

Proj. No. 4930235  
4930235 (2)  
PO-AAO-701-B1

I. PROJECT IDENTIFICATION

1. PROJECT TITLE  
**Commodity Management**

2. PROJECT NO. (M.O. 1025.2)  
**493-11-740-235**

3. RECIPIENT (specificity)  
 COUNTRY **Thailand**  
 REGIONAL  INTERREGIONAL

4. LIFE OF PROJECT  
BEGINS FY **1972**  
ENDS FY **1974**

5. SUBMISSION  
 ORIGINAL **12/23/71**  
 REV. NO. \_\_\_\_\_ DATE \_\_\_\_\_  
CONTR./PASA NO. \_\_\_\_\_

10p

II. FUNDING (\$000) AND MAN MONTHS (MM) REQUIREMENTS

| A. FUNDING BY FISCAL YEAR | B. TOTAL \$ | C. PERSONNEL |        | D. PARTICIPANTS |        | E. COMMODITIES \$ | F. OTHER COSTS \$ | G. PASA/CONTR. |        | H. LOCAL EXCHANGE CURRENCY RATE: \$ US = <u>820</u> (U.S. OWNED) |            |                  |  |
|---------------------------|-------------|--------------|--------|-----------------|--------|-------------------|-------------------|----------------|--------|--|------------|------------------|--|
|                           |             | (1) \$       | (2) MM | (1) \$          | (2) MM |                   |                   | (1) \$         | (2) MM | (1) U.S. GRANT LOAN  |            | (2) COOP COUNTRY |  |
|                           |             |              |        |                 |        |                   |                   |                |        | (A) JOINT  | (B) BUDGET |                  |  |
| 1. PRIOR THRU ACTUAL FY   |             |              |        |                 |        |                   |                   |                |        |  |            |                  |  |
| 2. OPRI FY <b>1972</b>    | 40          | 20           | 1      | 15              | 2      | 5                 |                   | 7              |        |  |            |                  |  |
| 3. BUDGET FY <b>1973</b>  | 147         | 70           | 2      | 77              | 20     |                   |                   | 16             |        |  |            |                  |  |
| 4. BUDGET FY <b>1974</b>  | 70          | 40           | 1      | 30              | 4      |                   |                   | 1.6            |        |  |            |                  |  |
| 5. BUDGET +2 FY           |             |              |        |                 |        |                   |                   |                |        |  |            |                  |  |
| 6. BUDGET +3 FY           |             |              |        |                 |        |                   |                   |                |        |  |            |                  |  |
| 7. ALL SUBD. FY           |             |              |        |                 |        |                   |                   |                |        |  |            |                  |  |
| 8. GRAND TOTAL            | 257         | 130          |        | 122             |        | 5                 |                   | 39             |        |  |            |                  |  |

9. OTHER DONOR CONTRIBUTIONS

| (A) NAME OF DONOR | (B) KIND OF GOODS/SERVICES | (C) AMOUNT |
|-------------------|----------------------------|------------|
|                   |                            |            |

III. ORIGINATING OFFICE CLEARANCE

|   |   |                              |
|---|---|------------------------------|
| 1. DRAFTER<br><b>Mr. C. H. Roller</b>                   | TITLE<br><b>Public Administration Adv</b> | DATE<br><b>Dec. 14, 1971</b> |
| 2. CLEARANCE OFFICER<br><b>Mr. Frederick F. Simmons</b> | TITLE<br><b>Acting Director</b>           | DATE                         |

IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

2. CHANGES

| DIR/OFF. | SIGNATURE | DATE | DIR/OFF. | SIGNATURE | DATE |
|----------|-----------|------|----------|-----------|------|
|          |           |      |          |           |      |
|          |           |      |          |           |      |
|          |           |      |          |           |      |

3. APPROVAL AAS OR OFFICE DIRECTORS

| SIGNATURE | DATE |
|-----------|------|
|           |      |

4. APPROVAL A AID (See AID (1025.1) VI C)

| SIGNATURE | DATE |
|-----------|------|
|           |      |

TITLE \_\_\_\_\_ ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

AD/PA [Signature]

AD/P [Signature]

