

UNITED STATES GOVERNMENT

Memorandum

4930272 (4)
PD-AAA-7109

*No govt application received;
can I go to OAC?*

38

TO : DISTRIBUTION

DATE: May 18, 1977

FROM : ASIA/PD: Alexander R. Love

SUBJECT: THAILAND -- Lam Nam Oon Integrated Rural Development
Project Paper (PP)
(\$4,500,000 Loan, \$100,000 Grant, - FY 1977)

1. An Asia Project Advisory Committee (APAC) meeting is scheduled on Wednesday, May 25, 1977 at 2:30 p.m. in Room 6210 N.S. to review the Project Paper for the subject project.
2. The PP is distributed with this memo to APAC members who have not yet received a copy.
3. Also, a paper briefly outlining issues/discussion topics identified at the earlier Project Committee meeting is being distributed with this memo to all APAC members.
4. Your participation is invited.

Attachment: a/s

Distribution:

- | | |
|--------------------------------|-------------------------|
| *AA/ASIA:JRSullivan, designate | GC/ASIA:HMorris |
| *A/AA/ASIA:HMBadler | *SER/IT:DCIark |
| *A/DAA/ASIA:DCohen | *SER/CM/SD/HCCR:JMurphy |
| ASIA/PD:JRMCCabe | *SER/COM:RWiley |
| ASIA/PD:RSQueener | SER/ENGR:JFloan |
| ASIA/TR:TCClark | SER/ENGR:FEobrist |
| ASIA/TR:CMartin (2) | *TA/AA:CFarrar |
| ASIA/TR/SDP:AJacobs | TA/AGR:LHesser (2) |
| ASIA/EA:LMHager | TA/RD:CSBlankstein |
| ASIA/EAA/T:JChampagne | *A/WFD/AID:ETHompson |
| *STATE/EA/TR:LLRocke (2) | *OMB:RGreenstein |
| ASIA/DP:WLeFes | *EOP:NNLong |
| ASIA/DP:TO'Connor | *IGA:GASnak |
| ASIA/DP:RMeehan | PPC/PAIS/A:PPB:JLaRocca |
| PPC/DPRE:RBobe (6) | *USDA |
| PPC/RC:JKamens | |
| PPC/DI:DDonovan | |



Project Committee Appraisal
Thailand
Lam Nam Oon
Integrated Rural Development Project

The Project Committee recommends that the APAC approve the attached PP for the Lam Nam Oon Integrated Rural Development Project. In its review, the APAC should make a determination concerning the following issues identified by the Project Committee

1. Replicability. The project as now structured does not include provision for cost recovery by the RTG from the beneficiaries in the downstream irrigated area, despite estimates of high financial returns to those families. Therefore, the project involves a subsidy element and a relatively high per capita RTG investment to benefit the target population. If the subsidy element remains, the RTG capacity to replicate a successful project could be severely constrained by the financial burden. This issue was earlier flagged to USOM by cable, with the following response:

"Regarding replication, the question of investment recovery and extent thereof is being more appropriately dealt with in connection with IBRD and ADB project loans for much larger sums than proposed AID loan. Studies are under way in connection with those projects and decisions reached will then be applied more generally, including LNO. We feel it would be improper to impose restrictions in this regard on LNO. As a matter of principle, RTG agrees with concept of cost recovery and recognizes severe limitations heavy subsidies impose on capacity to mount future projects. Real contribution LNO can make to replication potential is through demonstration that coordinated integrated approach is effective and that farmers' incomes can be increased significantly thus enabling them to profit even after sharing in cost."

2. Land Allocations in Resettlement Area: The PP proposes that an effective resolution of land-holding problems in the resettlement area be made a loan covenant, without reference to target date. To ensure some leverage on Borrower compliance with this covenant during the project implementation period, we proposed by cable that USOM/RTG agree to a two-year deadline for effecting acceptable land-holding arrangements.

Add
comment
for cost
recovery
should
be
included
in
project

*accept two years
but need incor-
poration of squatters
into program*

We also proposed that the covenant apply to all resettled families, not just the families participating in the sericulture sub-project. USOM response was requested prior to the APAC meeting.

3. Environmental Appraisal. ASIA/TR/SPD has determined that the Environmental Assessment now included in the PP (Annex C) is inadequate, particularly with regard to effects on the people involved in the resettlement program and to effects of the land use changes that are planned under the project. ASIA/TR/SPD is now preparing an Initial Environmental Examination for the project which will recommend that a more thorough environmental assessment (EA) be prepared. Under transitional (FY 77) arrangements worked out with the CEQ, it is considered possible to proceed with project authorization and obligation before completing the EA. The requirement is:

check whether through legal

- (1) that the need for an EA be established, and
- (2) that all parties concerned be committed to conducting the EA.

