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RS/PS
7/7/72

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PROJECT APPRAISAL REPORT (PAR)

1. PROJECT NO. 493-11-290-161	2. PAR FOR PERIOD: 10 1/72	3. COUNTRY Thailand	4. PAR SERIAL NO. 72-7 4930161
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5. PROJECT TITLE Private Sector Development	6. I.D. NO. 11-493-607- A1
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7. PROJECT DURATION: Began FY 65 Ends FY 72	7. DATE LATEST PIP 5/23/69	8. DATE LATEST PIP --	9. DATE PRIOR PAR --
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10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$3,000,000*	b. Current FY Estimated Budget: \$75,000	c. Estimated Budget to completion After Current FY: --
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)	
a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.
International Business Consultants, Inc.	AID 493-527
Robert A. Jackson, Personal Services Contract	AID/ea 121

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID/W	HOST		
			<p>Project due to be phased out at the end of the current fiscal year. Some of the incompleated activities are being considered for inclusion in a new project.</p> <p>* Cumulative Obligation since FY 1969 (date of PROP) -- \$1,870,000.</p>	

D. REPLANNING REQUIRES						E. DATE OF MISSION REVIEW	
REVISED OR NEW:	<input type="checkbox"/> PROP	<input type="checkbox"/> PIP	<input type="checkbox"/> PRO AG	<input type="checkbox"/> PIO/T	<input type="checkbox"/> PIO/C	<input type="checkbox"/> PIO/P	2/1/1972
PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE Donald C. Marsden				MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE Rey M. Hill			

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II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN							C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X)				
	UNSATISFACTORY		SATISFACTORY			OUT-STANDING		LOW		MEDIUM		HIGH
	1	2	3	4	5	6	7	1	2	3	4	5
1. International Business Consultants							X					X
2. Robert Jackson, Pers. Services Contr.				X							X	
3. Miscellaneous P.S. Contracts				X							X	

Comment on key factors determining rating

IBC has been effective in training and working with Thai counterparts; contractor apportions time well and concentrates on key factors.

Misc. PSC personnel contributions have ranged from mediocre to very good, with general work and results at least satisfactory.

Major problem encountered has been delays incurred in obtaining the services of key planning advisors, either due to inability of AID/W to recruit suitable individuals or due to program changes requested by RTG resulting in desire to reappraise and reconsider activity and projected USOM inputs on part of Mission management.

4. PARTICIPANT TRAINING	1	2	3	4	5	6	7	1	2	3	4	5
				X							X	

Comment on key factors determining rating

The full benefits of participant training can be appraised realistically only upon the passage of more time, although indications seem positive. Some difficulties have been encountered, both in placing Thai participants (primarily those scheduled for on-the-job training in private industry) and in locating qualified Thai candidates.

5. COMMODITIES	1	2	3	4	5	6	7	1	2	3	4	5

Comment on key factors determining rating

N/A

6. COOPERATING COUNTRY	a. PERSONNEL	1	2	3	4	5	6	7	1	2	3	4	5
	b. OTHER												X

Comment on key factors determining rating

The project has enjoyed support of affected organizations but has encountered problems similar to those of other activities; technical, management and planning skills have proved to be somewhat less than anticipated, as were the availability of reliable data and statistics and the adequacy of the project-related organizations.

7. OTHER DONORS	1	2	3	4	5	6	7	1	2	3	4	5
												X

(See Next Page for Comments on Other Donors)

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II. 7. Continued: Comment on key factors determining rating of Other Donors

Extensive inputs in participant training, experts and commodities (total considerably in excess of U.S. inputs) on part of UN, Germany, Japan, UK and others. Main emphasis on technical side rather than managerial. Degree of coordination between other donors and UNO varies, but generally adequate to good.

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					
		CUMULATIVE PRIOR FY	CURRENT FY		FY ____	FY ____	END OF PROJECT
			TO DATE	TO END			
1. Key BOI personnel trained in economic research, evaluation, project appraisal and investment promotion.	PLANNED						6* 23**
	ACTUAL PERFORMANCE	6* 15**					
	REPLANNED						6* 15**
2. Trained cadres for key MOI divisions	PLANNED						26* 33**
	ACTUAL PERFORMANCE	26* 17**					
	REPLANNED						26* 17**
3. Key MEA personnel trained in actuarial science, insurance management, economics and planning.	PLANNED						5* 17**
	ACTUAL PERFORMANCE	0* 15**					
	REPLANNED						0* 15**
4. Key Private Sector personnel trained in industrial management and development finance.	PLANNED						48**
	ACTUAL PERFORMANCE	31**					
	REPLANNED						31**
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS		COMMENT: a) Anticipated output partially achieved.					
1. In support of BOI development of plans & policies (above), develop BOI a) organization & procedures, b) promotion program		b) Major advance achieved in BOI promotion activities. BOI newsletter & mimeographed handouts changed to privately financed professional magazine (Investor), production of two color promotion films, publication of wide variety investment releases & brochures; two intern'l investment seminar held.					
2. a) Develop BOI policies & plans to overcome investment impediments & achieve investment targets. b) Prepare recommendations to develop key industries.		COMMENT: a) Not yet implemented; U.S. inputs deferred. b) Short-term advisory assistance promises excellent results in 4 key industries (ceramics, forest products, kraft paper, mining) complementing efforts by other donors in other fields.					
3. Prepare detailed recommendations for MEA plans, policies, & actions to support private sector export & develop availability of raw materials for local processing & sale.		COMMENT: Only partially implemented as U.S. inputs deferred. Advisory recommendations & assistance have led to successful establishment of MEA-sponsored joint RTG/Private Sector Industrial Products Export Commission which productive.					
		* On-job-training.				** Participant Training.	

