waste, sometimes in inappropriate ways, thereby becoming a liability through environmental degradation or pollution. Because of this situation, the government of Thailand has embarked on a program of tightening environmental regulation and established financial support through an environmental fund to tackle growing disputes amongst enterprises, environment and communities.

The objectives of this study were: 1) to identify the kinds of benefits that SMEs gained from environmental investments funded by environmental loans; 2) to determine the impact of environmental investments funded through environmental loans on environmental quality, and 3) to determine the effect of the environmental loans from the environmental fund to SMEs on local community economies. This study has been conducted both qualitatively by in-depth interview and quantitatively by questionnaires. All data were synthesized by using descriptive analysis in order to explain and interpret the results.

The results showed that financial support from environmental loans made enterprises invest in pollution abatement. There were positive correlations between environmental investments funded through environmental loans and the economic benefit gained by enterprises. Environmental investments funded through environmental loans improved the quality of effluent and emissions and had a positive effect on the surrounding environment. It also had positive correlations with local community economy through involving the local community, employees, marketing especially farm enterprises, and bringing in money to local community and owners' household expenses.

It is recommended that further research be done for accessing the employees' spending effect and realistic assessment of the socio-economic impacts of environmental pollution and ecosystem improvement. It is also needed to improve promotion of environmental loans with other prospective benefit generated from environmental investment, broadening the kind of environmental investments, simplifying the loan procedures, and proposing the loan right from when the company begins operation.

KEY WORDS: SMEs / ENVIRONMENTAL LOAN / BACKWARD LINKAGE / FORWARD LINKAGE / ENVIRONMENTAL QUALITY / SOURCE OF REVENUE / OWNERSHIP

105 pp. ISBN: 974-04-6780-6