

PD-MA6-573 (2)

493-0267  
001541

CLASSIFICATION  
PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-447

1. PROJECT TITLE  Project Development Loan			2. PROJECT NUMBER 493-25-995-267	3. MISSION/AID/W OFFICE USAID/Thailand
5. KEY PROJECT IMPLEMENTATION DATES			4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) 79-3	
A. First PRO-AG or Equivalent FY 74	B. Final Obligation Expected FY 74	C. Final Input Delivery FY 78	<input type="checkbox"/> REGULAR EVALUATION <input checked="" type="checkbox"/> SPECIAL EVALUATION	
6. ESTIMATED PROJECT FUNDING			7. PERIOD COVERED BY EVALUATION	
A. Total \$ 2,308,282			From (month/yr.) 3/74	
B. U.S. \$ 1,694,000			To (month/yr.) 6/79	
			Date of Evaluation Review	

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
Post Project Evaluation completed in June 1979.		

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS

- |   |  |  |
|---|--|--|
| <input checked="" type="checkbox"/> Project Paper | <input type="checkbox"/> Implementation Plan e.g., CPI Network | <input type="checkbox"/> Other (Specify) _____ |
| <input type="checkbox"/> Financial Plan           | <input type="checkbox"/> PIO/T                                 | _____  |
| <input type="checkbox"/> Logical Framework        | <input type="checkbox"/> PIO/C                                 | <input type="checkbox"/> Other (Specify) _____ |
| <input type="checkbox"/> Project Agreement        | <input type="checkbox"/> PIO/P                                 | _____  |

NA

10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT

- A.  Continue Project Without Change
- B.  Change Project Design and/or  Change Implementation Plan
- C.  Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Name and Title)

*Bruce J. Odell*  
Bruce J. Odell

12. Mission/AID/W Office Director Approval

Signature: *Donald D. Cohen*

Typed Name: Donald D. Cohen

Date: 1/26/80

Persons contacted

- |                           |   |   |
|---------------------------|---|---|
| Mr. Chakramon Pasukvanich | - | Chief, Foreign Finance<br>Sector, NESDB                                 |
| Mr. Somchart Taeracoop    | - | Deputy to the Secretary of<br>the Water Resources Planning<br>Committee |
| Mr. Pairote Gesamkit      | - | Chief, Project Development<br>Division, Board of Industry               |
| Mr. Richard R. Brown      | - | Program Officer<br>USAID/Thailand                                       |

## Background

The idea for this project came to the fore during the Consultative Group Meeting in Paris in 1972. The RTG's Third Five Year Plan called for support of a Preinvestment and Feasibility Studies Fund. The US responded with the offer of a long term loan to support the fund.

The Project Development Loan (PDL) was intended to provide funding for studies that would form the basis for future RTG project and policy decisions. The Thai Government appropriately referred to the loan as the Preinvestment and Feasibility Studies project.

The National Economic and Social Development Board was designated to administer the larger fund and the USAID project.

This evaluation review must necessarily proceed in a way different from evaluations of more traditional development projects. A comprehensive evaluation of the PDL would require an evaluation of each individual component study. This is neither practical nor necessary in light of the working assumption that Thai and expatriate consultants hired under the project are competent in their fields.

This review will, however, consider the administration of the project itself and the results to date of the studies performed under the project. The former consideration should provide lessons for more efficient future projects of this type, and the latter should indicate the relative benefits, in economic development terms, that have resulted from loan costs.

## Loan Administration

While there was considerable enthusiasm on the part of the RTG to receive assistance in the preparation of feasibility and other studies, the actual content and requirements of the final project created initial difficulties for implementation.

The loan was authorized in February of 1973; the loan agreement was signed in March of 1974; and the first contract was not signed until May 1975. It was not until September of 1976 that a large number of contracts began to be signed to use the bulk of the loan funds.

The reasons for the delay in implementation are several. An external factor of significant but not easily defined consequence was the unsettled political situation at the time. As was noted in a Mission response to an AID/W cable expressing concern at delayed implementation, the RTG was "slow in using PDL during the last 21 months since signature of PDL in which time it has concentrated on building political democracy and restructuring priorities for economic development.

