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FROM - Bangkok

SUBJECT - Evaluation of Contractor Performance Report
AID Contract ea/41

REFERENCE -

Transmitted herewith as an attachment is the third evaluation report on the performance of the NEED PAG under the subject contract for the period from April 1, 1970 to January 31, 1971. This contract is financed and administered under Project No. 493-11-810-215. This report is submitted in accordance with M. O. 1423. 10.

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Evaluation of Contractor Performance Report
Contract AID/ea-41
Period: April 1, 1970 to January 31, 1971

I. Administrative Data

- A. Name of Contractor: Louis Berger, Inc., and Systems Associates, Inc.
- B. Contract Number: AID/ea-41
- C. Project Title and Number: NEED Plan Project 493-11-810-215
- D. Cooperating Country: Thailand
- E. Cooperating Country Institution: National Economic Development Board (NEDB)
- F. Contract Period: September 1, 1968 to August 31, 1971
- G. Name and Title of Contract Representative: Peter Gajewski, Chief, Economic Policy & Planning Division

II. Evaluation

This is the third evaluation report, covering the period from April 1, 1970 to January 31, 1971.

A. Technical Performance

1. Did the Contractor have a clear understanding of the scope and nature of the contract objectives?

As stated in first and second evaluation reports (memo to PRCC/SB, AID/W dated June 5, 1969 and TOAID A-1509) the drafters of the proposal were fully responsive to the RFP but they are not the ones who are doing the job. Generally speaking, the Contractor does have an understanding of the general objectives of the contract. However, the methods and the means the Contractor uses to achieve the end objectives are often questionable and not always accepted by the RTG. As agreed in the original contract discussions have been held amongst USOM/RTG/Contractor in order to determine a revised scope of work and time schedule as a pre-condition to the extension for a third year of the NEED Contract (see TOAID A-1738). The third year scope of work (September 1, 1970 to August 31, 1971) provides for sixty-one (61.0) man-months of long-term, short-term and home-office support to complete the contract objectives. The third year staffing pattern had originally included a short-term three-month macro-economist, but this was later deleted.

In lieu of this position, a Participating Agency Service Agreement (PASA) for a macro-economist (Captain Richard Cowan, Ph. D.) with the Department of Defense (DOD) was concluded on February 1, 1971. As this report is being written, other advisors (not under this Contract) are working on a daily basis with the Contractor accelerating the macro-economic inputs for incorporation into the Third Five Year Plan.

2. Did the Contractor establish intermediate goals which were adequate to assure completion of contract objectives within the contract period? Were the goals realistic?

Yes, the Contractor did establish intermediate goals and they were agreed to by the RTG and USOM. It is doubtful that they can complete all contract objectives on schedule, however. It has been agreed to move the date for submission of the draft plan from January 31 to March 31, it appears that this deadline will be met. Several problems had occurred which contributed to the delay of the Contractor to meet the agreed upon time schedule. These included numerous RTG feed-in documents and data which were delayed and must first be translated into English prior to analysis and evaluation by the Contractor.

However, RTG officials who are working with the Contractor on a daily basis had voiced some concern over the lack of technical details and methodological approaches which the Contractor agreed to submit to the National Economic Development Board (NEEDB). These items include sectoral programs and projects, budget submissions, public expenditure approaches, macro-economic model, value added conversion, draft plan specifications, and other agreed upon planning outputs. However, with the arrival of Mr. J. Fay (Regional Representative of Louis Berger) the work output has improved measurably.

3. How far did the Contractor progress toward attainment of each of his intermediate goals and the contract objectives? Was the work on schedule?

In accordance with the Third Year Scope of Work and conditions, the Contractor has the following specific tasks:

L. General Provisions

a. The primary emphasis will be continued assistance to the NEEDB in preparation of a five-year plan for Northeast Thailand."

This above task is being carried out by the Contractor. Often the Contractor and RTG have conflicts as to the nature, targets and the role of the Contractor in providing technical assistance in the preparation of the Five Year Plan for Northeast Thailand. The RTG often does not provide the necessary inputs on a timely basis for proper contractor performance.

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b. "Macro-economic tasks - With the establishment of planned sectoral targets and growth rates, work will continue on the integration and refinement of these sectoral strategies (targets) in a general macro-plan framework. This framework will be expanded to include capital formation, consumption expenditures, both public and private, and other relevant economic variables."

The Contractor's macro-economic tasks are not as yet complete. There are several reasons contributing to this short-fall. The short-term (three-month) macro-economist originally scheduled to join the Contractor's team has been deleted from the proposed staffing pattern to allow other inputs and because of the availability of macro inputs from other sources.

In January, 1971 the NEDB requested more detailed explanation in project evaluations and methodological approaches. The methodology for using the macro model is still not explicit.