4930272 (5)

PO-440-719

719

5p

A.O. 1230-1
(4-68)

PROAG

PROJECT AGREEMENT
BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),
AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND

DEPARTMENT OF TECHNICAL AND ECONOMIC COOPERATION
AN AGENCY OF THE GOVERNMENT OF THAILAND

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:

- Project Description Annex A Foreign Currency Standard Provisions Annex
- Standard Provisions Annex Special Loan Provisions Annex

This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:

ECONOMIC & TECHNICAL COOPERATION AGREEMENT DATED ~~September 16, 1976~~ June 2, 1977

MEMORANDUM OF AGREEMENT AS TO CONDUCT OF COUNTERPART PROGRAMS, DATED JULY 24, 1975

(other)

1. Project/Activity No. 493-0272 PAGE 1 OF 2 PAGES

2. Agreement No. 0272-7006 3. Original or Revision No. 12

4. Project/Activity Title

Lam Nam Oon Integrated Rural Development

5. Project Description and Explanation

(See Annex A attached)

6. AID Appropriation Symbol 72-11X1023 7. AID Allotment Symbol 402-50-493-00-69-03

8. AID FINANCING	Previous Total (A)	Increase (B)	Decrease (C)	Total to Date (D)
<input checked="" type="checkbox"/> Dollars <input type="checkbox"/> Local Currency				
(a) Total	100,000			100,000
(b) Contract Services				
(c) Commodities				
(d) Other Costs	100,000			100,000
9. COOPERATING AGENCY FINANCING Dollar Equivalent \$1.00 =				
(a) Total				
(b) Technical and Other Services				
(c) Commodities				
(d) Other Costs				

10. Special Provisions (Use Additional Continuation Sheets, if Necessary)

The purpose of this amendment is to modify the original agreement and permit funds provided in the agreement to be used for in-country training and orientation aimed at improving project implementation. Budget adjustments will be consistent with overall project objectives, i.e., the in-country training program will draw upon funding identified for training. The funding provided for evaluation remains at \$60,000.

11. Date of Original Agreement: September 28, 1977 12. Date of This Revision: January 2, 1980 13. Final Contribution Date: September 30, 1983

14. For the Cooperating Government or Agency SIGNATURE: <u>Apilas Osatanenda</u> TITLE: Director-General, DTEC	15. For the Agency for International Development SIGNATURE: <u>Richard D. Cohen</u> TITLE: Director, USAID/Thailand
--	---

PO/LNO 264
O/CONT R
O/PPD Gjo
RLA elt
DTEC/P elt
MOAC elt
RID elt

PROJECT AGREEMENT
BETWEEN AID AND
DEPARTMENT OF TECHNICAL AND ECONOMIC
COOPERATION

AN AGENCY OF THE GOVERNMENT OF
THAILAND

1. Project/Activity No.
493-0272

2. Agreement No.
0272-7006

3. Original or
Revision No. _____

3. Project/Activity Title

Lam Nam Oon Integrated Rural Development

Project Description

This project is a joint RTG/AID integrated rural development effort to increase the quality of life of approximately 10,000 poor farm families in Northeast Thailand. The project includes: (a) the completion of construction of the irrigation system in the Lam Nam Oon project area; (b) construction of a road network for maintaining the irrigation system, doubling as a feeder road system for the farmers; (c) operation of an on-farm water system; and (d) an integrated program of community development, agricultural research and extension, provision of farm inputs, farm products marketing, health and family planning services, and adult education.

The project is designed so that the local level institutions and communities are identified in the organizational structure, actively participate and have a significant voice during the early stages of project planning as well as during implementation--an organizing of the project from the bottom up. The project is further planned to ensure that the various activities are introduced into the community in a culturally compatible manner and are effectively coordinated with each other.

The project is organized so that the various RTG departments and agencies involved coordinate closely and work together as a team, at both the national and local levels. A unique feature of Lam Nam Oon project management is a single Project Field Director who will have the responsibility and authority to coordinate all project field activities. A separate element of the project is assistance to families relocated from the reservoir area to the upstream resettlement area, which involves the introduction of modern sericulture activities to the upstream farmers, modeled after and administered in the same fashion as the Sericulture/Settlements Project, under AID Loan No. 493-T-018.

The major share--almost 90% of total Lam Nam Oon project costs will be provided by the RTG. The A.I.D. loan of \$4.5 million will finance a portion of the cost of equipment for use in constructing and maintaining the irrigation system, of advisory services for the various elements of the project, of the rural development activities of each of the RTG Departments involved in the project, and of sericulture activities in the upstream area. Grant funding of \$100,000 is provided for continuing project evaluation and for short-term training directly related to the rural development activities themselves.