The other reasons for delay perhaps come closest to the mark. Initially, proceeds from the loan were to be used only for foreign exchange costs of consultants. This, combined with NESDB administration of the loan, hindered implementing agencies in taking full advantage of the loan. Some agencies preferred to handle contracting themselves from their own resources rather than go through NESDB and have their choice restricted to more costly US expertise. Some agencies felt that not only was local expertise cheaper, but it was also characterized by a wider knowledge of the local scene and greater commitment.

These considerations did not, of course, hold with regard to the Provincial Electrification Administration's (PEA) use of the loan. The PEA was anxious to move forward, had its eye on eventual multilateral project funding and was therefore not overly concerned with the source of consultant expertise.

An amendment to the loan agreement in June 1974, permitting use of the loan funds to finance local costs of Thai consultants, removed a major impediment to implementation.

Another element in the delay, as noted by NESDB, was the size of the loan itself. It was asserted that the available funding was not large enough to attract implementing agency interest in feasibility studies.

Thus, the reasons for initial delay were conceptual (in the project itself) political and administrative. As will be seen, these early difficulties were effectively overcome.

#### Loan Subprojects Provincial Electrification Administration

The first contract under the loan was with R. W. Beck as Associates in 1975 for feasibility studies for the PEA's

first 5-year program for accelerated rural electrification. These studies were the basis for \$40 million in electrification loans from the IBRD, OPEC and the Canadian Government (CIDA).

A second contract for rural electrification studies was signed in 1976 with Harza Overseas Engineering Co. These studies led to an estimated \$80 million in loans from the IBRD, Saudi Arabia, Kuwait and OPEC that are expected to be committed in 1980.

#### NESDB-Administered Projects

In 1976 NESDB made subcontracts for 8 water resource studies. Following is a review of each study and the results to date.

1. Salinity Intrusion in the Chao Phya and Mae Klong Rivers.

This study was undertaken by the Asian Institute of Technology (AIT) under the supervision of the Royal Irrigation Department (RID). The study involved the establishment of computer data simulation.

##### Results to Date:

Procedures have been established for releasing fresh water from dams to regulate the degree of salinity.

2. Development of a Water Resources Information System.

AIT undertook this study to computerize and standardize water resource information.

##### Results to Date:

The computerized system has been transferred from the AIT computer to the Electricity Generating Authority of Thailand for its practical use in energy related matters.

3. Hydrodynamic Model of the Chao Phya River System

This was another AIT contract which called for the computerization of hydrodynamic data for the purpose of predicting the variable levels of the Chao Phya at given points in time.

Results to Date:

Computer can now predict the varying levels of the Chao Phya. One practical outcome was the 2 months' warning provided before the 1978 floods.

4. Studies of Water Resources Management Organization

This study was done by Harza Overseas Engineering Company.

Results to Date:

The Water Resources Planning Subcommittee of the RTG has drafted an Act to be presented to the Cabinet for the establishment of a central Water Board. Previously there was no central water planning agency.

5. Potential Water Resources and Development Programs for the Upper Ping River Basin

This study was done by Engineering Consultants Inc.

Results to date:

A priority list of dams to be constructed by RID has been drawn up. RID has indicated that it will follow the guidelines.

6. Water Balance Study for the Chao Phya and Mae Klong River Basins

This study was done by Southeast Asia Technology Co. Ltd.

Result to date:

The necessary basic information has been compiled for further studies of the potential of underground water.

7. Inventory of Hydro-Power Potential in Thailand.

Study undertaken by Sverdrup, Parcel and Associates, Inc.

Results to date:

All hydro power potential was reviewed and it was determined that about 30% of energy needs could be met in this way. The study selected 15 top priority projects for Pre-feasibility studies.

8. Preliminary Feasibility Study for Kwa Noi River Basin.

Study done by Sverdrup and Parcel.

Results to date:

It was shown that dams can be constructed to irrigate 300,000 rai and support a power generation capability of 90 MW. The National Energy Administration plans to follow this up with feasibility studies.