In view of the time remaining in the contract and staff availability, it was agreed that the contractor would arrange Saturday mornings coordinating meetings with other advisors (not under this contract). These meetings would consider the integration of regional and national plans, estimates of public expenditures for Northeast Thailand and projections of GRP.

Dr. Richard Cowan, a PASA macro-economist with the DOD, is on board as of February 1, 1971. This will undoubtedly accelerate the macro-economic inputs into the Draft of a Five Year Plan.

c. "Projects and Programs - Concurrently with the macro-economic tasks, the on-going planning process will include:

(1) Submission (to NEDB for appropriate ministries) of proposed projects, programs and policy alternatives based on (i) the collective findings, including sufficiency surveys, of the consultants and their counterpart staff; (ii) evaluation of on-going and proposed programs by other agencies with all proposals to be tested against the regional framework for benefits (e. g., mitigation of intra-regional income disparities, soil capabilities, manpower availability, etc.).

(2) Evaluation by operating ministries and departments of the preliminary plan targets and proposals generated through NEED planning in relation to their individual programs and projects, and their presentation of revised and detailed individual budgets and programs to NEDB.

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(3) The NEDB will review any differences which exist and present the final strategies, including policy, priorities, programs and projects in both capital and recurring department budgets for the Five Year Plan to the NEED sub-Committee and NEED Executive Committee."

Some ministries have already made and/or received project and program submissions. In general, both the Contractor and RTG counterparts are running behind schedule on project and program submissions.

In January, 1971 NEED officials were concerned that the Contractor and operating ministries were not able to provide them with the project lists and budget requirements. The deadline for the draft plan submission was extended to March 31, 1971. After the projects and programs are submitted to NEED, the various Sector Chiefs carryout further dialogue with the line ministries and departments to further refine the projects.

II. Time Schedules (tasks concurrent)

(a) To be completed by November 15, 1970

To supplement the regional production model already set up, consumption (especially public sector) expenditures will be determined and a method proposed to estimate savings and capital formation.

On-going research on public development expenditures, together with analysis of current budget allocations in the major sectors, will be used to establish sector expenditure requirements and constraints.

Examination of private expenditures will be based on household expenditure surveys, rice balance sheets, etc., in order to determine demand parameters which may affect sector target estimates to date. These data will also be used to determine distributive shares.

The emerging completed model will then be used to test general sector strategy and particular programs and ~~pxix~~ projects in terms of regional benefits (impact on GRP and income distribution), demand constraints and expenditure requirements, thereby providing preliminary benefit/cost relationships and priority determinations for individual programs.

During this period, sectoral program will be checked for internal consistency, as well as with regional and national goals, and allocation of resources to the region from the national budget under the Third National Plan will be completed with these programs and policy alternative defined.

(b) To be completed by December 15, 1970

(2) Restatement of strategy based on consistency checks and integration of proposed project and program, including basic quantifiable justification and preliminary intra-regional distribution.

(c) To be completed by January 31, 1971

(3) Preparation of a draft of Five Year Plan.

(d) From February 1 to August 31, 1971

(4) Recheck plan projects and programs in accordance with proposed targets and priority with operating ministries and departments. These include specification of programs in terms of budget and location, with special emphasis on intra-regional requirements. Make appropriate revisions of draft plan for submission as final proposed Five Year Plan."

The Contractor is behind schedule and has not concluded the necessary work and time schedules as agreed upon by USOM/RTG/Contractor in the third year scope of work and conditions under the contract. It should be noted that under Section(a), paragraphs 2, 4 and 5, which carries a November 15, 1970 deadline is behind schedule. Furthermore, under Sections(b) and (c) which carry December 15, 1970 and January 31, 1971 deadlines are also behind schedule. (Reference sections are from TOAID A-1738, 9/4/70.)

Both USOM and RTG are concerned with the non-compliance to the schedule agreed to by the Contractor. It is further felt that some of the Contractor's inputs into the Third Five Year Plan for the Northeast may not as yet be fully integrated and evaluated at NEDB and the operating ministries and departments.

In January, 1971 several meetings were held amongst USOM/RTG/Contractor concerning the time schedules. The Contractor requested the RTG and USOM for an extension of the deadline for the draft Plan from January 31 to March 31, 1971. The Contractor felt that rescheduling of the date for submission of the draft Plan will enable him to include some macro-economic inputs which otherwise would not have been available.

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In addition, some pertinent data required from the RTG sources will not be available until February or early March, 1971. These include data in development plans, programs and projects for the Northeast which are being recommended by RTG ministries. These are being forwarded to NEDB, and translations of condensed chapters on sectoral development plans presently are being given to the Contractor. However, specific project recommendations will not be available in appreciable quantity until mid-February, at the earliest. Because of the importance of these data, it was felt that a meaningful draft plan could not be prepared prior to their receipt.