Project Name: Commodity Management

Project Number: 493-11-740-235

A. Statement of the Goal

The goal of this project is to establish within the Bureau of the Budget (BOB) of the Royal Thai Government (RTG) an organization capable of improving the management and administration of Commodity resources. The goal will be realized if (1) by the end of fiscal year 1976 the RTG is actively engaged in devising and/or revising government regulations pertaining to commodity management, (2) by the end of fiscal year 1976 revised commodity procurement and commodity distribution regulations and procedures are approved by the RTG and a substantive attempt is underway intended to eventually implement them throughout the government, and (3) executive and line officials in the RTG bureaucratic structure are familiar with the concepts and benefits of effective and efficient commodity management by the end of fiscal year 1974 and possess fundamental operational tools to work on procedural changes within their own government units.

The realization of this goal is primarily dependent upon the sustained interest of the RTG in improving resource management in Thailand. It is assumed that the Government will support the Resources Management Committee (established in September 1971) and the Resources Management Institute (established in November 1971 to serve as the Committee's operating arm and Secretariat) in analysing and recommending improvements in the RTG commodity management regulations and procedures.

B. Statement of Purpose

The purpose of this project is to assist the RTG in institutionalizing a capacity for continuously upgrading its commodity management systems. This includes cooperating with the RTG in training leadership, expanding the commodity management discipline, establishing a viable organization structure, developing analytical capability, and promoting bureaucratic linkages.

At the end of the project in fiscal year 1974 it is expected that a Resources Management Institute will be operating independently within the BOB. This Institute should be staffed with a specialized full time staff of at least fifteen technicians tasked with revising commodity management regulations and procedures and designing and conducting requisite training. The Resources Management Institute will utilize both its own personnel resources and those from other related public and private sources in conducting resource management training seminars. By the end of the project it is expected that the Resources Management Institute will be actively

engaged in an analysis of the Commodity Procurement and Distribution System in the RTG with a view towards forwarding a set of recommended revised regulations to the Government. Executive personnel in several key ministries who will have received short-term training abroad in commodity management will be working with the Resources Management Institute to develop applicable procedural changes for their ministries. The Resources Management Committee will, by the end of fiscal year 1973, establish an Occupational Standards and New Position Classification Sub-committee made up of representatives from the BOB, the Civil Service Commission and several other departments. This Sub-committee will be charged with developing expanded occupational standards and new position classification concepts in the commodity management area as a prerequisite to providing career incentives for midcareer and senior personnel to specialize in this field.

Achieving the purposes of the project assumes that the Resources Management Committee, headed by the Director of the BOB, will be able to attract and hold interested and qualified personnel in the Resources Management Institute. It also assumes that the Resources Management Institute will be able, through interministerial committees, to call upon various training and research personnel in developing its institutional capacity. Finally, it assumes that the key executives who receive short-term training outside of Thailand will be instrumental in assisting the Resources Management Institute in revising commodity management procedures in their respective governmental units.

#### C. Statement of Project Outputs

1. A first draft of a set of revised regulations and procedures in the area of commodity procurement and distribution will be completed by the middle of fiscal year 1974 for eventual submission to the Government for their approval and promulgation. It is assumed that the Resources Management Institute will give high priority to accomplishing this in terms of providing necessary personnel and material support. It is also assumed that the U.S. Advisor will spend approximately 50 per cent of his time working with the Institute to produce this output.

2. A new system for improving the management of RTG owned real property throughout the Kingdom will be developed by the Resources Management Institute in conjunction with the Ministry of Finance by the middle of fiscal year 1974 and begin implementation by the end of fiscal year 1974. This assumes that a short-term (one man year) U.S. real property technician will work full time on RTG real property management problems with staff from the Resources Management Institute and the Ministry of Finance from the middle of fiscal year 1973 to the middle of fiscal year 1974.

3. The Resources Management Institute will be directly responsible for planning and conducting commodity management seminars by the end of fiscal year 1972. The Institute will be providing 75 per cent of personnel manpower input for administering the seminars by that time.

4. A total of six RTG personnel will have completed one year commodity management training courses and be operating as specialized management analysis instructors or other staff specialists in the Resources Management Institute no later than middle of fiscal year 1974. This assumes that the BOB will assign returned participants to work full time with the Resources Management Institute in their area of speciality upon their return.