Board of Industry

The BOI contracted Chemonics International to do project identification and prefeasibility studies of agro-industries. The studies involved six sectors:

1. Processed Food for Export
2. Meat Products
3. Maize Products
4. Essential and Seed Oils
5. Rubber Products
6. Leather Products

Upon completion of the studies, there were initial difficulties in obtaining resources for reproduction of the reports. The BOI finally resorted to an in-house mimeograph machine to make enough copies to meet demand.

There were 12 separate products within the six sectors. The number of inquiries to date for each product report — from embassies abroad, trade and industrial associations, bankers, etc. — has been compiled by BOI:

Mint	258
Palm & Palm Kernal	378
Maize	369
Papain	359
Mushroom	295
Shoes	302
Leather	395
Reclaimed Rubber	328
Rubber Master Batch	286
Pork Production )	
)	
Rabbit Production )	----- In reproduction at time
)	of evaluation 6/79
Boneless Fish Meat)	

The strongest current interest in terms of project prospects is in Mint Oil, Palm Oil, reclaimed rubber and the shoe industry. The BOI representative interviewed cautions that it is difficult to determine the extent to which project developments can be attributed solely to the USAID-funded studies, although the studies are believed to have played an important role.

Several other products have serious potential for development, while at least three - pork production, rabbit production and boneless fish meat — appear at the moment to be non-starters because of marketing problems.

Two guidelines for the future stood out after discussions with the BOI. Any future assistance of this type should take into account post project needs such as funding for reproduction.

An additional factor is that the reports were all in English. Some small Thai entrepreneurs, for example in the case of rabbit production, have some investment potential but they may be unable to read English. Funds should therefore be provided for translation in appropriate cases.

NESDB has suggested that two important lessons be considered:

- 1) Any future assistance of this type should permit, from the start, local cost financing and international recruitment of consultants.
- 2) Studies should not necessarily be projectized but should permit broader sectoral investigations.

### Conclusion

Although \$306,000 of this \$2 million project was deobligated, the results obtained, both in terms of lessons learned and the production of clearly useful studies, would seem to mark this project as a success.

PD-AAG-573

4930267 ①

\*\*\*\*\*  
\*4930267 THAILAND \*  
\* PROJECT DEVELOPMENT \*  
\* FY74 TO FY78 \*  
\*\*\*\*\*

\*\*\*PROJECT SUMMARY DESCRIPTION\*\*\*

LOAN PROVIDED TO THE ROYAL THAI GOVERNMENT'S (RTG'S) NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT BOARD (NESDB) TO IMPLEMENT A SERIES OF FEASIBILITY STUDIES, REVIEWS, AND PRE-PROJECT PLANNING ACTIVITIES WHICH COULD LEAD TO AND ASSIST IN THE DESIGN AND EXECUTION OF FUTURE DONOR-ASSISTED DEVELOPMENT PROJECTS. SUCH PROJECTS WOULD BE IN THE GENERAL FIELDS OF INDUSTRY, ENERGY RESOURCES, GEOTHERMAL EXPLORATION, DRILLING AND TESTING, COMMUNICATIONS, TRANSPORTATION, WATER AND LAND RESOURCE DEVELOPMENT, FISHING, AGRICULTURE, HOUSING, URBAN DEVELOPMENT, EDUCATION, HEALTH, TOURISM, AND OTHER AREAS AMENABLE TO THE RTG AND AID. THE NESDB, WITH INFORMAL ASSISTANCE BY AID, UNDP, IMF, AND THE IBRD, WILL SELECT POTENTIAL, VIABLE PROJECTS WHICH REQUIRE PRELIMINARY STUDIES AND/OR PLANNING. THE NESDB WILL THEN SELECT OR DESIGNATE THE RTG DEPARTMENT/AGENCY OR PRIVATE SECTOR ENTITY WHICH IS THE MOST SUITABLE FOR IMPLEMENTING EACH STUDY. EACH IMPLEMENTING AGENT WILL THEN SELECT NECESSARY CONTRACTORS, ENTER INTO CONTRACTS (WITH AID ACCEPTANCE), AND MONITOR ALL CONTRACT ACTIVITY THROUGH COMPLETION OF THE ACTIVITY.

\*\*\*DESCRIPTORS\*\*\*

FEASIBLE STUDY PROJ DESIGN IMF

SUB-PROJECT NUMBER: 00

BATCH NUMBER: 97

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