In view of the above reasons, RTG/USOM both concurred in the Contractor's proposal for the deadline extension of the draft plan from January 31 to March 31, 1971. The Contractor has now submitted a draft outline of the draft plan and both NEDB and USOM have approved it in principal.

4. Was the quality of performance satisfactory?

The quality of performance has been mixed. On the whole performance is satisfactory. The composition of the team's talents was not fully appropriate for the requirements. Specific shortcomings are evident in macro-economic analysis, systems analysis, overall development plan integration, and non-adherence to time schedules of projects and programs as defined in the third year scope of work.

B. Personnel

1. Were the contractor's personnel technically competent?

Yes, with reservations in A. 4.

2. Was the leadership reliable and effective?

The Chief of Party is overly project oriented and, therefore, did not furnish the cohesive leadership which would have been highly desirable for the formulation of a comprehensive development plan for the Northeast. His major drawback is in the non-application of standard economic techniques to evaluate economic perfor

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The names, titles and dates of arrival at post of the Contractor's personnel follow:

<u>Name</u>	<u>Title</u>	<u>Date of Arrival</u>
Dr. Charles Stonier	Chief of Party	12/3/68
Dr. Alexander Barber	Deputy Chief of Party and Systems Analyst	10/18/68
Dr. William Wallace	Transportation & Communication Planning Advisor (dep. 8/5/70)	11/18/68
Mr. Raymond Larson	Manpower & Voc. Edu. Planning Advisor (departed 7/10/70)	12/11/68
Dr. George Hill	Agricultural Planning Advisor	1/25/69
Dr. Gerald Windham	Social Services and General Education Planning Advisor (departed 11/15/70)	5/18/69
Mr. Roderic Hill	Water Resources Planning Advisor (departed 12/15/70)	8/22/69
Mr. Dwayne Jelinek	Marketing Advisor	1/4/70
Mr. Paul Adler	Changeover Planning Advisor (short-term) (departed 8/16/69)	1/16/69
Mr. Anthony Mutsears	Village Model Planning Advisor (short-term) (departed 10/31/69)	7/31/69
Mr. Derek Sherman	Transport Advisor (Short-term)	8/3/70

4. Were good working relationships maintained with the Mission, the cooperating government, and the local populace?

Satisfactory working relationships have been maintained. However, there have been frequent sources of friction between the contractor and USOM in connection with routine administrative matters. Relationships with the cooperating government and local populace have been good. However, there have been frequent disagreements between the contractor and RTC officials on substantive planning matters.

5. Were local personnel adequately trained by the contractor to continue the project after he completed his operation?

Yes, RTG civil service personnel currently assigned to the four (4) planning units of the NEDB and NSO are being adequately trained. Also personnel outside of these four regional units are also being trained. In addition, fifteen (15) of the NEED participants have completed a three-month on-the-job training with the Contractor. These participants will begin academic studies toward their master's degrees with emphasis on economic development and development planning in the U.S. Upon their return, they will be assigned with specific planning responsibilities in their line ministries and central planning agencies.

C. Procurement and Support

1. Did commodities and/or supplies arrive on schedule?

The commodities were furnished in a timely manner.

2. Did the contractor receive adequate backstopping support from his home office? From the Mission? From the cooperating country?

The contractor received adequate backstopping from his home office and from the Mission. The RTG has provided financial support for their agreed-to share of the cost through trust funds, as well as material support in terms of office space, local personnel, etc. Between April 1970 to January 1971, fifteen (15) NEED participants from the line ministries and central planning agencies were assigned to various advisors for a period of three (3) months to be trained in development planning and gathering of statistical data. There have been adequate number of RTG personnel at a high enough level working directly with the contractor.

D. Contract Terms

Did the contractor comply with all the terms of the contract, i.e., local currency, equal employment, etc.?

Yes, generally. There has been some difficulty getting administrative information from the contractor.

E. Reports

1. Did the contractor submit all required reports on time?

The monthly reports have been submitted generally on time. It has been agreed to substitute the "Stage Reports" (see PIP) in lieu of the quarterly reports. However, the Stage III and IV Reports are overdue.

2. Did the reports give a realistic, comprehensive and accurate reflection of his performance?

Yes.

F. Source of Information

Is this evaluation based on an on-site inspection? What other sources were used in gathering information for this report?

This evaluation is based on daily monitoring and working together with the contractor, the RTG, and the Mission. In addition, it is based on the written reports of the contractor and the verbal comments of both U. S. Mission and RTG officials.

G. Additional Comments

None.

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