5. Fourteen RTG personnel from various Ministries will have received short-term training in commodity management outside of Thailand and will be occupying key positions in their respective ministries by the end of fiscal year 1973.

6. Approximately 1,000 RTG executive and line employees will be trained by the Resources Management Institute in the fundamental concepts and benefits of commodity management by the end of fiscal year 1974. This assumes that the Resources Management Institute will be able to continue drawing employees for training from the various sectors of the government. It also assumes that the Training Seminars will be conducted as scheduled in accordance with the Master Training Program.

D. Statement of Project Inputs

1. The RTG will provide the following inputs:

a. The RTG Resources Management Committee and the Director of the BOB will insure that the existing Resources Management Institute is fully staffed with qualified personnel throughout the life of the project. The Institute will originally (fiscal year 1972) be staffed with ten positions including two or more First Class officials, six Second Class officials and two Second or Third Class officials. The Institute will function as the executive arm of the Resources Management Committee chaired by the Director of the BOB and composed of high ranking military and civilian officers concerned with resources management throughout the RTG. The physical location of the Resources Management Institute will be adequate in size to provide office space for U.S. advisory personnel and BOB and other RTG personnel working on the project, including meeting space for personnel working on the revision of regulations and procedures and the necessary space for holding training seminars.

b. The RTG will provide qualified personnel from throughout the government to serve as lecturers and consultants to the Resources Management Institute throughout the life of the project.

c. The Director of the BOB will appoint two qualified personnel (one First Class and one Second Class) from the Resources Management Institute to work full time on improving procurement and commodity distribution regulations and procedures in the RTG. These personnel will be available to work with the U.S. Advisor through the middle of fiscal year 1974.

d. The Director of the BOB and the Minister of Finance will each appoint a qualified Second Class employee or higher to work with the short-term U.S. Technician on improving the RTG real property management system. These personnel will be provided from the middle of fiscal year 1973 until the end of fiscal year 1974 to develop and implement this system.

e. The BOB will provide the necessary personnel to organize an average of six Commodity Management Seminars a year. This includes designating one First Class official to work full time on planning and conducting the seminars.

f. The Director of the BOB will insure that the three Fourth Class administrative and clerical (including one bi-lingual) support personnel are made available to work with the Resources Management Institute on a full time basis throughout the life of the project.

g. Adequate materials and supplies will be given to the Resources Management Institute to fully support the various components of the project through fiscal year 1974.

2. The U.S. Government will provide the following inputs.

a. A U.S. Resources Management Advisor from the middle of fiscal year 1972 to the end fiscal year 1974.

b. A U.S. Real Property Management Technician from the middle of fiscal year 1973 to the middle of fiscal year 1974.

c. Six (6) academic one year participant slots for employees of the Resources Management Institute.

d. Fourteen (14) non-academic (3-6 month) participant slots for key executives in selected Ministries. Two of these slots will be reserved for personnel in the Real Property Division of the Ministry of Finance.

e. One Bi-lingual Administrative Assistant equivalent to the Fourth Class in the RTG Civil Service funded from the RTG Trust Fund to work with the U.S. Resources Management Advisor.

f. Teaching aids and materials to be used in the management seminars and demonstrational training not to exceed a cost of U.S. \$5,000.

#### E. Project Rationale

##### I. Background and Setting.

The RTG concern for improving commodity management systems in the bureaucracy emerged in the mid 1960's. It evolved from the realization

that the success of large scale bureaucratic operations is dependent to a large degree on effective and efficient supply and distribution systems for expendable and non-expendable commodities.

Historically, each governmental sub-division of the RTG, including the military, has managed resources independently. The RTG has established some very general regulations governing various segments of the commodity management system, most significantly purchasing and hiring; but these regulations are neither broad in scope or specific in their coverage. The traditional administrative system adequately satisfied the RTG needs during a time when national resources were relatively limited. However government responsibilities in this area have expanded greatly. As an example, AID financed commodities have amounted to \$150 million during 1965-70. As government commodities expanded and as more pressure was placed on mobilizing these resources to achieve specific objectives, the need for standardizing of commodity management regulations and procedures became more obvious.