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11. 7. Continued: Comment on key factors determining rating of Other Donors

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMU- LATIVE PRIOR FY	CURRENT FY		FY ____	FY ____	
			TO DATE	TO END			
	PLANNED						
	ACTUAL PERFORM- ANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORM- ANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORM- ANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORM- ANCE						
	REPLANNED						

B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS

1. Develop recommendations to strengthen IFC/T in policies, planning, organization and procedures.

COMMENT: Outputs originally planned not fully achieved due AID/W inability recruit qualified contract team. However, one short-term senior advisor on organization and policies assigned; his recommendations are being considered for amendment of IFC/T charter.

2. Demonstration & training of key RTG & private sector personnel in joint RTG/private sector research, policy formulation & investment promotion.

COMMENT: Output highly effective from small direct-hire Input Trained 60 executives, operating personnel in BOI, MOI, MND, MOA & IFC/T & enlisted general private sector support. Joint RTG/Private Sector group established, headed by IFC/T to conduct joint industry study & development. Project material-ly assisted RTG in policy consideration & industrial studies.

3. Assist private investors through information, liaison with RTG & potential joint venture partners, USG investment insurance program, feasibility studies, etc.

COMMENT: Output achieved. Successful RTG institution building has resulted in transferring this activity to BOI so that USOM staff now only devotes 20% of time to this field. Investment insurance at 6/30/71 totalled \$139.5 million. Pending applications as of February 1972 are \$115 million. Two international investment seminars held (Thailand & U.S.A.).

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IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged.

2. Same as in PROP? YES NO

To accelerate private investment through a) improving RTG capability and effectiveness in facilitating investment and b) assisting the private sector.

B. 1. Conditions which will exist when above purpose is achieved.

1. Private sector capital formation of \$88 billion by 1971.
2. BOI able plan & develop comprehensive program for investment development to meet Thai 5-year plans without regular outside assistance.
3. BOI policies research, evaluation & investment promotion capability & effectiveness increased in support above.
4. MEA better able & effective in increasing markets & availability of raw materials.
5. Increasingly effective operation of private development bank (IFC/T).
6. Active coordination between RTG agencies and private sector.
7. MOT I.E.P.D. central industrial & econ. information, planning & advisory service center operating effectively.
8. Small Industries Service Institute (SISI) & Small Industries Finance Office (SIFO) established and operating effectively.

2. Evidence to date of progress toward these conditions.

1. First 3 years second plan on target with results less than anticipated in 1970 & 1971. Current statistics not yet available but not expected reach goal.
2. Central planning unit established but capability not developed; some U.S. inputs deferred.
3. New Investment Promotion Act now under RTG consideration. Promoted investment: 1962-67, firms-158, TA-\$6.7 billion; 1967-70, firms-257, TA-\$9.8 billion.
4. Central policy & planning org. partially estab. & staffed (Dept. of Comm. Intell.); some U.S. inputs deferred.
5. IFC/T shifted from main reliance on RTG as source Baht funds. Significant additional foreign capital attracted. Regulatory changes requested of RTG.
6. a) Joint RTG/PS (RTG/Private Sector) feasibility study group estab. b) 2 international investment missions. c) RTG/PS mineral devel. committee estab. Thai Industries Ass'n estab. & working with RTG on policies & regulations. d) RTG/PS Industrial products Export Commission established.
7. IEPD staff providing information for major industry policy decisions & preparation industry sector of Thai 3rd Plan.
8. SISI - 1,029 factories assisted; 135,212 training hrs. SIFO - 625 loans to industry totalling \$7.5 million (both through 6/71).

V. PROGRAMMING GOAL

A. Statement of Programming Goal

To foster Thailand's private enterprise capability to contribute to the development of the country's long-term security and independence.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.

Achievement of the project purpose makes a significant contribution to the programming goal as it is directed to overcoming the key bottlenecks to private enterprise development. As detailed in Thailand's national plans, the private sector must play a major role in the development process and generate the major part of the financial and other resources necessary to meet Thai economic and social objectives. For example, two-thirds of capital formation must come from private sources; other plan priorities are export development, rural development and employment, and better mobilization of Thai resources. All of these are dependent on the private sector and require RTG support.