Legal Update

Thailand Expands NIA's Investment Powers: A New Era for Startups and Innovation

A. What role does the National Innovation Agency play?

Thailand's National Innovation Agency (the "**NIA**") plays a central role in promoting and strengthening Thailand's innovation ecosystem as a public organisation. Acting as a key agency supporting innovation-driven entrepreneurs in Thailand, the NIA traditionally facilitates the development and commercialisation of innovation through a range of supportive measures, including funding programmes, business development support and initiatives aimed at connecting Thai entrepreneurs with relevant public and private sector stakeholders. This role forms part of the broader efforts of the Thai government to foster the growth of startups and innovation-driven enterprises, enhance their access to funding and other forms of support, and create an environment in which innovative businesses can develop and scale.

Recently, the NIA's role has expanded. On 29 June 2026, the *Royal Decree Establishing the National Innovation Agency (Public Organization) (No. 3)*, *B.E. 2569 (2026)* (the "**Royal Decree**") was published in the Government Gazette and came into effect on 30 June 2026. The Royal Decree significantly expands the NIA's statutory powers by allowing it to make direct investments in innovative businesses, in addition to its existing role of providing innovation supporting measures.

This amendment marks a major development in Thailand's innovation framework by enabling the NIA to use investment as an additional mechanism to support the commercialisation of research and innovation.

In this article, our team in Bangkok examine the key legal developments introduced by the Royal Decree and their potential implications for startups and innovation-driven businesses in Thailand.

B. NIA's existing role and the rationale for the amendment

The NIA was established under the *Royal Decree Establishing the National Innovation Agency (Public Organization), B.E. 2552 (2009)* and operates under the supervision of Thailand's Ministry of Higher Education, Science, Research and Innovation. As Thailand's lead government agency for promoting innovation, the NIA has supported startups and innovation-driven businesses through grant funding, accelerator programmes, commercialisation support, venture building and other innovation initiatives, while working with government agencies, academic institutions, private sector organisations and investors. Since its establishment, the NIA has provided financial support to more than 700 projects, with a total investment value of approximately THB 550 million / US$15 million.

The Royal Decree marks a significant expansion of its role by expressly enabling the NIA to acquire equity interests, make co-investments and participate in venture capital trust structures, subject to the criteria and conditions prescribed by the Thai Cabinet. Through the NIA Venture Initiative, the NIA is moving beyond its traditional role as a grant provider towards becoming an investor, using catalytic capital to share investment risks and encourage greater private sector participation.

This shift is particularly relevant given the funding challenges faced by startups in Thailand, especially those at the early and growth stages. Technology-related businesses often require substantial capital and longer development periods before generating tangible commercial returns, meaning that grant funding alone may not be sufficient to support their growth before they reach profitability. By introducing direct investment as an additional support mechanism, the amendment is intended to facilitate the commercialisation of research and innovation, improve access to capital for innovative businesses and strengthen Thailand’s innovation ecosystem and long-term competitiveness. This development is broadly in line with the existing framework for the Digital Economy Promotion Agency, which already has statutory authority to invest in or hold shares in juristic persons to further its statutory objectives.

C. Key amendments introduced by the Royal Decree

The key feature of the Royal Decree is the expansion of the NIA's statutory powers from primarily supporting innovation through grants and other supporting measures to taking on the role of an active investor. This enables the NIA to support innovative businesses and the commercialisation of research through investment mechanisms. To achieve this, the Royal Decree has introduced several significant amendments expressly expanding the NIA’s authority.

1. *Acquisition of shares and partnerships*

The amended Royal Decree broadens the NIA’s authority to participate directly in business and investment structures. In particular, the NIA may acquire shares in companies and become a partner in partnerships and other business entities whose activities are consistent with its statutory objectives. This represents a notable expansion from the previous legal framework, under which the NIA’s investment authority was more limited, including to co-investment arrangements. Any equity investment must be made in accordance with the criteria prescribed by the Thai Cabinet.

Taken together, these amendments reflect a more active and flexible role for the NIA in Thailand's rapidly developing innovation ecosystem. Rather than acting primarily as a provider or facilitator of support, the NIA is now able to participate directly as an investor or business partner, allowing it to take a more strategic role in supporting the financing, development and growth of innovation-driven businesses.

2. *Participation in private equity trusts*

The Royal Decree introduced, for the first time, an express authority for the NIA to participate in private equity trusts. This new investment mechanism allows the NIA to support innovation-driven businesses indirectly through professionally managed investment vehicles, providing an additional channel for deploying capital into Thai startups and other high-growth businesses. Any such participation remains subject to the criteria prescribed by the Thai Cabinet.

The introduction of private equity trusts participation is particularly significant as it expands the range of investment tools available to the NIA beyond direct participation in individual businesses. It further underscores the NIA's evolving role as an active institutional investor, enabling it to support Thailand's startup and innovation ecosystem through more diversified and specialised investment structures.

Overall, the Royal Decree marks a shift from a legal framework that primarily relied on grant funding and other support measures to one that enables the NIA to use investment as an additional mechanism for supporting innovative businesses and the commercialisation of research, while remaining subject to Cabinet oversight and prescribed regulatory safeguards.

D. NIA's new role as an investor

To implement the framework set forth in the Royal Decree, the NIA has announced three preliminary investment models under the NIA venture framework, each designed to support innovative businesses at different stages of growth, as follows:

1. Private equity trusts, representing approximately 40 percent of the investment portfolio, focuses on investments through trust structures in startups from the Series A stage through to the pre-IPO stage. The objective is to support business expansion and facilitate access to capital markets;

2. Holding company, accounting for approximately 30 percent of the investment portfolio, involves strategic investments through holding companies established by academic institutions, private sector organisations, or Fund of Funds structures. This model aims to strengthen Thailand's innovation investment ecosystem while accelerating the commercialisation of research; and

3. Corporate co-funding, comprising the remaining 30 percent of the investment portfolio, enables co-investment with NIA-listed investors in innovative businesses from Seed Round Fundraising to Series A stages. The programme focuses on strategic sectors

such as Agricultural Technology (AgTech) and Food Technology (FoodTech), Health Technology (HealthTech) and Artificial Intelligence (AI).

Based on the information currently published by the NIA, the proposed investment framework is expected to target innovation-driven startups and small and medium-sized enterprises (SMEs), particularly those operating in Deep Technology (DeepTech) and other strategic industries identified by the government.

Nevertheless, although the Royal Decree significantly expands the NIA's investment powers, those powers remain subject to important legal safeguards. All investments must comply with the criteria and conditions prescribed by the Thai Cabinet and must be made in furtherance of the NIA's statutory objectives, rather than for the primary purpose of generating investment returns. In addition, the NIA's investment approach is expected to focus on minority shareholdings, allowing private businesses to retain operational independence while preserving market-driven investment.

E. What’s next?

Businesses and investors should therefore closely monitor the implementing regulations and guidelines expected to be issued by the Thai Cabinet and the NIA, which are likely to provide further details on eligibility requirements, investment conditions, application procedures and the investment approval process.

The Royal Decree reflects a broader shift in the NIA's approach as an active investor, from relying primarily on grant funding and other support measures, to using investment as an additional mechanism to drive innovative businesses and the commercialisation of research.

This development represents a significant milestone in Thailand's innovation legal framework and creates new opportunities for Thai startups and innovation-driven businesses by facilitating access to funding, fostering public–private collaborations and contributing to the efficient and sustainable development of Thailand’s innovation ecosystem on a long-term basis.

Further information

Should you have any questions or require tailored advice on how these legal developments may affect your business, please contact PDLegal. Our team would be pleased to assist you.

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