The Thai military was the first major government unit to transfer this need into a manageable resource system. They have been working since 1956, with only limited success, to develop basic commodity management regulations and procedures.

On the civilian side the awareness of the problem was longer in surfacing in an organized fashion. One of the external inputs which served as a catalyst in bringing this problem to the attention of the RTG was the USOM sponsored Public Administration Service (PAS) contract which provided advisory assistance to the RTG in different areas from 1952 to 1970. Under their final contract which was initiated in February 1963 the PAS primarily assisted the Organization and Management Division (O & M Division) of the Bureau of the Budget in Thailand in rendering organization and management assistance to operating agencies and ministries of the RTG. Working with the O & M Division in several different ministries, the PAS and the O & M Division produced A Manual of Recommended Supply Management Practice for Ministries and Department of the Government of Thailand in July 1967. Although this manual was primarily restricted to resources procurement, it was the first such manual of its kind to be produced by the RTG. The O & M Division and the PAS could not get the manual accepted by the Government at that time because of the lack of wide spread support throughout the government for such change and the realization on the part of the O & M Division that the manual was somewhat superficial when related to the RTG needs in the resource area.

In early 1968 the USAID Regional Logistics advisor was asked to review this manual and provide any assistance that might be available in implementing it. Working with USOM officials and General Chan Ansuchote, the then Director-General of the Department of Technical and Economic Cooperation, the USAID Regional Advisor interested the RTG in conducting a Resource Management Seminar as a first step toward improving resources management. This Seminar, conducted primarily by USOM, stimulated the

DTEC, the Civil Service Commission and the BOB to become more directly involved in resource management activities. During 1969 and 1970 two additional executive level seminars were held at the Civil Service Commission. These were jointly sponsored by the Civil Service Commission and USOM.

Throughout 1969 and 1970 discussions were held in the RTG as to where the resource management function should be placed in the RTG. Several options were discussed including the Civil Service Commission, the National Institute of Development Administration, the Bureau of the Budget, or in a new General Service Administration type organization. It was finally decided that the Bureau of the Budget would be the appropriate place because of its management improvement function and the interest of General Chan Ansuchote, now transferred to the BOB as The Budget Director. In September 1971 the Council of Ministers formalized this by setting up a Resource Management Committee and appointing the Director of the BOB as its permanent Chairman. The Civil Service Commission approved a total of ten personnel slots within the BOB to work on commodity management improvement.

In July 1971 a U.S. Resource Management Advisor was assigned to the O & M Division within the BOB to assist the RTG in this area. Following the Advisor's appointment a joint agreement between USOM and DTEC was agreed upon to provide the U.S. Advisor with secretarial assistance from RTG Trust Funds. The advisor's major role since July has been to assist the O & M Division in planning, developing materials for, and conducting an additional, (the fourth), executive level Commodity Management Seminar. Using the preparations for and administration of this Seminar as a model, the U.S. Resources Management Advisor was able to assess the strengths and weaknesses of the Commodity Management Service in administering a Commodity Management Project. His analysis indicated that the project outlined in this PROP should not be undertaken unless two conditions were met: First, the organization tasked with improving commodity management should come under the direct guidance of the Director of the BOB or one of his Deputies. Second, higher level and more qualified staff would be needed to work on this project.

In subsequent meetings with the Director of the BOB an agreement was reached on both of these points. The Director indicated that he would directly monitor the informal institute in his position as Chairman of the Resources Management Committee. He also agreed on staffing the Resources Management Institute with higher level and more qualified personnel.

## 2. Strategy

The RTG has demonstrated a sincere desire to improve its management of commodity resources. They have developed a feasible plan of action to accomplish this objective. U.S. assistance is an integral portion of their plan.

The USOM contract experience with PAS demonstrated several things about assistance to the BOB. First, it suggested that projects should be limited in scope to insure that specific objectives could be realized. Second, it indicated that U.S. Advisors should assist responsible Thai officials to develop technical expertise and management capability rather than to assume operational or supervisory roles. Finally, it showed that management improvement in Thailand is dependent on a variety of factors of which technical expertise is only one part. On the basis of these factors the U.S. Advisor made an assessment as to whether project purposes could be accomplished during the life of the project given the current environment and the nature of Thai bureaucracy. The Advisor concluded that certain elements for the project's success are already existing. These include high level RTG support and a feasible plan of action. However, he also found that the BOB currently lacks several elements including qualified and motivated leadership, technical analytical capability, and incentives for the maintenance of qualified core of resource management personnel. USOM strategy is to assist the RTG to develop the missing elements via this project.