For a detailed description of the Lam Nam Oon project see Project Paper - Proposal and Recommendation for the Review of the Development Loan Committee, Thailand - Lam Nam Oon Integrated Rural Development Project (AID-DLC/P-2226).

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____

SIGNATURE: _____ DATE: _____

TITLE: _____

TITLE: _____

PROJECT AGREEMENT
BETWEEN AID AND
DEPARTMENT OF TECHNICAL AND ECONOMIC
COOPERATION
AN AGENCY OF THE GOVERNMENT OF
THAILAND

1. Project/Activity No.
493-0272

PAGE 3 OF 4 PAGE.

2. Agreement No.
0272-7006

3. Original or
Revision No. _____

3. Project/Activity Title

Lam Nam Oon Integrated Rural Development

Evaluation

Estimated Cost of \$60,000

Evaluations of Lam Nam Oon progress will be held annually beginning in January 1979. The evaluation teams will include representatives from RTG agencies as well as AID. Annual evaluations will concentrate on progress in implementation, principally inputs and outputs.

In 1979, 1981 and upon project completion, "special" evaluations will be conducted which will attempt to measure purpose achievement and reassess sector and sub-sector goals.

Separate socio-economic sample household surveys will be initiated by the Division of Agricultural Economics (DAE) in 1978, 1980, and 1981, with reports issued by December in each year. These will provide data for the special evaluations. Farm management records will be maintained and tabulated monthly by DAE over the life of the project for a selected number of farmers and will complement the data received by DAE from its household surveys.

Evaluation Components and Funding

Lam Nam Oon Resettlement Area Surveys	
\$2,500/yr x 3 yrs	\$ 7,500
Downstream Area Surveys	
\$10,000/yr x 3 yrs	30,000
Farm Management Record Program	
\$3,000/yr x 5 yrs	15,000
Evaluation Advisory Services and Support	<u>7,500</u>
<u>Total:</u>	<u>\$60,000</u>

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
TITLE: _____

SIGNATURE: _____ DATE: _____
TITLE: _____

PROJECT AGREEMENT
BETWEEN AID AND
DEPARTMENT OF TECHNICAL AND ECONOMIC
COOPERATION
AN AGENCY OF THE GOVERNMENT OF
THAILAND

1. Project/Activity No. 493-0272	PAGE 4 OF 4 PAGES
2. Agreement No. 0272-7006	3. <input checked="" type="checkbox"/> Original or Revision No. _____
3. Project/Activity Title Lam Nam Oon Integrated Rural Development	

Training

Estimated Cost \$40,000

Training of villagers within the Lam Nam Oon area will be carried out by individual RTG agencies participating in the project and include among others, training of "model" farmers, fish pond development and sericulture training (resettlement area).

Funds provided under this agreement are intended for third country observation/training of selected key project personnel directly associated with the project area development activities themselves.

Proposed Training Program and Funding*

Per diem

- Participants:
- 4 RID
 - 2 CDD
 - 2 DOAE
 - 2 DOA
 - 1 Provincial Officer

Total: 11

Training period: 4 weeks

Country: Korea (\$21), Philippines (\$25), Pakistan (\$25).

\$25/day/person

\$25 x 11 participants x 28 days = \$ 7,700

Training Cost: \$500 x 11 = 5,500

Total cost/year = \$13,200

Three Annual Training Groups \$39,600

*The Department of Technical and Economic Cooperation (DTEC) will be responsible for all in-country and international travel costs associated with the above training.

For the Cooperating Government or Agency	For the Agency for International Development
SIGNATURE: _____ DATE: _____	SIGNATURE: _____ DATE: _____
TITLE: _____	TITLE: _____

UNITED STATES GOVERNMENT

Memorandum

TO : Distribution

DATE: March 11, 1980

FROM : ASIA/PD/EA, J. R. Nussbaum

SUBJECT: THAILAND: Project No. 493-0271
AID Loan No. 493-T-018
Sericulture/Settlements Project
Project Implementation Letter Nos. 11, 12 and 13

THAILAND: Project No. 493-0272
Lam Nam Oon Integrated Rural Development
Project Agreement Amendment *

Attached for your information and files are copies of subject documents.

Attachments: a/s (* indicates PA Amendment only attached)

Distribution:

FM/LD:ASmith

FM/BFD:JO'Neill

FM/FCD:DBaker*

ASIA/PTB:RTaylor

GC/ASIA:HMorris

DS/DIU (2) *

SER/COM:BViragh