USOM and the RTG believe that the missing project elements can be developed during the life of the project. In order to do this, the project should concentrate in one specific area at first and then branch out as project resources increase. In addition the plan of action needs to be followed closely to insure that critical project elements are in fact being developed. Because of the complexity and inter-related character of the project, it is likely that the success of the entire project will be dependent on these elements. Therefore, USOM is proposing that unless certain actions are substantially completed with six months from the time the project begins (end of fiscal year 1972) that the project be reassessed. These actions include:

- a. The addition of more highly qualified personnel to the Resources Management Institute. This includes the assignment of two or more First and/or Special Class officials to the Institute one of whom will serve as the Institute Director and contact person for the U.S. commodity management advisor (by January 1972).
- b. The recruitment and hiring of personnel to fill most slots within the Institute (by October 1, 1972 - The end of TFY 2515).
- c. The assignment of three secretarial/administrative personnel to Commodity Management Institute on a full time basis (by January 1972).
- d. The development of an operational capacity within the Commodity Management Institute to plan and conduct seminars on their own. This is to be determined by preparation of a schedule of at least six seminars to be conducted during the fiscal year and a satisfactory record of completion.

Advisory assistance in administering seminars should not exceed 25 per cent of total manpower input (by June 1972).

F. Course of Action

1. Implementation Plan

a. Expand the Resources Management Institute in the BOB by assigning a permanent high-level Thai Director (by January 1972).

b. Assign one U.S. Resource Management advisor to project (by January 1972).

c. Conduct a six month project review. If preconditions outlined in E. 2. a. b. and c. above are met, continue with project as planned. If conditions are not met reconsider USAID assistance (by July 1972).

d. Assign U.S. Real Property Advisor for one year (by July 1972).

e. Continue to arrange and conduct approximately six seminars per year (fiscal years 1972, 73, 74).

f. Develop training materials in area of Commodity Management (fiscal years 1972, 73, 74).

g. Review and revise commodity procurement and distribution regulations and procedures (by December 1973).

h. Select and send participants for training abroad (fiscal years 1972, 73).

i. Procure RTG Budget support for commodity management staff and seminars (fiscal years 1973, 74).

j. Assign returned participants specific operational tasks directly related to their training (fiscal years 1973, 74).

k. Phase out all U.S. assistance (by end of fiscal year 1974).

2. Narrative Statement

The Director of the BOB has overall responsibility for implementing this project. He will appoint one high level (preferably a super grade or equivalent) Thai to be Director of the Resource Management Institute and to have direct operational control over the project inputs.

The Director of the Institute will be responsible for assuring that both the training and regulation revision and other functions are carried out as planned. He will be of high enough status to call on available resources within the BOB and throughout the RTG to administer the Project. He will also be responsible for assuring that the U.S. advisors are fully utilized. Finally, he will be responsible for placing returned participants in the Resources Management Institute and giving them the necessary guidance and support to accomplish project goals.

The role of the U.S. Advisors in this project will be to assist the BOB in arranging training programs and revising procedures and taking other related actions as required. The Resources Management Advisor will spend 25 per cent or less of his time on training after the first six months of the project. It is expected that the BOB can assume the entire responsibility for arranging and administering training after that time. The remaining 75 per cent of his time until fiscal year 1974 should be spent on assisting the Institute to revise procurement and distribution regulations and procedures, and in developing occupational standards for the commodity management career fields. The U.S. Real Property Technician will work with the Resources Management Institute and the Real Estate Property Division of the Ministry of Finance in surveying, titling, and developing regulations and procedures designed to increase resources from state-owned properties.

Drafted by: 'CitRoller:MCIngle:vs.  
12/14/71

Clearances:

AD/P:CRFritz: (in draft) date: 12/13/71

DAD/P:CRubel: (in draft) date: 12/13/71

P/P:MSchulman: (in draft) date: 12/13/71

AD/PA:ACSwing: (in draft) date: 12/13/71